Institutions of Health Care

In Sickness and in Wealth. American Hospitals in the Twentieth Century. ROSEMARY STEVENS. Basic Books, New York, 1989. xii, 432 pp. $24.95.

The American health care system is in deep trouble. Despite expenditures now reaching $550 billion a year—approximately $2500 per capita—some 37 million persons remain uninsured and many more underinsured. Notwithstanding extraordinary advances in biomedical science and technology, our health indices lag behind those of many other Western nations, and we have yet to seriously address the growing problems of long-term care for the elderly and for others with incapacitating chronic disease. Medical care costs continue to rise, affected only little by efforts to contain them over the past 25 years. A recent survey by Louis Harris and Associates in the United States, Canada, and the United Kingdom found Americans least satisfied with their health care system; 90% of U.S. respondents disagreed with the statement that "the health system works pretty well, and only minor changes are necessary to make it better" (R. J. Blendon and H. Taylor, *Health Affairs* **8**, 149–57 [spring 1989]).

The hospital has evolved as the backbone and focus of health care activity, reflecting the pluralism and ethnic, religious, and racial stratification of American society. Voluntary (that is, non-government, not-for-profit) hospitals, accounting for 70% of short-term hospital beds, have been expansionary institutions motivated by income opportunities. But they have also, as Rosemary Stevens writes, "simultaneously carried symbolic and social significance as embodiments of American hopes and ideals: not only of science, technology, and expertise, but of altruism, social solidarity, and community spirit" (p. 4).

Stevens brings to the unwieldy history of our vast but still largely localized hospital industry an extraordinary fund of scholarship and experience. Initially a hospital administrator in Britain and having taken up the study of epidemiology, history, and social policy in the United States, she has previously written books on both British (*Medical Practice in Modern England*) and American (*American Medicine and the Public Interest*) medical organization. Together with Charles Rosenberg's *The Care of Strangers: The Rise of America's Hospital System*, her work provides a masterful picture of the emergence of the hospital and its role in American society. Exemplifying the British commitments to equity, access, and caring, she implicitly uses the evolution of health care in Britain as a backdrop that sharpens her historical vision.

The central problem of American health policy, as Stevens sees it, has been "how to distribute the wealth of medical science and diffuse its technology across the population without establishing a massive welfare state" (p. 3). The voluntary hospital, "an entrenched aspect of American corporate capitalism" (p. 4), is seen as an adaptive blend of a supply-driven technological system with a range of humanitarian and egalitarian goals, weathering constant, unpredictable change over the course of the century.

The narrative is organized around several powerful but loosely connected themes. The prosperity of the American hospital derives from its central place in the development of medical technology and professional expertise, exemplified by surgery and an emphasis on acute care. While hospital ownership has reflected the pluralism of American society, the internal organization of hospitals has highlighted as well its racial and class divisions. Stratification within the hospital, as well as many other aspects of its operation, was defined by a money standard of success, and hospitalization was substantially treated as a consumption good. As businesses, hospitals have been driven by reimbursement possibilities, whether in attracting affluent patients or in adapting to financial incentives in insurance programs. The use of the hospital as the doctor's workshop by a profession largely based outside it has been a continuing source of tension. Finally, though hospitals have been independent from medical schools, these academic institutions forcefully shaped hospital surgical practice and contributed to the standardization of the hospital product. The hospital, Stevens argues, has been and continues to be a complex negotiated system that is in no way inevitable. It reflects the political, cultural, and economic priorities of the larger society.

These general themes hardly convey Stevens's rich historical analysis or the pressing policy questions that emerge from it. An important strand throughout is the ability of local hospitals to straddle the worlds of business and charity and the public and private realms, avoiding transformation into either public bureaucracies or socially irresponsible profit maximizers. Through government subsidy, tax exemption, and donations hospitals were able to respond to public need without becoming public institutions. This adaptability leads Stevens to conclude that, in the absence of commitment to welfare-state egalitarianism, we would have to invent such institutions if they were not already a traditional form. Another central strand is the uneasy relationships between hospitals and the medical profession. By World War I, the principle of "open-staff" hospitals and professional control was firmly established, supported by the growing political clout of medicine as a national force. The independent and influential role of doctors whose interests were often different from those of the hospital helped moderate the excesses of an industrial-business orientation. Despite standardization of practice, hospitals substantially remained under local control.

Hospital insurance since the 1920s has seemed an attractive way for hospitals to gain needed income and meet public need as well. With the Great Depression, and increasing calls for public solutions to health care problems, voluntarism was the "unifying rhetoric" to stave off "socialized medicine." The increasing numbers of patients in public hospitals during the depression, many with chronic physical and mental conditions, were no threat to voluntary hospitals, which were not seeking such disadvantaged patients, but provided a platform for railing against government expansionism. The growth of hospital insurance and the emergence of Blue Cross served both hospitals and the medical profession in protecting their economic and professional interests and undercutting more radical proposals; but the dominant pattern of hospital-oriented insurance associated with employment reinforced a highly technical approach to care and set the stage for major gaps in coverage associated with job mobility or unemployment.

