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**The evolution of healthcare**

Introduction

In his new book “The Evolution of Everything: How New Ideas Emerge” - which was already heavily criticized by the supporters of central planning - Matt Ridley argues that evolution is far more common than we think, and that it “is the best way of understanding how the human world changes, as well as the natural world.”1 The reasons for this, as he thinks, is that the world, including the social one, is much less centrally-planned, and much more self-organizing and self-changing place than we like to admit. This idea is definitely not new - as Friedrich Hayek states in "The Constitution of Liberty": "selection by imitation of successful institutions and habits” is the decisive factor in in social evolution, and the idea of biological evolution was borrowed by Charles Darwin from social evolution, and not the other way round.2 Also, according to Hayek, social sciences unfortunately re-imported some ideas from biology, and with them brought some inappropriate concepts, like "survival of fittest". As George Reisman writes is his "Capitalism: A Treatise on Economics", "...economic competition is the very opposite of competition in the animal kingdom. It is not a competition in the grabbing off of scarce nature-given supplies, as it is in the animal kingdom. Rather, it is a competition in the positive creation of new and additional wealth."3 That said, what makes Matt Ridley's book unique and interesting is the universal application of the principles of evolution to the different aspects of social life, and the appropriate use of the relevant examples, in order to prove his point elegantly. As a specialist of health policy and management, and as a person interested in Austrian economics, I will focus on evolution of healthcare in my research paper.

First of all, we need to discuss some aspects of a priori (independent of experience or empirical evidence) and a posteriori (dependent on experience or empirical evidence) knowledge and justification. As it is well known the core teaching of the Austrian economics, praxeology, is the deductive study of human action.

As Matt Ridley points it out: “...if there is one dominant myth about the world, one huge mistake we all make, one blind spot, it is that we all go around assuming the world is much more of a planned place than it is. As a result, again and again we mistake cause for effect.” This echoes well with these words of Hans-Hermann Hoppe: "...is contemporary America wealthier because of higher taxes and more regulations or in spite of them? That is, would America be even more prosperous if taxes and regulations had remained at their nineteenth-century levels? Historians qua historians cannot answer such questions, and no amount of statistical data manipulation can change this fact. Every sequence of empirical events is compatible with any of a number of rival, mutually incompatible interpretations. To make a decision regarding such incompatible interpretations, we need a theory. By theory I mean a proposition whose validity does not depend on further experience but can be established a priori. This is not to say that one can do without experience altogether in establishing a theoretical proposition. However, it is to say that even if experience is necessary, theoretical insights extend and transcend logically beyond a particular historical experience."4

Ridley argues that the social world around us is mostly “the result of human action, but not of human design”. In other words, social phenomena can and should be explained by the general theory of evolution – Darwinism is the special theory of evolution. Here we can find yet another link with praxeology. As Ludwig von Mises defined it in his monumental magnum opus: "Human action is purposeful behavior. Or we may say: Action is will put into operation and transformed into an agency, is aiming at ends and goals, is the ego's meaningful response to stimuli and to the conditions of its environment, is a person's conscious adjustment to the state of the universe that determines his life."5 According to the general theory of evolution, things change slowly but inexorably, and the main reason for this is selection of the fittest, i.e. the most adapted things. Just like biology, this applies to almost all areas of human life, like “…society, money, technology, language, law, culture, music, violence, history, education, politics, God, morality.” Even though this process may seems to be obvious, there is a widespread resistance to the general theory of evolution. As Ridley fervently puts it: “This truth continues to elude most intellectuals on the left as well as the right, who remain in effect ‘creationists’. The obsession with which those on the right resist Charles Darwin’s insight – that the complexity of nature does not imply a designer – matches the obsession with which those on the left resist Adam Smith’s insight – that the complexity of society does not imply a planner.” This approach may seem irreconcilable but I think it may turn out to be very successful exactly because it could be so strangely applicable to both right and left, and both sides may see clearly how inconsistent their positions are.

