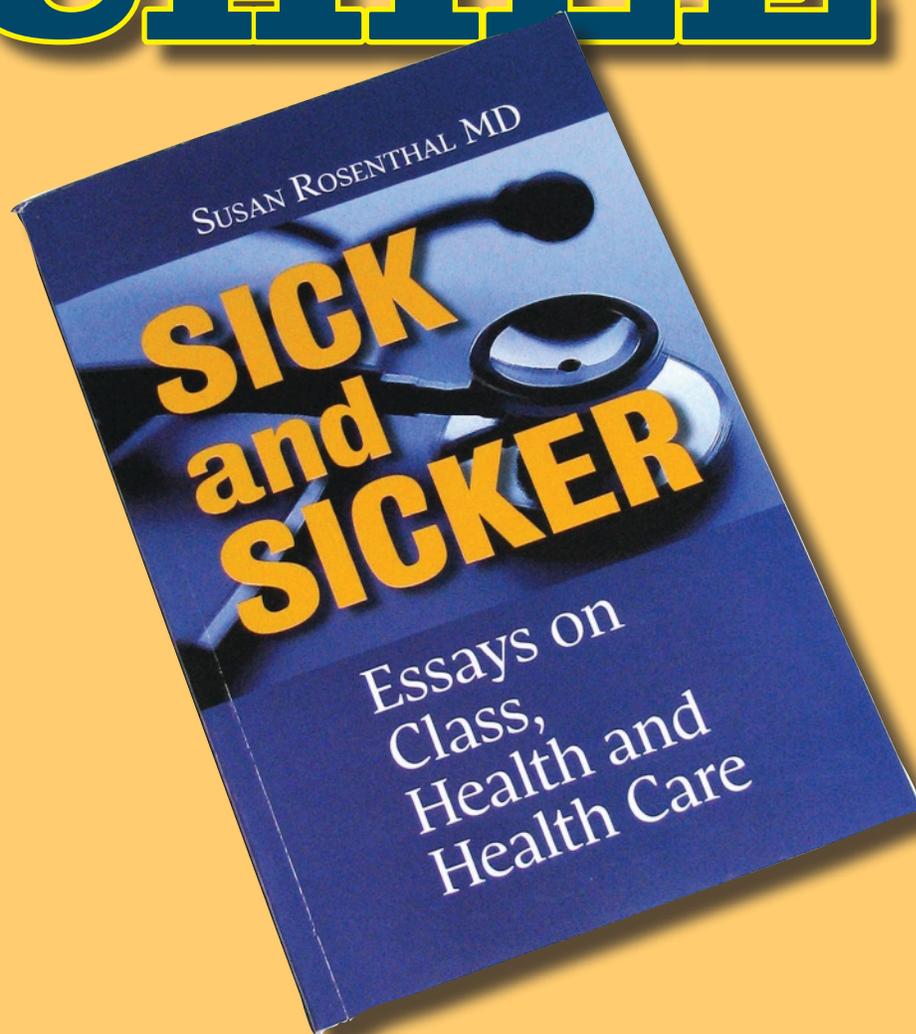


# THE LESSONS OF CELLIE

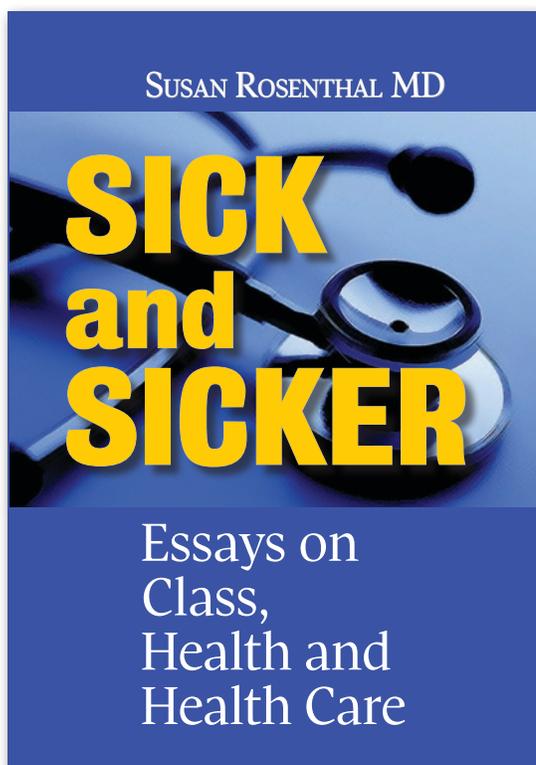


An excerpt from

## **SICK AND SICKER**

ESSAYS ON CLASS, HEALTH AND HEALTH CARE

By **Susan Rosenthal, MD**



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This excerpt is Chapter 9 of **Sick and Sicker: Essays on Class, Health and Health Care**, available at [www.susanrosenthal.com](http://www.susanrosenthal.com) and [amazon.com](http://amazon.com)

