

# Standing on the Shoulders of Giants – ISPOR Avedis Donabedian Outcomes Research Lifetime Achievement Award Presentation and Recipient Remarks: Adrian Towse and Anthony J. Culyer

The 13th Avedis Donabedian Outcomes Research Lifetime Achievement Award was presented at the ISPOR 18th Annual European Congress, on 10 November 2015, Milan, Italy. At the session, the ISPOR Avedis Donabedian Award Committee Chair Mark Sculpher, PhD, introduced Adrian Towse, MA, MPhil, to present the award. The following is Adrian Towse's introduction of Anthony Culyer, followed by his acceptance speech.



## Award Presentation

**Adrian Towse, MA, MPhil**

It is a particular pleasure for me to present this award to Tony, as I have to thank Tony a great deal personally. I want to comment briefly on three aspects of Tony's contribution. The first relates to his teaching, mentoring, and advising roles.

### Tony's Teaching, Mentoring and Advising Roles

I begin with my Office of Health Economics (OHE) colleague and fellow ISPOR Board member, Professor Nancy Devlin. She has in her office at OHE, a dog-eared copy of one of Tony's many early textbook contributions to the literature, *The Political Economy of Social Policy*, kept in her possession since it was published 1980–35 years ago [1].

I turn next to another leading academic, very well known to ISPOR members, Professor Karl Claxton, University of York, who told me: "The bottom line is I would not have an academic career without Tony."

Another of Tony's former students is Adam Wagstaff, the intellectual leader of the health economics research at the World Bank, formerly Professor of Economics at the University of Sussex, and an associate editor of the *Journal of Health Economics* for 20 years. His comment was: "Tony is an inspirational teacher and mentor whose influence went well beyond health economics, and who made learning fun!"

Turning to the Tony as advisor, I have a quote from Professor Mike Rawlins, himself a recipient of ISPOR's Donabedian Award. He was the founding Chair of the UK's National Institute for Health and Care Excellence (NICE), which he chaired for 12 years, and is now Chairman of the UK medicines regulator, the MHRA. He said: "I learned everything I know about health economics from Tony."

Dr. Kalipso Chalkidou, Director of NICE International, and a Co-Editor of *Value in Health*, told me that: "Tony is an invaluable source of intellectual challenge, common sense advice, and strong encouragement..." Oh, and she also said: ".....and an incorrigible pedant..."

I want to turn now to the second of my three aspects of Tony – his contribution to public policy making and to academic institutions.

### Tony's Contribution to Public Policy Making and Academic Institutions

Tony received his CBE ("Commander of the Order of the British Empire" for those of you not familiar with the British Honours System) for his work on "The Culyer Report", strictly the 1994 Report of the Research and Development Task Force [2]. This report stated:

- Firstly, that spending on R&D was a core health system activity and had to be centrally top sliced from the NHS budget, held and allocated separately from the budgets devolved to local health bodies for them to purchase health services for their populations; and
- Secondly, R&D spending had only to be given to institutions who *delivered* good quality research. It was not a subsidy for inefficient teaching hospitals or birth right funding for once noble institutions.

This report paved the way for the current UK NHS National Institute for Health Research (NIHR).

Perhaps Tony's most important contribution to putting health economics into policy practice has been his role as the founding Vice Chair of NICE, working with Mike Rawlins as Chairman. As Tony puts it himself in the forthcoming "A Short History of NICE" (Timmins, Rawlins, and Appleby, forthcoming) [3]:

*"Those early days were just huge fun – inventing NICE. Mike would get on the train at Newcastle, I would get on the same train as it passed through York, and we would sit right up in the front of the first class puffing away on our Hamlet cigars inventing NICE. And we had to invent pretty much everything."*

And Tony continues to offer advice and support to NICE as the Chair of NICE International's Advisory Group – hence the quote from Kalipso!

The next institution I want to highlight is the University of York. Tony served as Head of the Economics Department for many years before becoming University Pro Vice Chancellor and then Deputy Chancellor. He built a world class economics department, and made sure it worked with the Centre for Health Economics, a strength in economics which still provides the foundation of the strength of health economics at York. This reflects Tony's view that health economics is good economics applied to problems in health and health care.

