



The Leaf



VOLUME XIV ISSUE II

PROUD MEMORIES

Spring2012

- **Events** *
 - *NOL Lunch 2nd Mon @Golden Bull in Adelphi
 - *WOLAA Annual Luncheon @ Argyle CC on Fri. 18 May 2012.
 - *WOLAA Holiday Luncheon @ Argyle CC in Dec 2012
 - *Garden "Make-up Visits Fri 20 April 2012

11 September 2001.....GOD BLESS AMERICA!

WOLAA Web Site: www.wolaa.org

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Historical Preservation Continues. See page 2.



***WOLAA Annual Luncheon: Mark Your Calendars
 Friday, 18 May 2012 at Argyle Country Club.***

*The luncheon cost is again \$28 per person. Dee was able to have a choice of three great entrees: *London Broil, *Chicken Marsala, and *Herbed Tilapia. Chocolate Mousse for dessert. We will mail a flyer to you by mid-April. We needs your response by Monday, 14 May 2012.*

The WOLAA store will be open, selling T-Shirts, Legacy CD's, and Dedication DVD's.

The most important thing is to attend and renew friendship and proud memories. See you there.

Historical Preservation.



We thought Historical Preservation was complete. But, in March 2012, we learned that Marc Bloom, FDA, had contacted Ralph D. Bennett, Jr about Dr Bennett's stand-up desk that he used in his office at NOL. Ralph D. Bennett, Jr. agreed to provide the desk to FDA to place on display across from the Legacy wall. The display will include the restore desk shown on page 1 (John Renzi was visiting the Proud Memory Garden for a follow-up visit so I snapped his picture viewing the desk.); a plaque describing the significance of the desk, and a picture of Dr Bennett at his desk. We are super pleased at this addition. We thank Marc Bloom for making this happen; Dr. John Swann, FDA Historian for developing the display; and most of all Ralph Bennett, Jr for providing his Father's desk.

In addition, Marc Bloom has arranged for the American Flag that flew over the WOL on the day it closed to be displayed near the Legacy Wall. An appropriate plaque will also be displayed.

When John Renzi and I looked in the desk drawer, we discovered two index cards which had the following quotes from Dr. Bennett:

"I used to have a little trouble getting the senior people to live up to the rules they made for all of us, and (RADM) Frank (Beatty) was sometimes a little hard to handle. He once told one of my acquaintances that he thought I could see cumshaw in a closed desk drawer." R. D. Bennett, interview, 1983

"I understand....that you are for increasing productivity. Here are things to try....

Does the Technical Director have a 5-minute meeting of department heads around his stand-up desk at 8:00 o'clock each morning---just to show the troops we are all serious about our work?" Excerpted from remarks made at the dedication of the Bennett Auditorium at White Oak on 19 June 1987

The cards and quotes will remain in the desk drawer.

***Montgomery Historical Preservation Commission.** In late February 2012, WOLAA learned that the Staff of the Montgomery County Historical Preservation Commission (Part of Park and Planning) had done a Staff Report which recommended that Building 1 be defined as historical. If approved, an area with the width of Building 1 and length from the back of Building 1 to New Hampshire Avenue (includes flag pole and most of Proud Memory Garden) will be historical in the Master Plan for Historical Preservation and will be added to the Location Atlas and Index for Historical Sites. On 22 February 2012, Michael Stevenson (Kling Architect for restoration of Building 1) testified on the restoration and I testified on the Cold War History of the WOL. The Commission approved the Staff's recommendation and the issue now goes to the Planning Board. WOLAA thanks Sandra Youla, HP Staff, for the excellent Staff Report and for all the help she provided WOLAA.

News from WOLAA.

***Membership.** Our 2012 Membership drive continues. We have 414 paid memberships including the Lifetime members. There are also 36 spouses who are members so our total WOL membership is 450. We hope to increase that to 475 by the end of the year. There are about 100 former members who have not rejoined.

***Make-up Visit.** The final Make-up Visit to visit the Proud Memory Garden, Legacy Wall and Tour the Base is scheduled for Friday, 20 April 2012 at 1100. If you desire to attend, please email John Tino at mrsnat218@aol.com or call at (301) 439-3140. The plan is to meet at Miller Hall at 1045 and then walk to Building 1 for security check-in. Make sure you bring a picture ID. You may bring a camera. Depending on their test schedule, Dan Marren, Tunnel Director, may be able to provide a tour of the wind tunnel. If you plan to attend, let me know if you want to tour base and/or tour the tunnel.

***Florida WOLAA Reunion.** Ken Caudle canceled this years reunion because only four couples had sent their RSVP. We will plan another one next year.

***Health Care.** Almost everyone in this Country is concerned about the future of health care and the increasing costs. Most government retirees have a good plan and have added Medicare as they reached 65. Nevertheless, there are concerns about the future and the costs. Paul Wessel has written an excellent paper, provided in the Supplement pp 1-6. Quite often we hear about issues from the media and/or politicians by looking at just THE topic. Paul has taken a system approach and analyzed the entire Gross Domestic Product. His charts are very interesting and revealing. The data about the Defense Department will surprise you.