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# THE LESSONS OF CHILE

An excerpt from  
**SICK AND SICKER**  
ESSAYS ON CLASS, HEALTH AND HEALTH CARE

By **Susan Rosenthal, MD**

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s a new generation takes up the fight for a humane world, it is essential to review the lessons of the past.

The last great upsurge in struggle, during the 1960s and early 1970s, achieved significant advances in health care. Americans won Medicaid and Medicare, and Canadians won a national medical system. There were other victories, like the trouncing of the US in Vietnam. And there were bloody defeats, like the military coup in Chile. Vietnam proved that even the mightiest power can be brought down. Chile also offers valuable lessons.

“The health sector in any society mirrors the rest of that society,” wrote Vicente Navarro in *What Does Chile Mean: An Analysis of the Health Sector Before, During, and After Allende’s Administration*.<sup>1</sup> The following review of Navarro’s account highlights the experience of Chilean health workers who fought a revolutionary struggle to create a truly democratic health-care system.

## A Class-Divided Society

Navarro describes Chile as an underdeveloped nation. Yet it was still a capitalist country and in many ways not so different from the United States or Canada.

In 1970, Chile was an urban, industrial society. The top 10 percent of the population controlled 60 percent of the wealth, while the working-class majority (70 percent of the population) held only 12 percent of the wealth. Similar class disparities exist in the US and Canada, being much more extreme in the US where the top one percent controls more wealth than 95 percent of the remaining population.

In Chile, as in all capitalist countries, class divisions are reproduced in the medical system.

In 1925, the Chilean Constitution declared health care to be a human right. However, Chile's National Health Service was not established until 1952, in response to the employers' need for a healthy labor force and working-class demands for medical care.

The goal of the National Health Service was to “produce a healthy and productive labor force,” and to “guide the development of the child and the young, and the maintenance of the adult for their full capacity as future and present producers.” The middle and upper classes kept their private-sector medical care that paid physicians on a fee-for-service basis.

Chile's doctors had a conflicted attitude toward the National Health Service. On the one hand, the NHS paid physicians to provide services to those who could not pay. On the other hand, doctors did not want to be government employees. To safeguard their middle-class status, they demanded:



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- that the Chilean Medical Association be legally appointed to oversee the National Health Service
- that private practice, fee-for-service patients be permitted to use National Health Service facilities

In response to rising health-care costs, a health insurance program, SERMENA, was established in 1968 to cover the majority of salaried professionals and the traditional middle class.

Like Canada and Britain, Chile had created a 3-class medical system: the National Health Service provided for the working class; SERMENA insurance provided for the middle classes; and private, pay-as-you-go services were reserved for the elite.

Chile's medical system was shaped by the values of its capitalist class. Per-capita health expenditures were highest in the private sector (which served the fewest people), lower in the insurance sector, and lowest in the NHS (which served the most people). Between 1958 and 1968, the proportion of health spending in the private sector rose from 41 percent to 60 percent, leaving only 40 percent for the public sector. Like any capitalist medical system,

- Access to medical services was based on class and income.
- Medical facilities were concentrated in urban centers.
- Most medical students came from the professional and corporate classes.
- Hospital-based medicine took priority over community-based medicine.
- Treatment was prioritized over prevention.
- Individual treatment was prioritized over social and environmental services

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Considering that malnutrition and infectious diseases were the main causes of sickness and death in Chile, the exact opposite was needed.

In 1972, 18 percent of Chile's physicians were surgeons and only 3.2 percent were in public health. And despite the fact that 38 percent of Chile's population was under age 15, only 10 percent of physicians were pediatricians.

As in all capitalist societies, the desires of the few took priority over the needs of the many.

