

# Insurance: A Legalized Racket

September 29, 2011

"HEALTH INSURERS PUSH PREMIUMS Sharply Higher" headlines today's *NY Times*, with double-digit increases of up to 80 percent at a time when premiums are averaging over \$15,000 a year (up 9 percent from the previous year!)

Was anybody surprised? During the great Health-Care non-debate, I scandalized my Leftie-liberal friends by hoping the Democrats' abortion of a Health Care Bill would abort — for the simple reason that Obamacare legally forces individuals to buy the (often useless) products of the insurance industry, creating a state-mandated monopoly from which the citizen cannot escape. Monopoly means that you can raise prices and cut services with impunity, as the *Times* article illustrates. So who cares if people die or go bankrupt?

Obama, elected on "reform," preemptively removed from the table the so-called "single-payer" option (Canadian- and European- style socialized medicine) and thus gave the insurance companies precisely the legal monopoly they wanted. With the main issue settled in advance, the subsequent "debate" was a phony "nice-cop/mean cop" show (like the recent manufactured "budget crisis"). The Republicans got to hawk their far-Right nostrums, and Obama got to play the reasonable moderate by giving up in advance. Both parties receive huge subsidies from the Health-Care and Insurance lobbies, the actual sponsors of these TV dramas.

## American Exceptionalism

I WORKED FOR MANY YEARS in Hartford, CT, the insurance capital of the world, where many citizens have to live on the \$15,000 they're supposed to pay for health coverage (my own Social Security comes to \$18,000). Meanwhile insurance company profits skyrocket and Hartford CEO's are awarded bonuses in the tens of million dollars year after year. Now I live in France, where medical costs are low (office visit \$30, no waiting), life expectancy is high (lots of cute old ladies), and social health care is virtually free for everyone, employed or not. How to account for the difference?

For three generations, the other modern capitalist countries have been keeping their workers healthy at relatively low cost by pooling the expense and making it part of the "social wage" (guaranteed in the French post-WWII Constitution). The resulting increased productivity and lower cost per worker kept export costs down, and foreign cars flooded the U.S. market. Why does the United States, nominally the world leader in capitalist "progress," maintain a dysfunctional health-care system, the costliest and least effective in the industrial world?

Historically, socialized medicine was imposed in Europe and Great Britain by the post-war labor movement. However, in the United States, the big unions lobbied against Truman's attempts to complete the New Deal by extending Social Security to health care. Why? As the late, great Marxist muckraker Robert Fitch explained in *Solidarity for Sale*, the union leaders were partners with the bosses in the management of private health care contracts, and they didn't want to give up this privilege. For Fitch, AFL-CIO -style unions function as "fiefdoms," monopolizing control of a section of the labor pool. Hence their proneness to racketeering and corrupt sweetheart deals with management. Without labor's backing, Truman's post-war effort failed, and the issue literally died, stigmatized by the red-baiters in and out of the labor movement as "socialized medicine."

Nonetheless, socialized medicine (an idea that dare not speak its true name) has been an

electoral winner ever since Clinton entered the primaries - with zero result, thanks to the power of the drug/health-care/insurance lobbies to corrupt the candidates of both parties and define the debate. Similarly, the financial industry, the energy lobby, and its ally the military-industrial-prison complex define the debate and rule supreme in their spheres. The open, legal corruption and buying of elections through campaign contributions and media ads is another bit of American exceptionalism that Marx may not have anticipated. Marx saw parliamentary democracy as a kind of central committee where the ruling classes struggle and then compromise their conflicting interests while enforcing their common interests against other national capitalisms and their own labor force.

### **Change you can believe in**

MARX WAS LOOKING at the politics of healthy, growing 19th century capitalism. Twenty-first century politics in the US would be better compared to Rome under the Empire, when Caligula famously made his horse a Senator. Not only do corporations have a right to buy unlimited "free speech" (routinely denied to peaceful citizen protests), the corporations have actually taken over the levers of power in the state directly. The firm of Goldman Sachs runs the economy. Coal and oil dominate the EPA. The Pentagon (which defends their interests abroad) maintains a revolving door with the arms industry. These monopolists feed off of the rotting corpse of our nominal democratic republic, such as it was, while the country's long-term interests, its working population and the land itself go to Hell in a handcart. This structurally corrupt political system cannot be reformed from within, as most disappointed Obama voters have now concluded.

Happily, the solution to this problem may be found in another article on page one of today's *Times*: "As Scorn for Vote Grows, Protests Surge around Globe." I salute the anti-Wall St. occupiers on Liberty Square (and across the United States) who are struggling against police brutality, a restriction on using bull-horns, and a press blackout to join the world-wide wave of protests that begin this January in Tunisia (where I am helping to organize an "Encounter on Perspectives for Democratic Struggles in the Mediterranean Countries" in December).

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