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VOLUNTEER HELP WANTED. The Physics Department at the University of Maryland in College Park runs a clinic to provide one-on-one help to students taking “Sophomore” physics. It is a walk-in clinic and normally the student asks help on a home-work problem but sometimes about a concept. The clinic provides the tutor with the physics book and solution manual. There is a small “payment” to the tutor to cover transportation expenses. The clinic is open Monday-Friday from 1000 –1500. Volunteering to tutor any portion of the 1000-1500 is acceptable and as many days a week as you can provide. Dr Slawsky and Dr Beach tutored at the clinic when it began. Harvey Peritt has been tutoring for a number of years. He told WOLAA that several of the current tutors had to drop-out, and there is a critical shortage now. If you can help or want more information, please call Harvey at **(301) 598-5516**.

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Ramblings of a Senior.

Mjt

***Brussels Sprouts.** How many times have we told our children and grandchildren to finish the vegetables on their plate. We always imply that we like all vegetables and they should also. My secret is I hate brussels sprouts. My Mother loved them and fixed them often. I tried; but just couldn’t manage them. Hence, I didn’t know or care how they grew. Always saw them as little awful tasting green cabbages. Recently, I spotted in the grocery store this funny looking thick stem with little cabbages all over them—yep that is the way they grow. Since our daughter likes them, I bought one. She didn’t realize they grew on a stem so she was very excited. I popped the little cabbages off the stem and cleaned them for her. She placed them in a bowl and steamed them in microwave for 5 minutes. She then “fried” bacon and onions in a skillet and dumped the brussels sprouts in the skillet and cooked until they were “carmelized.” I figured I didn’t have much to lose so I tried one. Damn, it was really good! So now I don’t have to lie to my grandchildren about eating vegetable—at least not about brussels sprouts.

Ramblings of a Senior (Continued)

***Pet Peeve.** So, you enter a public rest room and wash your hands. Often, you then have to open the door using the handle. Must be millions of germs there. At a new restaurant in Columbia, MD, they solved my pet peeve. The handle mechanism is cleverly designed so it sanitizes itself after each use. Pat didn't believe me so she checked it out and confirmed my discovery.

Book Review Johnny Gram

Mjt

Pat and I have joined the E-book generation. I bought her a Kindle (Amazon) and I received a Nook (Barnes and Noble) for my birthday. It took a while to get use to reading a book on them and longer to figure out all the features. At first we bought "new and recent" books for about \$15 (versus \$25-30 for a hard cover) and downloaded them directly from the two companies using our WIFI. Then, we discovered that you could loan E-books from the local library. Typically, you can't borrow a newly published book; but you have thousands of choices and we have enjoyed our library loaners. But, it gets better; both Amazon and Barnes and Noble will loan you books. They also, amazingly, have thousands of free books. Why a company desiring to sell you things have free book is a big unknown to me. Again, you have to work to find a book you are interested. One day a book showed up on my nook; it was from Pat's cousin, who has a Nook; it turns out you can loan one of your free or purchased books to a Nook "friend." The only problem is our Nook and Kindle are already obsolete. The new ones allow you to get on the internet and many other things.

***Iron Coffin.** John Martin gave me "Iron Coffin" and I reviewed it in the Fall 2011 LEAF. Last July, I was in a reception area waiting for Pat. I met Dick Wassman; it turned out that he was a former submarine officer. I decided he would enjoy the book since it was about a German submarine officer who had many patrols during WW II. I received the following letter from Dick. "Thank you so much for the "Iron Coffin" book. As a retired submariner, I found this a particularly enlightening book. I have never had the opportunity to read the accounting of the submarine war from the German point of view. My submarine service dates from 1964-1970 on board the USS WAHOO SS-565 (diesel) and USS Vallejo SSBN-659 (nuclear). My nuclear submarine background led me to a successful career in nuclear engineering, mostly with the US Nuclear Regulatory Commission. Thank you again, I will enjoy this book." At the time I gave him the book, he was receiving radiation treatments for cancer.

Oral History.

***Model Airplane** In the Winter 2012 LEAF, an article appeared about a model airplane used in the Aerodynamic Range. Dr. Ken Lobb, headed the Aero Department/Directorate and was TD at NADC, provided more detail: I always enjoy reading the latest issue of The Leaf, and I thought I would add a few thoughts to a couple of news items in the "Winter 2012" issue.

Regarding Bill Manzke's photo of an airplane in supersonic flight: The actual model was of a Sabre Jet F-86 and it was launched in the open air Aerodynamic Range - not in a shock tunnel. The model was actually a toy that came from a cereal box. Even so, there was a lot of interest at that time (around 1953) in the shock wave structure on a F-86 in low supersonic flight. Of course, the F-86 was a subsonic airplane, but the American pilots in the Korean war had discovered that they could out maneuver an attacking MIG-15 by putting the F-86 into a shallow supersonic dive.

