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HEALTH CARE

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SUMMARY:

The market anarchist perspective on many issues revolves around how the state has created circumstances of artificial scarcity to exploit the ruled for the benefit of the elite. Health care follows the same pattern and will be addressed in this issue brief in the following progression:

1. Forced collectivization is generally a very bad way of solving social problems.
2. Civil society forms of social welfare have been destroyed and/or precluded by state intrusion.
3. The American state interferes in the marketplace on behalf of doctors, insurers, hospitals and pharamaceutical companies which creates artificial scarcity. This makes healthcare unnaturally expensive, unavailable and enriches the groups named at the expense of everyone else.
4. The state undermines the purchasing power of the poor by redistributive policies which benefit the rich at the expense of the market.

1. Forced collectivization is generally a very bad way of solving social problems.

Market anarchists, libertarians,and anarchists in general are very much opposed on some combination of moral, consequential and egoistical levels to non-consensual relationships and making peaceful people labor to support causes which they do not agree with for whatever reason. Solutions which utilize forced collectivization, such as statism, are not only unnecessarily coercive, but are also elitist and obstructive to the decentralized spotaneous ordering which peacefully occurs without state power.

Our rejection of forced collectivization categorically rules out any association between statism and the provision of health care services as a fundamental breach of our principles.

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2. Civil society forms of social welfare have been destroyed and/or precluded by state intrusion.

There *were* decentralized mutual aid societies before the state ushered them to the guillotine.

The mutual aid society was a distinguished form of working class organization structured to avoid the pitfalls of capitalistic and state paternalism as well as the perceived humiliation of pure charity. They developed in America in the late 19th century, and at various points in American history they were comprised of an astounding fraction of American workers. “As recently as 1920, over one-quarter of all adult Americans were members of fraternal societies. (The figure was still higher in Britain and Australia.)”[1] They often provided horizontal non-profit insurance and support, wherein people paid into collective funds to mitigate their individual risk and were able to draw from the pool if they met the necessary criteria, e.g. death, illness or other incapacitation. Their shells live on today as the Shriners, Lions, Elks, et al. but their civil function is no longer focused on insurance.

The average cost of being covered by a mutual aid society's lodge practice throughout this era was $2/year[2], which was equivalent to the wages of one day's work.

However, the bargain of wholesale prices that the societies were able to garner attracted the scorn of the professional medical organzations of the era. They denoucned lodge

1 Roderick T. Long, *How Government Solved the Health Care Crisis: Medical Insurance that Worked — Until Government "Fixed" It*, http://invisiblemolotov.files.wordpress.com/2008/06/ma4.pdf.

2 Tim Evans, *Socialism Without the State: The Re-Emergence of Collective Self-Help*, http://www.libertarianalliance.co.uk/lapubs/polin/polin099.pdf, 3.

contracts "as a blow to the dignity of the profession that trained physicians should be eagerly bidding for the chance to serve as the hirelings of lower-class tradesmen. It was particularly detestable that such uneducated and socially inferior people should be permitted to set fees for the physicians' services, or to sit in judgment on professionals to determine whether their services had been satisfactory."[3] The increased collective bargaining power of the mutual aid societies coupled with the lack of protectionism in the marketplace meant that poor consumers had substantial economic force for access to health care services.

In collusion with the state, the American Medical Association was able to gain a licensing monopoly in the United States and proceeded to threaten lodge doctors with the revocation of their license to practice medicine should they engage in lodge practice. They soon made licensing requirements far stricter as to decrease the supply of doctors and increase their own dearness through simple supply and demand, thus making it more difficult for working people to afford adequate care.

The mutual aid society's demise was under assault from another angle as well. The rise of employer-based group insurance, beginning with Equitable Life Assurance Society in 1912, began to compete directly with the lodge organizations.[4] The lodges worried that their members who were taking jobs where insurance was included in the work contract would cease to use the lodges and thus make themselves vulnerable if they ever lost their job, which is still today a legitimate concern levied against employer-provided health insurance.

The potential consequences of individuals and their families losing their insurance through the loss of employment and falling through the cracks into health and/or unemployment-related poverty, were especially severe due to the absence of civil society organizations. Employer-based health care provision also made and continues to make the American worker more vulnerable and less likely to agitate for better conditions, as such activism threatens their employment and their family's health and welfare. This further consolidates the employer's unnatural position of power over a captive labor force.

