

Canadian Medicare: A Road to Serfdom

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The Seeds of Authoritarianism

As most of you know, the term “Road to Serfdom” was coined by the Austrian-born economist Friedrich Hayek. It was the title for his landmark book, published in wartime Britain in 1944. Some 30 years later, he won the Nobel Prize in economics.

I read this work for the first time in the late 1940s. Now, it is even more apt, more mind-chilling—particularly in the light of the massive growth of post-war welfare-statism and the advent of national health insurance, the forced government takeover of medical care in many nations.

The central thesis of Hayek’s book was that government planning on a major scale inevitably leads to a totalitarian approach to statehood. No matter whether the government believes itself to be socialist, corporatist, social democratic, communist, or fascist, the tendency is the same. Such a state must usurp the citizen’s basic right to make his own decisions about where he will live, what sort of work he will do, what wages he will earn, what sort of food and clothing and medical care he may buy, and so on. To this end, the state must insist on total powers of compulsion.

This compulsion may take two forms. In the relatively benevolent state, the citizen either does as he is told by the government, or his ability to earn a living is threatened by that government’s monopolistic financial controls. To quote the late German Chancellor Otto von Bismarck, “He who controls the purse has the power.” In the malevolent state, exemplified by Germany and Russia in this century, the dissident individual is simply imprisoned, tortured, hanged, or shot. In other words, depending on its degree of malevolence, the state imposes its will either by financial strictures or by physical force. The protesting citizen may die by starvation or by execution, but professionally and financially if not physically, die he will.

The Stalinist constitution of 1935 stated: “Who does not work does not eat.” Today’s version in centrally planned, presumably democratic nations is, as Hayek noted (quoting Trotsky), “Who does not obey does not eat.” This is strikingly illustrated by the Swiss government’s recent shameful repressive treatment of our friend Dr. Ernest Truffer. His Swiss colleague, Dr. Alphonse Crespo, reported that “the penalty for persistent public challenge of institutional misdeeds is economic liquidation.”

Government Funds, Government Control

In Britain in the 1940s, in Canada in the 1950s and 1960s, and now in the U.S.A., it has been claimed by national health insurance enthusiasts that the payment of medical bills by the state should not and would not affect the freedom of physicians and patients or the quality of medical care. A 1950 report on Lord Beveridge’s cradle-to-grave welfare plan, which led to Britain’s National Health Service, said: “The necessary government controls will not be allowed to interfere with the personal freedom of patients or the

professional freedom of doctors; or the confidential relationship between the two.”

Politicians have repeatedly said that they weren’t interested in controlling health care, only in making public safety-net funding arrangements. But common sense alone should have persuaded people of the inevitability of the US court ruling, “what the state funds it has a right to regulate.” Experience has demonstrated only too well the truth of the German proverb, “Whose bread I eat, his song I must sing.” In Canada, people are beginning to realize that in the long run their apparently free ride at the taxpayer’s expense inevitably ends in survival only at the pleasure of the wielders of power.

A History of Canadian Medicare

There were four salient events in the development of Canadian medicare (a total, universal, compulsory, monopolistic, first-dollar coverage system, unlike the more limited U.S. Medicare):

1. In 1956, tax funding of all Canadian hospitals destroyed the independence of their governing boards.

2. In the late 1960s, country-wide, tax-funded, government-mandated medical care was instituted, following the lead of Saskatchewan, the only province with a socialist government at that time. However, as a result of the pressure engendered by a doctors’ strike in that province, the national scheme was set up in such a way as to allow, grudgingly, some measure of doctor and patient freedom—what was known as “mode 3 billing.”

3. In 1984, passage of the federal Canada Health Act by the ruling so-called “Conservative” party virtually rendered medical care a legal government monopoly.

4. In 1986, in my own province of Ontario, the ruling so-called “Liberal” party pushed through Bill 94, titled “an Act regulating the amounts that persons may charge for rendering services that are insured services under the Health Insurance Act.” In effect, by interfering with a doctor’s right to contract privately with his patient, to set the payment he would accept for his work, this Act converted the doctor from a free man into a serf. The legislation also outlawed all competition with the government by doctors, insurers, hospitals, nursing homes, and created a total bureaucratic monopoly that brooks no opposition that might interfere with central planning initiatives. Nowadays, many doctors feel that they can no longer criticize the government with impunity. They can no longer act in their traditional role as patient advocate. They can no longer offer Canadians an alternative to a deteriorating medical apparatus.