### Election of the Unidad Popular

In 1970, the Unidad Popular (Popular Unity) government was elected by a mass movement that had developed during the 1960s. It was a coalition government composed of different political parties with no one having a clear majority. Its President, Salvador Allende, was a physician by profession and had served as Minister of Public Health during the Popular Front government of 1938.

The Allende administration promised three major changes to the medical system:

- increase the emphasis on ambulatory care and preventive services
- democratize medical institutions
- integrate the different branches of the medical system

### Ambulatory and Preventive Services

Chile's National Health Service provided three levels of care: primary-care in local health centers; secondary-care in community hospitals; and tertiary-care in large regional hospitals. As in Britain, Canada and the US, most health expenditures went to the hospitals (50 percent in Chile's case). The Allende administration began to shift resources to



**These policies were unpopular with physicians and very popular with almost everyone else, because they greatly increased access to medical care**

the local health centers.

One measure was to insist that, out of the six hours a day physicians worked in the NHS, at least two hours had to be spent in a local health center. Another measure was to increase Compulsory Community Service, so that new physicians had to work in a health center for five years instead of only three. Health-center hours were expanded into the late evening, and in the capital city Santiago, remained open 24 hours a day. Preventive services such as immunizations, vaccinations and prenatal care were emphasized.

These policies were unpopular with physicians and very popular with almost everyone else, because they greatly increased access to medical care. In the first 6 months of 1971, the number of children visiting medical clinics increased by 17 percent for the whole country and by 21 percent in Santiago.

The UP government also expanded the milk distribution program. The provision of half a liter of milk per day to children under age 5 was extended to include all children up to age 15.

These changes increased popular support for and community involvement in the delivery of health services.

### Democratizing Health Institutions

Chile's National Health Service was a huge, top-down bureaucracy that was not responsive to the needs of health workers, patients and their families.

The popular struggles of the 1960s raised workers' confidence to demand a say in social and economic affairs. In response, the previous administration had established Community Health Councils to increase local participation in the medical system.

These Councils were seen by the

working class as a way to win their support without giving anything in return. Navarro quotes the First Congress of the Trade Unions of Chilean Health Workers (1971),

“with community participation, our capitalist class gives our workers a feeling of participation, but without any real decision-making power...with this policy the decisions that are taken by the capitalists are legitimized by the participation of the workers, who not only don't have any power of decision, but do not have the right to complain afterwards about those decisions either, since, in theory, the workers did participate in those decisions.”

Responding to the demand for community *control*, the UP made a commitment to democratize the health care system, stating that “the communities – people – are the most important resources in the health sector, both as producers and as decision makers.”

While democratization was taking place in other sectors of the economy, it went furthest in the health sector, probably because health centers and hospitals were in the public sector and more easily influenced by government policy. Navarro describes how it worked:

“The democratization of the health institutions took place via the executive committees, which, as their name suggests, were the executive or top administrative authorities in each institution. They had a tripartite composition, with a third of the board elected by community organizations (trade unions, Federation of Chilean Women, farmers' associations, etc.), another third elected by the workers and employees working in that institution, and one third appointed by the local and central government authorities.

Each level elected the level above



**In response to the first bosses' strike against the government in October 1972, workers began to take control of their factories**

itself, so that the executive committees of the health centers elected the executive committees of the community hospitals and these elected the executive committees of the regional hospitals. Their authority was limited to an overall budget for each institution, and it had to be spent within the guidelines established by the planning authorities, which were in turn accountable to the central government.”

While democratization was welcomed by workers, patients and communities, it was opposed by the managers of the National Health Service and by most physicians. Nevertheless, worker and community involvement increased between 1970 and 1973.

The development of events in the health sector mirrored the development of events that were taking place in Chilean society as a whole.

In 1971, local Councils for Distribution of Food and Price Controls were organized. These neighborhood committees made sure that local shopkeepers did not charge above the official prices or divert scarce goods to the black market.

The community-control movement grew hand-in-hand with a growing movement for workers' control.

In response to the first bosses' strike against the government in October 1972, workers began to take control of their factories. After each attempt by the capitalist class to defeat the UP government, more factories were taken over by the working class.