But, as Roderick Long notes in his essay *Health Insurance That Worked Before the Government "Fixed" It,* the final death blow to lodge practice was struck by the fraternal societies themselves:

> "The National Fraternal Congress — attempting, like the AMA, to reap the benefits of cartelization — lobbied for laws decreeing a legal minimum on the rates fraternal societies could charge. Unfortunately for the lobbyists, the lobbying effort was successful; the unintended consequence was that the minimum rates laws made the services of fraternal societies no longer competitive. Thus the National Fraternal

3 Long.
4 Ibid.

> Congress' lobbying efforts, rather than creating a formidable mutual-aid cartel, simply destroyed the fraternal societies' market niche — and with it the opportunity for low-cost health care for the working poor. "[5]

State intervention from numerous vectors destroyed the dignified, independent and voluntaristic forms of horizontal working class health care organization and paved the way for corporate insurers, welfarist state programs and bureaucratized medicine to create the health care system we now have imposed upon us today.

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3. The American state interferes in the marketplace on behalf of doctors, insurers, hospitals and pharamaceutical companies which creates artificial scarcity. This makes healthcare unnaturally expensive, unavailable and enriches the groups named at the expense of everyone else.

Healthcare is currently so unaffordable due to state intervention on behalf of powerful special interests.

In Kevin Carson's recent study for the Center for a Stateless Society, *The Healthcare Crisis: A Crisis in Artificial Scarcity,* he wrote:

> "What we have now is a system where the government, Big Pharma, the license cartels, and bureaucratic high-overhead hospitals act in collusion to criminalize hamburger and make sure that only T-bones are available, and the uninsured wind up bankrupting themselves to eat."[6]

State intervention in the health care sector can be divided into four major areas:

a.) Medical Licensing
b.) Insurance Cartelization
c.) Pharmaceutical & State Collusion/Intellectual Property
d.) Hospital Institutional Culture

a.) Medical Licensing

> "Working hand-in-hand with health-care professionals' groups, state and national laws impose licensing requirements that limit who can provide health care services.

5 Ibid.
6 Kevin A. Carson, *The Healthcare Crisis: A Crisis of Artificial Scarcity*, http://c4ss.org/content/2088, 3.

> By constraining the numbers of people who practice various health professions and the kinds of services particular professionals can perform, these requirements boost the incomes of health professionals and artificially inflate the prices of their services."[7]
>
> - Gary Chartier

As noted in the above section, professional organizations such as the American Medical Association and individual state licensing boards have consistently combatted competition deriving from collective bargaining through mutual aid societies and freed markets. Their use of state-granted monopoly privilege allows them to bully medical professionals into arrangements which might not be in the individual's direct interest, an example of forced collectivization, and allows the licensed to wage economic warfare upon consumers and their unlicensed but legitimate competition.

Midwifery has long been an area in which women have been able to benefit economically. Unfortunately, "midwife-attended homebirth is illegal in 11 of the United States, quasi-legal and unregulated in 26 states, and legal in 13." Where it is legal "homebirth midwives are often subject to prosecutorial discretion, onerous reporting and insurance requirements, and increased state reach via administrative agencies."[8] Hospital stays are not only more expensive but also carry a significant risk of the inculcation of disease during one's stay. This form of protectionism cartelizes the interests of obstetricians through an unjust transfer of wealth, removes consumer choice from parents and forces them to pay more for something which they might not value. Should the new parents run the legal gamut and choose a midwife they will be putting themselves in danger of legal repercussions; a substantial disincentive.

While mid-level clinicians such as "nurse practitioners, physician assistants, nurse midwives, physical therapists, podiatrists, and optometrists"[9] have made substantial gains since the 1960s in becoming professionally legitimized, "licensing and scope of practice rules still restrict providers' ability to employ medical professionals to their full competence. Licensing restricts nurse practitioners and other mid-level clinicians whose competence exceeds the legislatively imposed scope of practice."[10] This drives more business than is natural to unnecessarily-specialized doctors, making medicine more expensive for the consumer. This is yet another example of an unjust transfer of wealth which makes consumers and some medical providers artificially poor and the beneficiaries, doctors, unnaturally wealthy.