Dr Herman Kurzweg (the leader of our Aero-ballistics group at that time) was on a NACA (before NASA) advisory group and he felt these pictures would be helpful in understanding the pressure distributions on the aircraft in low supersonic flight. As I look at the shock wave angles in the picture, I would say the aircraft is flying at roughly Mach 1.05.



MODEL AIRPLANE LAUNCHED IN THE
AERODYNAMIC RANGE

is flying at roughly Mach 1.05.

On the note about Richard Lehnert, let me say that Richard was a fine German scientist, and his wife Mitzi was terrific, but Richard left NOL in the early 60s to work at NASA Goddard and he had nothing to do with leading the initial design of the Hypervelocity Tunnel #9. That was my concept alone, and I stayed with it right through four congressional hearings before final approval and funding in 1967. It has obviously been a real success.

I was saddened to hear of the passing of Ken Baker. He was a great project leader and a fine engineer.
Kind regards, Ken Lobb

***Animals at White Oak Lab** I enjoyed reading the last *THE LEAF* (winter 2012) and was reminded of several encounters at White Oak with the wildlife (of the four legged variety). You did not mention the population of black squirrels we had in the area of Miller Hall. I was told they had been brought to the Lab from Niagara Falls Canada. I remember seeing black squirrels at the Falls on my Honeymoon, so it sounded plausible. I also recall the excitement of finding a "white squirrel" in that same location. Two Wildlife Officers came to White Oak from Dalhgren to check out the albino. They searched around Miller Hall with no success. They called me on the radio and I found they had placed themselves between the squirrel and his nest. As I came up, I practically stepped on the squirrel. He then ran through the legs of one of the Officers. Sadly, I was also the one to find the squirrel in the middle of the road after it was struck by a car. I believe Glen the Barber had him mounted and he was displayed in the Barber Shop until it closed. I have had other amusing incidents with wildlife (of both varieties) in my time at White Oak. John Greene

Features.

*Alumni Updates

-Mk 48 Torpedo. George Hamlin noted that "Passing glance mention of Mk 48 torpedo on the 20 March showing of NCIS on CBS. The Mk 48 doesn't get into the popular culture a lot.

-Bennett Auditorium. Recently, Walt Madigosky provided WOLAA a blue and gold painted wooded "sign" which had Bennett Auditorium inscribed on it. George Hamlin provided WOLAA its histor

the history of the “sign”. I had the Bennett sign made when Public affairs went out for uniform-identify room-sign purchase (Jungle Room, etc.) The renaming of the auditorium wasn’t official yet, but I knew this was the time to have the sign made so it would match the others. The extra cost wasn’t much. Dr. Hartmann, TD, convened a meeting not too long afterward in the Perry Room and outlined his proposal to name the auditorium after Dr. Bennett. At which point, I hauled out the blue and gold sign and said, “you mean like this?” After a jaw-dropping silence, he said, “I guess this proves that there’s nothing new under the sun.” And the end of the story is: we never used that sign. Instead, we had the brass one done.

-Naval Observatory. George Hamlin provided the following about the Naval Observatory’s future: In case you missed it, Thomas Snyder, writing in the Washington Post reported that the Old Naval Observatory (23rd and # NW) will be transferred to the State Department. This transfer was included in BRAC 2005. A non-copyrighted summary follows.

The Observatory was, in a very real way, the beginning of the Navy's scientific laboratory system. During the period 1844-1893 it acquired a reputation as one of the country's leading scientific establishments; the discipline of modern oceanography was developed there, several of its alumni led the Fleet (even on both sides of the Civil War. President Lincoln used to escape the daily burdens of office by going there to look through the telescopes. After that it became one of the most advanced astronomical labs in the world (the satellites of Mars were discovered there). It advanced such disciplines as astronomy and standard time. Left behind in the rush of advancing science, it now houses BuMed, which has let it deteriorate even though it has National Historic Landmark status.

-WOL to DL Railroad. George Hamlin wrote: “Those with long memories may recall "Making Tracks," a movie that Bill's Bunch did some years back. The central wacky idea was that management had decided to lay a railroad between White Oak and Dahlgren. The idea received its 15 minutes of fame when a prominent political gossip columnist picked up on it and, not realizing that it was a spoof, waxed indignant at all the money the Navy was wasting. Anyway. My friend who is digitizing all of the Bill's Bunch movies rang me up the other night after watching "Making Tracks." He is a major railroad buff, and he knows every inch of track on the eastern seaboard. Anyway. "You know," he mused, "you could have installed that railroad for real with no more than 2 miles of new track - and nearly all of THAT on government land yet." He laid it out on a map, shown in the Supplement, page S7; Cross Powder Mill to get onto government land at Beltsville Agricultural; meander through the Ag Center and tie in to the B&O (since Chessie, since CSX); connect at Union Station to the RF&P; connect at Fredericksburg to a little-known U.S. government railroad running all the way to Dahlgren; ride to headquarters on the Dahlgren Cannonball. The government right of way is abandoned now between Sealston and Dahlgren, but it wasn't then. All aboard!! Refreshments in the rear car. Keep hands inside the train at all times.

-Communications from Alumni.

