

Economics Research Association, and the University's Institute of Health Management.

As most health economists know, the Canadian health care system provides universal access to all medically necessary health services without financial barriers to patients. It is also viewed by many as a highly successful system. But as co-editor Raisa Deber states:

The Canadian health care system ... is becoming a victim of its own success ... This success has showed the limits of medical care ... There is agreement among most who examine the system that there's too much sick care, too much emphasis on doctors and hospitals, and that it is probably not going to be cost-effective to put a lot more money into the existing system. (p. xi)

Thus the stated theme of the Conference, and of the papers generally, is that of setting new goals for the system and recommending the ways to achieve these goals.

The volume is a very diverse collection of several dozen papers (many are edited transcripts of talks) and discussants' remarks. Together the entries cover a very wide range of issues relating to Canadian health care policies and structures, including:

- utilization and cost trends
- physician remuneration
- cost and quality issues
- evaluation methodology
- perspectives from the United States and the United Kingdom
- home care
- health promotion and disease prevention

Health economists who are already quite familiar with the Canadian health care system will probably profit most from this volume. There is no general overview or background given on the structure and operation of the Canadian system, and many of the papers are very narrow case studies (e.g., innovative fund raising in a Toronto hospital, collaborative arrangements between two New Brunswick hospitals, etc.). This might serve to limit somewhat the volume's appeal. However, there are also a number of other excellent contributions which are of broad general interest. For example, the paper by Labelle and Hurley ('Implications of Basing Health Care Resource Allo-

cations on Cost-Utility Analysis') shows clearly how external (i.e., non-user) costs and benefits serve to limit the usefulness of CUA for resource allocation purposes. The authors argue that it may be useful to reconsider using cost benefit analysis instead. In 'Determinants of Medical Malpractice: the Canadian Experience,' Coyte, Dewees, and Trebilcock empirically test the hypotheses generally offered to explain the increase in the frequency and severity of malpractice awards. Most people think that the rising incidence of malpractice litigation has been unique to the United States, but the problem has emerged in Canada as well. (I won't give away their findings, but the cause—in Canada, at least—is apparently *not* an increase in the supply of lawyers!) And in what this reviewer found to be the most interesting paper in the volume, A. J. Culyer ('Hospital Competition in the U.K.') makes a strong case for competition among providers of care, while claiming that competition among providers of finance has 'scarcely any redeeming features.' (p. 325) Culyer argues convincingly that efficiency in health care is 'a highly moral notion,' reasoning in his 'elementary homily' that resources that are wasted are resources that could have been used elsewhere to improve the health of other patients.

As an amusing aside, few proceedings volumes will rival the cleverness of many of the titles in this collection. For example, there is Robert Evans' 'U.S. Influence on Canada: Can We Prevent the Spread of Kuru?' (Kuru is a slowly progressing brain rot.) There are also sections entitled 'Yankee Influences: Playing in the Bush Leagues' and 'The Empire Strikes Back' (the U.K., that is). A bit disappointing; however, is the fact that the 'there' and the 'how' in the Conference's interrogatory theme 'How Do We Get There from Here?' never really became clear. Perhaps this is a shortcoming of most proceedings volumes, but a wrap-up or general set of recommendations would have been helpful. Of course such an omission would be all the more disappointing if this were a volume on the U.S. health care system, rather than on one which is considered to be quite successful. As Rashi Fein notes in his discussant remarks, 'Your [Canada's] problems are real, but remember you've got a lot to be proud of.' (p. 85) The same might be said for this volume.

ROBERT J. THORNTON  
Lehigh University,  
Bethlehem, Pennsylvania

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*Financing Health Care in the 1990s.* J. APPLEBY. Open University Press, Buckingham 1992. No. of pages: 177. ISBN 0-335-09776-6.

