



Standing on principles

There have been just five presidents of Koch Industries (pictured above) since the company was renamed in 1968.

Despite coming from vastly different walks of life, all five have maintained a remarkably consistent set of principles.

Our MBM® Guiding Principles were the bedrock of our culture and our organization long before they had an official name. They have continually shaped our thinking, prompting us to be more efficient, more flexible and ever-compliant.

Our principles have endured despite constant changes in markets, visions, governments, business interests and a seemingly endless stream of technology-related changes.

Those same Guiding Principles not only provide a framework for our business decisions, they are essential for evaluating public policy issues.

Poison pens

Although free and prosperous societies have consistently provided the very best quality of life for their citizens, the principles underlying those accomplishments are under fierce attack.

Policymakers and activists who prefer government-driven solutions to life's challenges are now blaming free markets for everything, including the recent economic meltdown.

In reality, there are no truly free markets in our world – only mixed ones. In fact,

the biggest disasters have occurred in areas that were already heavily regulated, such as finance.

Rather than promoting individual responsibility and accepting the need for Principled Entrepreneurship™ – which benefits all of society – the default mode has become more and more government.

This is especially true when it comes to health care.

The world is watching

For months, the public-policy debate over U.S. health care has been watched with keen interest around the world.

In Europe, where centralized administration of health care is the norm, America's health care debate prompts both amusement and amazement.

Many of those on the outside of this debate looking in have a firmly entrenched belief that government elites – not markets – are the best solution for solving problems, especially complicated ones.

This way of thinking (which Nobel prize-winning economist Friedrich Hayek called “the fatal conceit”) is being pushed harder and harder in the U.S., where the political debate over health care has reached a critical juncture.

Point of view

Koch Industries' point of view regarding health care has nothing to do with political parties and everything to do

with fundamental principles.

As a matter of principle, should government mandate prices and control access to doctors and hospitals? Is government an efficient health-care administrator?

What's more, is it morally right to run up trillions of dollars in unfunded liabilities by promising entitlements for everyone?

The principled, market-based answer is no.

Can patient care be delivered more effectively? Can current insurance systems be improved? Are there more cost-effective options or ways to reform the system?

The principled, market-based answer is yes.

Diagnosis

This issue of *Discovery* is devoted to a discussion of health care alternatives, including some currently being debated and several that aren't. That discussion begins on page four.

On page eight, David Koch has written a unique and insightful Perspective editorial that focuses on one of the most important (and overlooked) aspects of health care: the research and innovation that lead to newer, better and less expensive treatments.

Every health care system in the world has room for improvement. It's whether what we change really brings improvement that makes all the difference.

Postal Pipeline

Letters may be edited for length or clarity

As I read “Going to Extremes” in July’s *Discovery*, I couldn’t believe my eyes and had to reread the first column.

I’m quite pleased and proud we are taking a stand against destructive environmental extremism, and doing it in such a diplomatic, respectful, and level-headed manner.

Perhaps we took a risk in stating our position against extremism, but I’m pleased that we did. I feel proud and fulfilled to work for a company that boldly and respectfully upholds its core values.

I hope to read future articles with similar boldness about vital issues.

Lauren O’Reilly

**KII college recruiting coordinator
Wichita, Kan.**



Koch company employees can learn more about important issues affecting all of us at <http://kcief>.

Thank you so much for the generous gift of \$50,000 in support of our music therapy and sensory integration services! We are so grateful for the investments you have made in Fraser over the years.

Flint Hills Resources has long been a vital partner in our mission to make music therapy available to all in the Twin Cities who need it. We truly appreciate your sharing in this vision. Bless you – this gift has had a major impact in our organization.

Diane S. Cross
Fraser President and CEO
Minneapolis, Minn.



On behalf of UTPB and myself, I want to thank everyone involved in the donation of the Odessa Petrochemical Complex Collection.

After arranging the material for best preservation and access, it comes to eight cubic feet of documents, photographs and plaques.

