Figure 1: US GDP and Expenditures on Health Care: 1960-2000

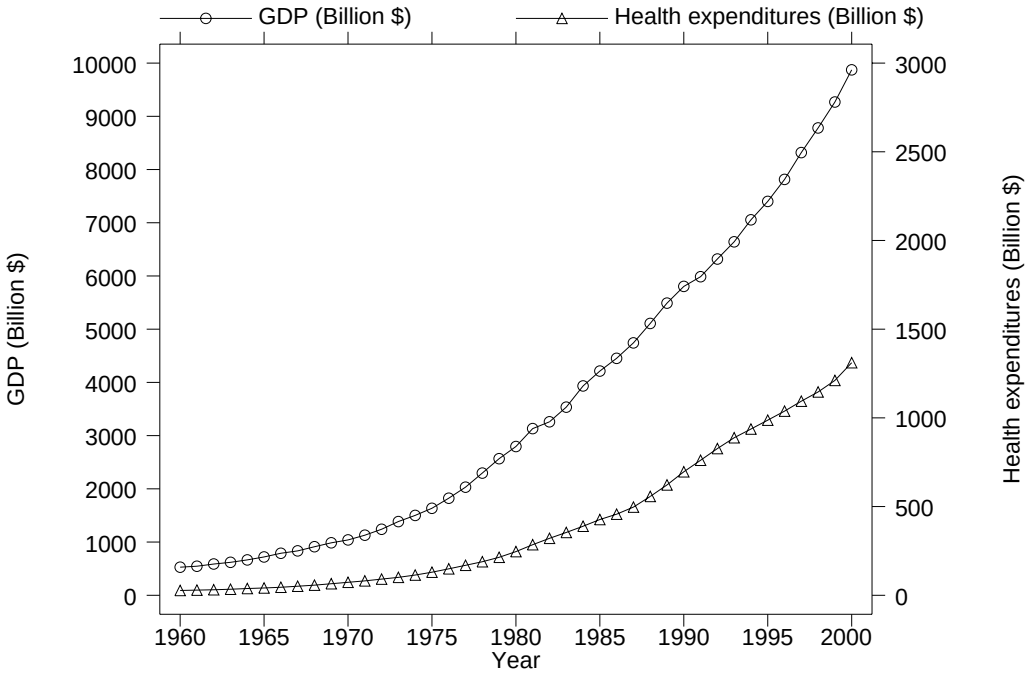

Figure 2: Health Care Expenditures as a Proportion of GDP: 1960-2000

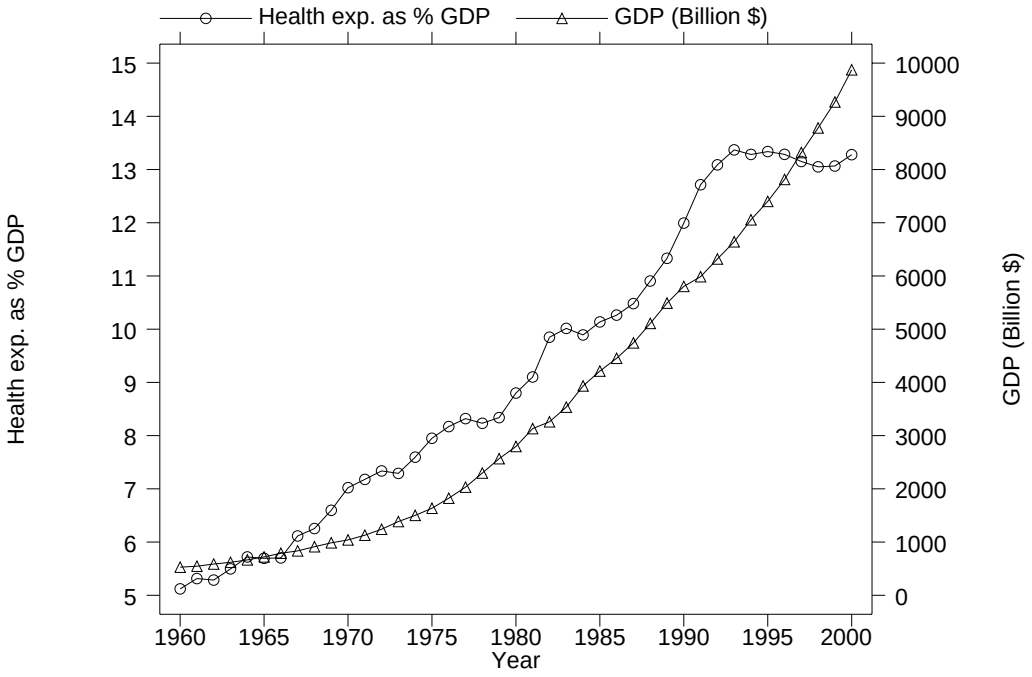

Figure 3: Government Expenditures on Health Care: 1960-2000

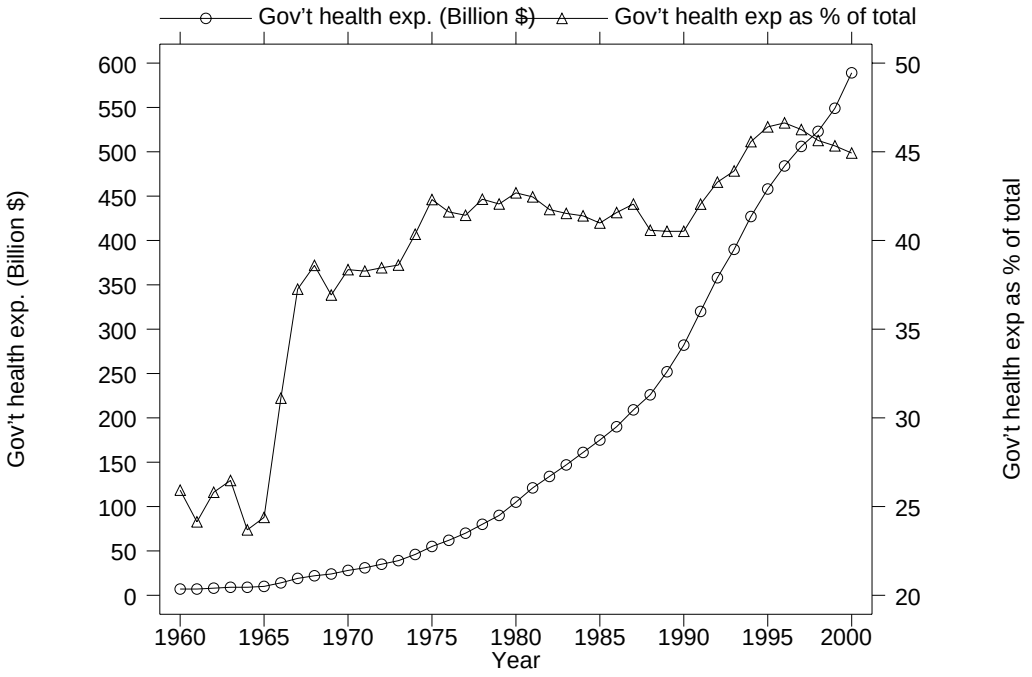

Figure 4: Health Care Expenditure (PPP adjusted US $): 1993

Country	*Amount*	*GDP*	*Ratio*
Australia	$1,493	$17,555	8.5%
Austria	1,777	19,126	9.3
Belgium	1,601	19,373	8.3
Canada	1,971	19,271	10.2
Denmark	1,296	19,340	6.7
Finland	1,363	15,530	8.8
France	1,835	18,764	9.8
Germany	1,815	21,163	8.6
Greece	500	8,782	5.7
Iceland	1,564	18,931	8.3
Ireland	922	13,847	6.7
Italy	1,523	17,865	8.5
Japan	1,495	20,550	7.3
Luxembourg	1,993	28,741	6.9
Netherlands	1,531	17,602	8.7
New Zealand	1,179	15,409	7.7
Norway	1,592	19,467	8.2
Portugal	866	11,800	7.3
Spain	972	13,330	7.3
Sweden	1,266	16,828	7.5
Switzerland	2,283	23,033	9.9
Turkey	146	5,376	2.7
United Kingdom	1,213	17,152	7.1
United States	3,299	23,358	14.1