The final institution I want to refer to is my organisation, the Office of Health Economics (OHE). Tony chaired its key Policy Board for more than ten years. OHE doubled in size over that period and enhanced its reputation for independent high quality economic analysis to support policy development. He continues to serve on its Board for which I am very grateful.

### Tony's Contribution to Economics

I want to move on to Tony's contribution to economics. In 1981 Tony set up (with Harvard University's Joe Newhouse) the *Journal of Health Economics*, the world's first academic journal in the area. Last year, the *Elsevier Encyclopaedia of Health Economics*

was published [4], edited by Tony, also available online. A major achievement.

In between those two dates is so much more. I add in only his editing the two volumes (Volumes 1A and 1B) of the [Handbook of Health Economics](#) [5], a bible for many of us for many years.

I want to turn finally (and again, sadly, very briefly) to the most important aspect of Tony's contribution to health economics, and why he is so well qualified to receive this lifetime achievement award. This is his personal intellectual contribution to health economics. I draw from [The Humble Economist](#) [6], a collection of his essays. I look at four major areas:

### Extra-welfarism

Tony's greatest intellectual contribution has been in developing Amartya Sen's capabilities approach and combining it with Lancaster's revisions to demand theory, so we do not jump in a "welfarist" way from a good or service (like health care) to consumer "utility". Instead we can journey from goods and services to their characteristics (as per Lancaster) and then to the characteristics of *people*, and how that good or service impacts them by changing these characteristics – for example by improving their health. Estimating the "utility" of that change becomes a final, but less important stage, unless we are looking at how an individual values that characteristic - such as an improved health state (Chapter 5 of [The Humble Economist](#)).

The focus on the characteristics of people makes it "non-welfarist." Tony expanded this to "extra-welfarist" by drawing on Musgrave's concept of "merit goods" and Tobin's of "basic goods" to add to Sen's capabilities approach. He argued, amongst other things, that focusing on characteristics (such as health outcomes, whether valued in QALYs or not, or information, or process improvements in health care delivery that matter to people), rather than utility, enabled economists to advise decision makers much more effectively on health care resource allocation and health policy (Chapter 6 of [The Humble Economist](#)). The debate continues, of course, as to whether extra-welfarism is the equivalent of the "General Theory" of Keynes with welfare economics (for Keynes "classical economics" as a subset, or vice versa). I don't need to tell you Tony's view [7,8].

### Positive and Normative Economics

In relation to the "positive" and the "normative", Tony has consistently argued, including in a celebrated intellectual spat with Mark Pauly (Chapter 4 of [The Humble Economist](#)), that economists should not hide their preferences as to "what should be" in an analysis designed to help us understand "what is". In particular economists cannot hide behind:

- assumptions of Pareto efficiency; or
- aggregating consumer surplus, accepting the initial endowment of wealth and income; or
- using a "hypothetical compensation" rule in which winners could compensate losers but don't.

The distribution of gainers and losers matters. Economists should not hide from this – indeed they should set out *who* is gaining and *who* is losing. This matters to decision makers.

### Equity and Efficiency

Tony's views on equity and efficiency were captured in his excellent presentation at the First Plenary Session at ISPOR's Latin America

conference in Santiago, Chile two months ago [9] and in Chapter 11 of [The Humble Economist](#). He stresses the importance of distinguishing between different concepts of equity (a call for equity per se is meaningless without such clarification) so that economists can help achieve the *desired* measure of equity (and of other objectives) efficiently. His discussions on the concept of "need" are also invaluable (see Chapter 9 of [The Humble Economist](#)).

### Economic Advice for Policy Making

In advice for policy making, I include the health service R&D financing work I referred to earlier, but also his writing on:

1. The importance of deliberation (i.e. the process by which HTA appraisal committees review evidence, make judgements and decide how to trade off multiple objectives) [10] (Chapter 19 of [The Humble Economist](#));
2. The case for a single payer publicly funded health system, derived from his view of the importance of health underpinning his theory of extra-welfarism. He called this "demand side socialism". This case doesn't exclude competition between hospitals and other providers (public and private) to make available the *demanded* health services *efficiently* (Chapter 15 of [The Humble Economist](#)).