Problems with the planned healthcare

With this general discussion we can now proceed to describe the problems of the centrally planned healthcare. Matt Ridley’s book does not have the separate chapter devoted to this field even though some aspects of it are discussed in the chapter about the evolution of the economics. First of all, Ridley describes so called “creationist” views in economics: “When it comes to economics, pretty well everybody is still in thrall to creationism. Don Boudreaux, an economist, thinks most people are secular theists who believe that social order is the result of ‘some higher power that designs, intends, imposes, and guides willfully the order that we see about us’. They think that ‘most of the economic and social order that we experience about us is the result of government and, hence, would necessarily disappear or collapse into disarray were government to disappear or fail to perform its duty well’.” This is in the sharp contrast with the explanation that was given by Ludwig von Mises: “The real bosses, in the capitalist system of market economy, are the consumers. They, by their buying and by their abstention from buying, decide who should own the capital and run the plants. They determine what should be produced and in what quantity and quality. Their attitudes result either in profit or in loss for the enterpriser. They make poor men rich and rich men poor. They are no easy bosses. They are full of whims and fancies, changeable and unpredictable. They do not care a whit for past merit. As soon as something is offered to them that they like better or that is cheaper, they desert their old purveyors. With them nothing counts more than their own satisfaction. They bother neither about the vested interests of capitalists nor about the fate of the workers who lose their jobs if as consumers they no longer buy what they used to buy.”

With this premise Matt Ridley compares and contrast with each other those needs of human being that in most countries are provided by the state (healthcare and education), with those that are provided by the market (food and clothing), and points to the dire state of the former two, where “cost keeps going up, quality not so much, and innovation is sluggish.” He also describes the history of friendly societies in the UK, as an example of evolving healthcare, and how the government choked them in order to create the British National Health Service where “the state has socialised the cost and privatised the reward”: “The provision of care is nationalised, and decided for you by committees. But the workers who treat you, the doctors, are private contractors with generous terms.”

The analogous history is provided in the Joshua Fulton’s article “Welfare before the Welfare State” but in this case it is about the US healthcare. Fulton describes mutual-aid societies, which were “social organizations that gathered dues and paid benefits to members facing hardship”.6 The US government also succeeded in smothering them.

Milton Friedman was a prominent voice for free-market healthcare, and an ardent criticizer of government-run healthcare. In 2006, he told Hillsdale College president Larry P. Arnn: "We have a socialist-communist system of distributing medical care. Instead of letting people hire their own physicians and pay them, no one pays his or her own medical bills. Instead, there’s a third party payment system. It is a communist system and it has a communist result. Despite this, we’ve had numerous miracles in medical science. From the discovery of penicillin, to new surgical techniques, to MRIs and CAT scans, the last 30 or 40 years have been a period of miraculous change in medical science. On the other hand, we’ve seen costs skyrocket. Nobody is happy: physicians don’t like it, patients don’t like it. Why? Because none of them are responsible for themselves. You no longer have a situation in which a patient chooses a physician, receives a service, gets charged, and pays for it. There is no direct relation between the patient and the physician. The physician is an employee of an insurance company or an employee of the government. Today, a third party pays the bills. As a result, no one who visits the doctor asks what the charge is going to be—somebody else is going to take care of that. The end result is third party payment and, worst of all, third party treatment."7

Evolving healthcare

It is sad to admit that healthcare is one of the most heavily regulated fields of medicine, both in the US and elsewhere. People are easily manipulated by the state to give up their freedom when scared by the perceived horrendous threats to their life and health.

In his “Capitalism and Freedom” Milton Friedman suggests the following description of the healthcare with more freedom: “Suppose that anyone had been free to practice medicine without restriction except for legal and financial responsibility for any harm done to others through fraud and negligence. I conjecture that the whole development of medicine would have been different… The impossibility of any individual or small group conceiving of all the possibilities, let alone evaluating their merits, is the great argument against central governmental planning and against arrangements such as professional monopolies that limit the possibilities of experimentation. On the other side, the great argument for the market is its tolerance of diversity; its ability to utilize a wide range of special knowledge and capacity. It renders special groups impotent to prevent experimentation and permits the customers and not the producers to decide what will serve the customers best.”8

Hans-Hermann Hoppe in his article “A Four-Step Healthcare Solution” provides four steps, which will lead to evolving, i.e. free-market healthcare, and end the state monopoly, which crippled this field for so many years. These steps are the following (I added one more step to his four - privatize all healthcare services and facilities, without the requirements demanding the maintenance of their healthcare profile):

1. “Eliminate all licensing requirements for medical schools, hospitals, pharmacies, and medical doctors and other health-care personnel.”

2. “Eliminate all government restrictions on the production and sale of pharmaceutical products and medical devices.”

3. "Deregulate the health-insurance industry."

4. "Eliminate all subsidies to the sick or unhealthy."9

References:

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