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**Abstract**

Within the context of globalization, health care reform is occurring around the world. This paper explores the neoliberal mind set shaping health care reform in the UK, Canada, United States, Australia and New Zealand. Neoliberalism is comprised of three principles: individualism, free market via privatization and deregulation, and decentralization. After describing the nature of a health care system that is shaped by those embracing this mind set, an alternative approach is introduced that could bring dignity and a human face to health care. The basic premise of the paper is that we must broaden our analysis of health care by understanding and challenging the neoliberal mind set.

**Introduction**

Many nations have undergone changes in health care financing and services.<sup>1,2</sup> As noted by Donelan et al.,<sup>1</sup> this trend is especially evident in the United Kingdom, Canada, United States, Australia and New Zealand where the neoliberal philosophy resonates with policy makers and members of the private sector<sup>3</sup> (see footnote<sup>1</sup>). The basic premise of this article is that national health care policy is currently being reshaped based on the neoliberal world view. While explaining the basic assumptions of this paradigm, the paper will illustrate how this world view provides justification for the current trend towards privatizing, weakening and reforming health care systems. The paper will conclude with suggestions for countering this trend so that consumer welfare remains a basic tenet of health care policy. As a caveat, this paper will not refer to particular countries because differences in political contexts make comparative policy analysis very complicated.<sup>4</sup> What it will focus on is the common mind set shaping health care policy reform in many nation states, how this mind set is affecting consumer welfare and what can be done to challenge neoliberalism.

**Positioning Health Care Policy Within Social Policy**

Social policy is a means by which a society protects and enhances human life and dignity.<sup>5</sup> Health care is often considered one of the three pillars of social policy, along with education and social welfare/income security.<sup>6</sup> In general, health care policy is comprised of government's decisions affecting cost, delivery, quality, accessibility and evaluation of programs, traditionally funded through taxation, designed to enhance the physical well-being of all members of the population, with special focus on children, elders and, in some nations, aboriginals and women. The health status of a nation can be a reflection of the health care policy in place. The welfare of the consumer in a health care system relates to issues such as safety,

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<sup>1</sup>For clarification, Continental Europe, Japan and the majority of emerging Asian nations adhere to 'coordinated market capitalism' rather than 'neoliberalism capitalism'. The former is a market in which institutions exist to coordinate many of the most important economic decisions and functions (e.g., wage setting, bargaining, business/labour management of social programs) while the latter, neoliberalism, involves the state using its powers to keep markets as free as possible of intervention.<sup>29</sup>

choice (encompassing cost, availability, accessibility and quality), information, redress, having a voice, and health education. In a publically funded health care system, the key delivery mechanisms are hospitals, health care professionals and public expenditures. Recent restructuring, so called health care reform, implies different delivery mechanisms, predominately the free-market, for-profit system.

### **Neoliberalism and Health Care Policy**

Domestic policy reforms, including reform of the health care system, are compelled to take into account the global factors influencing their design and implementation.<sup>5</sup> One such factor is the neoliberal mind set shaping globalization in the 21<sup>st</sup> century.<sup>7</sup> This powerful ideology has gained the upper hand, persuading officials, parliamentarians and congress that states are inefficient and private markets are more cost-effective and consumer-friendly. The result is cuts to social spending, including health care.<sup>8</sup> Labonte<sup>9</sup> clarifies that, because the neoliberalism orthodoxy supports unregulated markets and a minimal welfare state, government is seen to be limited in its efforts to intervene to temper the effects of market forces on health and social welfare. This lack of government presence does not bode well for consumer welfare.

