An American liberal looks at health care systems around the globe

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29 March 2010

The Healing of America, *by T.R. Reid, Penguin Press*, 2009, 227 pp.

Any objective examination of the health care system in the US reveals appalling inequality and health statistics that fall below those of nearly every other major industrialized nation.

The protracted legislative battle in Washington that has just concluded with the passage of an industry-backed "reform" bill had nothing to do with solving this health care crisis. The Obama White House and congressional Democrats, while falsely comparing this legislation to the social safety net enacted decades ago, won the support of most of big business because the bill's real purpose is to make the working class pay for the escalating costs of health care.

Obama's Republican opponents have sought with some success to capitalize on the growing popular anger over plans to cut Medicare spending and other regressive measures. The party of the ultra right, which opposed Social Security, Medicare and every other reform, no matter how modest, now postures as the defender of health care for retirees and other working people.

Advocates of even the mildest improvement of the health care system have no voice in the congressional battles. Every once in a while a news report will casually mention that polls show majority support for "single payer" health care or some version of Medicare for all. But this majority has not one single representative voice in the Obama Administration or in the leadership of the congressional Democrats. A handful of figures, such as Rep. Dennis Kucinich, appeal plaintively for reform, but wind up carrying out the demands of the corporate and financial establishment. This is how the two-party system operates. It accurately reflects the opinion of the US ruling elite, not the American population, and certainly not the working class majority.

Outside Congress, a few voices are being raised, however hesitantly. One proponent of reform has written a book on the subject. *The Healing of America*, by longtime *Washington Post* journalist T.R. Reid, raises some important issues, despite the severe inadequacy of both its analysis and its prescriptions for change.

Reid's book summarizes and presents what should by now be very well known data on the state of health care in America. He examines the system from the standpoint of coverage, quality and cost, and shows that it is scandalously lacking in all respects.

The Commonwealth Fund, a private US foundation dealing with health issues, ranked the US last among 23 developed nations in regard to access to medical care, Reid reports. The World Health Organization ranked systems of 191 countries in terms of "fairness," and the US ranked 54th, slightly ahead of Chad and Rwanda, but behind Bangladesh and the Maldives.

Americans without health insurance now number about 47 million, and the number is growing every day along with the unemployment rolls. More than 15 percent of the population has no guaranteed health care. As Reid points out, despite George Bush's famous comment that Americans don't go without health care because they can "just go to the emergency room," the uninsured can do so "only if they're on the verge of death or in active labor." Otherwise they cannot get treatment without paying, and they often avoid doctors until a health problem becomes life-threatening or fatal.

There is also the issue of the underinsured, those with health insurance that does not cover the cost of catastrophic illness and leaves families with thousands and sometimes tens of thousands of dollars in out-of-pocket costs, even when they have been paying for insurance coverage. This is a major factor in the number of people in the US who go bankrupt each year because of medical bills. A recent study by the Harvard Law School and the Harvard Medical School put the figure at about 700,000.

As far as the quality of care provided by this system that bankrupts close to a million families each year, the data is equally revealing. Measuring "avoidable mortality"—the number of people who die annually from conditions that are curable—the US ranks 19th among 19 developed countries, according to a recent report by the Commonwealth Fund. The rate of such deaths in the US was nearly twice that in France, Japan or Spain.

Another index is "healthy life expectancy at age 60," a somewhat more precise indicator of public health than life expectancy at birth. Among 23 countries surveyed in 2006, again the US tied for last place. And on infant mortality, deaths within the first year of life, for the US it is 6.8 per 1,000 births, compared to 2.4 in Sweden, 2.8 in Japan, 3.6 in France, 5.1 in Britain and 6.4 in Poland.

If it could be summed up in one sentence, the US health care system is designed to shovel as many of society's resources as possible, including tax dollars, into profits for the private insurance companies and allied industries. Billions of dollars that workers never see and that they do not realize are the product of their own labor because they are removed from paychecks in advance, are siphoned off via insurance premiums to these profit-hungry corporations that produce nothing but endless red tape, confusion and outright misery.

