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On why we really do want a market inside the NHS [1]

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I know that this brings fits of the vapours to the more maiden auntish of the British left but there really is a very good reason why we want to have a more market orientated health care system in the UK [3]:

> The NHS was criticised as having among the slowest processes in the world in dealing with new drugs and clinical trials, scientists and experts said at a conference in London organised by Novartis, the Swiss pharmaceutical giant. A source at the meeting of more than 100 clinicians and scientists said a key conclusion was that ?NHS environment needs to embrace new medicines more rapidly, not as at present more slowly, than other countries.? In addition NHS ?trusts and clinicians need to be supported to be able to carry out research, for example by freeing up senior consultant time to do research or by incentivising investigators to do research.?

The other way of describing this is that the NHS is slow at innovation: the process of actually using nerw inventions to do things rather than that creation of new inventions in the first place. And there's good economic research on this very point too.

William Baumol has been pointing out for years that either planned or market based systems can do that invention. But planned, centralised, systems are very bad indeed at getting that innovation going. People actually using those inventions to do new things, or old things better, faster or cheaper. Market based systems do that innovation vastly better.

Thus, given that we'd rather like new treatments, new drugs, new and better ways of doing things, to percolate though the NHS thus we'd like there to be a market structure there.

Note that this doesn't, necessarily, mean that the government has to stop financing it. But it does mean that we want to have competing suppliers: of any ownership structure you like. Co-ops, charitable, for profit, mutuals, that part of it really doesn't matter for this point. But we do want people competing in a marketplace, even if it is competition for tax funding. For that's what drives innovation, the existence of the market. And given that the NHS seems to be worse at this than everyone else, as well as being just about the only health service with no market at all in it, that all seems to tie up logically doesn't it? Introduce markets in order to make the NHS of tomorrow better than the one of today.

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