

21C FLATEARTHERS

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17th IEA CURRENT CONTROVERSIES PAPER

30 September 2003

**Institute of Economic Affairs
2 Lord North Street,
London
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www.IEA.ORG.UK

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INTRODUCTION

Plato, one of Greece's greatest philosophers, was also an important mathematician of the 4th C BC. When the 17-year old Aristotle joined him they became the co-founders of the Astronomical Scheme of the Concentric Sphere which overturned the centuries old belief that the earth was flat.

Almost two hundred years later, the Greek philosopher and writer Eratosthenes agreed that the flat-earth belief could be destroyed by science and mathematics. Watching a boat sail across the deep blue waters of the Mediterranean towards the horizon, he noted that this was not a straight line but a spherical curve. Furthermore, as the sailing ship shrank in size, the stern disappeared first and as the mainmast shrank in height, only the mast tip was visible as the ship sailed over the horizon and out of sight.

Not only had he finally exploded the flat-earth myth, but with his own discovery of theory of prime numbers, managed to calculate the spherical size of the earth with 90% accuracy.

Christopher Columbus sealed the fate of the flat-earth belief when he sailed in his search for the treasures and spices of India, China and Japan. He had joined the navy at the age of 15 to see the world and also proved it was round, when sailing westwards, he found "The Indies" in August 1492. Columbus' shorter journey and the earlier scientific and mathematical calculations had finally laid the flat-earth myth to rest.

Today, many people hold views which are not based on mathematical or scientific facts but are honestly held idealistic opinions which bear no relationship to the hard realities of the 21st century.

THE "FREE" NHS MYTH

All over the world politicians promise voters that they can deliver a brave new world. In the winter of 1942, after three years of blood, toil, tears, sweat and lost battles in WWII against Hitler's victorious armed forces, Britain and her allies won their first victories. At Stalingrad, the Russians annihilated Gen. Paulus' 6th Army, in the Battle of Egypt the British 8th Army defeated Gen. Rommel's Afrika Corps and the Americans landed in North Africa.

Sensing a future victory, Winston Churchill said at the Mansion House: "This is not the end. It is not even the beginning of the end. But perhaps, the end of the beginning" and the government unveiled a visionary "Brave New World" peacetime blueprint on 20th November 1942.

SOCIAL INSURANCE AND ALLIED SERVICES

This was a report of over 240,000 words by Sir William Beveridge (price 2 shillings or £11.50 by 2003 values), was an instant HM Stationery Office bestseller and Britons queued to embrace their new bible which aimed to produce a fairer society and remove the five giant evils which had ravaged Britain for centuries: war, disease, ignorance, squalor and idleness.

A National Insurance Fund would be built up from contributions paid for by all employees and employers and if necessary by the state, but not directly from taxation as this would be seen as a free allowance from the state.

The desire for an insurance had been shown both by the established popularity of a combination of compulsory insurance and a voluntary insurance against sickness: "...people have come to regard it as a duty and pleasure of thrift of putting pennies away for a rainy day because management of one's income is an essential element of a citizen" (Beveridge Report 1942).

In fact, Beveridge was echoing the words of Adam Smith who in 1776 had said "It is the highest impertinence and presumption in Kings and ministers to pretend to watch over the economy of private people. They are themselves always, and without exception, the greatest spendthrifts in the society. Let them look well after their own expense, and they may safely trust people with theirs. If their own extravagance does not ruin the state, that of their subjects never will."

Further pressing the argument for an insurance scheme, Beveridge added "The insured persons should not feel that income for idleness can come from a bottomless pit and the citizens should not be taught to regard the State as the dispenser of gifts for which no one need pay".

When Labour was elected after the war in Europe had finished, they implemented many of the Beveridge findings and the National Health Service (NHS) was born on July 5th 1948. A National Insurance Fund paid for by employers and employees would finance the NHS. However, both the concepts of "insurance" and that of the "fund" were seriously weakened and the "contributions" appeared little different from other taxes. The distinction between national insurance contributions and other taxes and the relationship between the contributions and the benefits was never strong and has seriously weakened over time. In fact, the NHS is largely paid for out of general taxation.

The concept of "a free service at the point of use" was embraced with almost religious fervour which has continued to this day. The ex-Health Minister, Frank Dobson has aired his views on radio and in the press on many occasions: "Whatever the problems are with the national health service as it stands it is the most popular institution in the country...more popular than any politician, more popular than the BBC, more popular than the Church, more popular than the monarchy, more popular than the co-operative movement and more popular than elected local authorities".

