Book Reviews


Healthy Competition echoes the AAPS motto: omnia pro aegroto (everything for the patient). Cannon and Tanner put the patient-consumer squarely in the driver’s seat and show how both quality and access are enhanced, through the medium of the free market, by patient rather than third-party control.

The book begins with a discussion of the basis of competition in the free market. A superb quotation from economist Friedrich Hayek will suffice: “Competition must be seen as a process in which people acquire and communicate knowledge.” The authors then show how the perversion of competition is the root of much of “what’s holding back health care,” and then show “how to fix it.”

Abounding in facts with which the reader may be familiar, the book shows them in a new light. For example, rather than retelling the tired (and misleading) statistics on infant mortality and percentage of GDP spent on health, the authors focus on the outcomes of various diseases such as breast, prostate, and colon cancers, as well as adult immunodeficiency syndrome (AIDS). U.S. successes with such frequently lethal diseases are striking compared with results in other highly developed countries. Similarly, the survival of low-birth-weight babies in the United States is far better than in comparable countries.

Some comparisons are surprising. I learned from this book that the percentage of health expenditures financed by third parties is actually slightly higher in the U.S. (86%) than in such countries as Canada, Norway, and Denmark.

These interesting facts, however, are almost a sidebar to the book’s main theme of discovering the factors that thwart true competition, almost always caused by government action. The authors show ways to restore this competition. Cannon and Tanner explain:

In most markets, the interests of the consumer, producers, and payers are well-aligned because the consumer and the payer are the same person. Producers get paid when they give consumers what consumers want. The lines of authority and accountability are clear. When the consumer and the payer are not the same person, however, it creates conflict between all three parties.

Concerning the inefficient use of scarce resources, the authors note that “patients utilize care without regard to its cost.” Indeed a RAND health insurance experiment confirms that “people with excessive coverage utilize care that does nothing to improve health.” A Dartmouth study concludes that “nearly 20 percent of total Medicare expenditures appears to provide no benefit in terms of survival, nor is it likely that this extra spending improved the quality of life.”

The book shows graphically through many examples that when the patient, rather than a third party, takes part in deciding which health services to purchase, the cost is decreased and quality improves. In the authors’ view, the newly enacted Health Saving Account system is a good first step toward patient control of medical decisions.

Citing ways in which regulations have thwarted competition and increased costs, the book calls for abolishing such regulations—and lifting the FDA’s monopoly. The book also advocates transparent hospital pricing; removal of state-mandated benefits for health insurance; permitting patients to shop for insurance throughout the United States, rather than being limited only to companies offering insurance in their own state as is the case now; and generally relaxing licensure requirements.

In place of government-controlled licensure, the authors suggest two alternatives. First is a system of government certification, without forbidding patients to take the risk of obtaining care from noncertified practitioners. Second is government registration only, with reliance on private certification mechanisms.

The one rather weak chapter in the book concerns “medical malpractice reform,” which is brief and limited to a few of many potential proposals.

Our readers may be familiar with the previous work of Michael Tanner, who has been with the Cato Institute for more than 15 years, specializing in health and Social Security issues. Tanner helped produce the abbreviated edition of Goodman and Musgrave’s Patient Power, which AAPS helped distribute in a “pocket book” version during our lawsuit against the Clinton health scheme in the early 1990s.

Indeed, I believe that Health Competition adds a good update to Patient Power, and I enthusiastically recommend both as must-read books.

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Anyone interested in the politics and economics of American medicine will find this book, by 13 contributing scholars, a valuable resource. It has, however, a significant basic flaw: most, if not all of the authors fail to recognize the inherent conflict of interest engendered by the insurance industry taking charge of medical care. They refer approvingly to the industry and its managed-care “products.” Yet, how can a doctor serve an industry whose profit motive is to collect premiums and deny claims, while serving a claim-generating patient? Patients have two basic choices. They can delegate medical decisions to insurers technocrats and Medicare bureaucrats, or they can assume...
the responsibility themselves under the helpful guidance of physicians committed to their well-being—as opposed to that of the insurance industry’s bottom line.