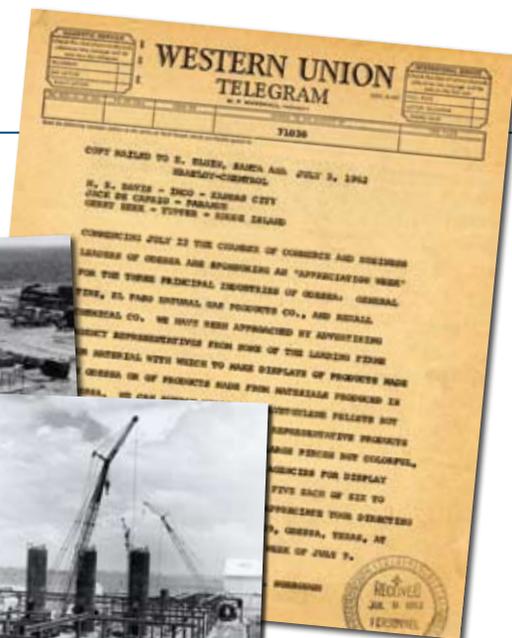
Your donation ties up some loose ends in local business history and introduces some new topics. It would be my pleasure to assist any student, faculty member or freelance researcher in using this material.

Terry Shults

Professional librarian – Tech. Svcs.
Univ. of Texas of the Permian Basin
Odessa, Texas

The former Flint Hills Resources polymer plant in Odessa closed earlier this year. It was built in 1957 and acquired by FHR 50 years later. Its files included construction photos, newsletters and telegrams as well as copies of historic photos dating back more than 80 years. A representative portion of these items was retained for the KII archive. All others were donated to UTPB.

On behalf of Boy Scout Troop 736, I’d like to thank Koch Industries for its support of a chemistry merit badge class recently held in the laboratory facility on the Koch campus.



Four of my chemist colleagues – two from FHR and two from INVISTA – joined me in teaching the class, which included a discussion of chemical safety, an overview of the chemical industry and several hands-on experiments.

In all, 27 Boy Scouts earned the merit badge.



Heather Blankinship
Assistant Scoutmaster, and
INVISTA Product Safety Capability Mgr.
Wichita, Kan.

Discovery

October 2009 | Volume 15 | Number 4

Editorial Board

Philip Ellender
Rich Fink
Mary Beth Jarvis
Jeff Gentry
Dale Gibbens
Charles Koch
Jim Mahoney
Dave Robertson

www.kochind.com

Questions? Comments?

Contact: Rod Learned
316.828.6136
rod.learned@kochps.com

Publication Design:

Deanna Bauman
Koch Creative Group

©2009, Koch Industries, Inc. Koch is an EOE M/F/D/V



New York - The Aug. 20 signing ceremony with officials of Jian-Feng and INVISTA.



Gloucester - Firescape donations from INVISTA's facility included firefighting uniforms and equipment.



Turkey - The Selpak brand is the market leader for tissue paper in Turkey. It is produced and sold by İpek Kağıt.

Chongqing, China – During the past 20 years, Chinese companies have invested more than 32 billion yuan (about \$4.8 billion) to license the use of INVISTA's technologies.

The latest company to do so is Chongqing Jian-Feng Industrial Group, which signed a technology licensing agreement in August.

Jian-Feng is investing 2 billion yuan in the construction of a manufacturing complex to produce BDO and PTMEG using INVISTA's technology.

BDO is used in making polyester resins and polyurethanes. PTMEG typically ends up in spandex fibers and is also used in apparel and automotive manufacturing.

When completed, the two plants at the Chongqing Chemical Industry Park will have the capacity to produce 60,000 tons of BDO and 46,000 tons of PTMEG annually.

"We admire the clear vision for Chongqing's continued growth as an industrial center," said Jeff Gentry, INVISTA chairman and CEO, at the signing ceremony. "INVISTA is pleased to provide Jian-Feng with the design and know-how for its new manufacturing operation.

"Our technology licensing organization, INVISTA Performance Technologies, has more than 40 years of technology experience and has participated in over 40 projects in China."

Heavily industrialized Chongqing (formerly known as Chunking), is an inland port situated in mountainous

western China. The municipality has a population of more than 31 million.

Gloucestershire, UK – Learning what to do in case of a fire is important knowledge for everyone. So is developing self-discipline, healthy self-confidence and good communication skills, especially when you're young.

Thanks to a donation from INVISTA's Gloucester plant, British firefighters were better able to teach all of these concepts to young students this past summer.

Working in cooperation with the Prince's Trust, INVISTA and others, the Gloucestershire Fire and Rescue Service was able to launch a new course called Firescape.

The six-week course not only covers fire safety at home and in the community, but teamwork, discipline and leadership skills.

INVISTA's contribution to the program included firefighting uniforms and equipment no longer needed at its Gloucester facility.

That plant, located almost 150 kilometres (more than 90 miles) west of London near the Welsh border, produces industrial nylon products, including the fiber used in automotive airbags.

Coincidentally, part of the Firescape curriculum teaches road safety.

