

What the Rest of the Democratic World Does Differently

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A NEWS SERIES ABOUT HOW WE GOT HERE - AND HOW WE MIGHT FIX IT

ARTICLE 7

What the Rest of the Democratic World Does Differently

Universal healthcare is not one system, and it does not require a country to abandon private medicine, private enterprise or democracy.

Americans are often presented with a choice that is much too simple: capitalism or socialized medicine. Look beyond our borders and the choice becomes far more interesting.

Canada, Germany, Australia, the Netherlands, France, Japan and the United Kingdom are democratic nations with market economies. They manufacture products, own private businesses, invest capital, hold elections and protect private property. Yet they have also developed systems intended to provide healthcare coverage broadly across their populations.

They did not all arrive at the same answer.

Some rely heavily on taxes. Some use compulsory social insurance. Some require people to purchase regulated insurance. Some combine public hospitals with private hospitals. Physicians may be government employees in one setting and private practitioners or contractors in another.

That diversity gives America an opportunity.

We do not have to copy another country's healthcare system. We can study what each country has learned.

First, Correct an Important Misunderstanding

People in other industrialized countries do pay for healthcare.

Universal healthcare does not make doctors, hospitals, medicines or medical equipment free. Someone still pays the nurse. Someone still purchases the MRI machine. Someone still builds the hospital and manufactures the medicine.

What changes is how the financial responsibility is collected, pooled and distributed.

Depending on the country, healthcare may be financed through general taxes, payroll or wage-based contributions, compulsory insurance premiums, private insurance, patient payments, or combinations of these.

This distinction will become especially important in the next article, when we ask whether America's method of financing healthcare places different pressures on wages, employers and manufacturing than the systems used by its international competitors.

Canada: Public Insurance, Much Private Delivery

Canada provides a useful example because its system is frequently described in the United States simply as government healthcare.

The reality is more nuanced.

Canada has universal publicly funded insurance for medically necessary hospital and physician services, administered through provincial and territorial plans under national standards. Access to insured medically necessary services is based on medical need rather than the patient's ability to pay at the point of service.

But public insurance does not mean every provider is a government employee. Canadian government information explains that many services are privately delivered: family physicians commonly operate as private contractors, hospitals are often incorporated as private foundations, and private facilities may provide publicly insured services.

Canada therefore separates two questions that Americans often combine: Who finances essential care? And who actually delivers it?

Germany: Social Insurance Without Government Owning Everything

Germany demonstrates another approach.

Health insurance is compulsory. Most residents receive coverage through statutory health-insurance funds, while private insurance also exists.

Germany's federal health ministry describes its statutory system as based on solidarity: contributions reflect financial capacity while medically necessary benefits are broadly available. The ministry also emphasizes self-administration rather than exclusive government operation of healthcare.

In other words, government establishes the framework, but nongovernmental institutions and medical professionals remain deeply involved in organizing and delivering care.

That is neither a completely free market nor a completely government-operated medical system. It is a deliberately mixed system.

The Netherlands: Competition Inside Universal Rules

The Netherlands offers another model that may surprise Americans.

People who live or work there generally must obtain a standard health-insurance package from an insurance company. Government defines the standard package, and insurers must accept applicants for that basic coverage regardless of health, age or sex.

People can change insurers, and additional insurance can be purchased separately.

The Netherlands therefore attempts to combine universal obligations and social solidarity with regulated competition among insurers.

Whether America would want that particular structure is a separate question. Its importance here is conceptual: universal coverage does not automatically eliminate insurance companies or consumer choice.

Australia: Public and Private Systems Side by Side

Australia openly describes its healthcare system as both public and private.

Its Medicare program provides universal access to a broad range of medical and hospital services at low or no cost. At the same time, Australians may purchase private health insurance, and private hospitals and private treatment remain part of the system.

Australia therefore demonstrates another possibility: establishing a universal public foundation without prohibiting a private healthcare sector.

France, Japan and Britain: Still More Variations

France combines public and private healthcare institutions and preserves patient choice among physicians and facilities within its system.

Japan has long relied on universal health-insurance arrangements rather than requiring the government to own every medical provider.