Worse still, when people receive these credentials granted by anti-market state privilege,

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7 Chartier.

8 Renee Cramer, *The Limits of Law in Securing Reproductive Freedoms: Midwife-Attended Homebirth in the US*, http://www.allacademic.com/meta/p237018_index.html.

9 Shirley Svorny, *Medical Licensing: An Obstacle to Affordable, Quality Care*, http://www.cato.org/pubs/pas/pa-621.pdf, 2.

10 Ibid, 4.

even mid-level clinicians who are punished by these same practices by more skilled providers are incentivized "raise education requirements for new entrants to their professions."[11] The corrupting influence of wielding state power can be seen as here as very dangerous and destructive to civil society and consumer interests.

One of the strongest examples of the cartelization effect of medical licensing is the fact that in 35 states new medical facilities must apply for a permit from the state which will determine if they merit a "certificate of need."[12] Of course, existing medical facilities lobby and use these laws to deny certificates and thus limit their natural competition which would otherwise place downward pressure on costs to the benefit of consumers. By forcing consumers to pay higher prices utilizers of these laws are waging an economic war against those least able to afford health care.

No one wants to see snake oil salesmen taking advantage of hapless consumers, espcecially when it comes to one's health. However, coercive monopolies like the state, ones in which competitors are kept out of the marketplace by force of law, (threats of) violence, or otherwise non-competitive measures, are going to be corrupt, costly and inefficient. This brief could continue to discuss the viability of free market regulation but this is covered in depth other places. Let it suffice to say:

"Where government regulators would take economic power out of the hands of the people, on the belief that social order only comes from social control, freed markets put economic power into the hands of the people, and they call on us to build a self-regulating order by means of free choice and grassroots organization. When I say that the libertarian Left is the real Left, I mean that, and it's not because I'm revising the meaning of the term Left to suit my own predilections or some obsolete French seating chart. It's because libertarianism, rightly understood, calls on the workers of the world to unite, and to solve the problems of social and economic regulation not by appealing to any external authority or privileged managerial planner, but rather by taking matters into their own hands and working together through grassroots community organizing to build the kind of world that we want to live in.

All power to the people!"[13]

b) **Insurance Cartelization**

There are numerous barriers to cooperative forms of healthcare provision, many of which were discussed above. It is also necessary to speak briefly on how state regulations intentionally ensnare new firms into capitalizing more than is necessary in order to protect

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11 Ibid, 2.

12 Carson, 29.

13 Charles W. Johnson, *In a freed market, who will stop markets from running riot and doing crazy things? And who will stop the rich and powerful from running roughshod over everyone else?*, http://radgeek.com/gt/2009/06/12/freed-market-regulation/.

established insurers.

PhilaHealthia attempted to launch in 2006 and 2007 in Pennsylvania but faced extraordinarily high barriers to industry entry, such as unnecessary coverage mandates which effectively prevented them from operating at all. The initial capital outlay required by the state of Pennsylvania was $1.5 million, even though PhilaHealthia's business model only required an initial $100,000.[14] They were unable to surpass the restrictions, and thus the uninsured PhilaHealthia would have served were left without care, even though the consumers and providers had come to a mutually satisfactory and peaceful agreement.

Gary Chartier also lists a few other reforms to or the abolishment of certain laws which cartelize insurance provision and unjustly transfer wealth from consumers to the beneficiaries of these policies:

- Rules that provide tax incentives for employers to purchase health insurance for employees tend to make it easier for insurance companies to charge higher prices than they likely would be able to charge to individual consumers.
- State rules that preclude the purchase of insurance across state lines also make it easier for insurance companies to charge high premiums and reap handsome profits.
- Rules that limit who can *be* an insurer in the first place can have a similar effect. A physician who wanted to offer patients care on a flat-fee-per-year basis was recently prevented from doing so because this arrangement looked too much like insurance, and the physician wasn't a licensed insurer. Who benefited? Not the patients, clearly—but the insurance industry.
- Alter the federal and state tax codes to de-link employment and insurance; and ...tax subsidies for particular insurance choices. [15]

Removing these artificial barriers to competition in the insurance markets will greatly decrease the cost of heatlh insurance, to the great dismay of established insurance entities.