But you don't have to take my word for the value of Tony's contribution. You can access these papers online or in hard copy – courtesy of either OHE or the Centre for Health Economics (CHE) at the University of York:

- The [Humble Economist](#) is free to download as a pdf from the publications section of the OHE website: [www.ohe.org](http://www.ohe.org) and from the CHE website, University of York. Available at: <https://www.york.ac.uk/che/publications/books/the-humble-economist/>.
- Hard copies (including some signed by Tony) are available from [info@ohe.org](mailto:info@ohe.org) but supplies are limited;
- Kindle and iPad formats are available free to download from the CHE website, University of York. Available at: <https://www.york.ac.uk/che/publications/books/the-humble-economist/>.

Everyone I talked with in putting these few remarks together overwhelmed me with the strength of their gratitude to you and pointed out yet further aspects of your writing and your teaching and advisory roles that had made a difference to them. I also want to thank you again for the help and support you have given me.

You are indeed a well-deserving recipient of the 2015 ISPOR Avedis Donabedian Outcomes Research Lifetime Achievement Award.

### References

- [1] Culyer A (1980). *The Political Economy of Social Policy*. Martin Robertson & Co Ltd. [2] Culyer A (1994). Supporting research and development in the NHS. Report of the Department of Health Research and Development Task Force. London: HMSO. [3] Timmins N, Rawlins M, and Appleby J (forthcoming). *A Terrible Beauty: A Short History of the National Institute for Health and Care Excellence*. [4] Culyer A (2014). *Encyclopedia of Health Economics*. Elsevier. [5] Culyer A and Newhouse J (2000). *Handbook of Health Economics* Volume 1A and Volume 1B. Elsevier. [6] Cookson R and Claxton K (2012). *The Humble Economist*. Tony Culyer on Health, Health Care, and Social Decision Making. University of York and the Office of Health Economics. (*Downloadable free as indicated in the text*). [7] Culyer A (2008). Resource allocation in health care: Alan Williams' decision maker, the authority, and Pareto. Chapter 6 in Mason, A. and Towse, A. (eds.) *The ideas and influence of Alan Williams. Be reasonable -- do it my way!* New York and Oxford, Radcliffe Publishing. Downloadable free from: <https://www.ohe.org/publications/ideas-and-influence-alan-williams-be-reasonable-%E2%80%93-do-it-my-way>. [8] Towse A (2008). Discussion of Anthony Culyer's >

paper: "Resource allocation in health care: Alan Williams' decision maker, the authority, and Pareto." Chapter 7 in Mason, A. and Towse, A. (eds.) *The ideas and influence of Alan Williams. Be reasonable -- do it my way!* New York and Oxford, Radcliffe Publishing. Downloadable free from: <https://www.ohe.org/publications/ideas-and-influence-alan-williams-be-reasonable-%E2%80%93-do-it-my-way> [9] Culyer A (2015). Equity and Efficiency. <http://www.ispor.org/Event/ReleasedPresentations/2015Santiago>. [10] Culyer A (2009). Deliberative Processes in Decisions about Health Care Technologies. Office of Health Economics. Downloadable free from: <https://www.ohe.org/publications/deliberative-processes-decisions-about-health-care-technologies>.



### Recipient Remarks

**Anthony J. Culyer, CBE, BA, Hon DEcon, Hon FRCP, FRSA, FMedSci**

How can one adequately thank ISPOR and the Avedis Donabedian Award Committee for this great honour, which I think is hardly deserved? But I must try. I shall follow the tradition of some of my predecessors by giving you a short biographical account of how I at least see my career as a health economist and of what I owe to others.

Two people more than any have shaped my thinking in economics. One was Armen Alchian and the other Alan Williams. I knew Alchian for only one year of my life—as a graduate student at UCLA in 1964-5. His was a towering presence at UCLA and we were all in awe of him. His teaching style has been nicely described by David Glasner: "Armed with nothing but a chalkboard and piece of chalk, Alchian would lead us relatively painlessly from confusion to clarity, from obscurity to enlightenment. The key concepts with which to approach any problem were to understand the choices available to those involved, to define the relevant costs, and to understand the constraints under which choices are made." His style was Socratic. The logic was relentless. He had an air of amused, philosophical detachment—never condescending but always inviting one as an equal partner to enter his world, the world of the ultimate economist's economist. He would take a topic currently in the news (not necessarily a conventionally 'economic' topic) and question us about it, then using the simplest first principles he would dissect it, explain the phenomenon—always delectable especially when the explanation was counter-intuitive. A classic example of a simple but counter-intuitive idea is his invention of what has become known as the third law of demand: if the prices of two substitutes, such as high and low grades of apples or wine, are both increased by a fixed per-unit amount like a transportation cost, relatively more of the *higher* priced good will be consumed [1].

