

The Chaos Theory applied to the NHS
From The Independent
Russell Razzaque¹ - Eagle Eye 20th Jan 2011.

It's called "the shock doctrine" and it originated in the University of Chicago over fifty years ago. It was designed by a group of economists headed by right wing ideologue Milton Friedman. They possessed an almost religious belief in an unregulated, laissez faire, free market utopia and their idea was simple; the best way to introduce whole system privatization and an unfettered free market in any arena is through **chaos**. Though its origins were academic, it is a methodology that has been applied practically on numerous occasions around the globe in recent years. But, with disastrous consequences each time. Still, evidence never inhibits a zealot.

Just after the collapse of the Soviet Union, these same economists travelled to the former communist bloc and advised Yeltsin that the system needed "shock therapy". They persuaded him to sell off virtually the entire slate of state industries in one go. Even Thatcher took eleven years to privatize a relatively small chunk of the UK economy, but the Russians – following the path of shock therapy – did it overnight by issuing share vouchers to individual citizens. People suddenly lost their job security, state incomes, benefits and pensions, and instead walked round with certificates which meant nothing to them. So they sold them to the few in the system (often former KGB or Communist Party officials) who had some money at bargain basement prices; and thus, virtually overnight, a whole class of Oligarchs was born. Russia, as we well know, has since been rife with inequality and the inevitable corruption that ensued in the wake of such a crippled state.

Modern history is littered with further examples of the application of the shock doctrine. In the aftermath of Hurricane Katrina when almost 2,000 people lost their lives and many thousands more lost their homes, schools and livelihoods, the free market ideologues descended again. The Friedmanite American Enterprise Institute enthused that "Katrina accomplished in a day ... what Louisiana school reformers couldn't do after years of trying". They insisted that instead of spending a portion of the billions of dollars of reconstruction money on rebuilding and improving New Orleans' existing public school system, the government should provide families with vouchers, which they could spend at private institutions. Public school teachers called Friedman's plan "an educational land grab". Observing what appeared to be a very deliberate strategy, journalist Naomi Klein coined the phrase "disaster capitalism", referring to, "orchestrated raids on the public sphere in the wake of

catastrophic events.” She went on to describe it in detail in her excellent book; “The Shock Doctrine”. She cites examples of its utilization from Chile to Iraq and what many free market economists have discovered since is that, rather than wait for a disaster, the ideal conditions for such a revolution can also be created.

Working within the NHS today, I have witnessed first hand the sheer confusion and, in some quarters, borderline panic, that has ensued as a result of the governments recent announcements. PCTs were established as the purchasers in the system – deciding in a planned way what services from hospitals should be purchased on behalf of GPs. These are massive strategic planning decisions that involve many billions of pounds.

Overnight, the government plan to remove all of them, and hand the totality of their powers over to GPs. They have not described how GPs – with no training in accounting or management – can take up this role. They have not provided guidance as to how GPs might pool together to achieve this. As the so called “GP consortia” can be as large or as small as anyone chooses, a chaotic bout of “run around” has ensued with GPs trying to partner up with each other across boroughs and local boundaries, unsure which way to go.

The PCTs have already started to dismantle and in London, staff with no future are haemorrhaging in droves, leaving a skeletal operation alone to determine the allocation of billions worth of spending. The Chair of The Royal College of GPs has described the proposed changes as the end of the NHS as we know it. The BMA, the Royal College of Nursing and several of the specialist medical Royal Colleges have spoken out against it. Calls to phase it in and start with a series of gradually building pilots have fallen on deaf ears. No one is sure how it will work or how adversely it will effect patient care. The very people who will be tasked with implementing such rapid change are already utterly perplexed by it. That is because they are supposed to be. It is an engineered shock.

All the while, waiting in the wings, with a metaphorical defibrillator, will be the private sector. The large American insurance based corporations – with their profits about to be decimated by Obama’s universal healthcare legislation – are eyeing the soon to explode UK healthcare market with salivating mouths. The vacuum that is being created, is being created for them. They will be hired to do the commissioning by and instead of GPs who are, through no fault of their own, clearly untrained and unable to do it. And it won’t be long thereafter before these same private organisations start hiring themselves as providers instead of NHS Trusts, many of which will ultimately go bust. The government is, in fact, proposing to rig the market in their favour by requiring every single contract to go for competitive tendering. This means that, even if there is a high performing Trust with which the local population is happy, they will still have to

submit themselves for retendering to the commissioners on a regular basis who will then be legally obliged to consider private sector organisations as part of the process.

Subjecting hospitals to the instability of a retendering process could be disastrous. I have seen it happen myself. Staff numbers will fluctuate wildly as doctors and nurses, unsure if their organisation will survive, start moving between providers – just as they do in, say, the banking sector. This will potentially destroy continuity of care, as well as in-patient and emergency service provision which relies on regular staff numbers round the clock. A hospital shutting down as a result of losing a bid to a private sector provider, who has undercut their costs as a way of breaking into the UK market – rather than failing to provide an adequate service – could be a potentially dangerous event resulting in the collapse of secondary health care provision for the entire local area.

This is why unfettered free markets are a bad idea for health care, and why the US experience has led to a hard fought reversal away from marketization. This is also why, if they were asked to vote for it, the public never would. In fact, in the last election they clearly did not. The Conservative manifesto, with its “no major re-organisations” commitment gave exactly the opposite impression. The only way such drastic privatisation can ever be achieved is through a short sharp shock to the system. Nick Boles, the pro Cameron Conservative MP, laid it out starkly, “‘Chaotic’ in our vocabulary is a good thing.” Friedman would be proud. As he himself said, “only a crisis – actual or perceived – produces real change”.

This is clearly not chaos by incompetence. It is chaos by design.

1. <http://blogs.independent.co.uk/2011/01/20/shock-therapy-for-the-nhs/>
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