The neoliberal agenda of health care reform includes cost cutting for efficiency, decentralizing to the local or regional levels rather than the national levels and setting health care up as a private good for sale rather than a public good paid for with tax dollars.<sup>10</sup> Language and metaphors reflecting this philosophy prevail in all public, private and civil dialogue, especially in health care policy: spending cuts, dismantling, de-indexing, deficit cutting, haves and have-nots, competitiveness, downsizing, declining welfare state, inefficiencies, inevitability, closures, chopping services, de-insured, user-pay fees, two-tier health care, for-profit health care, escalating costs, free markets, erosion of health care, being forced to make difficult policy choices, unfortunate necessities and justifiable sacrifices. Indeed, neoliberal rhetoric has a plausible ring to the uninformed<sup>11</sup> so this paper intends to inform readers who may then contribute to the transformation of health care policy for mutual, public interest not just private interest.

### **Three Principles of Neoliberalism**

It is important that the term neoliberalism be defined and that the assumptions behind this mind set be explained. Neoliberalism is comprised of two notions - "neo" meaning new and "liberal" meaning free from government intervention. Liberalism stems from the work of Adam Smith who, in the mid 1770s, advocated for a minimal role of government in economic matters so that trade could flourish. The mind set of liberal economics held sway for almost 200 years and was temporarily replaced in the 1930s by Keynesian economics which saw a place for government intervention. In the 1970s, liberalism, or the cry for deregulation, privatization and deletion of government intervention in the market economy, resurfaced with a vengeance; hence, the name renewed liberalism or neoliberalism.<sup>12</sup>

The globalization of the neoliberalism ideology is pervasive and all encompassing. "The theoretical assumption of neoliberalism is that the free functioning of the market forces leads to a better utilization and allocation of resources, guarantees a better satisfaction of the requirements of consumption and bigger balance of the foreign trade, and altogether produces higher economic growth and therefore development"<sup>7</sup> (p.1). Anyone embracing neoliberalism takes sides with the principles of the market economy. The minimalist role of the State is to make sure the rules of the market economy are followed and to make sure the market can function efficiently. There is no concern, what-so-ever, for the connections and dependencies between social equity,

participative democracy, sustainability *and* economic growth. The latter takes precedence. The following discussion will elaborate further on the three central points of neoliberalism: individualism, privatization and decentralization (see Figure 1). Please note that advocates of neoliberalism from the Right have gained competence in borrowing words from the Left in order to make their points. What is paramount to this discussion are the *assumptions* shaping the ideas proffered by neoliberalists, regardless of their word smithing.

Insert Figure one about here

### **Individualism**

One basic assumption of neoliberalism is that human beings will always try to favor themselves. As they do this, they need have no concern for others or the environment. This absence of concern can exist because each person is assumed to act independently of others and is assumed to be restricted only by his/her natural surroundings and NOT by any other human being.<sup>13</sup> The individualistic tenet of neoliberalism leads to nominal concern for the impact of current decisions and patterns of behavior on others elsewhere, not yet born or the ecosystem. Other values of neoliberalism are ownership of private property, competition and an emphasis on individual success measured through endless work and ostentatious consumption.<sup>14</sup> These values reflect three basic tenets of neoliberalism: (a) the necessity of free market (where we work and consume), (b) individualism, and (c) the pursuit of narrow self-interest rather than mutual interest, with the assumption that these three tenets will lead to social good.

As well, neoliberalists eliminate the concept of the public good and the community and replace it with individual and familial responsibility. Advocates of neoliberalism believe in pressuring the poorest people in a society to find their own solutions to their lack of health care, education and social security. They are then blamed and called lazy if they fail.<sup>12,15</sup> Remember that neoliberalism focuses on the individual - it values the person over the group or collective. People embracing the neoliberal ideology truly believe that ethics, morality and social ideals are the responsibility of each individual person, not the state and certainly not private enterprise.<sup>13</sup> Also, under neoliberalism, people do not care about the social conditions of production and work (e.g., nurses, care givers, doctors) but they do respect private property and they do get their personal identity through private consumption.<sup>16</sup> Many corporations delivering health care live to sell, be damned the social or equity consequences, and feel quite justified in doing so.