"More than 1,000 young people have benefited from the experience of working with the Fire and Rescue Service since it was launched," noted Andrew McCartney, assistant chief officer of the service.

"This is an excellent example of an initiative working between the public and private sectors. We are extremely grateful to INVISTA for their generous donation in support of this new course."

"INVISTA are happy to donate this equipment," said Stephen Johnston, INVISTA Gloucester's site manager. "We wish the pilot course every success."

Manisa, Turkey – İpek Kağıt, a joint venture between the Eczacıbaşı Group and Georgia-Pacific, has opened the first stage of its new production facility in Manisa. The \$40 million project will manufacture tissue paper products.

When the entire development on 225,000 square meters of land is completed, İpek Kağıt's capacity will triple from its current level, making it Europe's largest tissue paper mill.

Georgia-Pacific EMEA Consumer Business President Tarek Hallaba was on hand for the celebration.

"Georgia-Pacific sees İpek Kağıt as a valuable partner of its European portfolio," Hallaba said. "With this new mill and with the ongoing commitment of İpek Kağıt into research and innovation, I strongly believe that we are now in a good position for future growth."

İpek Kağıt is the clear leader in the Turkish tissue paper market with six powerful brands: "Selpak", the synonym for hanky in Turkey; "Solo", "Silen", and "Servis" for consumers with diverse expectations; as well as "Marathon" and "Lotus Professional" for the away-from-home segment.

Health carelessness

The debate over changes to the U.S. health care system has gone global.

No matter where you live, it seems, it's easy to criticize your health system.

In England, where increased taxes have more than doubled funding for the National Health Service, the average wait for hospital treatment last year grew to 49 days. Getting a new digital hearing aid can take five years.

In Canada, Nova Scotia and Ontario towns have held lotteries to decide who gets to see the doctor.

Even the World Health Organization's highest-rated health care system has serious shortcomings. Following a 2003 heat wave in France, more than 15,000 of that nation's elderly died due to a lack of hospital facilities and too few available doctors.

And then there is the United States, where soaring health care costs, millions of uninsured and an insurance bureaucracy are Exhibits A, B and C for those who favor universal, centrally controlled or so-called "single payer" health care.

What's wrong

From a market-based perspective, all of the world's health care systems have significant problems, most notably a disconnect between the consumer and the actual cost of the service provided.

In most developed nations, the government decides what kind of health care is available and rations it accordingly. Patients may never receive a bill for services (they're already paying it via taxes), but wait times and the limited range of available services bring about an unhealthy system.

Those who feel shortchanged by this approach must either do without or contract for private services, which, in some countries, is illegal.

In the U.S., a combination of government agencies and insurance companies has taken over most health care decisions, including what's covered or

not covered, and at what cost.

There are plenty of private sector insurance plans in the U.S., but, in reality, almost all of them closely reflect government guidelines for reimbursement.

Thanks to a complicated system of co-pays, preferred providers and third-party billing, most patients in the U.S. have no clue as to the actual cost of their care.

For that matter, neither do most patients in countries with nationalized health care.

government programs such as Medicare, health care as a percentage of U.S. Gross Domestic Product has swollen from 5.5 percent to more than 16 percent of GDP.

This increase in the portion of health care paid for by third parties is partially driven by a perverse tax incentive: employer-paid insurance premiums are typically deductible while personal payments generally are not.



"The tax imposed under this section shall not be treated as a tax." - HR 3200 ("Affordable Health Care Bill"), pg. 203.

Perverse incentives

Being connected with the true cost of health care provides a powerful incentive for managing costs. Unfortunately, that connection has been seriously eroded.

In 1960, Americans personally paid for 47 percent of all health care procedures. Altogether, the private sector paid 75 percent.

Today, the private sector pays 54 percent and individuals pay barely 10 percent.

Over that same period, government's share of health care payments has almost doubled, from 25 percent to 46 percent.

Because so much of health care is now paid for by third parties, including

Doctors also face perverse incentives. Many physicians feel pressured to perform extra services and order additional tests in hopes of avoiding lawsuits.

Patients seldom have the incentive to work with doctors to optimize the trade-offs between quality of treatment and cost.

Essential ingredient

Another factor driving costs higher is the lack of competition.

In free markets, competition improves quality, expands choices and lowers costs. But in the global health care market, competition is an endangered species.

In the UK, for example, citizens can lose

Is universal health care better?