How can the authors fail to recognize the nefarious consequences of relinquishing medical control to insurers? The problem seems to be that most economists and health policy analysts fail to recognize that illnesses are not commodities like a 100 lb bag of wheat.

If medical diagnoses and treatments could be neatly quantified into discrete packets, it might be possible for insurers to purchase a given number of medical care units from doctors and hospitals. Much of medical care, however, is elective, subjective, and nonquantifiable. For example, when should elective surgical procedures be performed for conditions such as cataracts and degenerative arthritis—if ever? Only patients who show their preferences by spending their own money can answer such questions. Their spending decisions inform the marketplace of the value of various procedures. Without such market signals, overspending results and must then be dealt with by faceless, capricious insurance or government bureaucrats.

Not only do the authors fail to consider the inherent conflicts of interest in the managed-care paradigm, but they also misinterpret the role of competition. There is more to free markets than competition for its own sake. For example, if there is competition between “bads” (an economic term for anything undesirable), the free market is no longer operative. Free markets assume that the competitive process is limited to the exchange of “goods” (anything desirable).

Managed-care contracts are “bads” because they preclude mutually beneficial exchanges between patient and physician. It follows that competition between managed-care entities violates the free market. Managed care would occur in a free market only if patients consented to have physicians serve the interests of the insurance industry rather than themselves. That informed patients would consent to such a contract is highly implausible.

In a patient-centered system, the patient contracts privately with two separate entities, a physician and an insurance company. Under such a system, contracts between the physician and an insurance company would not be permitted because of the risk that physicians might subordinate patients’ interests to those of insurers.

The book’s first chapter describes in some detail the repeated attempts to socialize American medicine in the 20th century. One learns that as early as 1899, many prominent leaders of the AMA advocated adoption of a socialized system similar to those of Germany and England. Frederick R. Green, secretary of the AMA’s Council of Health and Public Instruction, tried energetically to socialize American medicine.

One also learns that physician motives were less than honorable: “The London Correspondent for the JAMA reported in 1914 that the incomes of British doctors had risen substantially with the introduction of national health insurance, sometimes doubling…” Indeed, in the same year the secretary of the British Medical Association advised a visiting American physician that the incomes of general practitioners had in many instances quadrupled. Socialized medicine almost became a fait accompli in 1917, but the proposed law was defeated because it did not stipulate how physicians were to be paid, the insurance industry and organized labor resisted its passage, and interest in socialized medicine declined with American entry into WWI.

President Franklin Delano Roosevelt revived national health insurance in the 1930s, but this time the AMA, led by Dr. Morris Fishbein, vigorously opposed it. The AMA’s change of heart occurred because it “feared, at best, that they were unlikely to have much say in their administration and, at worst, that physicians would eventually become salaried employees of the government.”

Prior to 1951, Wilbur J. Cohen and I.S. Falk conceived of introducing socialism by the slice when they proposed limiting coverage to Social Security recipients. “The idea of restricting coverage to the elderly was brilliant” because it paved the way for the passage of Medicare, which socialists hoped would become a template for the complete socialization of medicine.

The chapter by Charlotte Twight focuses on the Health Insurance Portability and Accountability Act (HIPAA). Her key lesson is that physicians must adopt a policy of strict nonparticipation when government asks physicians to provide commentary prior to implementing its programs. For example, doctors should decline to provide any input to the “pay for performance” scheme because it has little to do with rewarding competent physicians, and everything to do with managed-care-style cost containment, despite lofty rhetoric to the contrary.

Twight warns doctors about the duplicity of government: “Although the title of the Health Insurance Portability and Accountability Act of 1996 sounds wholly benign, its content is not.” After all, who could be against portability and accountability? But HIPAA has additional provisions, such as criminalizing the practice of medicine, and establishing an electronic database. These dangerous provisions escaped scrutiny by most legislators and the media because of government’s devious ploys to pass laws most Americans would reject if they understood the full implications.

When doctors agree to sit down with government, Twight observes, they agree to lose, as government is adept at underhanded tactics such as increment-}

talism, misrepresentation, manipulation, and appealing rhetoric. Because government has no intimate knowledge of medicine, it cannot implement its programs without doctors sharing their unique knowledge. It follows that if physicians are serious about derailing socialized medicine, they must simply refuse to sit at the government’s bargaining table.

