

# Which Economic Model Best Generates Innovation and Creativity? Free Market Capitalism or the Children's Hospital Public Economy Model (CHPEM)?

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A common statement made by proponents of corporate capitalism is that “it is the best economic model for generating innovation and creativity.” It is claimed that “competition,” “monetary incentive,” and the “free market” are largely responsible for generating this innovation and creativity and are the “sine qua non” for such innovation. These claims are made as if they are proven facts. An accompanying claim is that while innovation and creativity flourish under capitalism, they are stifled in non-capitalist economies, “because of the lack of monetary incentive, competition, and the free market.” By extension, this would imply that the Children's Hospital Public Economy Model (CHPEM)<sup>1, 2</sup> and a CHPEM-inspired public economy<sup>3</sup> would stifle innovation and creativity, specifically because this model lacks monetary incentive and sufficient competition. But are these claims true? Or are they assumptions that have not been adequately examined?

First of all, it should be realized that in the currently prevailing corporate capitalist economy, much of the most important innovation and creativity has occurred not in the private sector but in the public not-for-profit sector. For example, over the past several decades many spectacular innovations and advances have been made in Medicine: Marked advances in our understanding of immunology and treatment of cancer and autoimmune diseases have occurred. Biological therapies (anti-TNF therapies, e.g.) have revolutionized and markedly improved the care of autoimmune diseases, like rheumatoid arthritis. Other advances have reduced the mortality rate of childhood acute lymphocytic leukemia from 90% in the early 1970s to less than 10% by 2000. The human genome project has transformed medical research. These advances have been made possible, primarily, by the creative innovative thinking and hard work of dedicated modestly salaried academic physicians and PhD-level scientists who have been motivated primarily by moral incentive<sup>4</sup> and the great satisfaction of contributing to medical progress. Many of these innovators (if not the majority of them) have had salaried positions at public universities. Salaried, too, are those innovative academic physicians and scientists at private medical schools/hospitals and at the National Institutes of Health (NIH, a public institution).

The creativity and innovation demonstrated by the above physicians and scientists has not required monetary incentive, competition, or the free market. Capitalism does not deserve

credit for most of these advances; Public activity, conducted by salaried public employees, deserves the bulk of the credit.

An associated fact is that the pharmaceutical companies that have provided spectacularly helpful new medications (like biologic therapies and new cancer drugs) have not usually discovered these advances through their own creative, innovative efforts. Instead, in the vast majority of cases, these private enterprises have simply taken advantage of the discoveries made by the above-mentioned academic physicians and scientists. The main contribution of the pharmaceutical companies is that they know how to mass produce these new therapies, market them, and make them available on a large scale. That contribution does not require nearly as much creativity and innovation as the actual discoverers have demonstrated.

The point of the above discussion is that most of the innovations in Medicine have been generated by salaried physicians and scientists, many (if not most) of whom work in the public sector; and, in comparison, private enterprises have contributed relatively little to innovations in Medicine, though they like to advertise (falsely) that they are primarily responsible for these discoveries and innovations.

While we are comparing the innovative contributions of modestly salaried public-employed academic physicians and scientists to the innovative contributions of pharmaceutical companies, we should also take a moment to compare the extent to which each has honored the fundamental principles of science, medicine, and ethic ---e.g., ethical treatment of human subjects and honest collection and presentation of data. Most academic physicians and scientists at most public universities have had a history of doing honest and ethical research---at least until the COVID era. In contrast, private pharmaceutical companies (Pfizer, in particular) have a long history of fraudulent data collection and presentation, even hiding results that would obviously cast doubts about the safety and efficacy of their product. This reprehensible behavior (egregious violations of fundamental principles of science, medicine, and ethics) has been particularly displayed by pharmaceutical companies during the COVID pandemic.

(For justification of the above critical comments, please see the numerous articles posted in the ***“Notes on COVID-19”*** section of the ***“Notes From the Social Clinic”*** website: [www.notesfromthesocialclinic.org](http://www.notesfromthesocialclinic.org) )

Unfortunately, academic medical institutions, including public medical schools/hospitals, have participated in these COVID-era violations---but that has primarily occurred because these institutions, including the NIH, FDA, and WHO, have been “captured” by the pharmaceutical/transnational corporate capitalist complex. During the COVID pandemic,

physicians and scientists who have disagreed with the official COVID narrative have been afraid to speak up, out of fear of being reprimanded, demonized, losing their employment, even losing their license. Those who have spoken up have often been censored. Prior to this corrupt “corporate capture,” most academic medical institutions did not egregiously violate the fundamental principles of science, medicine, and ethics.<sup>5,6</sup>

The point of the above paragraphs is that in Medicine the private sector enterprises (e.g., pharmaceutical companies) have not only played a minor role in innovation (compared to innovation generated within the public sector) but have played a major role in the increasing violations of fundamental principles of science, medicine, and ethics that we have seen, particularly during the COVID era (e.g., by Pfizer). That is, the private enterprise sector has not only been unimpressively innovative, but it has also been impressively unscrupulous and untrustworthy.

Now let me explain why a CHPEM-inspired public economy would greatly generate innovation. Innovation and creativity are top priorities of the CHPEM. Accordingly, the “altruistic natural leaders”<sup>7</sup> of a CHPEM-inspired public economy would create and fund an abundance of opportunities for innovative/creative work to be done and would seek creative people to take advantage of those opportunities. These opportunities would be in the fields of science, engineering, information technology, the Arts, and education, for example. For example, under the CHPEM, creative individuals in music, the visual arts, literature, dance, and film, e.g., would have far more opportunity to create, innovate, share, and teach than has been the case under capitalism. They would be sought and funded to do so.

Finally, it should be pointed out that when proponents of capitalism boast about the great achievements and innovations that have occurred during capitalism’s reign as the dominant economic model (e.g., achievements and innovations that have occurred over the past 100 years), they assume that equal or greater achievements and innovations would not have occurred if, instead, a model like the CHPEM had reigned during the same period of time. But there is no evidence whatsoever that such an assumption is correct. In fact, as pointed out earlier in this essay, there is evidence that the CHPEM has been highly innovative, has been primarily responsible for many of the advances for which capitalism has erroneously taken credit, and has probably been more innovative than capitalism has been. In other words, it is very possible, even likely, that we would now be enjoying greater innovations and advances if the CHPEM, rather than capitalism, had been the reigning economic model over the past 100 years.

## RELATED ARTICLES:

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2. The Children's Hospital Public Economy Model (CHPEM)
3. Application of the CHPEM to the General Economy
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