Mildred Graham. Dear John, You will not remember me, but I am the lady who met you on your first day of work, met you with a fist full of appointment papers to complete. My dear friend and former co-worker, Jim Woodhams was so kind as to ask for the lovely mementoes of the dedication for me. Now I am wanting a copy of the DVD made of the dedication that you are offering. I want to thank you and all concerned for keeping the LEAF in “circulation.” it is a real blessing. Please give Deanne Zook my best regards. I think she may remember me from my days in Personnel (32 years). Best Regards.

Editor Note: We do remember you Mildred! Mildred is retired in California.

Laurin A Knutsen Please send me a copy of the Dedication Video. I am sorry I missed the Ceremony, but I have a problem walking any distance.

I was a General Engineer in the Planning Division under Dr. Bennett 1945-1950 and was involved in the move from the Gun Factory to NOL. In 1950, the new Department of Defense was getting organized and the Office of Secretary of Defense was established.

Laurin A. Knutsen (continued)

They were looking for Engineering talent and 3 of us from NOL made the change—Clifford Livermore, Merle Ross and myself. Ross and myself were assigned to the Assistant Secretary of Defense for R&D, eventually DDRE&F, and were charged with coordinating the Military Construction programs for Laboratories, Test Facility, and Missile Ranges for the three military services. Livermore was made chief of the R&D Division in the Comptroller's Office and did an outstanding job of protecting the R&D programs of three Military Departments over the years. The civilian staff of the Office of Secretary of Defense has been invaluable in providing continuity in our military programs during the changes brought by nine different Secretaries of Defense and five different Presidential Administrations. My thoughts is that Livermore is another example of NOL's contribution to the good of our country.

-Deceased Alumni.

Please inform Houston Cole of any information about deceased alumni. Phone (410) 489-2977. Or, please write or email WOLAA. The LEAF is pleased to print a tribute to our deceased alumni. Prepare and mail/email to WOLAA.

Jack V. Moir. Jack died on 3 October 2011 after a three year lingering illness. He was employed by Pan American World Airway for 34 years as Cargo Manager at Dulles Airport. This gave Jack and his wife, Mel, the opportunity to travel the world over. Jack and Mel celebrated over 67 years of marriage. Mel worked at the WOL for over 30 years in Underwater Ordnance and was secretary to the Project Manager for the Mk 48 Torpedo for many years. Jack is survived by his wife, Mel; 3 children; 6 grandchildren; and 10 great-grandchildren.

Rudy Schuetzler. Rudy died on 4 December 2011 in Virginia, where he traveled from his home in Florida to visit his daughter and her family for Thanksgiving. Rudy suffered a severe stroke on the day before Thanksgiving. He died several weeks later from the affects of the stroke. His wife, Loris, died several years ago. He is survived by his daughter, Pat Howard; and grandchildren: Liz and Jeff.

Rudy worked at the WOL in mine development and then moved to NAVSEA and worked in the Mine Office there. He was sponsor of several projects at WOL. Rudy was a kind and good man. Lois and he moved into our development when it was built. He moved after several years and then upon retirement, Lois and he moved to Florida. In a note provided by his daughter, she addressed the love he had for his wife, Lois, and the grief he had after her death. He was dedicated to Mine Warfare and supported the efforts of U Department in Mine Warfare.

Donald Jackson Glover. Donald, age 85, of Asheville died Thursday, January 26, 2012 at John F. Keever Jr. Solace Center. A native of South Carolina, Don was born in Port Royal, SC and raised in Graniteville, SC. He was a WW II Navy veteran, serving on LST 702 and on Adak Island in the Aleutians. He was educated at George Washington University in Washington, DC under the GI Bill and received Master of Science degree in chemistry. He worked for the Federal Government for 37 years, primarily as a Research Chemist with the Naval Surface Weapons Center in Silver Spring, MD. He studied the chemistry of explosives and received patents for inventing two new explosives. He authored 70 technical papers in chemistry which were published in several scientific journals. After retiring in 1986, Don and Grace moved from the Washington/Baltimore area to Givens estates in Asheville. Never having backpacked before, they began hiking in 1990. Together they hiked the Appalachian Trail. In addition they have hiked extensively in the Great Smokey Mountains, the Mountain to Sea and Bartram Trails. In 1994, Don hiked into the Grand Canyon to the Colorado River with his daughter Gail. In all Don hiked well over 10,000 miles. Don married Eleanor Grace Smith on February 8, 1948. In addition to his wife he is survived by five children, Benjamin Richard Glover, Arthur Lloyd Glover, Ann Elizabeth Glover, Gail Katherine Hall, Lenore Louise Murn, 10 grandchildren, and four great grandchildren