The United Kingdom's National Health Service places a much larger role directly in the public sector than Germany or the Netherlands.

These systems should not be treated as interchangeable.

The lesson is not that there is one foreign model called “socialized medicine.” The lesson is that democratic countries have constructed many different ways to separate the guarantee of access from the ownership and delivery of healthcare.

America Pays Much More

Whatever model America eventually prefers, one comparison is difficult to ignore.

According to the OECD's Health at a Glance 2025 data, the United States spent about \$14,885 per person on healthcare in 2024 when adjusted for purchasing power. The OECD average was about \$6,000.

Measured against the entire economy, U.S. health spending was approximately 17.2 percent of gross domestic product in 2024, compared with an OECD average of about 9.3 percent.

Higher spending would be easier to defend if it consistently produced proportionately better access and outcomes.

International comparisons are imperfect. Populations differ in age, health, behavior, geography, income and social conditions. No single statistic can prove that one national healthcare system is superior.

But comparative research repeatedly identifies the United States as an extreme high spender. A 2024

Commonwealth Fund comparison of ten high-income countries also found the United States performing poorly overall despite its much higher spending, while emphasizing that every country has strengths and weaknesses.

That should not end the debate. It should begin one.

Universal Does Not Mean Perfect

Every system has problems.

Universal coverage can involve taxes or compulsory contributions. Some countries struggle with waiting times for particular non-emergency services. Rural areas can face shortages. Governments and insurers must decide which treatments will be covered. Aging populations place pressure on budgets. Healthcare workers can be overworked.

America should examine those weaknesses as carefully as it examines the advantages.

The purpose of international comparison is not to search for a perfect country. None exists.

It is to discover which problems other countries have solved better, which problems they have solved worse, and which mechanisms could be adapted to American institutions.

What Happens to Democracy?

Perhaps the most important political fear can be answered simply by observing the countries themselves.

Canada, Germany, Australia, the Netherlands, France, Japan and the United Kingdom did not cease being democracies when they established broad healthcare coverage.

Nor did private enterprise disappear.

Their manufacturers still compete. Entrepreneurs still create companies. Citizens still own property. Businesses still make profits. Elections still change governments.

The existence of universal healthcare therefore does not, by itself, determine whether a country is capitalist or democratic.

The real policy question is narrower and more useful:

Which activities should be governed primarily by competitive markets, and which responsibilities should society guarantee collectively?

Healthcare May Be Different From Manufacturing

This series began with fear and inelastic demand for a reason.

A person buying a refrigerator can compare brands, postpone the purchase and walk away. A person facing a heart attack cannot.

That does not mean capitalism has failed.

It may mean that capitalism performs best where genuine consumer choice exists and that essential healthcare requires a different financial structure precisely so that capitalism can remain strong elsewhere.

Manufacturing is one of those places where competition can be enormously valuable. Companies compete to reduce costs, improve quality, automate production, invent products and sell them throughout the world.

But American manufacturers also operate inside the American healthcare financing system.

If healthcare consumes a substantially larger share of America's economic resources than it does in competing nations, the consequences may extend far beyond hospitals and patients.

Healthcare costs can become part of compensation costs. They can affect wages. They can affect government budgets and household purchasing power. And they may influence the resources American businesses have available for investment and competition.

That is where our international comparison leads next.

Sources for the Comparative Figures

This article uses current comparative information from the Organisation for Economic Co-operation and Development (OECD), the Commonwealth Fund's international health-system research, and official government descriptions of the Canadian, German, Dutch and Australian systems. Exact structures and benefits change over time, and later articles should continue using current primary or authoritative comparative sources.

NEXT IN THE SERIES

The Hidden Cost to American Industry - Healthcare is usually discussed as a medical expense. Article 8 asks a different question: when American employers help finance healthcare while competing against manufacturers in countries with different financing systems, what does healthcare cost the American economy - and could healthcare reform actually strengthen capitalism rather than weaken it?

Editor's note: International health systems are complex and continually changing. Comparisons in this series are intended to explain major structural differences, not to imply that any country has a perfect system or that a foreign model can be transferred unchanged to the United States.

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