WASHINGTON — Nearly everyone agrees that there is something sick about the American health care system, especially when it comes to the seemingly out-of-control rise in costs.

While Democrats and Republicans continue to fight over the remedy, there is one man who can claim to have rendered a specific diagnosis and — more than 40 years later — he wants lawmakers and President Obama to know that there probably is no cure.

What afflicts the American health care system (and those of other industrialized nations) is called Baumol’s cost disease. It is named for William J. Baumol, an economist at New York University, who turns 88 next month. And it explains why health care costs will almost certainly continue to rise faster than general inflation, and why Democrats might not want to set expectations too high when it comes to their health care bill.

“Let me say first of all that I am a strong supporter of the general notion of the president’s health care proposals,” Dr. Baumol said in an interview. But he warned that policy makers, including Mr. Obama, were in danger of promising too much.

“One mustn’t exaggerate what this program can accomplish,” he said, “because if you claim miracles and then prices keep going up two years from now, you have bought yourself some trouble.”

Dr. Baumol and a colleague, William G. Bowen, described the cost disease in a 1966 book on the economics of the performing arts. Their point was that some sectors of the economy are burdened by an inexorable rise in labor costs because they tend not to benefit from increased efficiency. As an example, they used a Mozart string quintet composed in 1787: 223 years later, it still requires five musicians and the same amount of time to play.

Despite all sorts of technological advances, health care, like the performing arts, suffers from the cost disease. So do other public services like education, police work and garbage collection. While some industries enjoy sharp increases in productivity (cars can be built faster than ever, retail inventory can be managed better), endeavors like health care are as labor-intensive as ever.

And yet, wages in health care grow to match wage increases in the broader economy. (Imagine trying to pay today’s violinist the same as a counterpart in 1787.)
All of this happens invisibly, but the proof is in the budget ledgers of local, state and federal
governments. Cost disease helps explain why low-income Americans can now afford flat-screen
televisions that were out of reach a decade ago, but health insurance that was unaffordable in January

At the same time, demand for health care never lets up. So while slow sales of video games or clothing
can reduce prices, health care prices never ease. And while the robots that help build cars have replaced
human beings on the assembly line, robots that help out in modern operating rooms are not as
economically efficient.

“We do now have robots performing surgery, but the robot is under constant supervision of the surgeon
during the process,” Dr. Baumol said. “You haven’t saved labor. You have done other good things, but
it isn’t a way of cheapening the process.”

Recent research, including a December 2008 study for Centraal Planbureau, the Netherlands Bureau for
Economic Policy Analysis, has found that Baumol’s cost disease continues to be a major factor in rising
health costs around the world.

Dr. Baumol is no stranger to efforts to overhaul the health system. In 1994, he was briefly tapped to
help with the Clinton health care proposal, in part because of his friendship with Senator Daniel Patrick
Moynihan, the New York Democrat and chairman of the Finance Committee, who became a major
force in dismantling President Bill Clinton’s proposal.

Dr. Baumol described his role in 1994, and his relationship with Mr. Moynihan, in an interview with
Alan B. Krueger, who is now the assistant Treasury secretary for economic policy, published in the

(Mr. Moynihan, who died in 2003, had found a political epiphany in the theory of cost disease. “You
have now explained to me why the Democratic Party is called the party of tax and spend, because we
are financing all the things that are affected by the cost disease and Republicans want to short-change
them,” Dr. Baumol quoted the senator as saying.)

In 1994, as now, Dr. Baumol urged officials not to overpromise.

“Most of all, I said, Look at what’s happened in Europe and Japan,” he recalled in the 2001 interview.
“You have virtually every sort of government control: some on doctor’s fees, some on cost per visit. In
none of the countries have they been able to get costs to rise more slowly than the rate of inflation. You
are promising something which will come back to haunt you within the lifetime of this administration.”

Dr. Baumol said that governments were not the only victims of cost disease. “Just look at what happens
to insurance companies, where they are accused of gouging because they are paying for health care,” he
told Dr. Krueger. “And everybody says we can solve the problem — make it illegal.”

All of this is not to say that efforts to improve the health care system are futile or that costs cannot be
slowed.

Economists agree that health care expenses may still rise faster than inflation, but they do not have to
rise as fast as they do now, or so much faster in the United States than elsewhere. Patient outcomes
could be improved, independent of costs.

“While health care costs are growing throughout the world,” Dr. Baumol said, “the level of costs can be
very different.”

Indeed, Dr. Baumol said that cost disease only underscored the need to help all Americans afford health
care.

“No one has found the way to prevent health care costs from growing, so the bottom line is they will
grow,” he said. “That means that the less affluent of our population are going to need help in being
provided with adequate medical care.

“But we can afford it, because we are an economy in which innovation and productivity all continue
and continue to rise, and provide us the means with which we can afford to provide health care to the
people to whom it is denied today.”