THE COST OF HEALTH CARE

A Cancer Destroying the American Economy

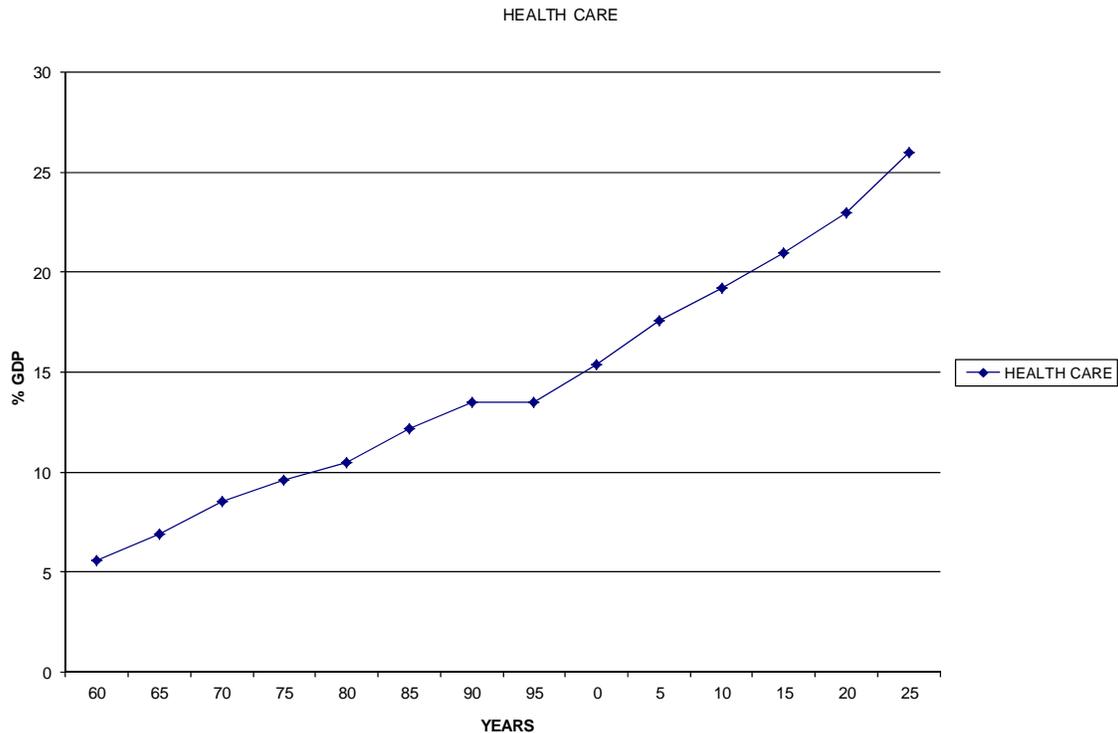
By Paul Wessel

Nearly everyone understands that the cost of health care is rising, and many are aware of attempts by the federal government to contain the growing costs of Medicare and Medicaid, but few have looked at the effect that increasing health care expenditure is having on the country as a whole. In this paper we'll take a look at the balance of expenditures, for the country as a whole, in major categories. In future papers I will address other major categories of national expenditure.

While much attention has been given to controlling the cost of Medicare and Medicaid, and that is a serious concern, those expenditures account for slightly more than **one-third** of the total cost of health care in the United States. Many of the actions to limit the cost of those programs have simply shifted expenditures to businesses and individuals with little effect on the total cost to the country. Savings achieved by reducing expenditures in one area can be quickly offset by increases in the total and by increased costs of financing the national debt.

I have included a few charts to illustrate how this occurs. The data for the charts comes from many documents available on-line from various national agencies, which are listed in a footnote.* I have also made use of hundreds of other reports from various think tanks, blogs and private foundations. Projections into the future are particularly uncertain. One example comes from the actuarial report on Medicare where the trust fund will be completely depleted as soon as 2016 under the worst assumptions of cost and income, by 2019 under moderate projections, or never, under the most optimistic assumptions. I have generally used projections that would approximate the "moderate" case, which is really optimistic since its achievement will require major action by the congress and by the American people.

We have tended to treat the growing cost of Medicare and Medicaid, Social Security, and other major areas of National Expenditure as separate issues. To some extent a reasonable solution to any one of them can be found if considered in isolation. However, **none can be resolved in the long term so long as we fail to address the inexorable increase in the cost of health care.** Let's look at that first. In the following chart the total cost of health care, paid by federal, state and local governments, businesses and individuals, is shown over time beginning in 1965 and projected out to 2030. Data is available on an annual basis but I have chosen to plot data at five year intervals because it illustrates the trend clearly. All items are plotted as a per cent of Gross Domestic Product (GDP) so that their relative values and their burden on national wealth can be more readily understood. Note that Medicare and Medicaid were established in 1965. At that time the great majority of health care costs were borne by businesses and individuals. As can be seen, total costs began a steep increase, broken briefly in the interval 1990-95, but continuing to the present and projected into the future. At this time health care costs about 18% of GDP, a figure expected to rise to 26% by 2030. What does this mean for other activities of government and society?