NHS popularity has diminished with the parents in North West Hampshire where the chief executive of a local NHS wrote that: "we have around 100 children waiting for therapy and at present, children over 5 years old are waiting 27 months to be seen" © HMSO

The enthusiasm for the NHS also waned with relatives of heart patients when the Health Minister, Alan Milburn, stated: "It is estimated that 500 patients die every year waiting for a heart operation on the NHS" © HMSO

FACTS AND FIBS

When the Chancellor presented the 2002 budget, he announced a 1% National Insurance Contribution (NIC) rise on employers and employees "which will go entirely to the NHS". The NHS is Britain's largest employer and the NIC increase is causing serious cashflow problems to foundation hospital budgets and it is bizarre that the ca. £300 to £400million extra cost is some of the "entirety" "going to the NHS".

A rise of 1% from 10% to 11% is an increase of 10% which was interpreted by the Chief Secretary to the Treasury, Paul Boateng, as an increase of 1% adding that “employers will pay approximately £10.50 a week for an employee on average wages.” The UK average wage is £418 per week with a £329 NIC tax threshold. The 2003 employers NIC tax rate of 12.8% is £42.11 per week.

The Minister at the Department of Trade and Industry, Ms Patricia Hewitt, commented after the 2002 Budget announcement that “All of us sharing the *EXTRA 1 PENNY* (my italics) on National Insurance (will make) sure that we do get the money that the NHS needs.” On average earnings, the additional cost of the “extra penny” is £3.29 per week. She ignored the fact that the burden of the increase in employer’s NICS must fall on employees, even if the incidence does not.

Legend has it that voters deserve the MP’s they elect and these misleading Government figures are presented to voters without a challenge from other MP’s, qualifying them as 21C flatearthers.

VAT AND THE HIDDEN NHS TAX

NIC’s bear no relationship to the single weekly contribution envisaged by Sir William Beveridge (later Lord Beveridge). The NIC’s collected go to the NI Fund but it does not invest the monies for future payments but uses it for today’s benefit payments. Employees NIC’s are a direct 11% tax on their incomes and the “contributions” are about as voluntary as taxation and Gordon Brown correctly labelled NIC’s as an “employers tax” (Budget speech 17.03.98).

All NHS expenditure is funded solely from taxpayers. No other western country operates health funding in this way and all European schemes are a mixture of private and state insurance. The only exception is Switzerland which has no NHS but everyone has to take out compulsory healthcare insurance. However, as their taxes are minimal compared with ours, individuals are allowed to spend their money the way they want.

HM Treasury 2002/2003 tax receipts list VAT as £64bn and Excise Duties £38bn which total 26% of all government receipts.

From the cot to the coffin, after having tax and NIC deducted from their wages, everyone buys goods inclusive of VAT and excise duty every week of their lives. Zero rated VAT exempt items include food, children’s clothes and the printed word.

The flatearth mythology has convinced three generations of Britonss that the NHS is free as they are unaware of the additional hidden NHS costs in their daily and weekly purchases. When a car is filled up with (say) £20 of petrol 75% is tax, 26% of the £15 tax element goes to the NHS: £3.90.

After receiving their weekly wages less tax and NIC, very few Britons are aware of these additional tax deductions for the NHS and continue to believe the flatearthers “FREE NHS MYTH”.

THE FALLACY OF NATIONAL HEALTH EXPENDITURE COMPARISONS

The NHS is the largest employer in Europe and its 1.4 million employees outnumber any European country’s health care service with similar population numbers. The total number of UK medical staff (GP’s, hospital medical staff and community medical staff) total 108,358 (Office of Health Economics) and the army of bureaucratic non-medical staff is growing daily.

League table hospital trust information has become a national many starred Michelin Guide. However, *their* inspectors are not paid for by the tax payer and this is not the only area of additional expenditure of the NHS.

Whitehall appears to have forgotten that patient care should be the primary function of tax payers money but the bureaucratic tide is now engulfing nursing staff who have to spend increasing amounts of nursing time on form filling. The situation of highly trained consultants and surgeons who spend time on form filling is becoming increasingly jeopardised by Whitehall diktat of non-medical paper trivia. In June 2003, a leading consultant gynaecologist at Bart's in London decided to resign from the NHS because millions of pounds were draining away week after week on the vast inefficient army of managers employed to produce figures showing that targets were being met. He agreed with the Audit Commission's Report which attacked the NHS for pouring reserves into meeting piecemeal targets and diverting doctors priorities from treating patients.