The insurance giants, of course, seek to maximize their profits in every possible way. The treatment of illness is the means by which profits are made, but it is profit interests that dictate the nature of treatment every step of the way, taking precedence over the provision of health care. "[T]he money paid to doctors, hospitals and pharmacies for treatment of insured patients is referred to as 'medical loss'" in the US, Reid explains. The aim of the industry is to collect as much as possible in insurance premiums and pay out as little as possible in reimbursements. It does this by refusing coverage to sick people, by denying claims and by "rescission," canceling coverage for those who become seriously ill. For the insurance companies to flourish, patients must die.

Reid cites a study of the Institute of Medicine, a branch of the prestigious National Academy of Sciences, estimating that more than 18,000 Americans die annually because they lack insurance coverage. This was based on data from the year 2000, however, and the number of uninsured since then has soared from about 30 million to 47 million.

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Using the formula of the original study, Reid indicates that the current figure would be more than 22,000 such deaths.

These unassailable facts leave the author frustrated. “We start with a paradox,” he writes. “At the beginning of the twenty-first century, the United States of America is the most powerful, most innovative, and richest nation the planet has ever known. But while this great nation is strong, smart, and wealthy, it is not particularly healthy compared to other developed nations. When it comes to the essential task of providing health care for people, the mighty USA is a fourth-rate power.”

There is certainly something paradoxical here, and Reid devotes the book to trying to explain it. As we shall see, however, there is nothing mysterious or inexplicable about this state of affairs. To begin with, Reid’s posing of the question is somewhat misleading. It takes no account of enormous changes that have taken place in the position of the United States over the past 40 years. The “mighty USA” is now the world’s largest debtor and a clearly declining economic power, even in its own Western Hemisphere backyard.

Nor is it the case, as Reid clearly suggests, that the inferior US health care system is some kind of bizarre exception in an otherwise healthy social and economic order. While one cannot necessarily expect the author to delve into these questions in great detail, the relationship between the record US prison population, the lack of affordable housing, the relentless attacks on the public education system and the state of US health care certainly bears some examination. Health care is not an exception. It is part and parcel of a social counterrevolution that has been taking place in the United States for the past 30 to 40 years, and which is intensifying in the 21st Century, under both Democratic and Republican administrations.

Keeping these factors in mind, we would do well to examine Reid’s global survey of health care, comparing the US system to that existing in such countries as Canada, Britain and Germany. He urges the adoption in the United States of some form or combination of the kind of universal health care system that exists in every single other advanced capitalist nation.

Reid discusses four different “models” for health coverage: the Bismarck Model, the Beveridge Model, the National Health Insurance Model, and the Out-of-Pocket Model.

The first system, named by Reid after the right wing German Chancellor Otto von Bismarck, the architect of German unification in the 19th Century, uses private insurance plans financed jointly by employers and workers, covering the entire population and based on a non-profit model. Systems of this kind presently exist in France, Japan, Belgium and parts of Latin America, in addition to Germany.

The Beveridge Model takes its name from William Beveridge, the Liberal aristocrat and social reformer who helped inspire Britain’s National Health Service. This comes closest, Reid explains, to “socialized medicine,” in which the national government runs the health care system as a public service. Variations of this model are used in Spain, Italy and most of Scandinavia, in addition to the UK.

The National Health Insurance Model uses private health care providers but a government-run insurance program similar to that of the Medicare system for US retirees. The NHI model is most prominently followed in Canada, as well as in such countries as Taiwan and South Korea.

As for the “Out-of-Pocket Model,” as the author explains, it is no system at all. “Most of the nations on the planet are too poor and too disorganized to provide any kind of mass medical care,” writes Reid. This includes perhaps three-quarters of the world’s 200 nations. “The basic rule in such countries is simple, and brutal. The rich get medical care; the poor stay sick or die.”