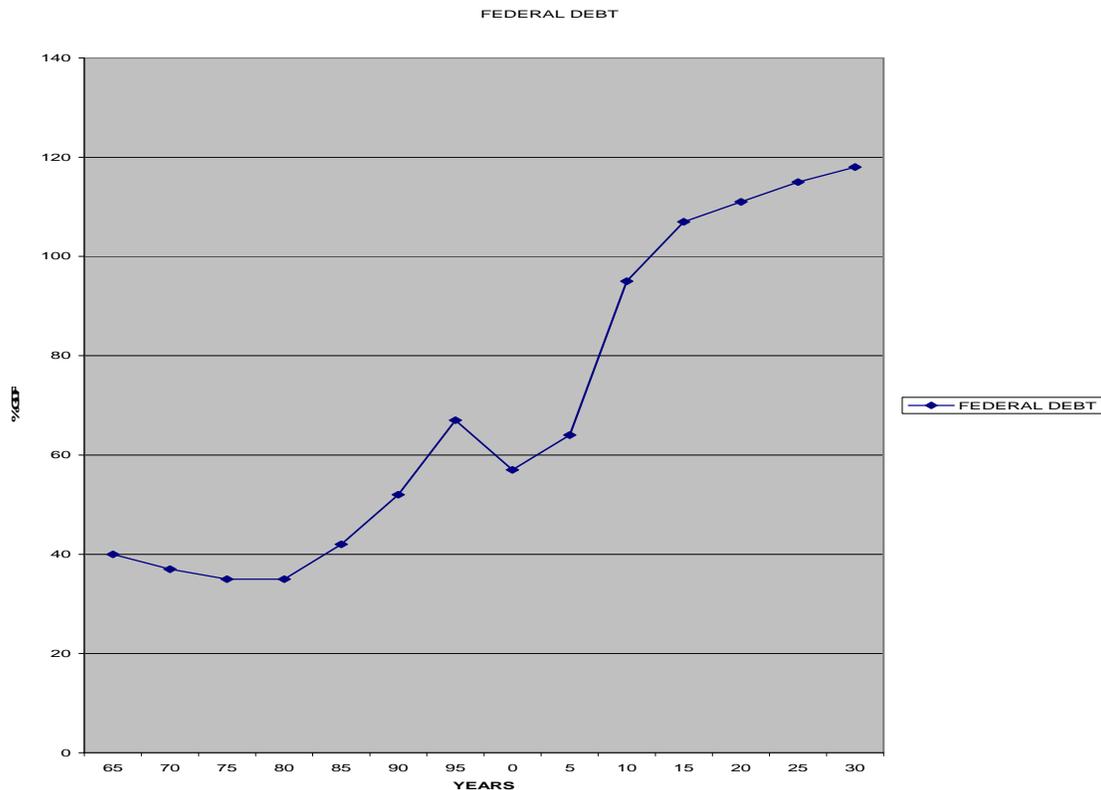


At present GDP is about \$15.6 Trillion (T), so 18% is about \$2.8 T and each 1% of GDP increase in cost is \$156 Billion (B). Over the next ten years costs are expected to increase by 5% of GDP. The aggregate increase over the ten year period, in today's dollars, will be about \$4.3 T. Thus the \$4 T which the President has proposed in budget cuts over a ten year period will be surpassed by the increased cost to the nation of medical care alone. This also makes very clear that cutting \$1.2 T, the goal of the Super-Committee, was a modest (almost trivial) goal, and even that was politically too hard.

All of this takes place in the context of the national (Federal) debt, also an issue that has garnered a lot of public attention, but one which is also driven substantially by the growing cost of health care. As seen below the debt began a significant rise in the 1980's, driven by rising costs of defense and health care, and leveled off in the 1990's as defense expenditures were drastically reduced and welfare reform was implemented, accompanied by robust growth in the economy. After that the debt once again rose and most recently has increased rapidly, primarily due to increased costs of health care, homeland defense, expenses associated with the recession, and reduced federal income. The reduced rate of increase beyond 2015 is based on assumptions about the end of current tax cuts, increasing income, and proposed reductions in defense and entitlement expenditures. All of those will, of course, be subject to political determination.

At present the debt is about 100% of GDP. Most economists reckon that debt levels above 90% of GDP are dangerous to the long term health of an economy, as evidenced by the economic disruption caused, historically, in most other countries that have exceeded that level for any length of time. The reason is that the rising interest rates and