5-year survival rates for cancer patients
(in percentages)

	U.S.	Europe
Overall - Men	66	47
Overall - Women	63	56
Breast	90	70
Leukemia	50	35
Lung	16	11
Esophageal	12	6

	U.S.	France	Britain
Prostate	81.2	61.7	44.3

Sources: Lancet Oncology, OECD and NCPA

access to all national health services if they seek further, private treatments not offered by their government.

In the U.S., insurance companies are usually prevented from competing across state lines and are given mandates on what coverage to offer.

Ironically, some reform proposals in both the House and Senate of the U.S. Congress seem intent on further reducing competition by establishing a “not-for-profit public option” for health insurance.

Never mind that plenty of non-profit insurance cooperatives already exist, or that a program very similar to the Senate proposal, in Massachusetts, has already led to rising costs and higher insurance premiums.

Curiously, as America leans toward a more costly, less competitive European health care model, much of Europe is headed the other direction.

Germany, Slovakia and Sweden – all countries with nationalized health care – are now contracting for health services from private, for-profit groups.

Other people's money

It is an inescapable fact of life that when we know how much something costs and we're paying for it personally, we tend to make better choices.

If you're shopping for beef by the pound, filet mignon may cost two or three times as much as a sirloin steak and five or six times as much as brisket.

Depending on your budget, you might choose ground beef tonight.

On the other hand, if you expect someone else to pay the bill for your grocery shopping, your behavior will probably be dramatically different.

You might be tempted not only to choose filet mignon, but also lots of it. When millions of others do the same, we soon have a sharp increase in the cost of filets.

Whether you're talking about steaks or

stents, there is no escaping the law of supply and demand.

Any health care system that assumes someone else will pay the cost of services and hides the true cost of those services is headed for trouble.

Skin in the game

Health care costs are also being driven higher by a lack of personal responsibility.

Cardiovascular disease, cancer, diabetes and obesity account for about three-fourths of all U.S. medical procedures.

All four could be dramatically reduced by exercise, a sensible diet and giving up tobacco.

Healthy people require less health care. And yet, all around the world, those with a healthy lifestyle tend to pay the same insurance rates – or taxes – as those with unhealthy lifestyles.

Individuals respond...by using more care, as well as more expensive care, when they do not face the full price of their decisions.

- President's Council of Economic Advisors

Just as grocery shoppers need to be connected with their spending decisions, we need to be connected with our lifestyle choices and health care decisions.

To get a better handle on health care costs, it makes sense to ask questions of health care providers and challenge their assumptions about the need for tests and services.

Most health care systems are biased against timely, accurate information for consumers. We cannot make good decisions without good information.

What to do?

Any reform of health care is doomed without proper incentives, competition and individual responsibility.

This is as true in the U.S. as it is anywhere in the world.

The fact that some in the U.S. cannot afford health insurance doesn't change economic reality.

It is not uninsured patients that are driving America's health care costs higher. It is rising government expenditures and mandates that are spiraling out of control.

This year, 40 percent of personal income tax revenues in the U.S. will go toward paying interest on the national debt.

The U.S. is already facing trillions of dollars in unfunded liabilities for programs such as Medicare and Medicaid.

Given these circumstances, further health care spending on an even grander scale is patently unaffordable.

As costs rise, government has no option but to ration care and limit choices.

French health care taxes, levied at a rate of 20 percent of income, are covering only 60 percent of costs. Consequently, France is discussing cutting benefits and raising prices.

If Americans want to reduce the cost of health care, then more Americans need to take responsibility for their general health and make better-informed choices.

A more market-based solution for those that cannot afford health care or insurance is targeted assistance and subsidies, not a complete government takeover.

Government health care policy should promote competition and consumer choice. Centralized control will only lead to higher costs while reducing choice and quality.



Noteworthy

Fiber optics

Most college students don't know what fiber goes into their dormitory carpet. They don't necessarily care if it's made from fibers that minimize soil trapping or make it easy to clean.



San Antonio, Texas – Modular carpet made from INVISTA's Antron® Legacy™ nylon has lasted years longer than expected – even in high-traffic dorm rooms.

carpet was installed and when. He also recorded the carpet style and fiber brand, and then began taking notes on how it performed.

As time went by and he began analyzing his notes, Greene noticed a trend. All the top-performing carpets at Trinity had one thing in common: Antron® carpet fiber.

“The log clearly showed that carpet styles manufactured with Antron® Legacy™ nylon performed very favorably on campus,” Greene said.

“Based on this observation, we now limit our carpet selections to well-performing carpet styles. My ‘go-to’ products are carpet styles made from Antron® Legacy™ nylon fibers.