“Cost Containment,” Canadian Style

Both the federal and provincial Canadian laws achieved their desired ends not by brute force but by financial compulsion, as befits a relatively democratic state. These are the methods:

1. Cutbacks in hospital funding, leading to chronic understaffing as well as inability of hospitals to provide the high-tech expensive machinery needed for state-of-the art diagnosis and treatment;

2. Resultant rationing of hospital admissions and hospital procedures, leading to waits of many months or years for cardiac bypass surgery, cancer radiotherapy, intensive neonatal care, and most of all, urgent and elective surgery;

3. Government control of permitted types and frequencies of diagnostic tests, such as mammography, Pap smears, cholesterol studies, ultrasound, amniocentesis, CT and MRI scans;

4. Government-mandated drug selection;

5. Refusal to permit any Canadian to buy privately what the government has decided it cannot afford, on the egalitarian theory that if not everyone can have it at public expense, no one should be allowed to have it through private payment;

6. Indirect control of medical personnel and medical institutions, again by financial arm-twisting;

7. Stringent controls on, or outright refusal to permit privately owned alternatives to hospital ambulatory care or surgical facilities (bureaucrats don't like competition—it makes them look bad);

8. Compulsory “donations” by doctors to hospitals or universities—just another form of income confiscation or discriminatory taxation by what are now, in reality, government institutions.

All of these elements point to cost containment, rather than to the individual patient's medical welfare, as the Canadian government's main criterion in the ongoing management of medical practice. But all of these methods have forced medical practitioners into the status of medical serfs, servants of the state, responsible to the representatives of that state and not to their patients.

Veterinary Ethics: The Price of the “Right to Health”

Swiss medical philosopher Dr. Ernest Truffer pointed out how welfare-state politicians work to convince their citizens that “the bureaucratization of the medical profession—whereby medicine becomes an instrument of the state—is an essential, indispensable condition for achieving a Utopian ‘right to health,’ which politicians of collectivist bent have promised the electorate.” What politicians don't know or won't tell the citizenry is the price tag for this takeover of medicine.

Truffer continues: “The real danger of this collectivist state medicine [is that] the patient becomes a tool in the hands of the holders of power, and is dispossessed of the protection afforded by Hippocratic principles. This amounts to a rejection of the medical ethic—which is to care for the patient according to the latter's specific [medical] requirements—in favor of a veterinary ethic, which consists in caring for the sick animal not in accordance with its specific needs, but according to the requirements and dictates of its master and owner, the person responsible for meeting any costs incurred.”

In other words, if the doctor takes the Queen's shilling, he must do the Queen's bidding. Translated into American English, this means that if a physician takes government handouts or subsidies or even third-party payments, he will eventually have to obey the politician's dictates on medical as well as other matters, regardless of his own medical opinion or crises of conscience. Again, he will have become a medical serf, and his patient will have become a medical mendicant, required to beg for medical crumbs dispensed at their discretion by his masters, the politicians and bureaucrats.

The only protection for the patient, Truffer states, is for the patient himself, not a third-party or government, to remain the employer of the doctor.

This protection has now been abolished by law in Canada. The government is now effectively the sole employer of and payer to health professionals and institutions. Canadians can escape this

totally restrictive monopoly only by crossing the border into the U.S.A., at their own expense. This government monopoly puts doctors as well as patients who can't afford the U.S. alternative into the unhappy position of either obeying their political masters, or doing without income or without medical care.

Well meaning or not, the present bureaucratic control of the Canadian health care system demonstrates only too well Hayek's contention that legislated universal central planning leads to highly authoritarian control of medical practices. Thank God, Canada has not yet reached the stage at which doctors, as in Nazi concentration camps, are persuaded to use their medical and research skills to starve, disfigure, maim, and kill innocent victims of wild racial theories; or, as in the Soviet Union, to commit perfectly sane political dissidents to mental institutions for mind-deforming so-called “rehabilitation and reeducation” treatments. Nonetheless, to quote Truffer again, it is crucial that we safeguard the profession against such atrocities. “The doctor,” he wrote, “is bound to refuse allegiance to the various power centers whose essentially political and financial concern, in practice, run counter to the interests of the sick individual.”

