

Gingrich's Guillotine Is Behind Medicare 'Reform'

by Richard Freeman

In the 1990s, Newt Gingrich denounced Medicare as a Soviet-style "centralized command bureaucracy," and said that it should "wither on the vine." Gingrich, a neo-conservative ideologue who hailed France's Jacobin Revolution, detested the principle of the Medicare program, by which the national government promoted the general welfare. Medicare is the Federal program, founded in 1965, that provides financial assistance to America's 40 million-plus elderly, to pay doctor and hospital bills, and thus allows them to live longer.

Though Gingrich failed in his prime objective eight years ago, when he was Speaker of the House of Representatives, he re-emerged as a chief architect and organizer for the so-called Medicare Reform Bill—which is officially known as the Medicare Prescription Drug Program—signed into law by President Bush on Dec. 8. This law claims that its purpose is to enable the elderly to buy prescription drugs; but it provides grossly insufficient funds to do so. Moreover, it contains key provisions to privatize Medicare, taking down its functions and turning them over to the insurance companies and Health Maintenance Organizations to run and loot.

Medicare, as we know it, would cease to exist. The law will pump tens of billions of dollars into the insurance companies, pharmaceutical companies, and banks, which poured almost \$100 million into securing passage of the legislation.

The bankrupt world financial system is in the advanced stages of the biggest systemic breakdown in 400 years. Under these conditions, bankers calculate that tens of millions of elderly cannot be supported, and should be designated as "useless eaters." By dismantling Medicare, a key feature of the U.S. health system, this law will increase the death rate.

Already, the infrastructure of the U.S. health and hospital system is collapsing. Since 1985, over 1,000 U.S. hospitals have been closed down, with more than 7,000 hospital beds taken out of service.

Gingrich used the neo-conservative stronghold, the American Enterprise Institute, as his base of operations, as well as an AEI spin-off, the Center for Health Transformation, which he heads. Most ominous, Gingrich has stated repeatedly that he shaped the Medicare legislation on the same "transformation methods," that he, Vice President Dick Cheney, and Defense Secretary Donald Rumsfeld have used in the transformation of the U.S. military. This latter has led to the pre-emptive nuclear war doctrine, which puts the world on the edge of nuclear destruction, while destroying the U.S. military as a republican institution, from the inside.

Broken Arms and Legs

The vote on Medicare bill in the House of Representatives indicates how the Gingrich-Cheney-DeLay crowd operates. At 3:00 a.m. on Nov. 22, the Medicare bill had been defeated in the Republican-controlled House by a vote of 216-218. It has been customary to keep a vote open for 15 minutes after it is tallied, and then to declare it final. Tom DeLay kept the vote open for three hours, until 6:00 a.m. During this time, one of the filthiest and most thuggish operations in the history of the U.S. Congress was carried out, as DeLay and others made cajoling and/or threatening calls to recalcitrant Congressmen, and President Bush himself called several Republican House members from Air Force One, as he was returning from Britain. Indicative of the blackmail, Rep. Nick Smith (R-Mich.) is retiring from Congress, and his son Brad is planning a run to take his seat. Representative Smith revealed in both a radio interview and in a newspaper column, that sometime late on Nov. 21, or early Nov. 22, on the House floor, another member of Congress promised \$100,000 in campaign funds for Brad's campaign. According to news reports, when he refused to change his vote, he was told by Rep. Duke Cunningham (R-Calif.) and other Republicans that his

son was “dead meat.” A few days after Representative Smith himself reported the bribery attempt, he retracted his story, under even greater pressure.

This gives a sense of how important the financiers, and their stooges, such as DeLay, Cheney, and Gingrich, had considered passage of this legislation.

The Medicare Policy

Though Medicare became law in 1965, it has its origin in the administration of President Franklin D. Roosevelt (1933-45). The Social Security Act, passed by Roosevelt in 1935, provided both a retirement system for the elderly, and the first nationwide unemployment insurance fund.

Roosevelt was intensely concerned about improving Americans’ health. He sponsored a series of conferences of medical experts, which proposed standards to build enough hospitals and beds to ensure that every one of America’s 3,000-plus communities had sufficient hospital systems. Financing of construction of hospitals began under Roosevelt, and became the famous Hill-Burton Act of 1946. Roosevelt was also concerned that the elderly retired could not afford to pay for hospital services or doctors. To address this matter, Sen. Robert Wagner (D-N.Y.), a close ally of Roosevelt, sponsored legislation that contained some features that are very similar to what became Medicare. But Roosevelt could not mobilize enough votes to pass the Wagner bills.

However, in July 1965, President Lyndon Johnson, whatever his shortcomings, did mobilize sufficient votes to pass the Medicare Act. Up to the present, the New Deal-style Medicare system has had two principal parts, for which the Federal government makes payment:

- Part A (Hospital Insurance) helps cover a substantial portion of the cost of in-patient care in hospitals, critical access hospitals, and skilled nursing facilities.
- Part B (Medical Insurance) helps cover a substantial portion of the cost of doctors’ services and out-patient hospital care. (It also covers some other medical services that Part A doesn’t cover, such as some services of physical and occupational therapists.)

Part A is financed through a payroll tax, deducted from a worker’s paycheck. Part B is financed through the General Revenue fund of the U.S. government budget. In addition, Medicare recipients pay some co-payments on services that are provided by doctors and hospitals.

Though it would benefit from some improvements, the Medicare system, as a whole, has worked.

The Monetarist Attack

The monetarist financiers and their appendages attacked Medicare, often to the same virulent extent as they attacked Social Security. They did this for two principal reasons: First, they want to get their hands on the huge cash flow; second, because for the most part, it is efficient and contributes to keeping people 65 years and older alive, undermining these financiers’ “post-industrial” and Malthusian imperative.



Newt “Robespierre” Gingrich, now operating out of the American Enterprise Institute and the Pentagon’s Defense Policy Board, is the real “knife” behind the new law’s slow dismantling of Medicare. His crucial involvement showed its character, and so was not mentioned in most media coverage of the debate and “bloody” passage of the so-called Prescription Drug bill.

The monetarist bankers rarely state their real reasons for opposition to Medicare. For years, they and their front agencies, such as the AEI and the Heritage Foundation, instead used the scare tactic of saying that the Medicare system would become bankrupt imminently, which would blow out the U.S. budget. Therefore, the system would have to be turned over to their experts for “reform.” The oligarchical financiers used this tactic to force a provision into the lunatic 1997 Balanced Budget Act—which Act otherwise made severe cuts in hospital funding—to call for the establishment of a Commission on the Future of Medicare, which would study the “solvency” of Medicare.

A faction of the Commission used it as an instrument to propagandize in the press for Medicare’s privatization, although it never succeeded in issuing a final report to this effect.

Meanwhile, the scare tactic of impending Medicare insolvency was running into trouble: By early 2002, the Medicare Trust Fund, which administers Medicare, projected that it would remain solvent until at least the year 2030. Unwilling to acknowledge reality, the bankers’ anti-Medicare rat-pack stepped up their efforts in 2001-02, to mobilize for the dismantling of Medicare. They reached for Newt Gingrich

and Dick Cheney.

Newt Gingrich espouses the oligarchy's synarchist outlook as a matter of personal belief. He started to impose this outlook when, in January 1995, he was elected Speaker of the House of Representatives, and led the "Conservative Revolution," pushing through the destructive Contract With America—which became known as the "Contract On America." Gingrich praised as his model, the French Revolution's synarchist explosion which wrecked France in the late 18th Century.

Gingrich lauded the forecast by fascist futurologist cultists Alvin and Heidi Toffler, of an end to agricultural-industrial society and its replacement by a "Third Wave." This kookery is the basis for Gingrich's "Operations Research" theory of transformation of both the U.S. military and Medicare. Gingrich told a Nov. 16, 1994 meeting of the Heritage Foundation, that his first strategy was a "transition from a . . . second-wave society to an information-age, third wave society—I'm using Alvin Toffler's model where he said the first wave was agriculture, the second wave is industry, the third wave is information."

Newt Wrote the Book on This

Early in this century, Gingrich headed the Institute for Public Policy at AEI, where he is a Fellow and worked on Medicare and health issues. Along with such groups as the Agency for Healthcare Research and Quality, AEI helped draft the current Medicare bill. In 2002, while remaining a Fellow at AEI (and the Hoover Institution), Gingrich set up the Center for Health Transformation.

Using this Center as his base, Gingrich accelerated the push for the Medicare bill. On Jan. 30, 2003, he co-authored an article entitled, "Boomers Will Revitalize an Aged, Ineffective System," in which he argued that Baby Boomers, now in their fifties, would be more greedily attracted to "private health-care schemes" than to the Medicare system, and could be mobilized to take apart the Medicare system. In May, Gingrich released his book *Saving Lives and Saving Money*.

On Aug. 12-13, AEI held a conference, "Transform Medicare Rather Than Reform It," which is Gingrich's main theme. Gingrich gave the keynote speech entitled, "The Opportunity to Create a 21st Century Medicare System of More Choices with Higher Quality at Lower Cost." This speech pulled together the main ideas of Gingrich's mental map, with its demands for austerity, Information Age hallucinations, and the idea that Medicare transformation would be implemented on the same lines as the military transformation. Gingrich is a leading member of the Defense Policy Board; he is the longest-serving teacher of the Joint War-Fighting Course of Major Generals; he is a "Distinguished Professor" at the National Defense University; and has worked closely with Dick Cheney. The outcome of the transformation can be seen in its deadly results in Iraq.

In his Aug. 12 keynote, Gingrich made the shocking state-

ment: "Imagine applying the same scale of improvement we used in defense over the last 12 years to health and health care." He proceeded to reel off pages of meaningless Information Age data: that in the current Iraq War, "our forces accessed nearly 40 times the bandwidth available in Desert Storm" (1991); that the United States used smaller armed forces in Iraqi Freedom than Desert Storm. Finally, there is a table, complete with photographs of airplanes and pictures of bombs, which compares the number of planes and sorties needed to bomb and wipe out an area in 1943, 1970, 1991, and 2003. This, in a report on Medicare.

Meanwhile, Vice President Cheney coordinated with Gingrich to pass the Medicare bill. The Dec. 9 *Wall Street Journal*, which documented Cheney's extensive power on domestic policy, showed how the Vice President moved to push through the Medicare "reform" bill. The *Journal* stated, "The fact that [Cheney's] role has been little discussed is not an accident. In September, for instance, when the White House was trying to give some momentum to the big bill to provide prescription drugs for Medicare, Mr. Cheney joined the President in the Roosevelt Room as he goaded members of the House and Senate to come together. But when it came time to let the cameras in for a ritual photo-op, Mr. Cheney slipped out before reporters could catch a shot of him."

The Bill To Dismantle Medicare

The Medicare Prescription Drug Program will deliver tens of billions of dollars in ripoffs to the giant insurance companies and pharmaceutical companies; destroy Medicare, and crush the elderly. The law is a deliberate deception: its title is meant to lead people to believe that it is concerned almost exclusively with drug prescriptions for the elderly. While one section of the law with that subject, its overwhelming preponderance has a bigger purpose: to profoundly alter Medicare and all health insurance. We look at a few of its features.

- *Prescription drugs for the elderly.* Currently, most seniors have no coverage, under Medicare, for most prescription drugs. Under the new law, if one adds up all the premiums, deductibles, and uncovered portions of the plan, of the first \$5,200 in prescription drug purchases that an elderly person would make, he or she must pay an astounding 75% out of pocket. This is a terrible deal, and a paltry drug prescription program.

But the drug companies, through tens of millions of dollars of campaign contributions, got the Republican leadership in the House to write legislation, which states that the elderly can only buy drug prescriptions through insurance companies, and that Medicare is forbidden to make the purchases in its own name for its 40 million-plus enrollees. Were Medicare to purchase in its own right, it could—like Medicaid (medical assistance to the poor) and the Veterans Administration—use the muscle of its large purchasing power, to tell the drug companies that they must mark down the price of the drugs

they sell to Medicare by 10%, 25%, or 50% (and Medicare could give a subsidy on top of that). The elderly are projected to spend \$1.8 trillion on drugs over the next decade, and the drug companies don't want to lose 10-50% of their mark-up on that bonanza. The drug companies stand to make tens of hundreds of billions in extra dollars because of the way the legislation was written.

- *Health Savings Accounts (HSAs)*. Under this plan, an individual or family can set up a tax-free HSA. The individual or family will decide how much of the HSA account they will spend for hospital and doctor care for themselves. Gingrich states that the individuals or family will be "cost-conscious"; that is, they will ration their own health-care expenditures, in order to have some money left over, which they can accumulate, and "pass on in an estate." This appeals to the Baby Boomer, who will police his family's medical expenses, in order to build up some holdings. This move to privatize Medicare, is included in the current Medicare bill.

There is an additional gimmick here. Wealthy families, which are banned from owning Individual Retirement Accounts (because those with incomes above \$80,000 aren't allowed to invest in them), can put large sums of money into Health Savings Accounts (HSAs), invest them in stocks and bonds, have the accounts grow, and not be taxed. In a word, this is a tax shelter.

- *HMOs*. Already, 12-13% of all Medicare is administered through genocidal health maintenance organizations. The new bill has provisions to set up test districts in four cities, starting in 2010, in which Medicare would have to compete with HMOs, thus lowering the level and quality of care. Along with the HSAs, this is a move to eviscerate and privatize Medicare.

- *Budget-cutting*. The bill states that if more than 45% of the total Medicare funding were to come from the General Revenue budget, then, within a specified time-frame, this would invoke Presidential action to "redress the situation." In most situations, the President would order the slashing of Medicare.

In his Aug. 12 speech to the AEI conference, Gingrich added a touch which shows the direction in which he is going. He stated that about 5% of the Medicare enrollees, in the last years of life, consume "50% of the [Medicare system's] expenses." To cut the expense of these 5% of Medicare patients, Gingrich recommended using laptop computers to reduce by 20% these patients' medication use, forcibly enrolling such patients in exemplary programs such as "Evercare," where the patients are more likely to "write a living will than the norm." Living wills specify that under certain conditions, patients will not be resuscitated, and frequently the plugs are pulled on life-sustaining machines.

The combined measures of the so-called Medicare Reform Bill are intended to increase the death rate. Gingrich's added measure is meant to ensure that the culture of insurance company cost-accounting will govern this nation.

Trans-Asian Trains Run, Koreans Join Rail in April

by Kathy Wolfe

The two Koreas agreed to begin the final phase of construction on the Trans-Korean Railway (TKR) in early April 2004, at a four-day working meeting ending on Dec. 5 in Sokcho on South Korea's east coast. Under a six-point accord, North Korea agreed to the blueprints previously submitted by South Korean engineers, so that the two sides were able to finalize designs for the critical electronic signals, communications and power systems, to allow trains to run on the TKR in 2004. Officials of South and North jointly inspected the progress on construction of rail lines and highway beds on both sides of the Demilitarized Zone (DMZ) on the east coast Donghae Line.

"By agreeing on the timetable for construction, we secured the conditions to push ahead with the project to re-link Inter-Korean railways and adjacent roads in a stable manner," the Seoul Unification Ministry said. An agreement on how to operate trains across the border is due to be signed in January.

Thus, the TKR, also called the Iron Silk Road, is becoming a physical reality—despite all the threats by Washington neo-conservatives, and the furor over North Korean nuclear weapons. "Everything is moving along slowly and steadily," Kim Kyoung-Jung, Director of the Trans-Korean Transportation Division of the Ministry of Construction and Transportation (MOCT), told *EIR* in Seoul on Nov. 7. "The acceptance of the signals and communications blueprints will be a most important step. It means we can go into high gear to actually renovate all the rail lines in North Korea with modern electronics, which is the last step toward the real goal of beginning train service."

It was also announced on Dec. 5 that South Korean engineers will begin to visit the northern segments of both the western Kyongui Line and the east coast Donghae Lines next month, to provide on-site training for technical and construction equipment provided by Seoul. "When the world sees the engineers of North and South working together, shoulder to shoulder, then people will realize that Korea can become a more normal place," Kim said. *EIR* spoke as well as with large companies in both Seoul and Tokyo, whose engineers are already in North Korea, working on the railway. "We won't stop on the ground, for diplomatic monkey business in the air," one construction-related official joked. "We believe a breakthrough is coming in North Korea's relations with all of its neighboring countries."