Barbara Ryan’s chapter explores hospital regulations and antitrust laws, only to conclude that government intervention leads to unfortunate consequences that thwart the intended goal of cost containment. Ryan notes: “This exploration of hospital regulation and antitrust enforcement reveals that hospital regulations have not been particularly successful in achieving their intended benefit—cost containment—and likely have resulted in substantial direct and indirect cost to consumers or in benefits to certain consumer groups at the expense of others.”

Her conclusion is nothing new. Many economists and political philosophers have explored the idea that government intervention leads to harmful, unintended consequences. Regrettably, Ryan states that managed care is a product of the market, when in fact it was a government attempt to correct the effects of prior interventions. One can safely conclude that the relative failure of managed care has triggered still another intervention, labeled “pay for performance.”

Richard Epstein describes the predictable effect of community rating: it is responsible for swelling the numbers of the
uninsured, which was assuredly not its intended purpose. His concluding remark is not reassuring: “In the end, one despairs of doing anything sensible through the political process. Of all the alternatives, market solutions seem socially most desirable, and politically least feasible.”

Three excellent articles describe the shortcomings of the Food and Drug Administration (FDA). The most refreshing one calls for the FDA’s abolition. One especially revealing insight is: “Firms are deathly afraid of the FDA, and with good reason…. It controls every aspect of the behavior of such firms.” Arguably, physicians should fear the government more than the drug industry does because most accept government money. By so doing, physicians expose themselves to the full wrath of government if they should fail to faithfully follow all of its indecipherable rules.

Patricia Danzon’s scholarly yet troubling analysis views the tort system from a utilitarian or policy approach—the greatest good for the greatest number—rather than from a principled or moral perspective, in which the victim ought to be made whole by invoking the right of restitution. According to Danzon, the purpose of litigation is to promote deterrence—to protect society, not to assist the individual victim. If the cost of litigation does not exceed the benefit of deterrence, she considers it justified. She believes that the current cost of torts is mostly justified.

The principled or moral approach would seek to calculate just or proper restitution—arguably too much or too little. Arguably, the utilitarian obsession with deterrence explains the sledgehammer approach that yields awards of the massive sums deemed necessary to send a strong message to potential tortfeasors. The inflated awards give an incentive to unscrupulous lawyers and unethical plaintiffs to sue—and to devise legal theories based on tortured logic—in the hope of hitting the jackpot. Just restitution, in contrast, might make a greater number of victims whole because the tortfeasor has less incentive to resist a reasonable settlement.

Of course that leaves the problem of the incompetent physician who, for whatever reason, repeatedly harms patients. The solution here is to have patients invoke the right of self-defense, in a separate legal process with a higher burden of proof—beyond reasonable doubt rather than preponderance of the evidence. A doctor found “guilty” could be restricted, or prohibited from practicing medicine.

To her credit, Danzon is aware that the tort system has some problems. She is willing to explore changes to the existing system, including a schedule for noneconomic damages; periodic payments of future damages; written clarification of the standard of care and rules for determining economic loss; a system of early neutral evaluation; and the English rule of cost shifting. Her solutions may not be ideal, but they do have the potential of significantly improving the current system.

This excellent book provides a broad, scholarly overview of the political history of medicine and its multifaceted problems. The authors offer an array of possible solutions, many of which warrant serious consideration. Anyone wanting to be conversant in the politics and economics of medical care should study this book.

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The federal government claims that it is competent, protective, and just.

Author and economist Robert Higgs, a senior fellow at the Independent Institute, shows that it is in fact bungling, wasteful, unjust, destructive, and vicious.

Its modus operandi, he states, is lying, cheating, stealing, and murdering. It is a “vast web of deceit and humbug,” and its true purposes are reprehensible. All of its numerous welfare-state programs are failures, and it has stripped its citizens of trillions of dollars. The single term that best describes it is “fraud.” Since a free society is not compatible with the welfare state, along the way we have lost our priceless individual liberties.