Neoliberalists see no need for government to implement policy to ensure fair redistribution of the nation's wealth, thereby narrowing the gap between the haves and have nots. Any transfer of monies by the state from one social group to the other (e.g., welfare recipients, unemployment or health care benefits) are seen to hurt the rules of the market, which say that only those who are part of the transaction should benefit from the transaction.<sup>7</sup> Consequently, social policies (including health care policies) are totally meaningless for neoliberalists since they are seen as a type of discrimination for those who do not get to benefit from them. Neoliberalists assume that all members of society should be treated equally with no preferential treatment, their interpretation of social justice. Social policy that targets certain groups or needs in society (e.g., health care needs) is seen as preferential because only certain people benefit; that is, not all are seen to benefit from the government intervention. Because it is assumed that any policy made by someone embracing the neoliberalist ideology will benefit everyone equally, neoliberalists do not have to consider any social consequences of their actions to privatize or decentralize.<sup>13</sup> Health care policy, one of the building blocks of social policy, is not immune to this line of thinking.

### **Free Market via Privatization and Deregulation**

In order to ensure sustained economic growth, innovation, competition, free trade, respect for contracts and ownership of property,<sup>17</sup> a major aim of neoliberalists is the deregulation and privatization of all public and state-owned enterprises (often comprising schools, universities, health care, radio and television, public infrastructures such as roads, public transportation such as airlines and trains). Enterprises run by the government are unacceptable interventions in the economy because the state is seen as part of the economic problem rather than part of the solution. Rather, it is believed that the public sector (government) has to be reduced as far as possible to create a free market. In a free market, all decisions about what to produce, how and using what resources are made by business not by government. Furthermore, consumer spending is believed to advance the well-being of society by stimulating greater economic output.<sup>17</sup> What better way to get consumers to spend money on health care than to privatize it and deregulate government's role in the provision of health services? After all, then consumers would be spending their discretionary money on health care in the market place rather than receiving health care from money collected in taxes and siphoned from the free market. This position provides justification for a call for tax cuts to increase discretionary consumer spending on health care in the private markets - let consumers make their own choices.

Deregulation involves (a) removing pieces of law that previously enabled government to deliver a service to the public or (b) reworking laws so that more power is given to the private sector. In the eyes of neoliberalists, markets are far superior to government in the allocation of scarce resources (the underlying principle of economics). They believe that it is time to stop government growth at all costs and switch energies to economic growth. Stymying government growth is achieved through privatization and deregulation. Privatization involves arranging for a service to be provided for in the competitive marketplace rather than government providing the service using tax dollars. The "private" in privatization refers to the business sector versus "public" which refers to services paid for with money collected from the public in the form of taxes. Anything that reduces government regulation that could diminish profits is justified under neoliberalism including eliminating policies that protect the environment, human rights or labour rights.<sup>12-13</sup> From a neoliberal perspective, the free market regulates itself in order to create social justice (equal treatment for all). This perspective justifies high social and environmental costs of private enterprise activity, actually seeing them as unavoidable and to be expected. Layoffs, cutbacks, downsizing etc., are legitimate activities because they increase the chances of profit and a competitive advantage, regardless of workers' rights. These rights can be justifiably sacrificed for the greater good of economic advancement and for profit and wealth accumulation.

Health care policies do not escape this logic. The neoliberal assumption that private ownership of formerly public assets (hospitals, clinics, etc) generates economic growth is a driving force behind market-oriented health care reform.<sup>18</sup> Neoliberalists fervently believe that private market mechanisms (supply, demand, price) are more efficient than public ones because they generate profit and allow the benefits (choice, quality, accessibility) to trickle down to ordinary citizens. The efficiency for society is not a concern for neoliberalists because they adhere to the principle of individualism; that is, all members of society should be treated equally with no preferential treatment. This idea is possible because each person is supposed to be out for themselves (narrow self interest). If they can afford to buy health care, they are worthy of being served because they are contributing to economic growth rather than holding it back by using public services paid for with money that could be used to reduce the deficit and stimulate