The US is the only developed country that applies this “out-of-pocket” model to a significant portion of its population. Overall, out-of-pocket health spending in the US is 14.7 percent of total health care spending, compared to 3.1 percent in Britain, 59.9 percent in China and 82.1 percent in India.

As Reid describes the patchwork US “system,” retirees on Medicare have a system resembling that in Canada, veterans get free health care like that in Britain, and workers insured on the job have a system resembling that in Germany. For the uninsured, they must pay out of pocket.

This is somewhat oversimplified and actually makes the American system seem better than it actually is. Reid does not mention the obviously inferior system of care for the approximately 15 percent of the population on Medicaid, the federal-state system covering the poor. Taking into consideration the denials of insurance for pre-existing conditions and the devastating impact of massive medical bills for many who are insured, it is clear that between one-third and one-half of the American population has health care inferior to anyplace else in the industrialized world. Obama’s “reform” will not change this. Inferior coverage will be provided to some of the currently uninsured, while most of those now covered by insurance, including Medicare, will see their coverage cut back and their premiums and out-of-pocket costs rise.

Reid correctly defines the major difference between the US, on the one hand, and Europe, Canada, Australia and much of East Asia on the other. Elsewhere, for most of the last century (longer in Germany) health care has been considered a right. In trying to explain why this is not the case in the United States, Reid runs into difficulties. After explaining that universal health care has been incorrectly attacked as “socialism,” he falls back on the supposed ignorance of the American population, and especially a suspicion of things foreign, or what the author refers to as the mindset of “American exceptionalism.”

The doctrine of American exceptionalism does have a long history in American politics and therefore in social policy as well, but Reid doesn’t really explain where it comes from—or, for that matter, how other parts of the world wound up developing or adopting the systems which “we Americans” supposedly reject.

Reid’s discussion of the Bismarck, Beveridge and National Health Insurance models is limited by his method, which sees social policy as a kind of national choice. These health care systems were not adopted the way one buys a product in the supermarket. Social policy and history is the product of the class struggle.

Reid only briefly alludes to by far the major consideration in the early development of the German welfare state. The Social Democratic Party of Germany, founded under the direct guidance of Karl Marx and Frederick Engels in the 1870s, was outlawed by Chancellor Bismarck in 1878. Still able to run candidates, it more than quadrupled its vote by 1890, and became the first truly mass party of the working class and the leading party of the Second Socialist International, founded in 1889. Bismarck’s scheme for health insurance, first enacted in the Sickness Insurance Law of 1883, was a direct response to the growth of the socialist movement, and an attempt to undermine the latter’s appeal. The country of the first mass workers movement was also the country of the first welfare system, hardly a coincidence.

In Britain the social insurance system developed later. Lord Beveridge’s plan, outlined in the Beveridge Report issued during the Second World War, included what became the National Health Service, a limited but important social reform enacted in 1948 by the postwar Labor government, whose election reflected a massive shift to the left by the British working class.

As for the Canadian model, it too was initiated after the war, but first on a provincial level in Saskatchewan under the leadership of the social-democratic Co-operative Commonwealth Federation, led by Tommy Douglas. The popularity of universal health care in Saskatchewan led to its rapid adoption throughout the country.

In short, all of these health care systems, while not representing socialism, would not have been possible without the mass struggles of the working class and the role of socialists within the working class

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movement. The political representatives of the ruling classes, including Social Democratic governments in the 20th Century, granted some limited social reforms as a means of promoting relative political stability. These reforms were the product of the struggles of the working class.

Even more importantly, looming behind every battle for social reform for most of the last century was the 1917 October Revolution in Russia, which brought the working class to power for the first time in history and put the fear of revolution into the ruling classes of every major country. Despite the horrific degeneration of the revolution, many millions throughout the world looked favorably on the social conquests of the Soviet working class. The ruling elites, especially in the period after the Second World War, followed a policy of temporary concessions, made possible both by the postwar boom and by the crucial role of the Stalinist and Social Democratic bureaucracies in propping up the capitalist system.

