A Tale of Two Healthcare Narratives

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Some conservatives claim that the free market saved Korea from COVID-19. I argue that it was Korea's Confucian democracy and technological environment that helped them contain the pandemic, not the lack of supply side regulation.

Published March 16, 2020. Available at https://thephilosophersmeme.com/articles/a-tale-of-two-healthcare-narratives/.

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The author of this article argues that Italy is doing worse than South Korea because supply side regulation caused the Italian system to decay while the lack of regulation allowed the Korean system to expand.[1] It's an obscene argument, because it sets the dichotomy as between a free market and a regulated market, when:

1. the countries doing the best are the Confucian democracies with a complex, mixed healthcare system, which includes South Korea as well as Taiwan, Singapore and Hong Kong;
2. Italy's healthcare system has been suffering from funding cuts and political turmoil in the country, and their population is older than that of Korea;
3. the really important dichotomy is between authoritarian strategy as best exemplified by China, and democratic strategy as best exemplified by Korea;

4. Korea is an exceptional case in which the combination of cultural and technological environment allowed them to execute the democratic strategy particularly well, just as China is an exceptional case for their authoritarian strategy.

Rather than comparing between free and regulated markets, we should compare between the democratic strategy and the authoritarian strategy. The democratic strategy involves transparency and civic engagement, as exemplified by South Korea. The authoritarian strategy involves suppressing information and activity by force, as exemplified by China. Most nations cannot easily choose between the two strategies, and many have yet to opt for either. Japan and the US are two examples of countries that have been indecisive between these two dominant strategies.

Japan is an especially important example to consider, as it has an older population like Italy, as well as a public healthcare system that sets prices like the Italian system. In Korea, there were fewer elderly people around in the first place to get infected and die from COVID-19. Italy also discovered their first case late, so the virus had already spread a lot. The currently confirmed cases in Japan are probably only a small part of the total prevalence in the country. Despite the mention of long wait times in the article, Italians have access to same-day care from designated primary physicians. Korea is the one with a GP shortage problem, because everyone wants to be a specialist to make more money.

The various factors that make one strategy more viable than the other include the social and political environment as well as the culture. For instance, Korea adopted a policy of publicly tracking COVID-19 patients via their cellphones, an invasive measure that has been met with complaints from the Human Rights Commission. This wouldn’t be viable in most other countries, especially not liberal democracies. The exceptional situation of Korea as a technologically advanced Confucian democracy, with an expansive and mixed healthcare system, was what allowed them to opt for this strategy with relative ease. This wasn’t available to Italy, nor to Japan.

Confucian democracies are characterised by a prominently Confucian, rather than nationalistic, sense of collective belonging. This is best understood through a historical caricature: whereas the Japanese developed a culture involving a sharp distinction between their internal and external self due to a long history in which social confrontation was often deadly, the Koreans developed a culture of outspoken public morality because of a long history in which a lack of pronounced moral advocacy was often deadly. Korean political culture is therefore characterised by an aggressive competition to prove who is

more morally righteous, whereas the Japanese counterpart is characterised by consensus seeking. Confucian democracies are highly responsive to moral crises due in part to their culture of public moral dialogue.

While Korea is a Confucian democracy, Japan is not. Japan is nonetheless closer to Korea in many ways, because it is still heavily influenced by Confucianism and its healthcare system doesn't suffer from many of the political and economic issues affecting Italy. It is similar to Italy in that it has an older population and because of their lack of proper health communication in response to the outbreak. Their government, media, and health professionals are sending mixed messages to the public which has led to a lax attitude about social distancing. They are also not responding with a proper strategy by either clamping down on people's free movement or by facilitating better access to information by testing, monitoring, and publicising. This means the number of infected in Japan may be much higher than what is reported. Nonetheless, they have more hospital beds per capita than Korea, each coming in first and second out of OECD countries respectively in this aspect. The US doesn't even have that, so Americans will get the worst of all three worlds: they suffer socially and economically; they have no idea what's going on; most people won't be able to access the healthcare they need. Worse still, Americans even lack shame, something that the Japanese can count on.

Furthermore, I think the author is simply wrong to claim that the usual effectiveness of a health system can be gauged based on how well it dealt with the outbreak.

Under ordinary circumstances, South Korea would be an exemplar of an inefficient healthcare system that's both costly and wasteful. The reason there's extra hospital beds to go around is indeed because of the lack of supply side regulation. Higher supply of doctors than the demand from patients leading to surplus of health professionals and facilities. But the reason that proved a good thing was because there's been an outbreak. Before that, it was inefficiency.

There's a vicious cycle of doctors opting to specialise and the national healthcare insurance costing more. More doctors opt to specialise, join a big hospital as a specialist, drive profits per patient go down to compete, develop increasingly complex and expensive procedures, buy up more medical gear they need to pay off, drive total expenditure up, keep reimbursements received per patient low, make being a GP or working a small practice difficult, more doctors opt to specialise… The net result of this cycle is that patients shop around and visit doctors more frequently than they should, the doctors offer more

numerous and costly treatments, patients have less primary care support for deciding whether to receive what type of care when. As a result, Koreans are more likely to receive unnecessary care and medications whose risks outweigh their benefits. Although the practice was banned before, it wasn't until 2010 that doctors were punished for receiving incentive payments from pharmaceutical companies for prescribing the company's drugs to patients.