Source: Organization for Economic Cooperation and Development Health Data, 1995.

Figure 5: Life Expectancy (England and Sweden): 1543-1985

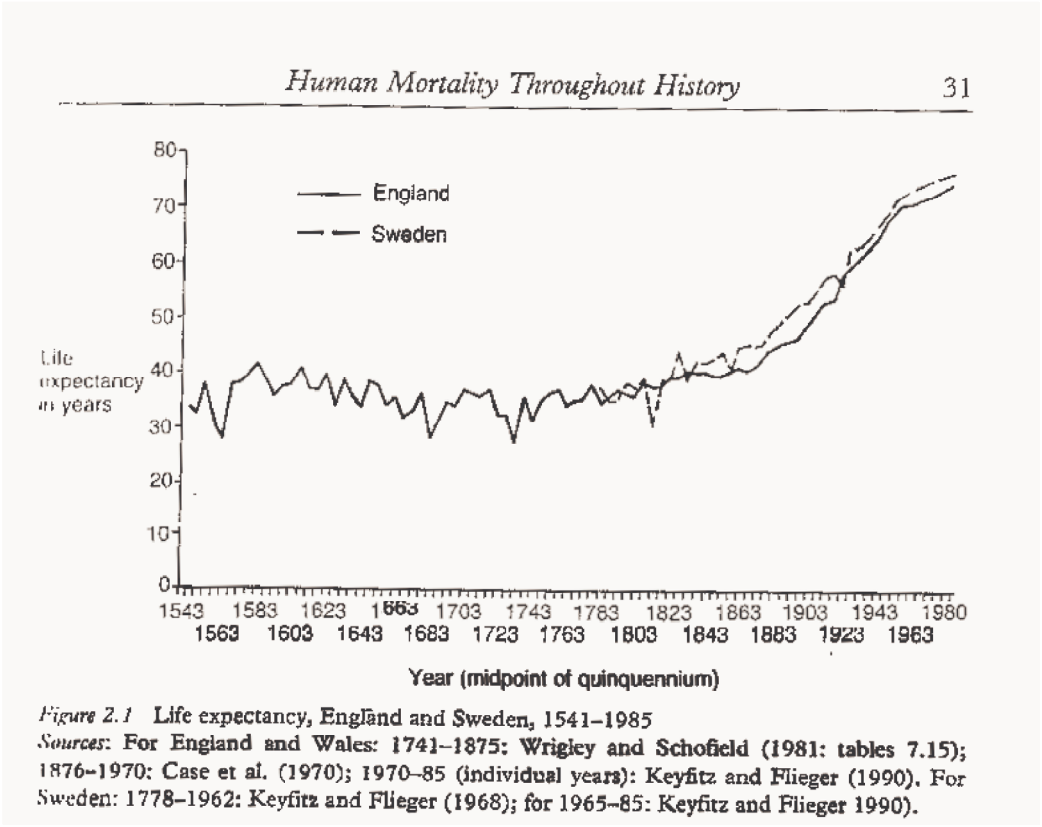

Figure 2.1 Life expectancy, England and Sweden, 1541–1985
Sources: For England and Wales: 1741–1875: Wrigley and Schofield (1981: tables 7.15); 1876–1970: Case et al. (1970); 1970–85 (individual years): Keyfitz and Flieger (1990). For Sweden: 1778–1962: Keyfitz and Flieger (1968); for 1965–85: Keyfitz and Flieger 1990).

