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# SOCIALIZED MEDICINE IS THE PROBLEM

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**R**ecently, Canadian Prime Minister Jean Chrétien changed his mind about his country's system of socialized medicine. After long and hard opposition, he now favors a two-tier health system, including user fees and private provision. This makes it all the more important to take another look, not just at the surface of state-run medical care, but at its basic principles.

Ever since Vancouver Canuck hockey player Daniel Sedin jumped the health-care queue with his herniated and ruptured lower back disc, there has been an outbreak of wailing and gnashing of teeth on the part of defenders of socialized medicine. Nor was this the only such high-profile case. About a year ago Grizzlies basketball center Bryant "Big Country" Reeves hurt his ankle and was similarly catapulted to the head of the medical waiting list. But beyond such headline-grabbing cases there are numerous other privileged characters: politicians and bureaucrats and their families and friends with political pull and doctors, nurses, other health-care professionals, and those who can rely on them for favors. This is called "professional courtesy."

Most complaints have focused on the unfairness of a system that allows the privileged to receive medical care within a few days of an injury, while forcing others to wait weeks and even months, if not years. But this is exactly backward. The problem is not that some few people are treated quickly, as they should be. It's that we aren't all dealt with like members of an advanced civilization, where quick service is always the order of the day. We all should be treated like paying customers—and if we were, we would be.

Why are there long waiting lines that do not dissipate quickly? In economic parlance, this comes about because demand is greatly in excess of supply. There is no other reason; that is it: supply's falling short of demand is a necessary and sufficient cause of long and enduring queues.

But to answer in this manner is only to put off the inevitable question: why does demand continue to exceed supply in some markets but not in others? Again, the answer comes straight out of Economics

101: a permanent shortage arises and endures if and only if prices are pegged at below-equilibrium levels and kept there through force of law.

Some people think there is something special about medical care. There is not. Yes, if we do not avail ourselves of it, we will be in dire straits. But no less can be said for food, clothing, shelter, energy, transportation—you name it. And economic law, just as in the case of chemistry or physics, is no respecter of how important an industry is to human well-being; it works just the same in medical services as for paper clips or rubber bands. Impose artificially lower prices in a market—let alone virtually zero prices as in medicine—and you guarantee a shortage.

If any evidence of this phenomenon were needed, it has recently been furnished in three completely separate markets. Rent control pegs rent below market levels; it reduces incentives to supply additional residential rental units and decreases benefits to tenants who economize on space. The energy shortage in California stems entirely from the fact that retail prices are fixed at artificially low levels, thus retarding incentives on the part of customers to decrease their usage, and on the part of potential suppliers to bring more energy to this market.

Last but not least, and most relevant to our present concerns, is the health-care market in Canada. Here, too, consumers are prevented by law from paying prices that reflect the scarcity value of medical services. We do this, of course, out of misguided compassion. But this policy is based on blatant economic illiteracy. Canadians think they can violate economic law with impunity. They cannot.

Our much-vaunted (in coercive socialistic circles, that is) health-care system is predicated on a violation of economic principles. It is built on a foundation of quicksand.

## RESCIND SOCIALIZED MEDICINE

The only way to enable all citizens to enjoy the benefits now accorded only to a Sedin, a Reeves, or

other medically privileged characters, is to completely rescind socialized medicine. It should be privatized and take its place among all other industries (cars, computers, chalk) that contribute mightily to our advanced standard of living, with no queues for anyone, thank you. This step would, with one fell swoop, radically reduce waiting lists and the brain-drain of Canadian doctors and nurses as well. Chrétien's recent conversion is too little too late if we want the health-care system to function as well as these other industries do.

Adam Smith's invisible hand of the market works its magic in every industry known to man. Health care is no exception. Those who take the opposite point of view are responsible for the needless suffering of the sick who cannot get timely help, thanks to medical socialism. This system did not work in the USSR. It cannot function with regard to Canadian health care either. Must we suffer through this for 70 years as the unfortunate Russians did? You don't like queue jumpers? Get used to it. It was part and parcel of the old Soviet system, and there is no way we can escape this if we copy the Soviets in health care.

At this point the critic will report, "It is not fair to charge people market prices for health care; the rich will be treated better." But that is precisely the point of being richer in the first place. If the wealthy did not get better treatment, what would be the point in trying to amass riches? (And if they didn't try to amass riches, the entire economy would tank, not just health care.) In any case, the better off are already advantaged under the present system: they

can jump queues in Canada or take their business to the United States.

Another obligation: there's nothing for the poor in returning health care to the private sector. Nonsense. The poverty-stricken are treated far better in capitalist countries than anywhere else, and medical service is again no exception. Yes, of course, the impecunious have to wait for the welloff to purchase MRIs (many small states in America have more of them than all of Canada does), but when they do, low-income people too can avail themselves of high-tech diagnostics. This is precisely why the poor have color televisions, computers, cars, and more. Had these too, been socialized, they would still be toys reserved for the rich.

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