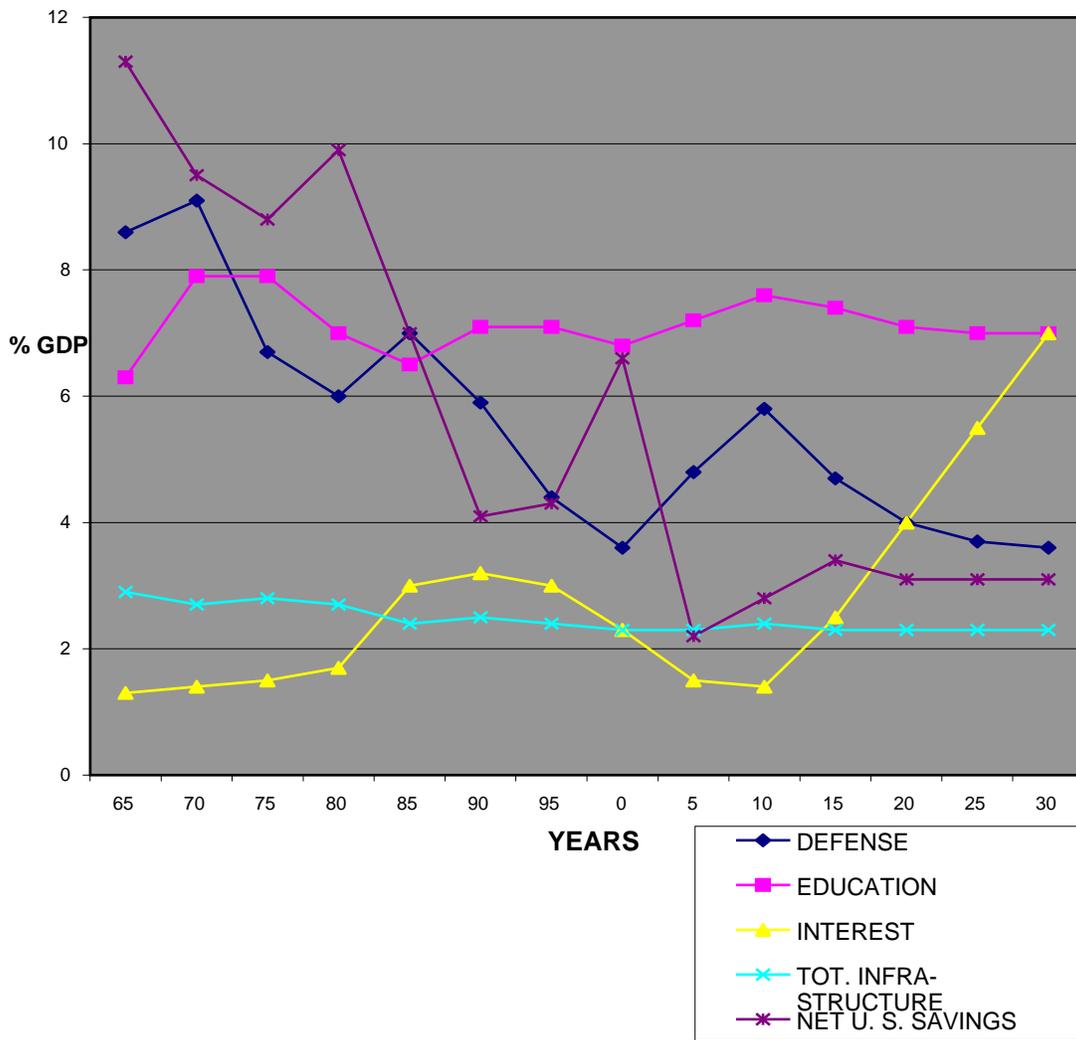
expenditures needed to finance such a huge deficit will eventually undermine the possibility of future growth. This is precisely what is happening in Greece today, and is a threat to other countries in Europe.



Indeed we will see that the US is facing an increase in interest costs. The rising debt, driven substantially by the cost of health care and combined with a rising interest rate in later years, will continue to have a negative impact on other important elements of national well being. In the following chart I have illustrated some key items. Note that defense expenditures came down after the Viet Nam War, increased during the Reagan buildup, decreased again after the collapse of the USSR, increased again during the Afghanistan and Iraq Wars following 9/11 and are projected to fall to a level below 4% of GDP, the lowest level since before World War II. Suggestions that the cost of defense is a major driver of current and future budgetary problems are not well founded.

Expenditures for education (government, private and individual) have held reasonably steady at 7% of GDP. Most people believe that we are spending too little on education and that too much of the cost of higher education is being forced on to families that can ill afford it. Indeed the cost of education has increased faster than inflation for many years. Federal and state expenditures for education are not expected to increase, relative to GDP, in the future and state expenditures have been dramatically reduced during the current recession, particularly for higher education. Increases in private support of local schools and substantial increases in tuition for higher education have been the result.

NATIONAL EXPENDITURES



NOTE: Defense includes all DOD and related expenses, cost of military action and Veterans benefits.
 Education includes all public and private expenditures for K-12 and tertiary education.
 Total Infrastructure includes federal, state and local expenditures.

Expenditures on our admittedly deteriorating infrastructure have been in gradual decline ever since completion of the Interstate Highway system in the 1960's and 70's. The accumulated backlog in needed maintenance on highways, bridges, parks, and other elements of infrastructure are enormous. These are admitted problems that are getting little attention because of deficits and looming debt.

