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## President Trump, Use 'Something Old, New, Borrowed, And Blue' To Fix Healthcare And #MAGA

Ralph Benko

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There are four simple things that will lead America out of the Obamacare box. These clues are hidden in the old English folk rhyme about the charms for a bride to wear on her wedding day to bring good luck: “Something old, something new, something borrowed, and something blue.”

Do Republican legislators wish to be able to again attend town hall meetings without meeting torch-and-pitchfork wielding constituents? Does President Trump wish to secure his re-election prospects? If so, take heed.

“Repeal and replace” Obamacare is shorthand for what the American people really desire. We desire lower premiums for better coverage for all of us. This is exactly what Candidate Trump promised during his campaign.

In his announcement speech Trump proclaimed:

Save Medicare, Medicaid and Social Security without cuts. Have to do it. Get rid of the fraud. Get rid of the waste and abuse, but save it. People have been paying it for years. And now many of these candidates want to cut it. You save it by making the United States, by making us rich again....

That’s exactly right. But how?

“Something old, something new, something borrowed, and something blue.”

### **Something Old: Adhere to Conservative Principle**

The House Freedom Caucus somehow strayed from its own Old-Time Religion. Its members overlooked the lesson contained in the very fountainhead of the libertarian canon, Hayek’s *The Road To Serfdom*:

Nor is there any reason why the state should not assist the individuals in providing for those common hazards of life against which, because of their uncertainty, few individuals can make adequate provision. Where, as in the case of sickness and accident, neither the desire to avoid such calamities nor efforts to overcome their consequences are as a rule weakened by the provision of assistance—where, in short, we deal with genuinely insurable risks—the case the for the state’s helping to organize a comprehensive system of social insurance is very strong. ... [T]here is no

incompatibility in principle between the state's providing greater security in this way and the preservation of individual freedom.

Yes, you read that right. *[T]here is no incompatibility in principle between the state's providing greater security (by the state's helping to organize a comprehensive system of social insurance) and the preservation of individual freedom.* Republicans can maintain full conservative, tea party, and even libertarian orthodoxy while still delivering the goods to their constituents.

President Trump! Call it Hayekare. Announce its principles at the Cato Institute's Hayek Auditorium. Demand that the Senate produce a bill that preserves individual freedom and fulfills your campaign promises of lower premiums, better coverage, and universality. And tell the Freedom Caucus to come back the Old-Time Religion and vote yes!

### **Something New: embrace High Tech Information Systems**

A Washington Post report on the massive WannaCry ransomware attack besetting the world last week included this tart observation:

The most exploitable industry in the world is the health-care sector," said Tom Kellermann, chief executive of Strategic Cyber Ventures. He said the industry is chronically hobbled by regulation and insufficient investment in computer security.

How bad is it? A paper published by RAND researchers in 2005 observed:

The U.S. health care industry is arguably the world's largest, most inefficient information enterprise. However, although health absorbs more than \$1.7 trillion per year—twice the Organization for Economic Cooperation and Development (OECD) average—premature mortality in the United States is much higher than OECD averages. Most medical records are still stored on paper, which means that they cannot be used to coordinate care, routinely measure quality, or reduce medical errors. Also, consumers generally lack the information they need about costs or quality to make informed decisions about their care.

Over a decade has passed since this paper was published. Yet the inefficiencies in the U.S. health care industry remain a national scandal.

Luckily for America, members of the bipartisan House Blockchain Caucus, co-founded by now OMB Director Mick Mulvaney and now co-chaired by Rep. David Schweikert (R-AZ) and Rep. Jared Polis (D-CO), are convening next week to learn from presentations by members of the Chamber of Digital Commerce (which I serve as senior counselor) on the promise of the blockchain to cut the cost, and improve the quality, of health care.

One of the presenters, Micah Winkelspecht, founder and CEO of Gem.co, which specializes in "complex data sharing made simple," will be making the point that the health care sector annually spends a quarter of a trillion dollars to process 30 billion transactions, noting that 15 billion transactions still take place over a fax machine, at the cost of \$8 per transaction, which is like paying \$8 per credit card swipe for a cup of coffee.

The health care industry sounds like it is still communicating by telegraph and pneumatic tubes in the digital era. Billions, maybe hundreds of billions, of dollars can be saved while improving the quality of care. President Trump, and the Congress, can get in front of that parade, bringing us lower premiums and better health care for all. Go for it!

There is, of course, much more that can readily be done to eliminate waste and improve efficiencies in the health care sector. Not being a healthcare specialist, let me refer my readers to real experts beginning with *Forbes.com*'s Opinion Editor [Avik Roy](#).

### **Something Borrowed: Use the Kennedy/Reagan/Clinton Prosperity Formula**

There is a well-established, greatly neglected, formula to get the economy growing 50% or even 100% faster than it has in a generation. Trump was, and is, right on the money when he stated, in his declaration of candidacy: "You save it by making the United States, by making us rich again...."

Analysts have estimated that 3.5% economic growth would make Social Security and Medicare solvent for the next 75 years so long as such growth rates are sustained. Trump, repeatedly, has posited that he can do better than 3.5%. And so he can, if he uses the formula. All he needs to do is appropriate the Kennedy/Reagan/Clinton prosperity formula, wholesale.