Workers established Industrial Strife Committees to coordinate the management of all the factories within a locality and to establish committees within each factory to plan production, distribution and defence. Complementary Neighborhood Commands helped to coordinate

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health and social services and mobilize the population when needed. Navarro writes,

“These movements of community and worker control, stimulated at first by the Allende government, grew and achieved a momentum of their own, until they expanded into the main sectors of the economy and forced a hesitant government into a defensive position. The government went from a leadership position to one of a follower, far behind, and hesitant to grant what was being requested and demanded in those movements.”

### Class Conflict

The conflict between the classes was getting sharper. Fearing to antagonize its opponents, the UP government stalled on its commitment to integrate the NHS and SERMENA. This hesitation proved to be self-defeating.

The capitalist and middle classes opposed integration because they refused to share medical services with the rest of the population. Physicians objected to the prospect of losing the fee-for-service and private practice privileges they enjoyed under SERMENA, and they absolutely loathed the idea of being reduced to government servants in the NHS.

The upper and middle classes were also angered by the drop in their standard of living. In contrast, the workers' standard of living was rising.

When the UP government took office, 47 percent of the population were undernourished, 68 percent of the nation's workers were earning less than subsistence wages, and the unemployment rate was 6 percent in Chile as a whole and 7.1 percent in Santiago. Over one quarter of Santiago's population lived in flimsy shacks without running water. And industrial production was running at only



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75 percent capacity.

Just one year later, industrial production was up to 100 percent capacity, unemployment had dropped to 3.8 percent (5.5 percent in Santiago), workers' real wages had risen between 20 and 30 percent, and the wages portion of the national income had increased from 51 percent in 1970 to 60.7 percent in 1971. At the same time, inflation was held down to 22 percent in 1971, compared with an average 26.5 percent in the years between 1965 and 1970.

The dramatic increase in the purchasing power of the working class generated a greater demand for goods and services. A good example was the increased consumption of beef. Between 1958 and 1964, a worker had to labor five hours and 35 minutes to buy a kilogram of stewing beef. Under the UP, it took only two hours to earn enough to buy the same amount.

The rising demand for food and other essentials could be satisfied only by importing them. However, a 28 percent drop in the international price of copper, Chile's main export, caused a crisis in the country's balance of payments.

US interests controlled 20 percent of Chile's industrial sector and had an interest in another 7 percent. Moreover, Chilean industry was dependent on US machinery and technology. This dependency was greatest in the most modern and rapidly-growing sectors – rubber, electrical machinery, refinement of metals, and lumber.

When the UP government nationalized the US-dominated mining industry, the US denied Chile any new credit, so that in 1971 alone, total loans and credits fell from \$525 million to \$30 million. The credit blockade included the US foreign aid program, the Inter American Develop-

ment Bank, the US Export Import Bank, the World Bank and also private US banking institutions. In one example, the Export Import Bank denied Chile's government-run airline a \$21 million loan to purchase three Boeing passenger jets, even though the airline had an excellent credit rating. (The credit to buy those jets was granted just two weeks after the military coup.)

Chile's capitalist class joined the external boycott with an internal one, mounting political strikes with the aim of bringing down the UP government or triggering a military coup. One example of this boycott was a truck owners' strike that paralysed the transportation system, preventing food distribution and compounding existing scarcities. The increased demand for goods and services, combined with the internal and external boycotts, made it necessary to implement rationing. Navarro observes,

"Not unlike rationing in other countries, the ones more opposed to that rationing were the upper rather than the lower classes. For the lower classes, the "free market" supported by the wealthy was in itself a form of rationing where the criteria for the distribution of food was based on the consumer power of the rich. Thus, the lower classes were far more sympathetic to formal rationing, where the criteria for the distribution of resources were defined by a government that was, at least in theory, sympathetic to their needs."

A 1973 poll on the effects of government rationing reported that 75 percent of working-class households found it easier to obtain essential goods, while 77 percent of middle-class and 93 percent of high-income households found it more difficult.



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## Hesitation

Holding back on integrating the NHS and SERMENA seemed like a valid strategy during the government's first year, when the parties forming the UP coalition polled only 36.3 percent of the vote in the presidential election. Five months later, in April 1971, the UP increased its share of the vote to 51 percent in a municipal election that was based on the question of support or opposition to the government. Even though the UP had majority support to move forward, it did not.

Not only did the government postpone reforms to the medical system, it also put off implementing policies promised in other sectors. This hesitation was interpreted as a sign of weakness by the opposition which escalated its efforts to bring down the government.