Ken Arrow once told me that Alchian was the brightest economics student Stanford ever had. For me he was an inspiration. Politically, he was a libertarian.

Alan Williams was, by contrast, a lifelong socialist. I met him first in 1960 as my interviewer when I was seeking admission as an undergraduate to Exeter University. He had similar qualities to Alchian—relentless logic that started from the most basic principles: constraints, demand (private or public), marginal value, opportunity cost, and an explicit normative idea of social welfare. In addition, and for me a big additional attraction, Williams was a great geometrician. His three-dimensional depictions on two-dimensional chalk boards were to be marvelled at [2]. He was by nature a welfare economist. He led me more specifically into health economics and into what I have come to call extra-welfarism. He

taught me public finance as an undergraduate at Exeter and we subsequently became colleagues at York. Williams died in 2005 at the young age of 77. Alchian died in 2013 at the age of 98. Their memory deserves to be kept bright. They both exemplified in their thinking and teaching the power of simplicity: *multum in parvo* – much from little, the casting away of all frills and complications to get to the heart of a puzzle and then to solve it step by step. One might call it relentless reductionism. I cannot hope to equal them in virtuosity but have nonetheless tried all my life to keep faith with that way of doing things.

They both taught me the power of economics to address big issues, usually beginning with a simple enquiry like "why is something the way it is and not some other way?" or "what might happen if . . .?" It was by asking such questions that I came to health economics. In the mid-1960s, most issues in social policy were addressed in an unanalytical way, with hefty doses of political opinion and a highly selective use of data. Social policy received scant attention from economists. By contrast, in mainstream economics, the so-called "positivist" revolution was taking place [3] and applied economics was losing its stale descriptive personality and becoming more faithful to its name by actually *applying economic theory* to issues in the real world. So for me, questions that I lived with for several years are: "Can there be such a thing as an economics or health and health care (there wasn't in the mid-1960s)?" or "The NHS has survived for years despite being accused of irrationality by many economists (or so it was said in the 1960s) – but why? It had to be useful for *something* to have survived." Another was "how can we create a mode of social welfare analysis that inherently requires us to make the very interpersonal comparisons that Paretian methods forbid?" Another was "Is it the role of economists to help our political leaders to implement *their* policies or is it to convince them that implementing *our* policies would enhance society welfare so much more?" Or "What ought a QALY to be?" Questions like these have kept me going for 50 years. One reason for this is that health is probably the most challenging of all social policy topics: the research agenda is complex and increasing in complexity. Another is that I have changed my answers as I went along. The answers—but rarely the questions.

So, once again, thank you ISPOR and thank you all, dear colleagues, for having made my intellectual journey so interesting—even exciting—and for continuing to keep it that way. May it remain so, also for you all.

### References

[1] Alchian AA and WR Allen (1963), *University Economics*. Belmont California: Wadsworth. [2] Williams AH. *Public Finance and Budgetary Policy*, London: Allen & Unwin, 1963. [3] Lipsey RG. *An Introduction to Positive Economics*, London: Weidenfeld and Nicolson, 1963. ■

#### Additional information:

For more information on this and other ISPOR Awards, go to: [http://www.ispor.org/awards/index\\_.asp](http://www.ispor.org/awards/index_.asp).

To see David Glasner's blog on Armen Alchian's teaching style, go to: <http://uneasymoney.com/2013/02/25/armen-alchian-the-economists-economist/>.

## ISPOR Awards Program :: CALL FOR NOMINATIONS

The ISPOR Awards Program is designed to foster and recognize excellence and outstanding technical achievement in pharmacoeconomics and outcomes research.



**Sean Sullivan, PhD**, Chair, ISPOR Scientific Awards Committee and Stergachis Family Professor and Director, University of Washington, Pharmaceutical Outcomes Research and Policy Program, Seattle, WA, USA.