innovation and competition in the global economy.<sup>15</sup>

### **Decentralization**

Hand in hand with establishing a free, unfettered market is the principle of decentralization defined as transfer of power arrangements and accountability systems from one level of government to another.<sup>19</sup> In principle, decentralization is supposed to: (a) bring about more rational and unified health service that caters to local preferences, (b) improve implementation of health programs, (c) decrease duplication of services, (d) reduce inequalities between different target audiences, (e) contain costs due to streamlining, (f) increase community involvement in health care, (g) improve integration of health care activities between public and private agencies and (h) improve coordination of health care services. In essence, decentralization is supposed to improve equity, efficiency, accountability and quality of health care.<sup>19</sup> In economic terms, decentralization is supposed to enhance accountability, policy innovation in local contexts and administrative efficiency (less redundancy and overlap). Decentralization is supposed to lead to faster response rates and more adequate responses to citizens' needs, assuming that local representatives will be closer to "the people" and more sensitive to regional and local contexts and conditions.<sup>3,18</sup>

Although the neoliberal system advocates transferring central state power, responsibilities and accountability to provincial, state, municipal or regional governments, the World Bank<sup>19</sup> concedes that there is little evidence that decentralization in health care actually works. For instance, devolving central government responsibilities for health care to local levels leads to more and smaller less accountable, less visible and less accessible health care centers. These services are often off loaded onto smaller governments which do not have the ability or the money to offer the same level of health care service.<sup>3,18</sup> The freedom to adapt to local conditions (one reason to decentralize) is often compromised due to lack of central funding and lack of personnel because of cost saving cutbacks.

Neoliberalists will argue that the market is the ultimate form of decentralization, in that the consumer can acquire a tailored product from a choice of suppliers. If governments have ongoing problems with ensuring that health care services are provided and with actual delivery of those services, consumers may get so fed up with the decentralized system that they feel justified in turning to the private sector.<sup>11</sup> Because of decentralization, the health care system may be so inaccessible, undependable and inefficient that, people feel they are making a good consumer choice to buy health services in the marketplace. This market choice leads to fewer people seeing themselves as citizens who have right to health care paid for from tax dollars. Then, the survival of the fittest principle sets in,<sup>20</sup> and people no longer feel it their responsibility to lobby for health care for everyone. Due to decentralization, the principle of universality is then compromised to the neoliberal principles of individualism and privatization.

The eventual result is a health care system that is seen as a market with supply, demand and competition which is thought to enhance the quantity and quality of health care services while lowering the prices for those who can afford them. In fact, a logical progression is the acceptance of competition between the decentralized public system and the growing private health care providers which, according to neoliberal logic, enhances consumer choice for those who are purchasers of health care.<sup>15</sup> A private health care market emerges wherein there is as much health care as desired for those who can afford to pay for it This is a sound neoliberal principle, regardless of how warped it may seem to those opposed to neoliberalism. Archer<sup>21</sup> notes that the neoliberal mind set forces the majority of citizens to define their interests as

narrowly as possible setting them up for a false sense of well-being.

Even more ironic is that neoliberalists argue that consumers are participating and are being responsible for their health if they choose to consume private health care. Advocates push for decentralization because it is supposed to ensure a chance for citizen participation in the health care system at the ground level. Their logic accepts purchases in the private market as evidence of citizen participation at the ground level because the citizen is reduced to being a consumer - people are free to decide whether to spend their money on health care or some other category in their budget.<sup>15</sup> This is a convoluted perception of the right to consumer choice versus the right to a voice in the policy process.

### Summary

This paper has shown that holding economic markets up as the ideal model on which to structure society does not bode well for consumers and health care. Governments have been pursuing policies that increase the profitability of the corporate sector rather than reinvesting in people and communities. Public services (e.g., health care) are seen merely as products to be sold which the private sector can deliver better. Citizens are consumers who should have the choice to buy the best health products they can afford. Individuals, not governments, communities or families, are the defining unit of society. And, from a neoliberal mind set, this position makes complete sense - the logic is clean and irrefutable. There is no place for government if business can do it better. White<sup>22</sup> clearly explains, from a neoliberal perspective, that governing the social (including health care) is too expensive; instead, we should make citizens participate in their own discipline. If they do not develop the “appropriate” character traits to be responsible for themselves, neoliberalists see them as failures who should not benefit from health care policies. At the macro level, using the argument of self discipline, national neoliberal health care policies are seen to perform a necessary *disciplinary function* for the exigencies of the globalized economy. The neoliberal *social* agenda and accompanying *political* decisions are seen, by those embracing neoliberalism, as the necessary, but unfortunate, counterweight to the inevitable globalization of production, distribution and exchange (*economic system*).<sup>3</sup>