The Hill-Burton Act of 1946, which greatly increased hospital capacity, and the passage of Medicare and Medicaid in 1966, which resulted in large infusions of funds to hospitals, encouraged the independent and institution-building tendencies of the voluntary hospital sector. The availability of insurance heightened demand and contributed to the expansionary and inflationary spiral we recognize today. The aggressive entry of commercial carriers into competition with nonprofit programs such as Blue Cross diluted the special character of the nonprofit

sector as it abandoned the concept of health insurance as social insurance—the philosophy of a single rate for all members of the community. Though the 1960s may have offered a turning point in the way care was organized in America, Medicare followed the path of least resistance by accepting the prevailing reimbursement assumptions, greatly increasing expenditures and facilitating capital expansion. In this sense, Medicare made hospitals more "capitalistic" and weakened their nonprofit character. Hospitals became, as Stevens puts it, "merely—and clearly—vendors" (p. 298). The story unfolding since then is one of a continuing and frustrating effort to control cost, mounting federal regulation, and, most recently, the implementation of hospital prospective payment under the Medicare program. The shift of the American hospital away from charitable concerns, Stevens believes, is largely a product of federal policy. "In their basic motivations and assumptions about the pay ethos, stratification, and income maximization, the voluntary hospitals have changed very little since the beginning of the century. But at issue now are fundamental assumptions about 'charitable purpose' as an in-built, moral attribute of health care institutions" (p. 333).

During the century, with advances in biomedical technology and surgery, the hospital increasingly came to occupy a central place in our vision of health care. Although never becoming the organizing core of formal regional systems of care, as some experts advocated, informally the hospitals became increasingly dominant and diversified in their patient care activities and responsibilities. Hospitals became part of larger health care centers, and in the past 20 years there has been extensive consolidation of institutions in both profit and nonprofit networks. Following Medicare, there was a great deal of money to be made by hospitals through generous reimbursement that included capital costs. But as financial pressures became more acute, government efforts to ratchet down prices accelerated an already evident pattern of declining hospital admissions and lengths of stay. Within a relatively short time, a remarkable range of services have been shifted to ambulatory settings, contributing to increased vacancy rates in many hospitals. As we move into the 1990s, hospitals seem less the focal point for organizing care than in earlier decades, but existing reimbursement schemes, despite the introduction of diagnostic related groups, continue to bias care in the direction of inpatient services and technical procedures. Enhancing function and quality of life among the chronically ill remain neglected challenges.

Stevens explores the dilemmas of the contemporary hospital with insight. She recognizes that in our curious mix of private institutions, largely subsidized by public monies, we have constructed an expensive administrative infrastructure that makes our medical system the most highly regulated in the world. Noting the irony that the heavy hand of government has come under the guise of "private enterprise," she seems reluctant to push her analysis to its logical conclusion. The federal government is depicted as the heavy, having created the incentives that pushed the voluntary hospitals off their charitable course. But the incentives that presumably perverted the hospital and medical care more generally were precisely those that hospitals and doctors insisted upon in return for their cooperation in the Medicare program. Stevens doesn't appear to assign blame in proportion to responsibility.

Whatever the historical case, the fact is that our present medical care system, however resilient, is diminished by large gaps in care, imbalance between curative efforts, rehabilitation, and prevention, and failure to impose financial discipline on physicians, hospitals, or other providers. It is extraordinarily wasteful and increasingly weighted down by bureaucratic regulation. There is increasing dissatisfaction on the part not only of patients and health professionals but also of industry and government, who pay most of the costs. It seems an appropriate time to examine whether the many billions of dollars we spend to maintain the mirage of a private "voluntary" sector represent a good investment. Stevens's carefully documented volume, informed by deep and important values, is an invaluable primer for undertaking this task.

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A Psychologist of the '20s

Mechanical Man. John Broadus Watson and the Beginnings of Behaviorism. KERRY W. BUCKLEY. Guilford, New York, 1989. xvi, 233 pp. + plates. $19.95.

John B. Watson (1878–1958) became the first American "pop" psychologist in the 1920s by publishing a series of manifestos and self-help manuals that promoted his vision of a world perfected by behavioral engineering. He found an eager audience among fellow academics and the general public for his claims that the urban middle classes could gain personal peace and social order by following the prescriptions of tough-minded technocrats. Watson assured fellow academic psychologists that his experimental method, for which he coined the term "behaviorism," would assure their acceptance as natural scientists who could predict and control human action; he dedicated his widely read *The Psychological Care of Infant and Child* (1928) to "the first mother who brings up a happy child" and found frequent opportunities to attack housewives, marriage, the family, religion, and other old-fashioned institutions. Watson's legend is large among social scientists, for whom he stands as an advocate of a creative scientific reductionism that narrowed the subject matter of psychology while expanding the possibilities of its application, and he probably had an impact upon the lives of thousands of children raised by parents who turned to Watson for advice before Benjamin Spock displaced him as the prominent source of store-bought directions for child-rearing.

Despite his salience as a scientific and cultural icon, Watson's work, both as an experimental psychologist and as a popularizer of science, does not read well today. His famous experiment with the infant Little Albert, which became a classic textbook example of the conditioned reflex, has been reexamined and found shoddy; Watson trained few students, and even those of his colleagues who were most sympathetic to his desire to bring objective methods to psychology found shallow his attempt to banish philosophy from science. Cultural historians point to the obvious misogamy and other nasty traits in Watson's popular writings, which reveal his deep cynicism, personal insecurity, and distrust of emotional intimacy. Watson's life was full of stark contrasts. His pioneering work in comparative animal psychology, which included *the* exemplary study of neurological development and learning in the white rat and his classic study of terns in the Dry Tortugas, earned him election as president of the American Psychological Association in 1915, at the age of 37, but he was dismissed from both The Johns Hopkins University and the New School for Social Research for sexual misconduct. His scientific reputation was built on a demanding commitment to an austere methodology, but he made a fortune as an advertising executive who devised enormously successful campaigns to sell cigarettes and toothpaste through cynical manipulation of emotional insecurities, and he lived the life of a Connecticut society dandy.

Kerry Buckley's *Mechanical Man* provides the first thoroughly researched biography of Watson. Although Watson destroyed most