Figure 6: Swedish Infant Mortality: 1751-1988

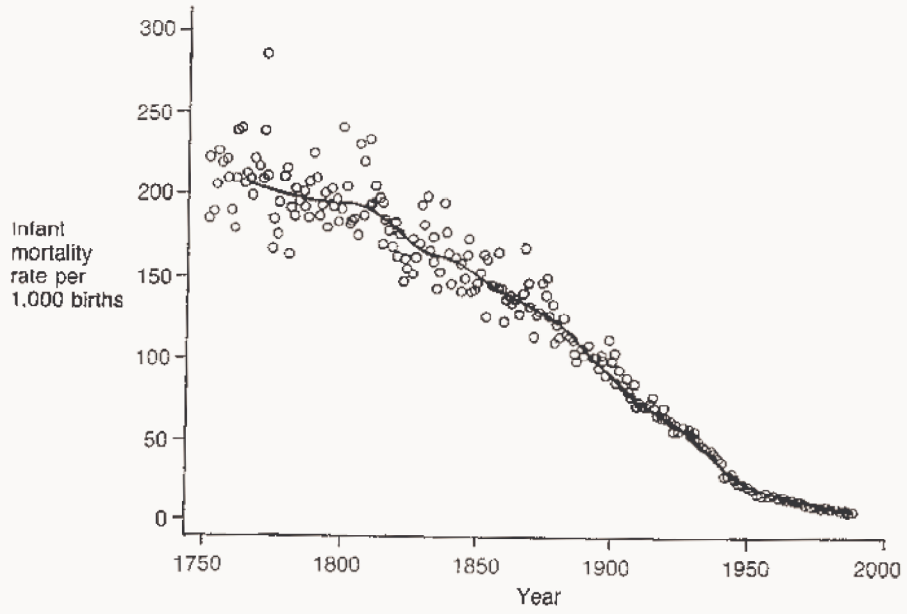

Figure 3.1 Infant mortality rate, Sweden, 1751–1988, with smoothed median trend
Source: B. R. Mitchell (1975) and United Nations Demographic Yearbooks.

Figure 7: LDC Infant Mortality: 1950-1985

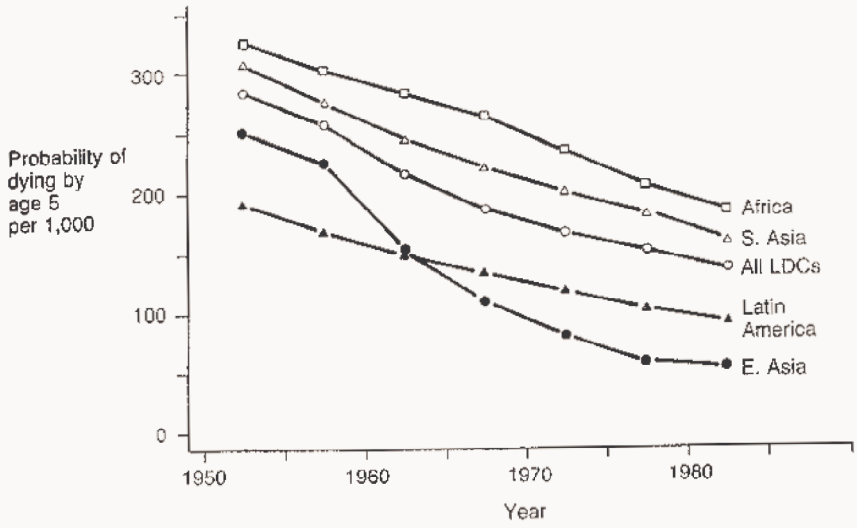

Figure 3.5 Trends in the probability of dying by age five in the developing world; by region, 1950–85
Source: United Nations (1988).