“War is the health of the state” and “war made the state and the state made war” are slogans that refer to the centralizing tendency of war in the West over the past 600 years, which has accompanied the ever-increasing power of the state. In Against Leviathan, Higgs uses “path dependency” (the idea that what happens next depends on what has happened previously) to explain the relentless incremental increase in federal government power from the late 19th century to the present. Each emergency left its institutional and ideological legacies that allowed future increases in the size and scope of government. According to Higgs, military conscription for World War I played a pivotal role in this process.

Big government usually is traced from Franklin Roosevelt’s New Deal of the 1930s, but it actually goes back to the state-building precedents that occurred during WWI, Higgs believes. Before then, the Supreme Court protected private property rights and freedom of contract; federal spending was 2 percent of the gross national product; and 99 percent of the citizens paid no income tax. Most of the 402,000 federal employees (1 percent of the civilian work force) worked for the Post Office.

During WWI, “war socialism” was used to expand the size and power of the government. In order to conceal the true cost of the war, the government substituted cost-hiding command-and-control measures for resource allocation, instead of relying on cost-revealing market means. The newly created agencies included the Fuel Administration, the Food Administration, the Railroad Administration, the War Industries Board, and the War Labor Board. The armed forces increased from 166,000 to 4 million young men, 72 percent of whom were draftees.

Higgs recounts how the government deported aliens without due process, condoned warrantless searches and seizures, and suppressed free speech. For example, Upton Sinclair was arrested for reading the Bill of Rights in public. When the war ended, most of the economic regulations were scrapped, but the citizens had become accustomed to governmental direction of their affairs. After the war, the belief was widespread that federal economic controls had been responsible for victory.

The Great Depression, FDR’s “crisis comparable to war,” had been caused by the repeated blunders of the Federal Reserve, Higgs believes. The “completely crackpot” economic policies recommended by his incompetent and arrogant advisers, the vaunted “Brains Trust,” only worsened and prolonged it. These interventionist policies led to such New Deal agencies as the Reconstruction Finance Corporation, the National Recovery Administration, the Agricultural Adjustment Administration, and the Public Works Administration. By 10 years after
the onset of the depression—and 6 years after the start of the New Deal—more than 9 million people, or 17 percent of the work force, remained unemployed.

During World War II, the scope of federal regulation was again increased. The government seized entire industries, and civilian consumer goods were rationed. Ten million men were conscripted, of whom 405,000 died and 670,000 were wounded. The government again instituted massive violations of individual rights, in addition to the draft: 112,000 citizens of Japanese ancestry were illegally placed in concentration camps; nearly 6,000 conscientious objectors were imprisoned; and newspapers were banned and press reports censored.

Instead of the widely touted “wartime prosperity,” Higgs observes, there was only wartime recession. At the end of the war, real GNP was 12 percent lower than it had been in 1941. After the government’s wartime controls ended, however, the economy jumped 26 percent in a single year, between 1945 and 1946.

WWII was followed by 40 years of the Cold War, which cost more than $10 trillion and led to numerous crimes against Americans, but resulted in no real national security, in Higgs’s view. The Supreme Court supported the constitutionality of presidential emergency powers that authorized the president to prohibit citizens to travel to various countries, to fulfill the terms of valid contracts, or to trade with the citizens or governments of various other countries.

Federal government intrusion again increased under Lyndon Johnson’s “Great Society” with its War Against Poverty, Food Stamp Act, Medicare, and Medicaid. The Civil Rights Act of 1964 repealed the rights of private property and of free association, Higgs maintains.

Higgs exposes two especially harmful programs: the Food and Drug Administration (FDA) and the “War on Drugs.” Since its establishment in 1938, the FDA has become the world’s most expensive and harmful regulatory agency. Using an iron cage of paternalistic tyranny, it over-regulates 25 percent of the consumer budget, crushes individual choice, increases the prices of new drugs, and treats citizens as docile and stupid children—or as barnyard animals.

The FDA has instituted a silent epidemic of unnecessary suffering and has caused hundreds of thousands of avoidable deaths—much more suffering and death than would have occurred in its absence. For example, Higgs states that fatal reactions to FDA-approved drugs in hospitals (an estimated 106,000 each year) now are the fourth-leading cause of death (after heart disease, cancer, and stroke). Another 2.2 million serious injuries occur to hospitalized patients from the same cause. These are exactly the sorts of harm the FDA is charged to prevent.