This formula was summed up by Trump campaign economic advisor Larry Kudlow, writing with economic historian Prof. Brian Domitrovic, in *JFK and the Reagan Revolution: A Secret History of American Prosperity* which I [reviewed here](#) during the campaign:

Remember prosperity? Want it back? Here's the secret formula, which has always worked and would work again: Cut marginal tax rates and restore integrity to the dollar.

...

Reagan made "Supply-Side" famous by campaigning on and then enacting most of the Kemp-Roth 30% across-the-board tax rate cut. But John F. Kennedy was the original Supply-Sider. The book's Big Reveal: Jack Kemp designed this tax cut as a direct copy of Kennedy's own.

American memories are short. Most have forgotten the truly lousy economic growth of the 91%-top-tax-rate Eisenhower era... Most have forgotten Kennedy's campaign promise to "get America moving again." ...

We forget JFK's decisive pivot toward big marginal tax rate cuts while defending the dollar as defined by a fixed weight of gold. We only dimly remember the rip-roaring job creation that promptly followed the enactment of Kennedy's tax rate cut after his assassination.

Sixteen years of economic stagnation have stupefied us as to how the economy inherited by Reagan, in 1981, was worse. Few remember that after the enactment of Reagan's across-the-board marginal tax rate cuts (lowering the top rate from 70% to 50% and then, with overwhelming bipartisan support, to 28%), another prolonged period of massive job

creation and economic growth ensued.

...

Most also have forgotten how President Bill Clinton, after the Republicans took a Congressional majority, pivoted from his own misery-inducing Neo-Keynesian preferred policies to a supply-side policy mix. Regrettably, following Bush's lead, Clinton also raised the top marginal tax rate.

That said, Clinton also cut the capital gains tax rate, embraced free trade, and mended a morally hazardous welfare system. He was rewarded by rip-roaring job creation and general prosperity. From those millions of new jobs came a federal budget surplus in place of deficits. This resulted in immense popularity.

Rather than letting his economic team reinvent the wheel, all President Trump needs to do is borrow wholesale the formula from the "Secret History of American Prosperity" to see the American economy grow up to twice as fast as it has for a generation, creating massive jobs, upward mobility, and more equitable prosperity for workers, especially blue collar workers — Trump's base — and business.

### **Something Blue: Promoting Income Equality**

Condemning "income inequality" is a core principle of the left, which dominates the "Blue" states. It turns out that they are on to something but lack the Big Picture. As I [wrote here](#), quoting from a *HuffPost* blog by Stan Sorscher:

Something happened in the mid-70's to de-couple wages from productivity gains.

The third message is that workers' wages – accounting for inflation and all the lower prices from cheap imported goods – would be double what they are now, if workers still took their share of gains in productivity.

This de-coupling of wages from productivity has drawn a trillion dollars out of the labor share of GDP.

To which I responded:

The author is exactly right regarding "X" and exactly wrong in getting cause and effect backwards. At "X" Marks the Spot, he notes "[s]omething happened," and the wages of goods-producing workers flatlined, never to recover. He is right and perceptive in this too little appreciated fact.

Yet he attributes this to some kind of mystical "shift in our country's values. Our moral, social, political and economic values changed in the mid-70's."

As it happens, "X" correlates with Nixon shutting down the Bretton Woods gold standard in 1971 and the epic failure to get it fixed and restored in 1973. The drag, after a modest lag, filtered into the working economy. The rest is persistent stagnation for median families.

It was the destruction of the (dilute) gold standard which precipitated the death, or at least long coma, of the American Dream. That, in turn, caused the ensuing degradation “in our moral, social, political and economic values” as America turned Hobbesian.

I have reprised this argument contesting Marc Levinson’s claim, in *The Wall Street Journal*, that “there’s no going back to that unusual Golden Age.” Of course we can. It is tautological that the key element to creating a golden age is gold.

There is a strong correlation between America’s repudiation of the last remnant of the gold standard and the massive increase in income inequality. Trump is refreshingly free of the intellectual servitude which Keynes cast as “Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist.”

Trump, uniquely, is positioned to steal the income inequality issue from progressives by directing his team to re-institute the gold standard, something about which Trump himself said, “We used to have a very, very solid country because it was based on a gold standard,” and “Bringing back the gold standard would be very hard to do, but boy, would it be wonderful. We’d have a standard on which to base our money.” (For the record, we have the gold. And it wouldn’t be very hard to do.)

To paraphrase Robert Frost, “Nature’s first blue is gold....”

An old English folk rhyme tells us just what is needed to escape from the Obamacare box, provide better, less expensive, universal health care, just as Trump promised, and secure Social Security, Medicare and Medicaid (preferably mended into something more beneficial), as promised.

The folk rhyme holds the clue on how to double the rate of American economic growth while creating massive job growth and upward income mobility, as promised. The rhyme informs us how to generate voter popularity on the scale of JFK, Reagan, and Clinton.

All we need is Something Old, Hayek; Something New, bringing High Tech efficiency to the health care system; Something Borrowed, the formula behind the Secret History of American Prosperity; and Something Blue, restoring the classical gold standard. President Trump, take heed.