In October 1972, the truck owners staged their first strike against the government, in theory to delay any attempt by the administration to nationalize transport but in practice to force the government's resignation.

The Chilean Medical Association followed with a strike that was, in theory, to protest the lack of equipment in the health sector, but in practice was meant to force the UP government to resign. The CME explicitly demanded that President Allende resign.

It is important to note that public health physicians, most of the faculty and students in the School of Public Health, and the majority of organized health workers supported the UP.

When the 1972 strikes failed, a second strike of truck owners was staged in July 1973, with the explicit aim of causing the fall of the UP or provoking a military coup.

Again, the medical profession sup-

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ported the truck owners' strike and repeated its demand for Allende's resignation. In an almost unanimous vote, the Chilean Medical Association expelled Allende from its membership, even though he had been one of the founding officers of the association.

### The Coup

On the morning of September 11, 1973, two battalions of infantry surrounded the Chilean presidential palace in Santiago. From ten o'clock until two o'clock, they bombarded the building, killing most of the staff, including President Allende.

Just a few yards from the palace, in the most luxurious hotel in Santiago, maids, cleaners and blue-collar workers gathered in the basement in fear and anger over the fall of their government. On the top floor, the hotel manager offered his patrons champagne in celebration of the coup.

The Chilean Medical Association was the first professional association to send a telegram of support for the coup. In contrast, workers in health centers and hospitals and throughout the country were resisting the military takeover. They fought heroically in the face of a savage repression that was later described as "the carnage of the working class and of the poor."

Between 40,000 and 50,000 people were arrested and held in the National Stadium. Over the following four years, thousands of Chileans would be jailed, tortured, murdered or forced into exile. Amnesty International described the junta's campaign of repression as the most brutal it had ever surveyed.

Navarro writes,

"It has been said, particularly by conservative voices, that the military coup



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was a necessary response to the 'lawlessness of the masses,' which seems to be their code name for the mass mobilization of the lower classes. This argument deliberately ignores the documented fact, recognized even by the junta itself, that the military started planning the coup as early as six months after Allende's administration took office and one year before the spontaneous mobilizations of the working class took place. Moreover, the first mass mobilization occurred after, not before, the first (unsuccessful) coup took place. In that respect, the historical sequence shows that the mobilization was a response by the working class to the military and strike threats from the capitalist class and the armed forces, not vice versa."

It was later admitted that the truck owners, the professionals (including the Chilean Medical Association), the Chilean Chamber of Commerce and other business interests had been meeting with military leaders to plan the fatal coup since the end of 1972.

### The Reaction

Chile's new military rulers (the junta) worked with the upper and middle classes to reverse the advances achieved by the working class.

Most of the industries nationalized during the UP administration were returned to their original owners in the private sector.

Just one month after the coup, the World Bank (which had denied loans to Chile for three years) and the Inter American Bank loaned \$260 million to the junta. The Latin American Development Bank, which had rejected every request made by the UP government, awarded a development loan to the junta that was almost five times the size of all the loans

received during the UP administration.

One month after the coup, the Nixon administration approved a \$24 million loan to enable the junta to purchase 120,000 tons of wheat. This loan was eight times the total amount offered to Chile over the previous three years when a democratically-elected government was in office.

For the Chilean capitalist and middle classes and their international counterparts, the coup was a bonanza. For the working class, it meant deprivation and repression.

Price controls were discontinued, and the goods desired by the upper and middle classes returned to the stores. Working-class consumption declined.

The junta ended workers' control of the factories, returning them to their previous owners and managers. Trade unions were banned, and the national leaders of the trade unions were jailed, including the leaders of the health worker's unions. All worker-based political parties were outlawed. All opposition was brutally suppressed.

Medical schools and all other university centers were placed under military control. All presidents and deans of academic institutions were replaced by military officers.

A colonel was appointed Minister of Health, and the treasurer of the Chilean Medical Association was appointed Director General of the National Health Service.

Institutional democracy of the health sector was ended a week after the coup. The colonel in charge of the Ministry of Public Health declared that in matters of policy the military would rely "very heavily on the good judgment and patriotic commitment of the Chilean Medical Association," which had given



**For the Chilean capitalist and middle classes and their international counterparts, the coup was a bonanza. For the working class, it meant deprivation and repression**

the military its unconditional support.