An Inner London Borough has 4.5 doctors looking after 2000 patients and after 8 years of study and hospital experience, the doctors are highly qualified in their job. However, the dead hand of Whitehall bureaucracy now forces them to spend 3-4 hours on non-medical paperwork instead of seeing another 14 patients which is in contradiction to the Hippocratical Oath of professional behaviour and patient care.

In Oxfordshire, the ambulance service was unable to deliver patients to a hospital A&E unit because the target clock only starts ticking when they enter the door. Christopher Columbus never searched for the "Pandora", the illusionary "Flying Dutchman", yet many NHS flatearthers are searching for a way to match other countries national health expenditure which they assume will be their NHS safe harbour to salvation.

The Organisation for Economic Co-operation and Development (OECD) compares different western countries national health expenditure figures but these are not based as a percentage of taxation, but as a percentage GDP.

The number of non-medical employees in the NHS now outnumber the medical staff by 10 :1 and staff costs are in excess of 40% of expenditure. It is unrealistic to compare wholly tax funded UK expenditure with insurance-based European schemes which do not have as many non-medical staff on their payrolls.

Furthermore, the Whitehall "milch cow" spending cannot be compared with European insurance schemes which carefully scrutinise health costs.

THE UNDERFUNDED NHS?

Like eternal life, perfection in healthcare for everyone is unattainable. Sir William Beveridge's 1942 vision was enshrined in 1948 but the politicians did not follow his observation that "people had come to regard it as a duty and pleasure of thrift of putting pennies away for a rainy day" (i.e. An insurance scheme). Funding the NHS from general taxation is the reverse of "management of one's income is the essential element of a citizen."

Funding from Whitehall is one of the NHS's major flaws as citizens have no control how their taxes are being spent. In contrast, insurance funded schemes can be tailored and monitored to local medical requirements.

Estimates of NHS expenditure in the first year was budgeted at £140.675million but reached £208million and £358million after two years. HM Treasury 2002/2003 spending figures for the NHS and other health and personal services are £82billion and the Chancellor has promised further billions of taxpayer's monies to be spent. However to

present this staggering increase of healthfunding as “underfunding” is a flatearthers’ figment of the imagination.

Tremendous advances in medicines and medical care have taken place since 1948 which increased the cost of the services supplied but the monolithic structure of the dead hand of central control never has nor will keep these rising costs under control.

However, the worst aspect of billions of extra taxpayers monies going into the NHS is the fact that the extra money is not producing the required results that voters expect.

On 7th May 2003 the House of Commons debated the “Health and Social Care Bill” for 6 hours and 18 minutes and virtually all the speakers came to praise the NHS but unwittingly buried it with a long depressing list of macabre facts. Mr. Jon Owen Jones was one of the many MP’s who spoke eloquently for 8 minutes: -

“...Between 1997 and 2001, national health service funding increased from £32.9 billion to £43.8 billion – a 33 per cent increase. During the same period, however, out-patient attendances rose by just 6 per cent. Between 1997 and 2001, funding increased from £36.5 billion to £51.2 billion. During the same period, however consultant episodes rose by 3.1 per cent a day, and day cases rose by 5 per cent. Between 1996-97 and 2001-02, funding rose by 55 per cent. Out-patient attendances however, rose by only 7.7 per cent. For the years for which the figures that I have found are available, therefore, it is clear that the national health service has failed to match investment with service delivery and that its productivity is declining.”

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Dr Andrew Morrison, added a personal patient experience as an example of the dead hand of bureaucracy which, had it not been recorded in HANSARD, would be beyond belief: -

“I attended for a minor procedure at the district general hospital serving my constituency and was faced with a monumental form. It was a consent form that had been dreamt up by some bright spark in Richmond house, it ran into two sides of A4 and it brought home to me what we must do as we try to work towards a 21st century national health service – unclog the NHS of much of the bureaucracy that has acted as a dead hand, a great deal of which comes from the centre. The form was presented to me by the consultant concerned, who also gave me a copy of the previous consent form that he had drawn up in his department. It was considerably shorter, and he told me rather sadly that as a result of the new form that had been presented to him from the centre and Richmond house, he had had to cut the number of patients whom he was seeing. The form was so bureaucratic that he had had to reduce the number of patients whom he saw every morning. Given the sessions cost £700,000 a year, that form alone had cost £70,000.” © HMSO

Mr. Hugh Bayley said he was a passionate supporter of the NHS and then reported that: “Medical error (in the NHS) kills more people in this country than, motor vehicles, HIV/AIDS, or breast cancer.” © HMSO.

