

# The Government Taxes Sickness

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**I**T is strange that nearly all political parties seem to think it would be advisable for the Government to collect a lot of money from the people, and then use *some* of it to pay for their medical care. Of course it would take a good deal of the money so collected to operate such an elaborate system. The history of this situation is that the socialistic C.C.F. advocated it so vociferously that the Liberal Government felt it was safer to recommend such a system and take some steps towards developing it. Some of the members of the present Government, particularly the Honourable Paul Martin, have become quite entangled with the idea and seem sincerely to think that they would be conferring a benefit, particularly on the poor people of the country, by interfering in the present practice of medicine. The Labour Unions with their usual ignoring of both economics and science seem to think that medical care of the sick is a *commodity* which can be bought and sold, or that it is a trade similar to carpentry or plumbing, so they urge the Government to provide them with "free medicine" (at the expense of all the taxpayers of course).

## II

**I**F the advocates of Government-sponsored medicine are not downright insincere, they seem to be at least extremely inconsistent. A fact which seems to have escaped most of those who favour state-

sponsored schemes is the fact that at the present time the Government of Canada is *actually taxing* sickness and the free exchange of ideas between doctors as well as wasting their time.

It may shock some people to learn that when they purchase certain antibiotics and other life saving drugs, which are not manufactured in this country, one-third or more of the cost is going into Government funds through duty and sales tax. In the case of drugs manufactured in Canada it might be claimed that the duty is necessary to *protect* the business of our smaller Canadian manufacturers, but even in such cases the sales tax of ten percent is a direct tax on the purchase of the drugs, taken from the sick and their friends by the same Government which claims it is anxious to help the sick get treatment at the lowest possible cost.

When a new product or preparation for the treatment of sickness has passed the experimental stage, it is still unusual to release it for general sale to the medical profession or to the public, until it has had a period of clinical observation by a number of experienced doctors. The manufacturer usually provides a quantity of the new preparation, with temporary labels and free of charge, to the doctors who do such clinical testing. At this stage the preparation has been so thoroughly investigated that any possible dangers of overdose are known, the Food and Drugs Department

of the Government have been given evidence that it is safe to be used on patients, and all that remains to be done is to learn what percentage of good results can be expected when it is given to a large group of patients. On some occasions a preparation which at first seemed to be very beneficial has been discovered after this period of clinical testing on large groups to be really not as useful as had at first seemed and in fact not as valuable as some older preparation already in use. It may therefore never be put on the market.

On the other hand, the cooperating doctors sometimes discover the preparation to have wider uses and to be more valuable than the company had at first dared hope. Some of these new preparations are discovered and manufactured in Canada, and many of them originate in other countries, particularly the United States. American companies often ask Canadian doctors to make clinical tests before they introduce the product in a commercial way into Canada. If the drug or preparation is already on the market in the United States the doctor then has to pay ten percent tax on the preparation, which the company is providing to him for nothing so that the judgment of Canadian doctors may be quoted before the preparation is placed on the Canadian market. In other words the Government which is supposed to be interested in the health of the people is taxing the investigative work of doctors to the amount of ten percent.

### III

**W**HEN a doctor writes an article for a general or specialist medical magazine, not only is he not paid anything for the article, but he himself has to pay for copies if he wishes to send them to other medical men so as to acquaint them with the new work or observation. There are not many medical magazines in Canada and the doctor who has anything worth publishing of a specialist nature must often submit it to one of the journals in the United States, where the much larger societies of specialists are able to finance such journals. This situation means that if his manuscript is accepted and published

and he wishes some reprints of his article, so that he can acquaint other Canadian doctors with his new work or discovery, he must purchase these from the publishing house in the United States. Strangely enough he is also forced to pay a ten percent sales tax on these reprints! In other words the Government which is so interested in the health of the people is nevertheless to this extent taxing the exchange of ideas between doctors.

Until a few years ago a doctor could not include the cost of attending a convention or post-graduate course as a legitimate expense in computing his income tax. A business man could include the cost of keeping his buildings and machinery in repair and even the costs of a business conference, but apparently it was not appreciated that the doctor's machinery (meaning his knowledge and technique) could also deteriorate and needed to be kept in a state of repair. Since 1948 the expenses of attending the Canadian Medical Association Convention, the Provincial Convention, and one specialist convention are allowed, but if a doctor stops earning and goes to observe the work at some medical centre, he must pay taxes on that part of his income which he spends in thus keeping up to date.

### IV

**A**LTHOUGH local customs clerks often do the best they can to be obliging, they are working under very strict rules and these rules frequently involve a great waste of the time of busy citizens. The writer, who is probably as busy as the average Canadian doctor, has on many occasions been forced to spend one-half hour or more of his time in travelling, and at the wicket of the customs house, in order to have thirty or forty cents collected from him on a sample of some new preparation which he wished to test. The same experience has worked in the case of importing some small American publication.

If he brings such matters to the attention of the Deputy Minister of National Revenue he is informed that the business of that Department is merely the *collection* of money, and that the rules as to what



shall be collected are made by the Department of Finance. Perhaps it should be pointed out that if the departments of Government cannot cooperate in eliminating these small and large nuisance taxes on the time and purses of doctors and their patients it is highly probable that any scheme of managing the entire work of the health and sickness of the people of the country would be even more cumbersome and expensive.

## V

AND now we come to an outstanding example of the inconsistencies of the Government's present policy. While the Minister of National Health and Welfare is telling you about the elaborate arrangements which will soon be made whereby sickness will be treated at the expense of the Government (meaning the taxpayers), the Minister of Finance is busily taxing you on your medical expenses up to 4% of your income, and on all that you pay out for prescriptions. If in the year 1950 your net income was \$3000.00, the tax on your third thousand was 19% or \$190.00. If your medical expenses amounted to over 4% of the \$3000.00 (\$120.00) you had to pay the Govern-

ment 19% tax on that \$120.00 or \$22.80. If your bill for prescription drugs amounted to another \$100.00 you also paid \$19.00 tax on that amount. In other words the Government which claims to be so interested in your health collected \$41.80 on the money you paid out to look after the illness in your family. It might also be pointed out that if you happened to have met one of those terrible calamities which families occasionally meet, and were under exceptional expenses, then you were not allowed to deduct more than \$750.00 if single, and \$1000.00 if married, no matter how great your expenses were. Your excess over this was taxed!

If Canadians have been thinking in the past that it was nice of the politicians of Canada to try to arrange some scheme whereby sickness did not cost so much, they should speak or write to their local Member of Parliament and suggest, before this country becomes involved in some elaborate scheme, that he should urge his particular party to take a stand (and action!) in the matter of *removing the present taxes*, which the Government itself is levying upon the cost of sickness, and remove some of the nuisance taxes which create a certain amount of pressure against the free exchange of ideas among doctors.

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