Also, neoliberalists believe that social solidarity (gained through a welfare state) should be replaced with a concern for competition, accountability and consumer demand in the marketplace. The social citizen should be replaced with the consumer citizen. Instead of the state providing health care, consumers are expected to purchase it in the marketplace (privatization). Instead of being collectively entitled to health care because one is a citizen of a nation state, neoliberalists assume that only those who can afford to buy health care can have it. Neoliberalists assume that one cannot be a full citizen unless one has buying power in the marketplace. Those who cannot purchase health care are marginalised and are not part of social solidarity. Neoliberalists encourage individual choice at the expense of social responsibilities to others and nature. They arrange for the public health care system to become so inaccessible, undependable and inefficient that people feel they are making a good consumer choice to buy services in the marketplace.

### Discussion and Recommendations

Consumer affairs professionals who ignore the pervasiveness and insidiousness of the neoliberal mind set do so at the peril of individual and family welfare, especially their health. The neoliberal system has so many obvious weaknesses that even its defenders worry that the current round of health care reforms have gone too far.<sup>19,22-23</sup> In order to contribute to this dialogue, “we must endeavour to broaden the analysis of medicare debates to include their

crucial relationship to the neoliberal pressures”<sup>3</sup> (p.181). The first step along this journey is to increase one’s awareness of the logic behind government policies shaping health care reform. To that end, this paper discussed the principles shaping the neoliberal mind set so that we can better counter the loud voices of those advocating for health care reform based on individualism in a free market, privatization and decentralization of government activities.

A counterpoint is that government has a social responsibility to the health care system based on the principle of collective responsibility. Living in an urban, industrial society has certain costs attached to it which should be shared by all living in that society.<sup>24</sup> When surveyed, people say they want a publically funded health care system but public servants are being swayed by the neoliberal rhetoric that governments have to support economic growth at the expense of human growth and security if the nation wants to stay competitive in the global economy - cuts are seen as an unfortunate but necessary sacrifice. Hopefully, this paper has provided some insights into what is shaping this rhetoric, leading to an informed critique and alternative approach to health care policies around the world.

In shaping the discourse of health care policy we must: keep society from becoming an economy;<sup>25</sup> place the rights of people before the rights of capital;<sup>26</sup> serve the interests of social groups rather than transnational corporations and global capitalists; keep the definition of citizen a social one rather than an economic one;<sup>18</sup> promote collective, public well-being as well as private and corporate well-being;<sup>17</sup> perceive humans as caring people rather than just consumers; respect citizenship rights as well as consumer rights and not confuse them; restore the public service ethos rather than support the private sector ethos; call for a caring, civil society to balance the profit driven private and public sectors; and look for alternatives rather than assume that neoliberalism and globalization are inevitable. Fighting neoliberalism will take political will and we have an ethical responsibility to influence that will for the benefit of consumer welfare and citizen well-being.

To close, here is a quote from the recent alternative Canadian federal budget that sets out what an alternative health care policy would look like based on a people first philosophy rather than neoliberalism. “There must be an integrated system in the public sector, governed by federal criteria, with community input and control - a system that is responsive to special needs... . Such a health care system would provide a broad spectrum of primary health, social and related services available in one location in each community; cooperative multi-disciplinary teams to deliver care; an emphasis on prevention, health promotion, educational services and community development; and salaried remuneration of health care professionals. Hospital staff will be trained and maintained at adequate levels to meet the needs of patients with higher levels of acuity, while community based care givers will have access to education and skill development to meet the needs of their patients”<sup>27</sup> (p.171).