The issues listed above and others not included here have had a disastrous effect on national savings. The curve shown here is not limited to just personal savings accounts but includes investments in retirement plans and other elements that are considered part of the total US savings rate. The decrease in saving means that there is less money

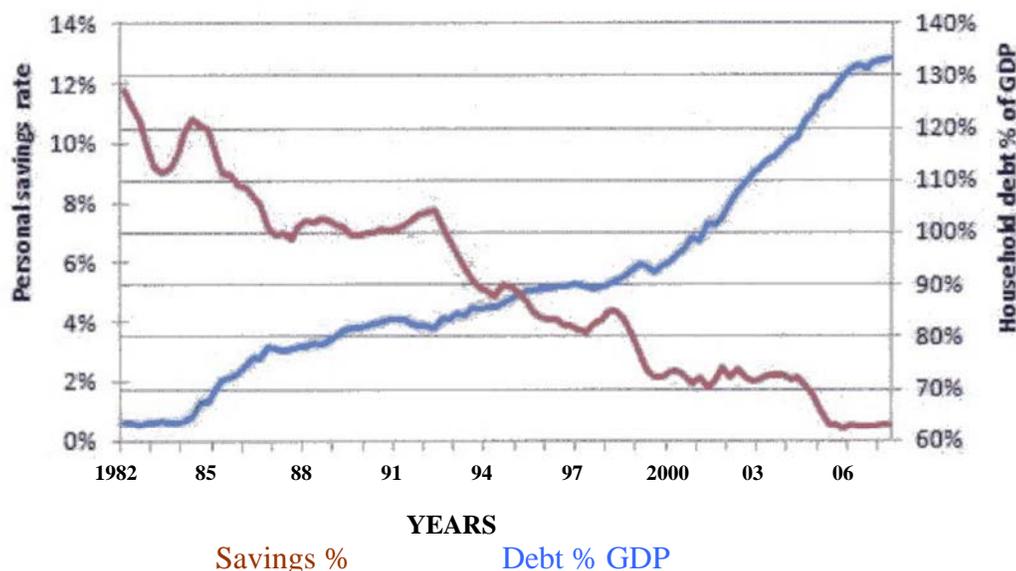
available for investment in areas such as education, infrastructure, and other elements of national well-being.

Note that the combined decline in savings, defense, education and infrastructure over the period from 1965 to present is about 12% of GDP, **almost exactly equal to the increase in health care**. While some of this may be coincidental there is surely a connection. Note also that the one item on this chart that is projected to increase is interest on the national debt. It will increase for two reasons, the increase of the debt itself and the anticipated increase in the interest rate. Over the next ten years the cost is expected to increase by 2% of GDP, a cumulative increase over the period of \$1.7 T. This again emphasizes the importance of addressing overall health care costs as **the** major element undermining all attempts at controlling debt and deficit while attempting to invest in national well-being.

There is a final chart that further illustrates what has been happening to individual's finances during this period, and why it will be particularly hard for many to make the necessary changes. Household debt dramatically increased over the period from 1982 to 2007, driving the savings rate inexorably downward. It is important to note that **total household debt level exceeded 100% of GDP in 2008 and has since come down as Americans have increased savings**.

Catastrophic losses in home values and retirement investments have left many households hard pressed financially. There have been recent reductions in debt levels and increases in savings rates, but these are modest changes and may not be sustainable. Realizing the desperate nature of their financial situation many Americans evidently cut expenses back and, at least temporarily, greatly increased their savings rate to about 6%.

US Household Debt vs. Personal Savings



The most recent data indicates that savings are down and that consumer spending, and credit card debt, are increasing slightly. Prior to the recent collapse of the housing market a primary cause of personal or household bankruptcy, including loss of a home, was the incidence of a major medical expense not covered by insurance, often accompanied by a loss of income. This is also surely, in part, a result of the ever increasing costs of medical care.

Switzerland, whose health expenditures are 12% of GDP, has the second highest proportional cost of health care among developed nations. Few others exceed even 10%. There are many reasons why US costs are so much higher, and most of those can be addressed only by substantial changes in the entire process by which health care is financed and delivered in this country. These ideas have been explored in considerable detail in many of the publications issued by US agencies and by private foundations concerned with health care. It is not the intent of this paper to address those, but rather to point out that attempts to deal with the fact that Medicare and Medicaid are financially unsustainable in their current form will ultimately fail if the total national cost is not addressed. Reducing US costs to the level of those in Switzerland (12% of GDP) would result in **annual savings to the nation (6% of GDP) of nearly a Trillion dollars**. That would more than cover current deficits and support serious efforts to address other important national issues.

This is a complex and difficult matter, one that seriously affects every American. It is essential that people become informed, understand the issues, and hold their elected representatives responsible for taking appropriate action. Nearly 80% of the populace believes that debt and deficits are serious problems, but nearly the same percentage believes that no changes should be made to entitlements. Most also believe that we should increase investment in education and infrastructure. **What I have attempted to show in this paper is that those are not realistic expectations unless, and until, we get total health care expenditures in this country under control.**

Future papers will delve into the details of health care programs as well as Medicare and Medicaid. The effect of debt at all levels in the US, federal, state, local and individual, will also be explored in another paper. Those debts may seriously limit the actions that can be taken, or the time in which they can be implemented.

*Primary sources of data are Office of Management and Budget, Congressional Budget Office, Congressional Research Service, Actuarial Reports of the Centers for Medicare and Medicaid Services, Annual Reports of the Trustees of (Medicare) Trust Funds, Organization for Economic Co-operation and Development, Centers for Disease Control, Department of Defense, Department of Health and Human Services, Interior Department and Treasury Department. An excellent summary of this, and related issues, can be found at www.kpcb.com, consisting of a 43 minute video and an extensive slide show.

