

# Universal health insurance is a common good

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SINCE the first rumblings of the current move towards universal health care got going two years ago, one of the arguments that's come up is the question of whether health care is a public good. Most libertarians and conservatives, contrary to some stereotypes, do acknowledge a substantial role for government, but they think it should usually be limited to things that are "[public goods](#)" ([http://en.wikipedia.org/wiki/Public\\_good](http://en.wikipedia.org/wiki/Public_good)): goods that are "non-rivalrous and non-excludable", ie where my getting more of the good doesn't mean someone else is getting less of it, and where there's no realistic way to stop someone who doesn't pay for the good from taking advantage of it anyway. The market doesn't do a good job of supplying these goods, because there's no way to make people pay for them. Traditional examples of such public goods include lighthouses, national defence, roads, clean water, police and fire departments, parks, and public schools.

Health care, some libertarians and conservatives [have](#) (<http://therealrevo.com/blog/?p=9518>) [argued](#) (<http://powinca.blogspot.com/2009/05/where-no-hollywood-writer-has-gone.html>), isn't like that. It's rivalrous: if a doctor is busy taking care of my cancer, he's not taking care of yours. And it's excludable: if I don't pay a doctor, he can refuse to treat me. The same goes for health insurance: if I don't pay my premiums, the insurance company can refuse to cover me. So why should the government provide these services, when the market ought to be able to supply them on its own?

The answer is that there's a confusion here about the good we're talking about. To understand the confusion, you have to look back at those traditional public goods, like parks, schools, the armed forces, and roads.

None of these things are actually public goods. There are, in fact, [private parks](http://www.moseleypark.co.uk/) (<http://www.moseleypark.co.uk/>) . There are [private schools](http://www.sidwell.edu/) (<http://www.sidwell.edu/>) . There are [private armed forces](http://en.wikipedia.org/wiki/Blackwater_Worldwide) ([http://en.wikipedia.org/wiki/Blackwater\\_Worldwide](http://en.wikipedia.org/wiki/Blackwater_Worldwide)) . There are [private roads](http://www.privateroads.co.uk/) (<http://www.privateroads.co.uk/>) . There are [private water companies](http://www.evianliveyoung.com/#/en/4-Home) (<http://www.evianliveyoung.com/#/en/4-Home>) . There are [private police](http://answers.yahoo.com/question/index?qid=20080215210944AAD7gjq) (<http://answers.yahoo.com/question/index?qid=20080215210944AAD7gjq>) and [private fire departments](http://www.fire-stop.com/) (<http://www.fire-stop.com/>) . All of these goods are rivalrous and excludable, on the private market.

But there are no private public parks. There are no private national Armed Forces. There are no private public schools, or private public roads, or private public police. The difference between a private park and a public one is that the public can use the public park for free. The difference between private security services and the Police Department is that everyone is entitled to protection by the police. Anyone can drive on a public road. Any kid can go to a public school. And so forth. In other words, the difference is simply that with the public version of the good, we, the people, decided to make it a public good.

And we did so for one or both of two reasons. The first is that it works better. Countries with public roads, universal public education, and national armies are richer and more powerful than countries that don't provide these as public goods. (Think Napoleon v German principalities relying on private mercenaries.) And the second is that it is more just and fair to citizens. Countries where kids born into poor families can't go to school are inherently unjust.

But our decision to provide some of these things as public goods often produces an ideological shift that makes it difficult even to remember that a choice was made. Take, for example, this pretty good [interactive map](http://goods.fcpp.org/) (<http://goods.fcpp.org/>) of public v private goods by Canada's Frontier Centre for Public Policy. The map classifies primary education as "close to being a public good" even though it admits that education is easily excludable. (And rivalrous. Teachers' attention is scarce, and a class with 30 kids provides worse education than a class with 15.) The Centre makes a

weak argument that the benefits of primary education are non-excludable because they spill over to the rest of society; but positive externalities are not the same as non-excludability. The overwhelming benefit of education accrues to the student, which is why people who do have money are willing to pay so much for it. But the idea of acknowledging that primary education isn't really a public good seems to threaten the very idea that government should only busy itself with public goods. If you want to stick with that principle, then you have to phrase it differently: the good at issue here isn't the education. It's the universal guarantee of an education. And that's non-excludable.

So, let's go back to health care. What is it that we are talking about in this debate? We're talking about whether or not to ensure that all citizens, rich and poor, get decent health care when they need it. Can the free market ensure this? No, no more than the free market can ensure that every child gets an education. Only the government can ensure that everyone is guaranteed decent health care. That doesn't mean that the providers have to be government; they can be private doctors and hospitals and insurers. But the guarantee of coverage for those who can't afford it has to come from government. That is the public good we're talking about here: universal health insurance.

Does it work better than private health insurance? The evidence from every other OECD country is that it does. But do the American people consider it more just? Yes, they do. Since 1965, America has guaranteed health insurance to its poorest, through Medicaid. Since 1986, we have mandated that hospital emergency rooms must treat people without regard to the ability to pay. Since 1997, we have guaranteed health insurance to poor children, through CHIP. No one proposes eliminating government-provided health insurance for those who cannot afford it. The problem is that because Medicaid doesn't reach the working poor, it leaves a large number of people who aren't quite poor enough to qualify unable, in the real world, to afford insurance. The current reform proposals begin with an effort to fix that hole, and get everyone covered.

Basically, we're not talking about whether *health care* is a public good. We're talking about universal health insurance. That's non-excludable by its very nature; if it weren't, it wouldn't be universal.

Having said this, there's a qualifier: universal health insurance probably isn't best described as a public good. It's non-excludable, but it's somewhat rivalrous. The more generous the universal insurance plan is, the more it increases poor people's consumption of health-care resources, leaving less available for the rich. Increased demand creates increased supply, but at the expense of other goods and services in the economy. In that sense, like universal primary education, police (and prisons), and public roads and parks, universal health insurance is better described as a "common good": non-excludable but rivalrous. Managing common goods, like fish stocks and water, often takes a lot of government intervention and market-based co-pays to ensure resources aren't exhausted. But here's the deal: this is a perfect description of what's happening with Medicaid and Medicare spending. We turned health insurance into a common good in 1965. And unless America wants to deprive the poor of health insurance, which it doesn't, there's no going back.