And they could probably care less how old it is or how much it cost, as long as it looks good.

Tough assignment

Looking good on a dorm room floor is a tough assignment.

Bleach stains, soda spills, burns and hundreds of thousands of footfalls readily take their toll, semester after semester.

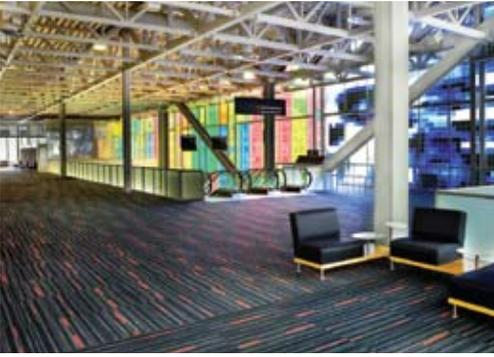
Just ask John Greene, the physical plant director at Trinity University for more than 24 years.

Greene's job includes selecting the carpet that goes into dormitories, offices and hallways throughout the San Antonio, Texas, campus.

“For me, learning from my past decisions is the way to make better choices in the future.” That's why Greene started keeping a log outlining details of each campus carpet installation.

Greene began by tracking where new

“Our performance expectations for a carpet are 10 to 12 years,” added Greene, but “in some situations, we've found that when we specify Antron® carpet fiber, we can exceed those expectations by more than five years.”



Montréal, Quebec – The Palais des Congrès needed carpet tile that was artistic, vibrant, and tough enough to last a decade or more. Antron® nylon is now installed in the high-traffic areas of the Palais.

As an added benefit, choosing Antron® carpet fiber helped Trinity qualify for sustainability certification.

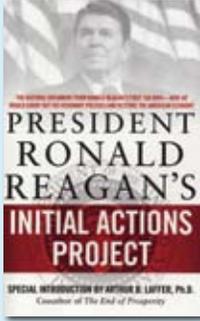
www.antron.net

President Ronald Reagan's Initial Actions Project – introduction by Arthur B. Laffer, PhD.

Both Ronald Reagan and Barack Obama came to office in somewhat similar circumstances.

Then, as now, the U.S. economy was in serious recession and international worries abounded. Both men, considered gifted orators with tremendous popularity ratings, succeeded highly unpopular presidents.

However, as Laffer points out in his special introduction to this very brief book, the direction the Obama administration has taken since inauguration is far different from that of Reagan.



For that matter, writes Laffer, Obama's approach is also at odds with the successful policies of his fellow Democrat presidents, John F. Kennedy and Bill Clinton.

Reagan, on whose staff Laffer served as an economic policy advisor, enjoyed tremendous success by emphasizing smaller government, more individual responsibility and lower taxes.

The opposite approach has been to assert rapidly growing government control over more and more aspects of U.S. citizens' lives.

It is both instructive and alarming to compare and contrast these vastly different ways of addressing common concerns.

“Ronald Reagan changed the trajectory of America in a way that Richard Nixon did not and in a way that Bill Clinton did not.”

- Barack Obama

Too True

A Sterling example Looking Back



1964 - Charles Koch (l) and Sterling Varner at a Koch Oil meeting.



1967 - at the Beaverhead Ranch in Montana.



1968 - Charles Koch (r) and Varner (behind Koch) during a business trip to Alaska.



2009 - Varner (seated, left) with the four other KII presidents.

Early in the morning on Sept. 30, Koch Industries lost one of the towering figures in its corporate history: Sterling Varner. He would have been 90 on Dec. 20.

Varner joined what is today KII in 1946, was president from 1974 to 1987, and vice chairman for three years after that. He served on KII's board of directors from 1967 until the time of his death.

"I don't think a finer person has ever walked the face of the earth," said Dave Robertson, KII president and COO. "Sterling was not just a leader and a mentor, he was a living example of our guiding principles."

Humility personified

Sterling Verl Varner was born in a tent near the oilfield boomtown of Ranger, Texas. Since no doctor was available, his grandmother helped deliver him.

Sterling's father and grandfather contracted mules to haul oilfield equipment. Their work led to frequent moves across Texas and Oklahoma.

Varner attended three different high schools before graduating in Fox, Okla., during the Great Depression. His college education consisted of two years at the Murray State School of Agriculture in Tishamingo, Okla.

Sterling Varner was beset with serious health problems in his youth – including a botched appendectomy – and afflicted with a stutter for most of his life.