Figure 8: Disagreement on Positive and Normative Issues

TABLE 1—PERCENTAGE AGREEING WITH POSITIVE AND POLICY-VALUE QUESTIONS[a]

Survey question number[b]	Question	Health economists ($n \leq 46$)	Economic theorists ($n \leq 44$)	Practicing physicians ($n \leq 42$)
A. *Positive Questions:*				
4	The high cost of health care in the United States makes U.S. firms substantially less competitive in the global economy.	9**	17**	64
9	Third-party payment results in patients using services whose costs exceed their benefits, and this excess of costs over benefits amounts to at least 5 percent of total health care expenditures.	84**	93**	73*
10	Physicians have the power to influence their patients' utilization of services (i.e., shift the demand curve), and their propensity to induce utilization varies inversely with the level of demand.	68*	77**	67
12	Widespread use of currently available screening and other diagnostic techniques would result in a significant (more than 3%) reduction in health care expenditures (from what they would otherwise be) 5 years from now.	11**	83**	37
13	The primary reason for the increase in the health sector's share of GDP over the past 30 years is technological change in medicine.	81**	37	68*
18	Differential access to medical care across socioeconomic groups is the primary reason for differential health status among these groups.	0**	17**	34*
19	In the long run employers bear the primary burden of their contributions to employees' health insurance.	13**	8**	43
B. *Policy-Value Questions:*				
National health insurance questions:				
3	The U.S. should now enact some plan that covers the entire population.	62	65*	68*
7	The U.S. should seek universal coverage through a broad-based tax with implicit subsidies for the poor and the sick.	54	56	56
14	The U.S. should seek universal coverage through mandates, with explicit subsidies for the poor and the sick.	38	29*	46
15	Given a choice between the Clinton health care plan or no federal health care legislation for at least 5 years, the Clinton plan should be approved.	36	33*	28**
Insurance company underwriting questions:				
8	Insurance companies should be required to cover all applicants regardless of health condition and not allowed to charge sicker individuals higher premiums.	51	29**	69*
17	Health insurance premiums should be higher for smokers than for nonsmokers.	71**	90**	85**
20	Health insurance premiums charged to individuals born with genetic defects (that result in above average use of medical care) should be higher than those charged to individuals without such defects.	14**	20**	13**
All other policy-value questions:				
1	It is inequitable for the government to vary subsidies for health insurance by size of firm.	62	36	86**
2	"Any willing provider" legislation (that requires health plans to include any physician who wants to be included) is desirable for society as a whole.	12**	12**	39
5	National standardized health insurance benefit packages should be established.	42	51	63
6	It is inefficient for the government to vary subsidies for health insurance by size of firm.	66*	42	73*
11	Expenditures on medical R&D are greater than is socially optimal.	27*	29*	16**
16	All health insurance plans should be required to offer "point of service" options (that allow patients to obtain care outside the basic plan at additional cost).	30**	55	83**

[a] Of those who agree or disagree.
[b] Question numbers refer to order of questions in original survey.
* Significantly different from 50 percent at $p < 0.05$.
** Significantly different from 50 percent at $p < 0.01$.

Figure 9: Health Production Function

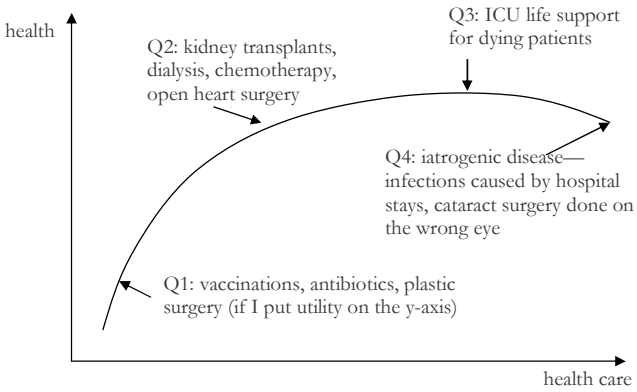

Figure 10: Marginal Costs vs. Marginal Product of Health Care