The protracted degeneration of the Stalinist regimes ended with the restoration of capitalism and the destruction of the limited gains of the working class, including universal health care. Reid makes the following revealing comment: "[M]ost nations try to drop the Out-of-Pocket Model as they grow richer. But the world's most populous nation, China, has gone in the opposite direction. Since the 1980s, the cadres overseeing China's transformation to a market economy have also transformed health care, from a universal government system to a nonsystem that put most of the financial burden of health care on the patient."

As to why the United States, alone among the capitalist nations of the world, never adopted universal health care, that is bound up with the inability of the American working class to establish its own party and wage a political struggle in any way independent of the parties of big business. The explosive struggles of the 1930s, as in Europe, were led by socialists and communists, and they led to the rapid growth of the industrial unions as well as such social reforms as Social Security and unemployment insurance, but they went no further as the labor bureaucracies and the Communist Party channeled the militant movement of workers behind the New Deal of Franklin Roosevelt.

There is a second missing element in Reid's account of health care in different parts of the world. Just as he slights the role of the class struggle in their origin, he also ignores their current status—what has actually happened to these systems in recent decades.

In fact, a look at Canada, Britain, Germany shows that while universal coverage still exists, everywhere the gains won by earlier generations have been seriously eroded and turned back. The systems are starved for funding. The consequences of this, in the form of long waits for non-urgent care and other serious problems, are then used to argue that the "free market" must be left to work without interference. (See "German government prepares to implement two-tier health care system," 3 February 2010, and "Stafford General Hospital inquiry exposes impact of assault on NHS," 10 March 2010]).

The problems of the state-run or state-regulated health care systems are not that they are socialist, but precisely that they are not socialist. Funded in most cases by tax revenues, these systems are hostage to the crisis of the profit system. Today, as economies in all of these countries stagger under the impact of the greatest crisis since the 1930s, the ruling elites have declared war on what remains of the welfare state. As economist Robert Samuelson pointed out in a recent column in the *Washington Post*, the current crisis in Greece is a foretaste of the upheaval that will hit all of the advanced capitalist world, the product of "the welfare state in ruins."

Reid cannot be unaware of these trends, but he chooses not to discuss them, instead presenting matters as if they were simply a choice between the benighted system in the US and the progressive systems elsewhere. He appeals for the US to learn from Europe.

In fact, it is the other way around today. These countries are "learning" from the US, on the need to repeal the social gains of the 20th Century if the profit system is going to survive. This is part and parcel of the consequences of the current stage of capitalist globalization, as vast changes in technology and production relations deepen the world crisis and produce deepening inequality everywhere.

What Reid proposes, in the end, is the vain hope that something can be salvaged within the framework of capitalism. Although his book was written before the enactment of Obama's proposals, it is quite likely that, like other discouraged liberals, he considers the health care bill, an attack on the working class, a step forward.

Any yet, whatever the illusions of the author, there is something useful about this book, an important kernel of fact that goes beyond what Reid himself intends. His account demonstrates that it is impossible today to obtain even the most meager reforms through appeals to the ruling elite and the workings of the big business political system. The lesson of this will become increasingly clear to millions of workers in the coming period. The most modest demands—jobs, decent housing and health care, the defense of quality public education—acquire a revolutionary significance when the existing system demonstrates its complete inability to provide them, as it has in the past.

The campaign waged by all the leading sections of big business and the mass media against any hint of social reform shows that it is not only the profits of the insurance and pharmaceutical companies and for-profit hospital chains that are involved. There is also the dangerous example that would be set by granting a reform that impinges on the profit system in any fashion under the present conditions. It could open the floodgates to massive struggles, as workers conclude that it is the whole profit system, and not only the profit-hungry health care sector, that is bankrupt and has to go.

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