Higgs’s slogan for the never-ending War on Drugs, which was instituted in 1970, is “lock ‘em up.” Between 1985 and 2000 our prison population more than doubled—to more than 2 million—with more than half incarcerated for drug offenses. Another 4 million citizens are on probation or parole. Yet the drug trade still flourishes, with commerce in illegal drugs estimated at $400 billion a year. More than 14 million Americans use them during any month, and they are available in nearly any prison or public school. The political class is the chief beneficiary, as revealed by the “three R’s” of the drug debate—retribution, revenge, and retaliation. These in turn lead to the fourth R, reelection.

Higgs documents many other examples of governmental fraud, such as failure to protect its citizens against crime. In 1999 we suffered 16,000 murders; 89,000 forcible rapes; 410,000 robberies; 2,100,000 burglaries; and 1,147,000 automobile thefts. A government that imprisons a large segment of its subjects for nonviolent crimes, yet fails to protect them from violent crime, is a government at war against its citizens.

As Higgs notes, WWII, the New Deal, and WWII allowed experiments in collectivism that have resulted in an ideological transformation of our culture, so that today mainstream American social scientists support the income equality and “social justice” of socialism. Most of our elites and masses are the products of our federalized education system, so they don’t have a strong commitment to the individual rights to life, liberty, and property. As long as they are affluent, Higgs concludes, they really aren’t concerned about living as free men and women—they are happy being slaves.

The legitimate role of any government is limited to protecting its citizens from physical violence, and it can use force only against those who already have initiated the use of force. In Against Leviathan, Higgs masterfully documents the relentless growth of our welfare-warfare state, the massive fraud it perpetrates against its own citizens, and the danger this poses for our freedom and prosperity. All Americans should read it. Unfortunately, I doubt that liberals would ever consider reading such a book.

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Malignant Medical Myths, by Joel M. Kauffman, Ph.D.

People who read this book, especially physicians, will be stunned. I was. This well-researched attack on mainstream medicine inflicts serious wounds.

Joel Kauffman holds a Ph.D. in organic chemistry from the Massachusetts Institute of Technology. With a scientist’s critical eye, he analyzes the evidence underpinning eleven tenets of modern medicine. The subjects he addresses, in turn, are taking a daily aspirin for primary and secondary prevention of coronary heart disease, statins for lowering cholesterol, drugs for high blood pressure, low-fat (high-carbohydrate) vs. low-carbohydrate (high-fat) diets, exercise, alcohol (i.e., beer and wine to ward off cardiovascular disease), EDTA chelation therapy, ionizing radiation, mammograms, various cancer treatments, and water fluoridation to prevent tooth decay.

Each chapter examines “one of the common medical myths still prevalent.” Titles include: “Myth 4: Nearly everyone over 50 should take drugs for high blood pressure,” and “Myth 9: Annual mammograms and follow-up treatment prolong life.” Dr. Kauffman uses the word “myth” here to mean that these statements are false, not in the classical sense of a story that reveals basic inner truths about human nature. He considers a medical myth to be “malignant” if it has lasted for at least 15 years and “has caused false hopes, unwanted side-effects, other forms of worse health, and billions [sic] in wasted expenditures on health care.”

The introduction is titled “How good is mainstream medical advice?” Dr. Kauffman explains to the general reader (and physicians), in a clear and readable fashion, the distinction between relative and absolute risk—and the deception in reports that focus exclusively on relative risk. Taking material from an article he wrote for this journal on bias in peer-
reviewed medical papers, Dr. Kauffman catalogues the various flaws that these papers can have, which include, most importantly, failure to report all-cause mortality. This 16-page introduction is an excellent primer for what is to come.