At this point, I'm usually accused of hyperbole, of gross exaggeration. There's no comparison between present-day Canada and the German-Soviet experience, people say. Massive physician resistance to present-day Canadian government initiatives, which (we are assured) are only minor intrusions on liberty, isn't warranted, they say. Indeed, it is true that the Canadian approach still falls into the benevolent category. But malevolent Germany and Russia didn't start with extremes either. I remind you of that old experiment in physiology: if you throw a frog into boiling water, it will fight vigorously to jump out. But if you put it into tepid water and gradually increase the temperature, it will allow itself to be boiled to death. This is the highly successful technique of gradualism, adored by politicians of all stripes, democratic and totalitarian alike.

The Status of Serfs

1. The Right to Medical Privacy

Confidentiality no longer exists in Canada. In Ontario, for example, the physician is required by law to submit the details of every medical visit, every diagnosis, every treatment, every lab test, every hospitalization, and every operation, to the government's computerized records, which are accessible to myriads of government clerks. Every lifetime detail of every citizen's medical malfunctioning or medical misbehavior has become, at least potentially, public property. In addition, two other provinces (and soon, I suspect, all) are in the process of introducing compulsory “smart cards,” which will hold, on a magnetic stripe, the lifetime medical history of its holder. (I'm sure you're aware that the first act of a police state in taking control of its citizens is usually to require them to carry an identity card at all times.) Even before the introduction of such cards in Canada, government medical records had been used extensively for purposes totally unrelated to medical care—police traces, tax evasion searches, credit company records, family support evaders, disability insurers' litigation, and so on. In fact, in a Royal Commission report a few years ago, one of our distinguished judges came to the conclusion that the material in supposedly confidential government files was available to everyone—except the patient himself. The politicians' and bureaucrats' lame excuse that the only purpose of the “smart card” is to inform the patient of the costs of services provided for him is arrant nonsense. Their vehement denial that the real intention is closely supervised monitoring of his lifetime medical behavior

and eventual restriction of access to medical care, is equally unconvincing. I would remind you of German Chancellor Otto von Bismarck's statement that "nothing is absolutely certain until it has been officially denied."

2. The Patient-Physician Relationship

In order to persuade Canadians that universal, compulsory, comprehensive, no-limit, first-dollar-coverage, tax-paid, government-mandated and bureaucratically controlled national health insurance was the ideal, our politicians used large amounts of the taxpayers' own money to convince them that:

(a) Doctors were overpaid, under-disciplined, too powerful, error prone, and out of control;

(b) Only centralized government supervision, payment, and fee controls could alter this situation; and

(c) Only total government control and tax funding could provide the medical utopia presumably lacking in Canada.

The results, so appealing in the short term, have been nothing short of disastrous in the long run. Our socialist politicians' response, predictably, has been based on the "hair of the dog" hypothesis: if a little government intervention produces insoluble problems, then the solution is more and more government intervention.

In the preface to chapter two of Hayek's book is a quotation from Hoelderlin: "What has always made the state a hell on earth has been precisely that man has tried to make it his heaven."

In Canada, both patients and physicians have gradually developed a vague malaise, a resentment on both sides as physicians have suffered marked losses in relative real income, but more importantly in self respect. Physicians have been subjected to progressively increasing harassment, denigration, and government-inspired loss of public confidence. Patients or their families and friends have encountered first hand the deficiencies of the system, without knowing who is to blame. In Ontario, our Health Disciplines Act actively encourages disgruntled patients to force doctors to appear before disciplinary tribunals in expensive and time-consuming quasi-trials. Even if the doctor is ultimately absolved of wrongdoing (as occurs in the vast majority of cases), the expense in time, legal fees, and emotional upheaval is horrendous. In addition, the regular media reports of the loss of many of our best doctors by emigration or early withdrawal from practice, often because of frustration and demoralization, haven't helped to maintain the public's confidence in the general level of medical care available to them, even after they've waited months or years for that care.

In addition, state-mandated entitlement to medical care is being interpreted as the right to cure, notwithstanding the limitations of medical science and the inevitable chronic and incurable degenerative diseases of aging. Omniscience and omnipotence, as one observer noted, are now expected as a matter of course from doctors. Any outcome less than perfection is considered evidence of negligence or malpractice. Hence, the explosion of lawsuits and the practice of defensive medicine, at enormous expense to the public treasury.