If the author really cared about explanatory power, he could easily have also drawn comparisons to the other Confucian democracies, similar to Korea but various in terms of the rate of private healthcare and public healthcare. For instance, the Hong Kong provides all public healthcare free of charge, and attempts to encourage use of its relatively underutilised private healthcare system through a separate private insurance scheme. The author should also have considered Japan, which is similar to Italy both demographically and in terms of their healthcare system, including price setting. That's another place that could easily get overwhelmed if the number of patients rise too sharply, but that still won't prove their system was inefficient all along. For example, they have roughly the same number of doctors per capita as Korea. Given that the Korean national insurance system was modelled on the Japanese system and influenced by the US system, it should have been obligatory discussion. I don't think the author cares about how public health actually works, as much as he cares about his abstract model of free market economics.

Healthcare is distinct from any other type of product on the market in that the informational asymmetry is extreme, its need is difficult to forecast, and the metrics for the success and efficiency of a healthcare system must ultimately be based on the health of the population. Unnecessary healthcare can be harmful, and necessary healthcare is difficult to foresee for the individual, which is why universal health insurance, such as Korea's, is effective. A good healthcare system doesn't provide the most care to the most people. It minimises the need for visits to the doctor well in advance through preventive medicine and health promotion, and provides curative, rehabilitative, palliative care only as necessary. For all the surplus health care available, the death rate for pneumonia in Korea is more than double that of Italy's. The current success of the Korean democratic strategy isn't the reward for their having an efficient and free market. It's the result of a complex mix of infrastructural, cultural, and health political circumstances that happened to work out for Korea in this specific crisis.

The pandemic is all too easily spun in the service of convenient narratives that entice listeners with easy explanations. Korea and its people have always been used as an exotic exemplar in all sorts of political

arguments by Westerners, which only adds to the obscenity of using them as the model minority of the world. As much as China leverages the apparent success of their strategy in support of their authoritarianism, Western conservatives are attempting to capture the success of the Korean democratic strategy in support of their own agenda. They should remember that a healthcare system that can't provide adequate, universal care under ordinary circumstances is even less likely to prevent such a crisis in the first place, let alone deal with it adequately once it occurs.

(article originally posted to my Facebook wall)

Author's response

This commenter fails to realize the government fixing prices and supply is just as authoritarian as China's jackbooted cops enforcing quarantines. Taiwan, Singapore, and Hong Kong have not (yet?) really been hit with the virus, so there is still much up in the air as to what will happen. Italy's funding cuts are just part and parcel of government run anything. "Hey, yeah, we did a terrible job, but give us more money and it will be better." More money never fixed the problems - they are structural. The older population is a marginal issue, and the difference is only a few years on average. Being older can certainly cause individual cases to be worse. It does not cause a significant disparity in the spread of the disease. Besides, an older population requires more care anyway, so there should be MORE hospital beds and the like per capita as a baseline. So then we can ask why there are not. Korea's cultural approach is indeed an important factor, but it's not the cure-all that it is presented as. Japan shares much of that cultural background and is now increasingly in the situation Italy was in a few weeks ago. It is true that "Italy discovered their first case late", but not *that* late, relatively speaking. Not so late as to have the situation spiral out of control before their system could even blink. Not to mention, the availability of testing is also part of the situation. As to Italians having same day care from primary physicians, this is sort of a half-truth. As is the claim that Korea has a GP shortage. (The truth is that GPs are nowhere near as necessary as the prevailing narrative - based mostly on insurance company policy from the 90s - leads one to believe.) The fact that Italy has a lot of GPs is rather evidence of misallocation, as most of the time people can figure out what specialist they need to see on their own. The commenter is also incorrect that there is an "inefficient" surplus in Korea's healthcare system. He appears to assume that without government intervention to restrict supply, we will have "too much" healthcare available, but then also says that specialists make more money. But how can they, if there are

“too many” specialists - they need patients to pay them! What is rather the case is that the rest of the world is so lacking in care availability that people don’t even realize what they are missing. Lastly, Hong Kong, Japan, etc. are simply not good comparisons. They have no real number of cases yet to compare between. Korea, along with China, is the only one with an S-curve trending down. It is also a mistake to assume that because pneumonia is more prevalent in Korea, the healthcare system is failing “despite the surplus”. The commenter makes no effort to explain why this is a problem for Korea and not for Italy, but just takes it for granted. (An obvious potential factor is that Korea has a winter, while Italy doesn’t really.)

(Originally posted as a comment)

Bibliography

1. Archived article on Italian and South Korean healthcare systems during COVID-19. Available at: https://archive.is/8koZz

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