Program spending has been constrained, frozen or reduced in health care because of adherence to neoliberalism rhetoric and principles. Global pressures have been used as an excuse to cut health care spending and privatize health care service delivery. Lack of an adequate government presence in the health care sector means it cannot temper the effects of market forces on health and social welfare.<sup>9</sup> It is time to reverse the trend to focus on the neoliberal metaphor of the consumer in the marketplace and replace it with the goal of democratic citizenship and a caring society.<sup>9</sup> Cuts to, and dehumanization of, health care are not necessary and are avoidable. Equity, efficiency, quality, representation and accountability can be achieved without compromising the health of an entire nation and future generations. Health care needs to

be restored to a level that achieves social justice and protects and enhances human life and dignity.<sup>5</sup> Broadening our analysis of health care reform, by understanding and challenging the neoliberal mind set, is a first step towards humanizing health care policy.

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## Figure 1

### Assumptions of Neoliberalism<sup>12-14,17,22</sup>

Nowhere in neoliberalism is there a legitimate role for the welfare of people, communities or societies nor for the state except to ensure that government enforces the rules and logic of the free market - economic profit, technological progress and growth and development.

#### 1. Individualism

- \* human beings will always try to favor themselves and, as they do this, they need have no concern for others or the environment. This absence of concern can exist because each person is assumed to act absolutely independently of others and is assumed to be restricted only by his/her natural surroundings and NOT by any other human being. There is no concern for the impact of current decisions and patterns of behavior on others elsewhere, not yet born or the ecosystem.
- \* neoliberals replace the concepts of the public good and the community with individual responsibility. Advocates of neoliberalism believe in pressuring the poorest people in a society to find their own solutions to their lack of health care, education and social security all by themselves (remember assumption of individuality)
- \* emphasis on individual success measured through endless work and ostentatious consumption
- \* emphasis on narrow self-interest rather than mutual interest
- \* since it focuses on the individual, neoliberals believe that ethics, morality and social ideals are the responsibility of each individual person, not the state and certainly not private enterprise
- \* assumed that any policy made by someone embracing the neoliberalist ideology will benefit everyone equally so neoliberals do not have to consider any social consequences of their actions

#### 2. Free Market via Privatization and Deregulation

- \* favors deregulation and privatization of all public and state-owned enterprises (often comprising schools, universities, health care, radio and television, public infrastructures such as roads, public transportation such as airlines and trains) to create a free market
- \* anything that reduces government regulation that could diminish profits is justified under neoliberalism including eliminating policies that protect the environment, human rights or labor rights
- \* any transfer of monies by the state from one social group to the other (even health care) is seen to hurt the rules of the market which say that only those who are part of the transaction should benefit from the transaction. Consequently, social policies are totally meaningless for

neoliberalists since they are seen as a type of discrimination for those who do not get to benefit from them yet have to pay for them. Social policy that targets certain groups in society (e.g., welfare, children, aged) is seen as preferential because not all are seen to benefit from the government intervention.

\* neoliberal system strives for homogenization of the entire social world thus creating its version of social justice with the real fallout being no protection from poverty, food insecurity, inequities, conflict or injustices.

### **3. Decentralization**

\* the neoliberal system advocates transferring central state power, responsibilities and accountability to provincial, individual state, municipal or regional governments. The result is more and smaller less accountable, less visible and less accessible health care centers or other public services. The service is still offered by government but not the national government. Unfortunately, these services are often off loaded onto smaller governments who do not have the ability or the money to offer the same level of health care service.

\* in economic terms, decentralization is supposed to enhance accountability, policy innovation in separate contexts and administrative efficiency (less redundancy and overlap)

\* decentralization is supposed to lead to faster response rates and more adequate responses to citizen's needs, assuming that local representatives will be closer to "the people" and more sensitive to regional and local contexts and conditions