

**“Mutual Aid Medical Care: Grassroots
Universal Health Coverage that Worked
—Until Government ‘Fixed’ It.”**

Market Anarchy Zine Series #4 • November 2007

“ In the late 19th and early 20th centuries, one of the primary sources of health care and health insurance for the working poor in Britain, Australia, and the United States were voluntary mutual-aid associations. The average cost of ‘lodge practice’ was between *one and two dollars a year*. A day’s wage would pay for a year’s worth of medical care. The response of the medical establishment, both in America and in Britain, was one of outrage. The government, they demanded, must do something. And so they did.”

In “How Government Solved the Healthcare Crisis,” market anarchist theorist Roderick Long discusses the history of the grassroots mutual aid associations that working-class folks organized to get access to affordable healthcare — until the State, at the behest of Big Medicine, deliberately set out to edge them out and shut them down, by any means necessary.

The “Market Anarchy” zine series was created to republish & showcase articles that highlight our relation to the revolutionary left and explain Market Anarchist theory in general terms.

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Grassroots Universal Health Coverage that Worked—Until Government “Fixed” It.**

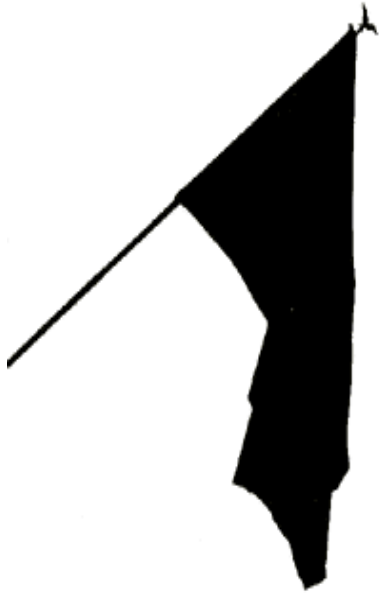


Grassroots mutual aid groups, like the Common Ground free clinics in New Orleans, have provided more reliable medical care and social support for working folks than corporate insurance, top-down charities and government healthcare bureaucracies.

Roderick Long

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MARKET ANARCHY



. . . what we always meant by socialism wasn't something you forced on people, it was people organizing themselves as they pleased into co-ops, collectives, communes, unions. . . . And if socialism really is better, more efficient than capitalism, then it can bloody well **compete** with capitalism. So we decided, forget all the statist shit and the violence: the best place for socialism is the closest to a free market you can get!

Market anarchists believe in market exchange, not economic privilege. We believe in free markets, not capitalism. We are *anarchists* because we believe in a fully free, consensual society—order achieved not through political government, but free agreements and voluntary cooperation on a basis of equality. We are *market* anarchists because we recognize free market exchange, characterized by individual ownership,

voluntary contracts, free competition, and entrepreneurial experimentation, as a medium for peacefully anarchic social order. But the markets we envision are nothing like the privilege-riddled markets we see around us under government and capitalism.

Mutualists believe that most present inequalities come not from the results of market forces but from the perversion of these forces. A market is, after all, only a system of voluntary exchange. The state has stepped in and granted preferential treatment to certain individuals and groups. This created the vast inequalities that we see. Even if the market were to give rise to certain problems, these could be offset by voluntary associations such as guilds, trade unions, community groups and co-operatives.

Agorism is revolutionary market anarchism. In a market anarchist society, the positive functions of law and security will be provided by market institutions, not political institutions. Agorists recognize, therefore, that those institutions cannot develop through political reform. Instead, they will come about as a result of market processes. As government is banditry, revolution culminates in the suppression of government by market providers of security and law. Market demand for such service providers is what will lead to their emergence. Development of that demand will come from economic growth in the sector of the economy that explicitly shuns state involvement (and therefore can not turn to the state in its role as monopoly provider of security and law). That sector of the economy is the counter-economy – black and grey markets.

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How Government Solved the Health Care Crisis:

Medical Insurance that Worked—Until Government “Fixed” It.

* * *

TODAY, WE ARE CONSTANTLY being told, the United States faces a health care crisis. Medical costs are too high, and health insurance is out of reach of the poor. The cause of this crisis is never made very clear, but the cure is obvious to nearly everybody: government must step in to solve the problem.

Eighty years ago, Americans were also told that their nation was facing a health care crisis. Then, however, the complaint was that medical costs were too *low*, and that health insurance was too *accessible*. But in that era, too, government stepped forward to solve the problem. And boy, did it solve it!

