The Case for Socialized Medicine

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Last week the American political establishment was shaken to its foundation when the Republican Party leadership withdrew the American Health Care Act (AHCA) just before the vote was to be taken on the floor of the House of Representatives. Besides being a most unusual procedure, it exposed a fundamental split in the country, reflected not merely in Congress but within the Republican Party. GOP purists, represented by the House Freedom Caucus, demanded more significant roll backs in socialized medicine that were contained in the Ryan plan. Their refusal to back the plan, after years of promising complete repeal, doomed the bill.

Given the political and popular landscape, the legislative fiasco should cast serious doubt that Washington will ever be able to take any meaningful steps to roll back government involvement in health care. Although widely considered a failure of design and execution, Obamacare seems to have succeeded in one important mission: It has created an even greater dependency on government in the health care marketplace. Getting government out is now much more difficult than it was just eight years ago. This may have been the democrats’ plan from the start. As a result, the choice conservatives now face is to embrace an increasingly complex, cumbersome, and inefficient public/private hybrid system, or to acknowledge the political reality and make the most palatable lemonade they can from the lemons that are available. Believe it or not, that may argue for a deeper embrace of socialized medicine.

Contrary to the current rhetoric, Obamacare was not in fact America's first foray into socialized medicine and it did not represent the kind of crossed Rubicon that Republicans like to accuse it of being. The door had first been opened in the Second World War when government imposed wage controls that gave incentives to employers to bundle health insurance into compensation packages.¹ When the government then made employer-provided insurance tax deductible, such plans became the norm. But the government really charged into the market in 1965 with the creation of Medicare and Medicaid. For many years, Republicans have had to twist themselves into logical pretzels in order to argue that Obamacare is socialism while Medicare is not.

In granting a brand new entitlement, Obamacare did nothing to address the problems that have plagued the U.S. health care system for decades. It did not encourage competition among insurers, it demanded a "one size fits all" approach to coverage, and most egregiously did nothing to contain the rising medical costs that threaten to bankrupt the nation. To add insult to injury, it required that people buy insurance that they really didn't want.
Although the Ryan plan removed the obligation of individuals to buy coverage, it made many of Obamacare's shortcomings worse. It left pre-existing condition requirements in place, which would guarantee that premiums and deductibles would continue to rise. It did not relax the state restrictions on insurance competition, nor did it seek to contain medical costs. In other words, the Ryan plan would have put Republicans on the same hook from which the Democrats are now hanging. The alternative of a repeal without a replacement, so much wished for by the hard right, would have created the kind of political chaos that would virtually guarantee a Republican massacre in 2018 and 2020.

However, Republicans may still, for now, be able to lay claim as the party of fiscal responsibility. And as a result, I would suggest a basic cost-benefit analysis. It is clear from almost any standpoint that the socialized health care available in other developed nations like the UK, Canada and the 34 developed free market economies of the Organization for Economic Co-operation and Development (OECD) delivers health care more efficiently than in the U.S.

In October 2012, PBS Newshour reported the U.S. as the world leader in cancer treatment and health care research. Given our private wealth and the strength of our university hospitals, this should come as no surprise. But what we have gained in high end coverage, we have lost in everyday care. The same report mentioned that there are only 2.4 practicing doctors and 2.6 hospital beds per thousand people, which is far below the OECD averages of 3.1 and 3.4 respectively. In addition, the American life expectancy is 78.7 years, in 2010, versus the OECD average of 79.8 years. (Jason Kane, 10/22/12)

The World Bank reports that, in 2014, the U.S. spent 17.1% of GDP or $9,403 per person on health care. The UK spent 9.1% of GDP or $3,935 per head; Canada 10.4% or $5,292; the EU 10.0% or $3,613. In 2000, despite spending approximately twice the amount per head of any other nation, or group average of nations, the World Health Organization rated the U.S. health system at only 37th, Canada 30th, and the UK 18th out of 191 nations. (WHO Global Health Expenditure Database) Clearly, we are not getting what we think we are paying for.

Many OECD countries like the UK and Canada have what is termed a 'single payer' system sponsored by the state. In the UK, this means that the National Health Service provides basic ‘bangers and mash' coverage which includes provisions for prior conditions and catastrophic illness. Yes, wait times to see a physician for non-acute conditions are generally longer than in the U.S., but the bureaucratic process of paying through insurance, with its never-ending forms, co-pays, deductibles, and network providers, is largely absent.

In the UK, a thriving private health system that provides higher end 'roast grouse and soufflé' services runs alongside the "bangers and mash" state system. This means that wealthy people with access to greater resources can still seek care above and beyond what is available through the state. But since the level of base care is widely regarded as adequate, the two-tiered system does not generate significant class resentment.

Furthermore, this system allows top specialists to continue serving in the public system while supplementing their low state income with the higher fees paid in their private practices. And while doctors in the UK generally make less than their U.S. counterparts, they are also free of the crushing
malpractice insurance which tends to be a great equalizer.

I have lived for long periods of my life in the UK and the US, I have had a good deal of exposure to the two health care systems. And while both offer mixtures of public and private care, the UK's is much closer to the type of socialized medicine that has long been the goal of the American left. I have always considered myself a conservative but the UK system seems preferable to the monstrosity that has been created by Washington sausage making.

Of course any state system would involve rationing on some level. But if such guidelines are developed democratically, public acceptance of such limits can be achieved. By acquiescing to a move towards a single payer system, Republicans would be in a strong position to ensure that cost containment would be a priority. In that sense, conservatives could potentially strike at the root of the health care problem: The inexorable rise in costs and the crushing burden that health care currently places on the economy. Currently, the push for socialized medicine has been the province of the Democrats, with the primary energy coming from the extreme left figures such as Bernie Sanders and Elizabeth Warren. The worst scenario for health care would be to allow such big spenders and class warriors to set the agenda.

Given that many countries have succeeded in providing better overall health care outcomes with universal coverage and at far less cost, it should not be too much of a stretch for Congress to take the final step and accept an extension of Medicare to all. Of course, taxes would have to increase to pay for it, but citizens and businesses would no longer have to pay for insurance themselves. If the cost of health care can be brought down, the net result is less money for health care and more for everything else.

I have never been a fan of socialized anything. But in the modern world of instantly diffused outrage and the increasing frustration with a health care system that is clearly dysfunctional, Republicans should recognize the political reality and seize the initiative. A soberly devised plan could vastly streamline health care delivery, minimize waste, control costs, provide basic care for all, and perhaps even deal a harsh blow to tort lawyers. Moderate Democrats would jump on board in droves and President Trump and the Republican Congress could emerge as winners.

Observers should not count President Trump as down. He has a reputation for coming back. He may recognize a political winner when he sees it and look to ditch the ideological baggage of his own party. Trump was not put into office by card carrying conservatives but by middle class populists who would support anything that makes their lives less anxious.

I believe that private enterprise always delivers higher quality and lower prices than government. This is true for goods and services and it also would be true for health care if the markets were allowed to function freely (which they have not). But voters today do not perceive health care as a good or a service, but as a right. Conservatives can argue this point, but they will lose the emotional battle, which is where this fight will occur.

1 - BERDINE, Gilbert. Supply and Demand: Government Interference with the Unhampered Market in U.S. Health Care. The Southwest Respiratory and Critical Care Chronicles, [S.l.], v. 2, n. 7, p. 21-24, july 2014. ISSN 2325-9205. Available at: