

“HEALTH CARE AND PROGRESSIVISM”
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Dr. Bobb, thank you very much for your generous introduction. It’s a real pleasure for me to speak here. Hillsdale’s new center here in Washington is something of an island of sanity surrounded by a sea of madness.

Hillsdale’s President, Dr. Larry Arnn, visited with us recently. He talked about the national impact Hillsdale had from its earliest days. In the late 1850s Hillsdale associates were deeply involved in organizing the new Republican Party, which beginning with Abraham Lincoln went on to dominate the federal government for the next 72 years. Hillsdale’s superb scholarship is studied and followed in influential Washington think-tanks and in Congressional offices today. And the new Center for Constitutional Studies and Citizenship will certainly increase Hillsdale’s impact just when your teachings on American thought and the great political questions so are desperately needed here, and may yet prove crucial in the saving of our country.

Someone said that before there was the New Deal, there was the “Wisconsin Deal.” In Wisconsin, where I come from, the politics of Progressivism still runs strong. It was imported through the University of Wisconsin where they read their Hegel, Max Weber, and other powerful German minds. These thinkers taught the American Progressives to make a sharp distinction between “administration” and “politics.” They, and their American disciples, wanted to remodel society on the basis not of opinions or “values” but according to “rational calculation.”

The best known Wisconsin Progressive in American politics was Robert LaFollette. “Fighting Bob” was a Republican, as was that other early Progressive, Theodore Roosevelt. Progressivism has always been a powerful strain in the Republican bloodstream, as we saw in the presidential election in 2008.

The Progressives, like the American Founders, saw self-government in a large nation-state as a challenge. Can a modern democracy be both free and well governed?

These thinkers, particularly Weber, were not blind to the problem of how untrained average citizens were supposed to preserve their freedom in a society administered by bureaucratic ‘specialists without soul.’ But the people tended to resist the Progressive agenda and the Progressives grew ever more elitist.

Theodore Roosevelt and Woodrow Wilson brought Progressive thinking to Washington. They sowed the seeds for the paramount political problem of our time: centralized administration.

The Progressives' programs came in on two great waves: the 1930s New Deal and the Great Society of the 1960s. President Obama often invokes Progressivism and plans to generate its third, and greatest, wave.

- American businesses large and small must be brought under centralized direction.
- Contracts, the very core of personal and social freedom, are scrapped or rewritten by the administration as decades old bankruptcy laws are cast aside in the reorganization of the auto makers.
- The compensation which employers pay to secure the services of executive employees is now reviewed and second-guessed by a presidential "pay czar."
- Marriage and family life, church and voluntary organizations, are all being weakened mostly by nonrepresentative government agencies. First wave Progressives demanded the popular referendum. Third wave Progressives do everything possible to stop local and state referenda, which citizens would use to end this assault on the pillars of free society.

Health Care reform is a prime example of Progressivism in action.

The delivery of health care services has grown costly, leaving many without coverage. But survey after survey shows that 75 or 80 percent of Americans or more, are personally satisfied with the quality of their own health care.

The Democratic leadership's brazen attempts, to rush through a health care reform with little public debate and deliberation disgrace the annals of government by consent. They frantically scribble thousand-page laws behind closed doors. They hold midnight votes by members who are denied the opportunity to read or digest the proposed legislation. This process is a farce. And it flunks the Constitution's "due process of law" test.

The Framers of our Constitution saw every individual as having a "right of personal security" which includes protection against acts that may harm personal health. This right is integral to the natural right to life. It is government's purpose to secure the right to life. But the personal right to the protection of health does not imply that government must *provide* health care - any more than the right to eat in order to live, requires government to own the farms and raise the crops.

Government's obligations regarding the necessities of life are normally met by establishing conditions for free markets to thrive. Societies with economic freedom almost always have a growing abundance of goods and services at affordable cost, for the largest number. When free markets *seem* to be failing to meet this goal - and I'd argue today's health care delivery is an example - government should not supply the need itself. It should look in the mirror, correct its own interventions, and unleash competition and choice.

Washington DC is no place to run health care services through the nation. With good reason the Framers left public health decentralized. But if there were any doubt, the history of Medicare and Medicaid is the proof. Real cost control has become a national nightmare. Fraud

has proliferated despite every effort to stop it. Program costs are always underestimated. In 1966 the cost of Medicare to the taxpayers was about \$3 billion. The House Ways and Means Committee estimated that Medicare would cost taxpayers only about \$12 billion by 1990 (adjusted for inflation). The actual cost? Nearly nine times as high – \$107 billion. By 2009, Medicare reached \$427 billion while Medicaid added another \$255 billion for a total of \$682 billion, according to CBO. And this doesn't even account for the Medicaid expansion in the stimulus or a variety of other government health programs.

The health care programs Democratic leaders are pushing are outrageously expensive and fiscally irresponsible. The federal Health Care takeover will subsume about one-sixth of our national economy. Combined with spending at all levels, government will then control about 50 percent of total national production. At this point, the goal of centralized administration will be in sight. Less than half of our once free economy will remain to be brought under government's wing.

Today, three models for health care delivery are available to us. First, today's broken model, in which bureaucratized insurance companies monopolize the field in most states – this is the “business-government partnership” model, the “crony capitalism” that's corrupting our economy. Second, the Progressives' ideal model, where centralized administration covers the field and government bureaucrats tell you which services they will allow you. Third, the true American model in my view, a free market in which health care services compete, and individuals, or consumer-patients, and their doctors are in control.

Bureaucratized health care is not and cannot be “compassionate” health care. Government agents don't make decisions about how to treat the sick according to personalized need; they ration health care resources according to a dollar-driven social calculus. This isn't a *flaw* in their plan. It *is* their plan.

Dr. Ezekiel Emanuel, one of the Obama Administration's point people on health care issues, advocates what he calls a “whole life system” – a comprehensive formula for health care rationing. Under this system, government makes treatment decisions for individual persons using a statistical formula based on average life expectancy and “social usefulness.” In other words, socially “useful” patients get more care than “useless” persons.

Consider the legislation's new Medicare board of unelected specialists. Its job is to determine the program's treatment protocols as a method of limiting costs. We already have a new “comparative effectiveness research bureaucracy.” Its sole mission is make the determinations about which health procedures it deems to be most cost effective and will be allowed by health care bureaucrats. Compassionate personal health care and government rationing are opposites. This heartless calculus is intended to eliminate compassionate care by loved ones under free markets with a range of health resources at proportional costs.

The idea that the government should make decisions about how long people should live and who should be denied healing is deeply repugnant and morally offensive. The supply of every service or product that exists is finite, but it's a mistake to conclude that government must

ration them. This is what free markets do: each buyer rations goods and services, including health care, ordering his individual needs and allocating his resources among competing producers.

Government rationing denies personal and natural rights. And our sick, special needs patients, and seniors – those most at risk when the government involves itself in these difficult choices – deserve better. Once government-run health care is a *fait accompli*, government rationing must be the necessary and logical outcome.

Government-monopolized health service conflicts with the American character as a free people. It conflicts with moral truth, with market freedom, with democracy, and with the medical excellence that has always drawn patients from socialist utopias to this country for treatment.

An authentic solution to the problem of affordability should be guided by the sure principles of moral and political freedom. It should respect doctor and patient privacy, restrain spending, and channel the energy of our free market system, not dry it up.

Contrary to the false claim of Democratic leaders, there is no lack of sensible alternative solutions proposed by Republicans to put patients first. Early last year, Senators Coburn and Burr, and Congressman Nunes and I offered one, the Patients Choice Act. It would eliminate government-caused market distortions that exclude many from affordable health care delivery. It would cover more uninsured Americans by spending current dollars wisely and efficiently, not by throwing trillions more dollars at the problem. Our health care delivery alternative is guided by moral and political principles that respect the dignity of the person. It reflects America's commitment to compassion, family choice, and individual freedom, together with responsibility for the nation's economic well-being.

But the struggle over federal health care reform, the Democratic leaders' signature program, goes beyond the problem of national health. This debate encapsulates the defining issue of our generation: should we reform and strengthen America's free market democracy? Or, should we abandon it for a European-style social welfare state, the dream of third wave Progressives? This debate is really not about health care policy. Ultimately this is about an ideological crusade.

If we follow the Progressive path down which our current leaders plan to take us, creating entitlement after entitlement, promising benefits which can never be provided, the American Union will become something like the European Union: a welfare state society where most people pay little or no taxes but become dependent on government benefits, where tax reduction is impossible because more people have a stake in the welfare state than in free enterprise, where permanent high unemployment is a way of life, and the spirit of risk-taking is smothered by a thick web of regulations from an all-providing central government.

The US is perilously close to this "tipping point." While exact and precise measures cannot be made, at the House Budget Committee minority staff, we have developed some

warning indicators. In 2004, by our measure, 20 percent of US households were getting about 75 percent of their income from the federal government. They have already become government dependents. Another 20 percent were receiving almost 40 percent of their income from federal programs, and they are already reliant on government for their livelihood.

All in all, about 60 percent of US households were receiving more government benefits and services (in dollar value) than they were paying back in taxes. We estimate that President Obama's first budget alone raises this "net government inflow" from 60 to 70 percent.

In my view, this Health Care reform plan is the vanguard of the Democratic leaders' crusade against the American idea. That's a pretty harsh charge, but I can see only two possibilities: either they are ignorant of the consequences of their own programs – or they know and intend them.

In a TV interview in mid-December, President Obama said: "If we don't pass it...the federal government will go bankrupt, because Medicare and Medicaid are on a trajectory that are [sic] unsustainable...if we don't do this, nobody argues with the fact that health care costs are going to consume the entire federal budget."

Our leadership's "credibility gap" has reached Grand Canyon proportions! You stop the nation from going broke by enacting a program costing \$800 billion or more in the first decade? The President must know this will only accelerate the bankruptcy. If he means what he said, there is only one way to achieve that goal under his Health Care program: the government must ration health care, deeply and comprehensively.

The national health care exchange created by this legislation, together with its massive subsidies for middle income earners, will be the greatest expansion of the welfare state in a generation, and possibly in history. Some health care experts estimate as many as 110 million citizens could claim this new entitlement within a few years of its implementation. According to our analysis, the new bill will provide subsidies that average a little less than 20% of the income of persons earning between zero and 400 percent of the Federal Poverty Level. As income rises, of course, the health care subsidies phase out. The effect is to impose a huge marginal tax penalty that will act as a massive disincentive on work, entrapping in greater dependency precisely those who need greater incentives to escape.

American *citizens* once took pride in being responsible for their individual well-being and for governing themselves in freedom. They are now to become *passive subjects* of government leaders, wheedling for hand-outs, more concerned about their security than their liberty. Isn't it wiser to suppose that those who promote this program are smart enough to know what they are doing? And when America reaches their intended goal, those of us who still cherish human freedom will be reduced to near-silence. Whatever you call the post-American regime they would force on this land, it will be no free market democracy.

The Progressives and the Founders both saw popular government as a challenge, but their solutions were nearly opposite. Progressivism argues that there are no timeless ideas of right or

wrong. Everything is “relative to history,” and history keeps changing. Progressivism says the US needs a “living constitution” that keeps up with the “change.” Their practical solution is to centralize government and direct society through the twists and turns of history. The political, representative bodies, such as Congress, should enact laws that propose ideals – for example, “America should have clean air, pure water, better health care...” – then, let trained specialists issue the detailed regulations to realize these ideals. These experts, selected by merit, should be protected from public accountability for their directives. The Progressives say that popular control over bureaucracy can be maintained by legislative oversight and the budget process. But how can the people hold legislators accountable if the legislators are neither professionally trained nor responsible for the regulations? Who has the expertise to judge the experts? So the centralized administrative state finds itself in a perpetual blame game between bureaucrats and elected officials when things go wrong, as we have seen.

In the current economic crisis there has been no lack of greed, envy, ambition, and plain ignorance in corporate boardrooms, financial markets, and government hallways. The capital sins are always with us. But the *foundations* for this crisis were laid by Progressivism itself, above all by encouraging “crony capitalism.” The current leadership is trying to cure the diseases of “crony capitalism” with more “crony capitalism.” But what we really need is a new engagement with the principles Progressives repudiate – the principles that founded this land of freedom.

This nation was based on the self-evident truth that unalienable rights were granted to human beings not by government, but by “nature and nature’s God.” The truths of the American founding cannot become “obsolete” because they are not temporary. They are eternal. “The laws of Nature and of Nature’s God” are the sure touchstones of right and wrong for individuals and societies, for all time. They are the most *inclusive* ideas ever embodied in a government. If all human beings have equal natural rights, that is final. “All” means “all.”

The Founders taught us, that when government goes beyond the high mission of *securing* these God-given rights of all – even if the intent is benevolent – the results will weaken freedom, reduce prosperity, undermine authority, and make government intrusive and arrogant. They tried to make sure that self-government remained free by writing an enduring constitution that would recognize and enforce those timeless principles. The Constitution would embody popular consent by being ratified by the people. In particular, the words spelled out the limits of federal power and left the rest to the people.

A government that expands beyond its high but limited constitutional mission of securing equal rights is not “progressive,” it’s reactionary. It privileges some at the expense of others. The American Revolution was fought to abolish artificial distinctions that confiscated the wealth of some and gave it to others. The promise of keeping the earnings of your work is central to justice, freedom, and hope for a better life.

President Obama famously said that he wants to “spread the wealth around.” Democratic Party leaders hanker for those Old World notions of rule by the patronage of bureaucrats and judges. The chair of the House Financial Services Committee, Barney Frank recently said as

much: Democrats “are trying on every front to increase the role of government.” I appreciate his candor but I can’t help hearing an echo of George III excusing “taxation without representation.” We swore off rule by the “better classes” a long time ago.

These leaders underestimate the American people. They have broken faith with independents, Republicans, and their own rank-and-file. They have abandoned the foundational truths that made America the wonder and envy of the world. And the price of their infidelity will be high.

The Health Care delivery problem can be solved without social welfare models. As Republicans present the nation with an alternative in 2010, our message on health care cannot be: “we can fix and reform this bill.” Our message must be: “we will repeal this bill!” We will replace this government takeover, masked as Health Care reform. My party must insist on a serious public debate over the two different paths before us—calmly, honestly, and openly.

The Congressional elections this year will not be one of those normal “local politics” affairs. 2010 will mark a national watershed in every state and congressional district. A realignment of political parties is underway. But which way? Will we tolerate the replacement of the American idea with the social welfare state, or will we begin to reclaim and reapply the principles that gave America its greatness?

We have had major political realignments before. The last one ended in 2008: the Reagan revolution. In a strange way, the left is helping by making this moment crystal clear for the American people to see it. And so, I am ultimately hopeful and optimistic.

Americans will sacrifice lives and treasure when they are called on to secure their safety and freedom. But we will not endure the choice for decline – economic decline ... global decline ... the decline of family and all we hold dear. We have always risen up against threats to our freedom, however disguised as benevolence by bureaucrats of big government or big business. Americans put country above party and repudiate partisan leaders who try under cover of night to impose “regime change” on America. A new day is coming – a day when democratic prosperity will be reborn from the principles that still make America an exceptional nation and a providential gift to freedom seekers in every land!

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