3. The Practice of Medicine as a Subspecialty of Politics

When politicians arrogated unto themselves the task of running the hospitals, direct intrusion into medical judgment was only a matter of time. First, it was justified as a means of cost control; e.g. if t-PA or APSAC cost more than streptokinase, then obviously, said the politicians, the government has to be convinced that the additional cost is reflected, statistically, in a better medical outcome for heart attack patients. To quote again a U.S. judge: "What the government funds, the government has a right to regulate." As

mentioned above, the same reasoning has already been applied to Pap smears, mammography, CT scans, Caesarian sections, and a host of other medical decisions. The bureaucratic establishment of mandatory norms for doctors and hospital is rapidly leading to a government-directed, assembly-line, civil-service type of practice. The benefits, if any, are epidemiological, not individual, the direct antithesis of the Hippocratic approach to the relations between an individual doctor and his specific patients. Computers run by nonmedical, politically appointed medical administrators are progressively replacing medical judgment.

4. The Collapse of Medicine as a Profession

The emigration or early retirement of many of our best physicians has left large gaps in the medical, hospital, and university hierarchies. These have been filled, as Hayek predicted, by the rise of many (often those whose main attribute is political astuteness rather than medical excellence) who would otherwise have remained in the ranks of the mediocre. I don't mean to say that we don't still have many good physicians in Canada. But obviously the departure of appreciable numbers of the best has lowered the general level of expertise.

What is even more disturbing is the indefinable loss of the sense of vocation by older doctors, many of whom can hardly wait to quit; and the total absence in most of the younger practitioners of what used to be an almost religious dedication to medicine. Previously a calling like the ministry, medicine is well on the way to becoming a nine-to-five trade peopled by practitioners who are civil servants in everything but name, with the same commitment to excellence that characterizes other civil servants.

The change has not been lost on our college students. In the U.S., the number of applications per place in medical schools has fallen more than 50 percent in the last five years. For demographic and other reasons, the situation is not as bad in Canada. But while the number of applicants to McGill (arguably Canada's best medical school) is still high, the caliber of students applying there is said to be substantially lower. In conversations with colleagues at my medical class reunion at McGill a couple of years ago, I discovered that not one of my classmates had encouraged his children to become physicians.

5. Liberty: the Doctor's Right to Choose

At least in urban centers, Canadian physicians still have a right to choose their patients. However, they are rapidly losing their right of choice as to the location, style, and financial conditions of their practice. Examples of attempts at civil conscription:

(a) The Quebec government, by preferential or punitive payment practice, almost forces newly practicing doctors to provide services where it chooses;

(b) The British Columbia government went one step further, refusing to provide "billing numbers" to new practitioners. This would have meant that patients choosing these physicians could have received no reimbursement for any visits, in spite of the fact that they had paid taxes to cover medical care. Fortunately, our courts disallowed this dictatorial initiative.

The Canadian financial analyst Don Coxe once wrote:

Universality is one of the heresies of our time. To say everyone has a right to a service is to mandate that someone else will supply that service at a price that government is willing to pay. Thus, the universal is achieved through the regimenting of one subsector of society.

The Canadian medical profession has now been regimented—the state-imposed rights of patents have become the legal obligations of doctors.

In a recently published book *The Trouble with Canada*, William Gairdner wrote: "If you cannot negotiate the price for your own labor, you are not free. If you cannot change your employer without leaving the country, you are not free." Objectivist philosopher Leonard Peikoff put it another way: "Government cannot provide medical services unless it controls the costs; and it cannot control the costs unless it controls the providers of the services."

Restrictive controls on individual medical judgment in Canada have proliferated. Not only are there more and more mandatory norms of diagnosis and treatment, but a hodge-podge of control mechanisms has been introduced: peer review, medical review committee, utilization review, quality assurance, rationalization standards, district health councils, health disciplines legislation, and so on. No doubt, these are often introduced with altruistic intent. Nonetheless, they are subject to enormous financial and political pressures from those with motives not quite so untainted. The eminent physician William Osler once advised that no one should even consider the practice of medicine unless he was independently wealthy (and therefore, presumably, immune from the economic blandishments or threats of politicians and others). Canadian physicians now have to give the same advice to the Canadian public: don't even consider becoming a patient unless you're wealthy enough to buy proper, prompt medical care outside our borders.