c.) **Pharmaceutical & State Collusion/Intellectual Property**

This brief is not sufficient to attack intellectual property at length. Others such as Stephen Kinsella have done that very well and at length. For a nuanced dissection, please read his wonderful paper *Against Intellectual Property.*[16]

As intellectual property specifically applies to healthcare, Kevin Carson notes that "around half of all R&D expenditures for drugs are funded by tax money, and in some cases the

14 Carson, 10.
15 Gary Chartier, *Radical Healthcare Reform: An Anarchist Approach*, http://littlealexinwonderland.wordpress.com/2009/11/09/healthcare-an-anarchist-approach/.
16 Stephan Kinsella, *Against Intellectual Property*, http://mises.org/books/against.pdf.

most lucrative cash-cow drugs were developed entirely at government expense and the patents subsequently given away to private drug companies."[17]

Socializing the costs and privatizing the profits is an example of yet another illegitimate form of wealth transfer. It should rightly be seen as theft by taxpayers and consumers.

Regardless of how this state money is spent, quite a large amount of it goes toward developing and patenting compounds which are similar to the best and marketed medical chemical for the specific treatment in order to prevent experimentation and improvement of the drug by competing firms. In a free market, the patent privilege would not exist and thus firms would not be competing over how to use patents to exclude legitimate business from the marketplace, but instead, would focus entirely on staying ahead of their competition, protecting their reputation and clientele and improving their own products before others could. This would serve consumers infinitely better than a focus on defensive development and patenting and would not allow for such absurd cartelization the pharmaceutical industry currently harbors.

d.) Hospital Institutional Culture

An insitutional culture of hospitals has developed which deeply affects the modalities of alternative and viable forms of organization. Accounting practices which encourage irrational capital investment and the gutting of hospital staff, fear of medical malpractice and consumer isolation from cost has led to the unnecessary outmoding of cheaper and more reliable technologies.

> "The large corporation and centralized government agency do not exist just as discrete individual organizations. Beyond a certain level of proliferation, such large organizations crystalize into an interlocking system. Even the small and medium-sized firm, the cooperative, the non-profit, must function within an overall structure defined by large organizations."[18]

The firms which are best able to adopt to statist institutional market structure grow and devour market share. Groups acting outside of the mainstream and artificially-encouraged models face issues of framing their services as competitive as well as having to justify their differences as 'not abnormal'. It is more firmly rooted than only image though. Certain accounting practices are dominant which encourage bureaucracy and wasteful capitalization:

> "The central defining features of Sloanism are the treatment of labor as the primary variable and direct cost, the treatment of administrative overhead and capital expenditures as fixed costs, and the treatment of inventory as a liquid asset. Under

17 Carson, 11.
18 Carson, 12.

> Sloanism, overhead cost is of minor significance because it can be incorporated as a markup into the price of goods sold to inventory, through the miracle of 'overhead absorption."[19]

As a result of this insitutional establishment, hospitals renovate unnecessarily while investing in incredibly expensive machinery, which must then be used by consumers to pass cost down the line. The push for new equiptment is one of the major vectors of competition for hospitals, so those with the newest technology receive more prestige and thus customers than their more modest competitors.[20]

This in conjunction with the culture of C.Y.A., or "Cover Your Ass," means that "doctors order too many tests because they are afraid of missing a diagnosis and later losing a multi-million dollar lawsuit for malpractice."[21] Visits to the hospitals often include countless unnecessary tests and consultations which add up to mammoth quantities of payments; multiplied through consumer disconnection.

Isolation of the patient from the direct cost of medical treatment "breaks the direct market relationship between purchaser and supplier. The system runs on third party payments and cost-plus accounting, which means that those making the decisions regarding healthcare delivery have little incentive to economize. It is almost never standard practice, in making healthcare decisions, to be informed of both the costs and benefits of a test or procedure at the time of the decision, or for the patient to be given a choice between higher and lower cost options with the attendant risks explained. Far from it."[22]

We highly recommend reading Kevin Carson's cited research paper for a sophisticated look at this oft-unexamined and complex topic.

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4. The state undermines the purchasing power of the poor by redistributive policies which benefit the rich at the expense of the market.