GOVERNMENT PRODUCTIVITY FIGURES¹

We now have some figures, however inadequate, that allow us to assess government productivity, including the productivity of the NHS. Are we getting more outputs for the increased inputs? 'Understanding government output and productivity', a recent publication by the ONS, shows that whilst the volume of input into the health service has risen by 22% between 1995 and 2001, the volume of output has risen by less than 17%. Productivity has actually declined in recent years. Indeed, if productivity had increased in the NHS at the same rate as in the economy as a whole, we would have seen an increase in output of 17% with no increase in inputs! These statistics are supported by the opinions given by healthcare providers. According to Dr Ian Bogle, chairman of the British Medical Association (BMA), 80% of doctors have not seen any improvements from the increased NHS spending. This suggests that a significant proportion of the expenditure on health may be fuelling public sector cost inflation, rather than contributing to the deliverance of better facilities and a greater supply of healthcare staff.

It is true that pay increases are necessary to recruit new staff into the NHS --- despite the recent rise in wage rates, U.K. doctors are still earning much less than their American counterparts. However, in order for sustainable increases in wages, it is necessary that they are matched by higher productivity or improvements in the quality of work. But having absorbed two-fifths of the £5 billion increase in England's cash expenditure for 2001, there is little evidence to suggest that there has been any significant increase in overall hospital activity in the NHS. A study by the King's Fund supports the conclusions one can draw from government figures. This health policy think-tank, has shown that if productivity was measured in terms of admission numbers, then the evidence would suggest falling, not rising productivity.

Julian Le Grand, a professor of social policy at the London School of Economics, improved measurements for NHS productivity by weighting hospital activities by their costs and then calculating an index of efficiency on the basis of inputs used by hospitals. Since some hospital admissions are more expensive and important than others, this method provides a better indication of productivity than the straightforward measurement of admission numbers, which gives equal weight to all treatments and procedures. However, this new measurement yields the same results --- that despite massive increases in spending which is to parallel health expenditure on the Continent, productivity at the NHS has been falling at an accelerating rate since 1997.

The evidence from the long-term government productivity figures shows quite clearly that the increase in cash inputs can, indeed, be a cause of failing productivity.

THE 21ST CENTURY FLATEARTHERS – RIP

Whilst the U.K. does spend less money on health than many other European countries, the main reason for its relatively low spending on healthcare in general can be found from the difference in spending in the private sector. Compared with the U.K., countries on the continent are putting a significantly larger amount of resources into the development of private healthcare. In Germany for example, employees are obliged to join a health-insurance scheme, and with 500 of them to choose from, it is likely that the consumer would be able to benefit from competition as well as being able to choose a system that best suited him as consumer. Moreover, people on the Continent tend to spend more money on buying health care directly. Through this market-based system, the purchaser is allowed to choose between the various healthcare providers, hence rewarding those of higher quality and penalising those whose services are not up to standard. According to OECD data, the U.K. spent just 1.4% of GDP on private sector health in 2001 --- this figure

¹ Diane Mak, undergraduate student of Cambridge University kindly provided these paragraphs.

is around 1% less than the EU average. In its haste to match European levels of expenditure on health, the government has flooded the NHS with cash before putting into place any effective process of reform.

Mr Alan Milburn the former Health Minister observed, that "...the NHS was formed in the era of the ration book. People expected little say and had precious little. Today we live in a different world. Whether we like it or not. This is the consumer age. People demand services that are tailored to their individual needs. They want choice and expect quality. We all do it and we all know it." © HMSO

Mr Frank Field, one of the most knowledgeable MP's and Social Services specialist in the House, added his clinically correct observations and referred to Dr. Taylor MP who had been elected by the voters at Wyre Forrest who decided to forsake the three parties in 2002 because ".....he (Dr Taylor) is a sign of the new politics. He is showing Labour Members that taxpayers are now well able to bite the hand that takes money from them." © HMSO

This is a warning to all 21C flatearthers. Accept the realities of today or RIP, after all, you have nothing to lose but your myths.

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