6. Liberty: the Patient's Right to Choose

At present, Canadian patients can choose to see any physician they wish, provided he will have them. However, equal and universal access to what doesn't exist is a mirage, a cruel hoax. If highly qualified doctors are unavailable because they have emigrated, or had their fees so reduced by government edict that they have no incentive to exert themselves beyond the minimum, the theoretical right to access to their services becomes meaningless. When urgent care must be postponed for months or years because of government underfunding, then, to paraphrase an old legal maxim, medical care delayed becomes medical care denied. Furthermore, Canadian medical bureaucrats now make the decisions on what care shall be made available, not individual patients in concert with their personal physicians. As Hayek wrote, "the more the state plans, the more difficult planning becomes for the individual."

While all Canadians theoretically are equal in their legal access to medical care, where facilities are severely restricted some are more equal than others. Well-connected politicians and their friends are in a position to jump the queue.

To quote William Gairdner again:

If, as a patient, you have no choice either of an alternative or a better service, you are not free... To date, Canada remains the only western democracy to have made basic private health care services illegal... Ironically, we are more severe in this regard than either (communist) Russia or (super-socialist) Sweden.

The only medical freedom for Canadian patients and physicians is across the U.S. border. And if Americans fall prey to the same national health insurance lunacy that Canadians have, what will happen to Canadians' safety net?

The Price of the Search for Utopia

Utopia has been defined as "the best of all impossible worlds." The search for Utopia, medical and otherwise, is as old as mankind itself. Unfortunately, it often has hideous consequences:

(a) At best, the politicians and bureaucrats use money made available ostensibly to implement this ideal, either to buy votes and thereby distort the normal economy of the country, or, worse, to line the pockets of themselves and their supporters.

(b) The Utopian ends come to justify the often unjust, immoral, and often downright illegal means. To quote Eric Hoffer: "You cannot build Utopia without terror, and before long terror is all that is left."

(c) Even in the absence of outright terror, governments have used all kinds of sticks and carrots to force both patients and physicians into the mold of politicians' perceptions of the ideal citizen.

In October 1977, Prince Philip, the husband of the Queen, made some revealing observations about the rise of welfare statism in Britain, which are now equally applicable to Canada. These are directly analogous to Hayek's arguments on serfdom. Prince Philip wrote:

Reduced to extremes, the choice is between a philosophy which holds that all individual citizens must serve the general public interest, which means in effect that the individual becomes a servant of the state; or alternatively, a philosophy that asserts that the individual is of paramount importance, and that therefore, the state exists to preserve and protect his human rights to liberty and integrity.... Freedom is indivisible. Once the law ceases to protect the rights of the individual from the gang—any gang—freedom is lost. Once a determined government begins the process of eroding human rights and liberties—always with the very best possible intentions—it is very difficult for individuals or individual groups to stand against it.

The extent to which Canadians have accepted dictatorial methods and a position of servitude to government—serfdom—in the pursuit of convenience and political promises of perpetual economic security, is frightening. In April, 1990, the Toronto *Globe and Mail*, Canada's most prestigious daily newspaper and supposedly one of the most conservative, published an article on medicare by columnist Robert Sheppard. A few excerpts:

This week, Ontario began distributing health card registration kits to encode every resident of the province with a personal identification number that will follow him from cradle to grave, recording his every medical move on central computers.... The old rules (on confidentiality) are going to have to change. We are going to have to give up some privacy.... There is a spending epidemic here and it is time for Big Brother to step in.

In other words, since politicians' previous central planning policies have turned out to be disastrous, what's suggested here is that less and less freedom and more and more handover of power to politicians is necessary in order to correct previous mistakes. Again, the "hair of the dog" approach. Democracy is a very fragile thing—easily misinterpreted, easily distorted, easily subverted, easily manipulated—and easily destroyed by the electorate itself in the absence of strong checks and balances.

The return voyage from actual or threatened serfdom back to individual freedom is a long and arduous one. We Canadians have just begun to learn how monumental is the task of reversing the erosion of liberty relative to health care. Even in Britain's Thatcher government, the health service was deemed so sensitive politically that it was the last area to be considered for reprivatization. And Mrs. Thatcher's first tentative steps in this direction, laudable as they are, are comparatively minor in nature.

To paraphrase American philosopher George Santayana, I hope you Americans will take the trouble to learn the cruel lessons of the history of national health insurance systems in other countries, including Canada, and not have to repeat them.

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This talk was presented at a regional meeting of AAPS in 1990.