

Commentary

RASHI FEIN

*Harvard University School of Public Health
and School of Medicine*

DANIEL FOX'S ARTICLE IS AN ILLUMINATING EXAMINATION of the "history of ideas." I would not quarrel with his conclusions and, most assuredly, not with his observations that "social scientists who work on health issues have become more respected within their disciplines and more acceptable to physicians, but less concerned with equity and social justice." The two phenomena, of course, are quite related. Such is the state of economics; such is the state of the society in which our discipline flourishes. These are not the days of "moral philosophy" or even of "political economy." It is not clear who, if anyone, is the American Richard Titmuss or the next generation Edwin Witte or William Haber, and we are a long way from 1953 when Eveline Burns could be—and was—elected a vice-president of the American Economic Association. *Sic transit gloria economici.*

The whys and wherefores that help explain the relative concern with efficiency and neglect of equity by economists are many and, in my view, include factors in addition to those discussed by Fox. What is more important is that, in describing health economics, Fox alerts the reader to the danger of looking to economics and economists to provide policy prescriptions for decision making by organizations (including government) whose concern is with equity and distributive justice issues. At best, the economist's focus on efficiency can illuminate one side of the equity/efficiency trade-off, but we do little

more than that. Given the economist's status (derived, perhaps, in part from the power to manipulate data in esoteric ways and arrive at answers that appear quantitative, precise, and so very scientific), the narrow efficiency focus contributes to a distorted view of the society. Indeed, many economists (and national leaders) seem to believe that "the economy" is synonymous with "the society." It is as if the latter is entirely encompassed by the former.

Thus it is that the language of the marketplace—bottom line, marketing, sales, producer, and consumer—captivates our hospital administrators. Thus it is that the president—on grounds of efficiency—would replace elements of the Social Security system with means-tested programs in order to more effectively target expenditures. Thus the call for "technical answers, not political answers," for answers based on criteria of efficiency, not on considerations of social justice. The former presumably are precise and value free; the latter are "soft and mushy." A pity, indeed, that national health insurance was not enacted in an earlier day when technicians (and economists) had not yet been elevated above politicians. We can be thankful that we are not now engaged in a great debate concerning the validity of the concept of free public education. Technicians are not protagonists for concepts.

The problem is real and, I fear, will remain so for these are not the times when people seem ready to march under a banner that calls for redistribution. Archie Cochrane had his banner, "All effective treatment must be free"; the economist's banner is "All treatment must be effective." Those who would carry Archie's banner are defined as noneconomists, for economists are not interested in building a better society but in building better markets. Our discipline's strengths do not lie in matters of distribution. Our range of vision does not encompass equity.

Nor should we imagine that the balance between efficiency and equity is redressed by reference to human-capital theory and cost effectiveness or benefit-cost analysis. Useful as these approaches are, they do little justice to questions of distribution, "fairness," "equity," and "social justice." Moreover, their perspective (certainly given the available measurement techniques) is at variance with a broader view of man and of the role of government, say, of a department of health, education, and welfare. It is that that impelled me, over a decade ago, to argue that the title for a new series of

Brookings Institution studies should not be “The Economics of Human Resources” or “The Economics of Human Investment.” I wrote a four-page memorandum whose general tone is indicated by the following brief excerpt:

I am sure that all of us agree that many of the programs in health and in education and in welfare are undertaken—and should be undertaken—for noneconomic, humanitarian, equity, and other reasons. This is not to deny their economic function and not to deny the importance of cost-effectiveness studies and so forth. It is to suggest, however, that I, for one, do not feel comfortable with the implication that these programs are to be justified solely on their economic merits. Economic growth is important, but it isn't the only thing in life. In this connection, I remind you of some of the difficulties we had last Friday with [our visitor] on the problem of the aged and children. As I see it, he was less interested in the aged because they presumably have a lower benefit-cost ratio. But life isn't just one great big benefit-cost ratio. It ill behooves us to provide ammunition to those who think that is what economists think.

In suggesting “Studies in Social Economics,” I won the battle. The war, however, was fought—and lost—in a wider arena.

What are we to make of all this? Dan Fox refers to my volume on the economics of mental illness. I tried to argue that there was an economic argument that justified expenditures on the sick. I wrote:

Economic and budgetary problems and principles are, therefore, not the only guiding principles for the institutions that society has established for the ultimate purpose of supporting, caring for, and advancing the members of that society and the society itself.

Yet, once the above qualification has been made, the fact remains that economic and budgetary considerations do have a role to play, even if it is not the sole role; the further fact remains that when resources are scarce (as they always are)—and with other, e.g., humanitarian, considerations being equal—the program that can “make an economic case for itself” has some advantage over the program that is unable to do so. . . . What economic reasoning can those concerned with mental illness bring before the public?¹

Then I presented the argument that Dan Fox cites, i.e., that the resources of the economy may be expanded by reducing illness itself.

¹Fein, R. 1958. *The Economics of Mental Illness*, 127. New York: Basic Books.

In that happy world, the trade-off between efficiency and equity, between the economic and the humanitarian argument (for I, too, had adopted the terminology) is resolved. Thus, I could answer those who were troubled about the way I cast issues, that here was economics in the service of decency. How nice—some would do things because they were “socially right”; others would do things because they “paid off.” Why not enlist the second group by pointing out that even if their motives were narrow, the cause of decency could still be served?

But what if the answers came out the other way? What if efficiency and social justice were in conflict? What if health care were a “poor investment,” as it may be for the very old or the very young (who face a discount rate of ten percent and whose earnings are still far off), or the unemployed or low-income earners? It is in those cases that an economic efficiency orientation provides a distorted perspective. Unless the limits of economics as it is generally practiced are understood, decision makers may come to think in the same limited patterns of thought in which economists think. If we fail to warn the users about the limitations of our formulations and analyses, if we fail to distinguish between policy input and policy guidance, do we not run the risk of encouraging our politicians to look for and adopt the technicians’ answers? It is important that those who define away social welfare, institutional economics, “gift relationships,” whose view of economics as a social science only reflects their understanding of a university organization chart, be modest in their claims of policy relevance and expertise. If we economists fail to recognize the current limitations (and implicit values) of our discipline, there is the danger that noneconomists, dazzled by our techniques and subject to our complaints that we aren’t listened to, will come to think only about the things we think about. And there is much to think about beyond efficiency.

Fox’s paper is a study in intellectual history. A reading of that history should help remind health economists—and economists in general—of a day when our agenda was a richer one. Unable, or unwilling, to address questions of equity and social justice, many of us have chosen to ignore them. If the tools of our discipline are not strong enough to encompass matters of distribution and social justice, it is important that others understand that. Perhaps we can make no claim to special knowledge about the trade-off between ef-

iciency and equity. If that is the case, however, it is important that our political leaders listen to the wishes of society, not just to the analyses of economists. The health of the nation (and of the discipline of economics) requires that those who practice public policy (and those who practice economics) understand the strength and limitations of our discipline and of our comments on policy formulation. Fox contributes to that understanding.

Address correspondence to: Dr. Rashi Fein, Harvard University School of Medicine, 643 Huntington Avenue, Boston, Massachusetts 02115.