This is a complex topic which is indirectly related to access health care. Simply put, a natural economy would see everyone who wanted to work employed, often for themselves, through either ahierarchial enterprises or non-exploitative traditional firms. Gary Chartier lists some areas to start, but this is by no means an exhaustive list:

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19 Carson, 13.
20 Carson, 20.
21 Carson, 19.
22 Carson, 17.

- Eliminate licensing, zoning, and related restrictions that help to keep people from starting small, low-capital businesses;
- Eliminate rules that prevent poor people from entering businesses the law currently treats as off-limits;
- End rules that force poor people to choose between the kind of housing middle-class planners and neighborhood busybodies prefer—and no housing at all;
- Eliminate import duties;
- Reduce or eliminate tax burdens that fall primarily on poor people—sharply increasing the standard income tax deduction and the Earned Income Tax Credit;
- Repeal state limitations on collective bargaining, including compulsory arbitration requirements, prohibitions on secondary boycotts, back-to-work orders, and "right-to-work" laws;
- Treat as unowned any firms dependent enough on special benefits conferred by the state (subsidies, tariffs, patents, and other monopolistic favors) to count as creatures of illegitimate privilege, and spread their wealth to ordinary people—mutualizing them by allowing their workers to homestead them just as they might other unowned property.[23]

In addition, removing Benjamin Tucker's Four Monopolies in land, money, tariffs and patents would abolish substantial amounts of privilege which unjustly restrict the options and mobility of the poor. Restrictions on land use artificially limit the use of space and dramatically increases the price of all development; a transfer of wealth from dwelling-seekers to landowners, landlords and the state. Tucker's money monopoly refers to legal tender laws which trap people into inflationary central banking schemes like the Federal Reserve wherein stored value in currency is systematically sapped from everyone and then awarded to politically favored classes through "quantitative easing." Tariffs restrict the ability of the poorest of people to receive the best deal possible from "foreigners" on the market and instead forces them to buy goods at higher prices from the local winners of tariff privilege. Patents grant artificial scarcity to ideas which are infinitely reproducible at virtually no cost. This artificial scarcity thus allow holders of patents to ideas to reap superprofits and monopolize a non-scarce good at the expense of everyone who could be making effective use of the resource. [24]

Tucker didn't include state-provided infrastructure networks within the Four Monopolies but it could have easily been number five. By having infrastructure like highways paid for by anything but specific user fees based upon wear and tear of use, those who damage most (big rigs) are effectively subsidized by everyone else. Since the transporters are not paying the cost but it is spread amongst all drivers and taxpayers the shipment of any good which reaches market has a true cost which is far higher than the price at any point of consumption. In this way distant firms are given an unnatural advantage over more

23 Chartier.

24 Kevin A. Carson, *The Iron Fist Behind the Invisible Hand: Corporate Capitalism As a State-Guaranteed System of Privilege*, http://www.mutualist.org/id4.html.

locally-oriented forms of production.[25]

Ameliorating the polcies named would disrupt an enormous quantity of our world's anti-market centralization to the great benefit of the impoverished and would thus make health care far more fiscally accessible for all people.

Conclusion: The State is the enemy of the health of the poor and freed markets are our friend.

> "In a freed market, if someone in the market exploits workers or chisels costumers, if she produces things that are degrading or dangerous or uses methods that are environmentally destructive, it's vital to remember that you do not have to just let the market take its course — because the market is not something outside of us; *we are market forces*."[26]
>
> - Charles W. Johnson

The market anarchist position on health care is to remove state-granted privileges from all groups in their entirety, either gradually or, preferably, through the complete abolition of the state, and thus permit free, peaceful and voluntary associations to create meaningful health care solutions for the poor. Simply put; artificial scarcity should be obliterated!

The state is not only orthogonal to creating viable answers to health care, but it is also a dangerous, corrupting and unjust force which can not and should not be trusted. It is a tragedy to see people go without treatment today as a result of the greed of the rentier classes. We now struggle to build a bridge to the stateless and healthful world of the future within the in the jaundiced shell of the old.

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25 Kevin A. Carson, *The Distorting Effects of Transportation Subsidies*, in *The Freeman*, Volume 60, Issue 9, 2010, http://www.thefreemanonline.org/featured/the-distorting-effects-of-transportation-subsidies/.

26 Johnson.