Dr. Kauffman first carries out a careful examination of the peer-reviewed papers that espouse the benefits of aspirin (with 89 references). He exposes the flaws in these studies and concludes, correctly I believe, that “it seems pointless to take aspirin for primary protection against heart attacks, with its certainty of obnoxious side-effects, which may include gastritis, peptic ulcer, other internal bleeding, hemorrhagic stroke, fatal heart attacks, and sudden death to which has been added macular degeneration (in 1988) and twice the risk of cataracts.” After reading “Myth 1: Taking an aspirin a day forever will make you live longer,” any self-respecting physician will be hard-pressed to prescribe aspirin in good conscience to people who have no history of coronary heart disease. (His analysis demonstrates that aspirin does provide moderate secondary protection against the risk of a second myocardial infarction.) Instead, he cites evidence for the benefits of four far less toxic alternatives to aspirin—magnesium; natural, full-spectrum vitamin E; coenzyme Q10; and omega-3 fatty acids.

Open-minded cardiologists will have second thoughts about liberally prescribing statins after reading Dr. Kauffman’s analysis of their benefits and risks. He makes a strong case that low-carbohydrate (high-fat) diets are healthier than low-fat (high-carbohydrate) diets.

Women will question having an annual mammogram after reading Kauffman’s analysis.

With regard to blood pressure, Dr. Kauffman recalls the old rule that a normal systolic blood pressure is 100 mm Hg plus the person’s age; and he cites research showing that results from the Framingham data correlating mortality with systolic blood pressure, which fueled the pharmaceutical line of attack, were miscalculated. Armed with Dr. Kauffman’s cogent analysis of this subject, I have been able to convince my 91-year-old surgeon father that a systolic blood pressure of 190 mm Hg is normal for his age and that he should stop taking the drugs his doctor has prescribed to lower it (which make him dizzy).

The weakest chapter is the one on EDTA chelation therapy. The author uncritically accepts the information in a book titled Medical Frauds that “the immediate death rate of [coronary artery] bypass surgery is about 6 percent.” The actual operative (30-day) mortality for bypass surgery nationwide is 2.9 percent (and it is, indeed, 1 percent in people Bill Clinton’s age).

This book steps on so many toes in the medical-government-pharmaceutical-industrial complex that mainstream publishers would want to avoid it. Perhaps for this reason, Dr. Kauffman has self-published this book on Infinity Publishing.com. To its benefit, rather than use an in-house editor he had experts in the various subjects he addresses review and edit the manuscript. While tables and graphs are smoothly incorporated into the text, the references are hard to read. This online publisher should offer hanging indentation so that each reference begins on a new line instead of indenting each like a new paragraph.

On the whole, this is a courageous, groundbreaking book, one which all clinicians should read. Dr. Kauffman overturns conventional medical wisdom on each of the subjects he investigates. If allopathic medicine is to remain relevant to citizens in the 21st century (beyond trauma management, other surgery, and medical emergencies), its practitioners need to read this book.

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When I was first asked to review this book, I was somewhat reluctant, because I thought that I was fairly knowledgeable about Phyllis Schlafly. I thought that she was very conservative, the exact opposite of Betty Friedan and Gloria Steinem, and that that was all I needed to know. Was I in for a surprise!

Not only is this book an excellent review of Schlafly’s life, but it is also a detailed account of pertinent events as they related to this extraordinary woman in her battles for conservative values against “rationalism, secularism, and relativism.” Reflecting on these moments in history is most worthwhile.

Schlafly’s importance to the conservative movement in this country is much underrated. She has battled most of the various “isms of the Left: communism, socialism, liberalism, one-worldism, internationalism, and welfarism.” She has fought against the bureaucratic state and in favor of individual rights. Her religion and family values have been very important in these struggles.

In spite of frequent shabby treatment by moderate elitists within the Party, she has worked tirelessly for the Republican Party. Unfortunately, her valiant efforts have not prevented a continuous drift to the Left in this country.

Marginalization, denigration, and trivialization have all been used against her, but through persistent and dedicated effort she has been very instrumental in making conservative values the bedrock of the Republican Party. Frequently the Republican Party appears to have used conservatives to win elections, and then to have pushed them aside afterward. Nevertheless, she has seen the value of staying the course within the Party, believing that far more can be accomplished from within than from without.

Her battles in many instances have seemed to be against almost insurmountable odds. She has met these challenges without fear. She has pursued her goals in an organized, dedicated, and relentless manner. Phyllis Schlafly is a winner. Every American owes her a huge debt of gratitude.

I thoroughly enjoyed this well-documented book and highly recommend it.

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