The project of integrating the medical system was abandoned, and the junta declared its commitment to protect the doctors' system of fee-for-service in SERMENA.

The old priorities in the health service were restored. Resources were reduced to the health centers and increased to the hospitals. The number of hours that physicians had to work in health centers was halved, and the hours the centers were open to the public returned to the 8:00 am to 4:00 pm schedule of pre-UP times. The children's milk-distribution program was scrapped.

A campaign of repression was launched against the doctors and health workers who supported the UP government and did not join the physicians' strike against it. Their names were given to the police by the Chilean Medical Association.

The public health movement was punished for supporting the UP. The budget of Chile's only school of public health was slashed by three-quarters, 82 faculty members out of a total of 110 were fired and some were imprisoned. According to the Chilean Ministry of Public Health, "Very many public health workers were misguided, and their activities were subversive of traditional medical values."

Overall, 21 physicians were shot, 85 imprisoned, and countless others dismissed.

### **The Lessons of Chile**

The experience of Chile proved, once again, that the capitalist class and its supporters will not tolerate any move to curtail their benefits. They rightly fear that any concession could create a momentum that might escalate to the final destruction of their privileges.

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It didn't matter that the Unidad Popular government was not socialist. Had all of its programs for nationalization been implemented, the State would have controlled a smaller proportion of the economy than was controlled by US interests. Allende himself argued:

"I want to insist that Chile is not a socialist country. This is a capitalist country and my government is not a socialist government. This is a popular, democratic, national revolutionary government – anti-imperialist."

To promote its national interests, the UP government took over Chile's copper industry, banking and most foreign commerce. This was a definite threat to the capitalist class. Even more threatening was the growing movement for workers control. Not surprisingly, the capitalist class, inside and outside of Chile, feared the beginning of the end for them.

By postponing popular policies that would have weakened its opponents, the UP government gave the opposition time to organize against it. This same hesitation defeated the 2009-2010 campaign for national medicare in the United States. As Navarro points out,

"when a political party or group is committed to a national health program intended to benefit the citizenry and to curtail the privileges of the providers, its chances of implementation are inversely related to the length of time required for implementation."

The Chilean working class understood the danger of hesitation and kept urging the UP government to proceed with reforms at a faster pace. After the first unsuccessful military coup, it was the workers in their factories, hospitals, health centers and communities who mobilized against the next coup, begging the government to arm them so they could defend their government. But the



**After the first unsuccessful military coup, it was the workers in their factories, hospitals, health centers and communities who mobilized against the next coup, begging the government to arm them so they could defend their government**

UP had no strategy for arming the workers. Nor did it make any effort to win the working-class ranks of the military to its program. The UP relied solely on the legality of its elected position – a legality that meant nothing to an opposition that was determined to restore its rule by any means necessary.

The election of the UP did not change the class character of the State. Prior to 1970, the executive, legislative, judicial and military branches were all controlled by parties loyal to the capitalist class. The election of the UP brought the legislative and executive branches under the partial control of working-class parties. However, the judicial and military branches of the State remained in the hands of the capitalist class.

Being in office is not the same as being in power. Capitalist parties can be voted out of office, but the capitalist class can only be pushed out of power by a mass workers' movement (including working-class soldiers) that can take control of production *and hold on to it*.

The rise of Chile's mass movement marked a high point in the global struggles of the 1960s. The lessons of its defeat were written in blood, and any movement that hopes to win universal healthcare would be wise to learn them:

- It is possible to build a mass movement for universal health care, where workers and communities decide the distribution of resources.
- It is not possible to challenge class inequality in the medical system without also challenging it in society.
- The capitalist class insists that medical services be rationed on the basis of class. The elite will not accept any restrictions on their access to "Rolls Royce" medicine, and they will defend their privileges with the

utmost brutality.

- The medical system is divided by class. In times of social crisis, medical professionals and health workers will find themselves on opposite sides.
- Gradualism is dangerous. Postponing reforms that will antagonize business interests only discourages supporters and gives the opposition time to mobilize.
- Capitalism is an international sys-

tem. A mass rebellion that develops in one nation must spread to other nations or be crushed.

The achievements of Chile's workers can inspire our own struggle. By learning the lessons of their defeat, we can go the full distance to finish what they began.

*If not us, then who?  
If not now, then when?*

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