The following awards will be presented at the ISPOR 21st Annual International Meeting, May 21-25, 2015, Washington Hilton, Washington, DC, USA.

### The ISPOR Avedis Donabedian Outcomes Research Lifetime Achievement Award

*Nominations Extended to February 15, 2016*

The ISPOR Avedis Donabedian Outcomes Research Lifetime Achievement Award is established in honor of the late Avedis Donabedian, MD, MPH to acknowledge those individuals who have made a major contribution to the improvement of health outcomes.

The ISPOR Avedis Donabedian Outcomes Research Lifetime Achievement Award is international in scope and stature. The Award recognizes an individual's outstanding, life-long achievement in the area of improving health outcomes.

Nominations may be made by any ISPOR member. Members may nominate more than one person; however a completed letter of recommendation must accompany each nomination.

For complete details on background, criteria, selection process, and nature of the award, see: [www.ispor.org/awards/donabedian\\_.asp](http://www.ispor.org/awards/donabedian_.asp).

### The ISPOR Marilyn Dix Smith Leadership Award

*Nominations Due by December 5, 2015*

The ISPOR Marilyn Dix Smith Leadership Award is international in scope and stature. The Award recognizes one individual each year that has provided extraordinary leadership to the Society. The recipient of this award will have shown consistent, broad, and meaningful direction to ISPOR in a leadership role.

The Award will be announced and presented to the chosen individual at either the ISPOR International Meeting or the ISPOR European Congress, as appropriate. The Award recipient will receive a complimentary registration and travel expenses to the meeting at which the Award is presented.

Nominations may be made by any ISPOR member. All nominations must include: a letter of recommendation indicating the reason for nomination, the nominee's contribution to the Society and its mission, and the nominee's curriculum vitae.

For complete background, criteria, selection process, and nature of the award, see: <http://www.ispor.org/awards/leadership.asp>.

### ISPOR Bernie O'Brien New Investigator Award

*Nominations Due by February 15, 2016*

The ISPOR Bernie O'Brien New Investigator Award was established in 2004 to honor the long-standing commitment of Bernie J. O'Brien, PhD to training and mentoring new scientists in the fields of outcomes research and pharmacoeconomics.

The Award consists of a plaque, complimentary meeting registration, an unrestricted research grant of US\$5,000, and up to US\$1,500 for travel expenses.

All nominations must include a letter of support for the nominee and a current edition of the nominee's CV essay indicating the reason for your nomination.

For complete background, criteria, selection process, and nature of the award can be found at: [http://www.ispor.org/awards/O'Brien\\_investigator.asp](http://www.ispor.org/awards/O'Brien_investigator.asp).

### ISPOR Award for Excellence in Methodology in Pharmacoeconomics and Health Outcomes Research ISPOR Award for Excellence in Application of Pharmacoeconomics and Health Outcomes Research

*Nominations Due by February 15, 2016*

The ISPOR Award for Excellence in Methodology and Application in Pharmacoeconomics and Health Outcomes Research were established in 1997 to recognize outstanding research in the field of pharmacoeconomics and outcomes research methodology and outstanding practical application of pharmacoeconomics and outcomes research in health care decision making.

The awards are given to a distinguished paper that advances the field of outcomes research, and is expected to have a substantial impact on the field (i.e., wide acceptance and application by others). Nominated papers should represent/serve as/provide a distinguished example of applied health outcomes research that has or is expected to have a high impact on health policy or health care decision making.

The Awards, presented at the ISPOR Annual International Meeting to the corresponding author of the paper, consists of a plaque, complimentary Annual International Meeting registration, roundtrip air fare, hotel, meal and miscellaneous expenses for two days, based upon current ISPOR travel policies.

Only ISPOR members may submit nominations (either their own publications or others). All nominations must include a brief cover letter indicating the reason for the nomination. Supporting documentation MUST include a PDF of the nominated paper.

For complete background, criteria, selection process, and nature of the award, see: [http://www.ispor.org/awards/methodology\\_.asp](http://www.ispor.org/awards/methodology_.asp) and [http://www.ispor.org/awards/application\\_.asp](http://www.ispor.org/awards/application_.asp).

Nominations should be sent to: [awards@ispor.org](mailto:awards@ispor.org)