The problem of how to secure an efficient level of health care spending has, of course, exercised governments of

all persuasions for many decades. In seeking a solution, two fundamental problems must be confronted: what are to be the sources of finance; and what is to be the mechanism for determining the level of health care to be financed? Until recently the debate in the UK had tended to concentrate on the adequacy (or otherwise) of

total funding, without addressing these more basic issues. The recent review of the National Health Service (NHS) which led to the internal market reforms of 1990 has changed matters. Implicit in the reforms was the possibility that—at least in the long term—the traditional heavy reliance in the UK on general taxation revenues might be challenged. And, although it seems unlikely that the central government is about to relax its firm grip on total NHS expenditures, the use of pseudo-markets to allocate resources internally is a major departure from the previous centrally planned orthodoxy of the NHS.

John Appleby has written a timely book on these important topics. It comprises a series of essays which explore future directions that British Health Services might take. After an outline of the NHS internal market reforms, there is a description of past trends in UK health care financing, and some meditations on how it might be possible to find the 'right' level of spending. A discussion of the problems encountered in applying a market solution to the health sector is followed by two case studies: the United States and West Germany. The book ends with some general thoughts about possible future developments in the UK.

Unfortunately, the objective of timeliness is often in competition with other desirable objectives, such as polish and coherence, and the book is not without its flaws. The style of the book might be described (charitably) as informal, or (less charitably) as journalistic and desultory. The reader is given no clear idea of the book's objective, or where the argument is heading. Moreover, the prose is often heavy-going, and is replete with the sort of NHS-speak that is likely to make the argument inaccessible to the uninitiated.

The book is at its weakest in its treatment of data. Chapter Three, on past trends in health care financing,

presented the author with a wonderful opportunity to shed some dispassionate light on the key debate about whether or not the NHS is underfunded. Instead, the discussion gets bogged down in tortuous comparisons of trends in cash and real spending, and the conclusion is so hedged round by qualifications that the reader is left wondering whether the struggle to get through the chapter has been worthwhile. The author claims (p. 51) that 'looking at the past gives an imperfect picture of the future'. That will certainly be the case if one uses regression models such as the one illustrated on page 40, which ought to be given to students as a case study in serial correlation.

The book also reflects many of the weaknesses of current economic analysis of health care financing. Its treatment of efficiency is far more coherent than its discussion of equity issues. And the book only occasionally alludes to the major issue of how the accountability of health services management to patients and taxpayers might be secured, a problem greatly exacerbated by the recent NHS reforms. Without true accountability, it seems highly unlikely that either managerial or technical efficiency will be secured.

Nevertheless, if one can ignore the organizational shortcomings and statistical solecisms, the book manages to raise some interesting and provocative issues. Moreover, one consequence of its scatter-gun approach is that the reader is directed to a good range of further reading. The chapters on US and German systems are particularly useful, and offer salutary reminders of the absence of any sort of panacea for the problems of financing health care.

PETER SMITH

*Department of Economics and Related Studies*  
University of York

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*Competition, Regulation, and Rationing in Health Care.* WARREN GREENBERG. Health Administration Press, Ann Arbor, Michigan, 1991. No. of pages: xi + 175. ISBN 0-910701-77-6.

In this useful book, Greenberg provides a wide-ranging synthesis of the large amount of research which has been carried out in relation to the economic performance of the US health care industry. The central issue is the extent to which a system can be designed to deliver health care in a manner which is efficient, effective and equitable, without giving rise to ever increasing costs.

The book begins with a brief overview of some aspects of the theoretical foundations of health economics from a particular 'industrial economics' perspective. It goes on to identify the main structural features of the US health care system in the areas of

physician services, the hospital industry, and health insurance. Greenberg provides a valuable but brief chapter on alternative delivery systems such as Health Maintenance Organizations and Preferred Provider Organizations, and a chapter on the Medicare and Medicaid public insurance systems. The remaining chapters in the book consider the variety of policies which influence the performance of the system. These cover the issues of competition versus regulation, anti-trust, the special problems of long-term care, and the influence of rationing in reducing the extent to which new technologies can lead to cost escalation. Greenberg shows how economic theory can provide a useful framework for evaluating the effects of various policy instruments in these different dimensions. He concludes that regulation may reduce efficiency and increase the costs of health care delivery, and that competition, supported by effective antitrust policies can improve