In the late 19th and early 20th centuries, one of the primary sources of health care and health insurance for the working poor in Britain, Australia, and the United States was the fraternal society. Fraternal societies (called “friendly societies” in Britain and Australia) were voluntary mutual-aid associations. Their descendants survive among us today in the form of the Shriners, Elks, Masons, and similar organizations, but these no longer play the central role in American life they formerly did. 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.) Fraternal societies were particularly popular among blacks and immigrants. (Indeed, Teddy Roosevelt’s famous



Roderick T. Long (b. 1964)

attack on “hyphenated Americans” was motivated in part by hostility to the immigrants’ fraternal societies; he and other Progressives sought to “Americanize” immigrants by making them dependent for support on the democratic state, rather than on their own independent ethnic communities.)

The principle behind the fraternal societies was simple. A group of working-class people would form an association (or join a local branch, or “lodge,” of an existing association) and pay monthly fees into the association’s treasury; individual members would then be able to draw on the pooled resources in time of need. The fraternal societies thus operated as a form of self-help insurance company.

Turn-of-the-century America offered a dizzying array of fraternal societies to choose from. Some catered to a particular ethnic or religious group; others did not. Many offered entertainment and social life to their members, or engaged in community service. Some “fraternal” societies were run entirely by and for women. The kinds of services from which members could choose often varied as well, though the most commonly offered were life insurance, disability insurance, and “lodge practice.”

“Lodge practice” refers to an arrangement, reminiscent of today’s HMOs, whereby a particular society or lodge would contract with a doctor to provide medical care to its members. The doctor received a regular salary on a retainer basis, rather than charging per item; members would pay a yearly fee and then call on the doctor’s services as needed. If medical services were found unsatisfactory, the doctor would be penalized, and the contract might not be renewed. Lodge members reportedly enjoyed the degree of customer control this system afforded them. And the tendency to overuse the physician’s services was kept in check by the fraternal society’s own “self-policing”; lodge members who wanted to avoid future increases in premiums were motivated to make sure that their fellow members were not abusing the system.

This booklet was prepared by **William Gillis** and **Charles Johnson** of the **Alliance of the Libertarian Left**. It was first issued in Nov. 2007, and reissued with new typesetting in May 2011.

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The booklet was laid out and typeset entirely using free software – **LibreOffice Writer** running on top of **Ubuntu GNU/Linux**. Most text is set in **Liberation Serif** and **Liberation Sans**, two open typefaces released under the GNU Public License and commonly used in open-source systems.

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Most remarkable was the low cost at which these medical services were provided. At the turn of the century, the average cost of “lodge practice” to an individual member was between *one and two dollars a year*. A day’s wage would pay for a year’s worth of medical care. By contrast, the average cost of medical service on the regular market was between one and two dollars *per visit*. Yet licensed physicians, particularly those who did not come from

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The response of the medical establishment, both in America and in Britain, was one of outrage; the institution of lodge practice was denounced in harsh language and apocalyptic tones. Such low fees, many doctors charged, were bankrupting the medical profession. Moreover, many saw it 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. The government, they demanded, must do something.

And so it did. In Britain, the state put an end to the “evil” of lodge practice by bringing health care under political control. Physicians’ fees would now be determined by panels of trained professionals (*i.e.*, the physicians themselves) rather than by ignorant patients. State-financed medical care edged out lodge practice; those who were being forced to pay taxes for “free” health care whether they wanted it or not had little incentive to pay extra for health care through the fraternal societies, rather than using the government care they had already paid for.

In America, it took longer for the nation’s health care system to be socialized, so the medical establishment had to achieve its ends more indirectly; but the essential result was the same. Medical societies like the AMA imposed sanctions on doctors who dared to sign lodge practice contracts. This might have been less effective if such medical societies had not had access to government power; but in fact, thanks to governmental grants of privilege, they controlled the medical licensure procedure, thus ensuring that those in their disfavor would be denied the right to practice medicine.

Such licensure laws also offered the medical establishment a less overt way of combating lodge practice. It was during this period that the AMA made the requirements for medical licensure far more strict than they had previously been. Their reason, they claimed, was to raise the

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quality of medical care. But the result was that the number of physicians fell, competition dwindled, and medical fees rose; the vast pool of physicians bidding for lodge practice contracts had been abolished. As with any market good, artificial restrictions on supply created higher prices—a particular hardship for the working-class members of fraternal societies.

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 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.

Why do we have a crisis in health care costs today? *Because government “solved” the last one.*

RODERICK T. LONG (1993)