To a casual observer, it didn't appear that Sterling Varner would ever amount

to much. History, however, proved otherwise.

Meeting Mr. Koch

Varner was working as a purchasing agent at the Rock Island refinery in Duncan, Okla., when it was acquired by Fred Koch's Wood River Oil and Refining Co. in 1946.

"Without Sterling Varner, Koch Industries would not be the company it is today."
- Charles Koch

"There were very few people in the office, but Mr. Koch stopped and shook hands and talked with each one of them. He asked a lot of questions of each individual, what they did, a little bit of their background.

"Fred Koch was a genius," said Varner, "but he had a very good people touch."

Roles and responsibilities

Not long after Varner moved to Wichita, Fred Koch asked him to help manage the company's ranch operations.

"The summer of 1951," recalled Charles Koch, "Sterling and I were sent to work on the newly acquired Beaverhead Ranch in Montana. I worked at a distant line camp with some crazy cowboys while Sterling dug irrigation wells.

"From the time I first met him, Sterling was always looking out for me – and I needed it."

Ten years later, after Charles Koch had decided to join his father's company, Koch and Varner began working together on an almost daily basis.

"The two of us pushed hard to build our crude oil gathering business," said Koch. "He was very entrepreneurial.

"Sterling was important to the success of

many of our other businesses as well, including refining, gas liquids and asphalt.

"By 1974, when our company had grown to the point that I needed a president and COO, Sterling Varner was the obvious, and only, choice."

Although he officially retired in 1990, Varner continued to be instrumental in evaluating new business opportunities.

"Sterling's instincts with regard to business deals were uncanny," said Robertson. "He had an ability to size up opportunities that seemed extraordinary to me."

Charles Koch agrees: "Sterling had a great instinct for whether deals were good or bad. If he were on the fence about a deal we wanted to do, he'd say: 'I hope you boys know what you're doing.'"

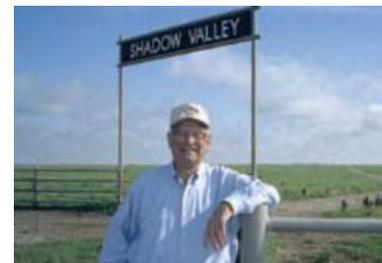
Fond farewell

On Oct. 5, Charles Koch delivered the eulogy at Varner's funeral. Scores of current and former Koch company employees attended.

"To me, Sterling was much, much more than a co-worker," Koch said. "He was a mentor, my closest advisor and confidant.

"Most of all, Sterling was one of the best friends I ever had – like an older brother that I loved and respected.

"Sterling Varner was one of a kind," concluded Koch, "a treasure for all of us who knew and loved him."



Varner at the gate of his beloved Shadow Valley Ranch in the Flint Hills of Kansas. "When I drive in here I thank the good Lord...and maybe Charles Koch."

Health care is an enormous subject, ranging from basic medical research and clinical trials to the actual delivery of care to patients.

It is also a highly political subject, especially here in the United States, where countless health care proposals have been debated this year.

For a variety of reasons, I have a deep personal interest in our health care system. This interest is reflected not only in my charitable contributions but in how I invest my time.

I serve on the boards of numerous hospitals, medical research centers, medical foundations and university-based medical research programs. I also serve on the advisory board for the National Cancer Institute.

I have never seen so many organizations, employees and citizens upset and concerned about the future of their health care as I have in recent months.

They have good reason to be upset, because one of the world's most innovative and effective health care systems is now under fierce attack.

At risk

For me, one of the most critical aspects of health care is the innovation that brings us better treatments, improved procedures and, ultimately, cures for life-threatening diseases.

These advances benefit millions of people as they become more widely available at lower and lower costs, much as computers have become commonplace and affordable. From the Mayo Clinic to M.D. Anderson, the world's finest medical research in so many crucial areas – particularly cancer – is conducted here in the U.S.

I'm very concerned that a government takeover of health care will affect that research in a variety of harmful ways.

I also worry that further socialization of our health care system is going to dramatically decrease the reimbursements that the great centers receive for the care they give.

"I have never seen so many organizations, employees and citizens upset and concerned about the future of their health care."

Consequently, they will see reductions in revenue and experience massive losses. When that happens, they will close or disappear or, at the very least, become less effective.

Reality check

There are huge differences between a leading teaching research hospital located in a major city and a small regional medical center. Those differences include medical education, operating costs and the quality of care.

Here in New York City, where I live with my wife and children, we have extraordinary medical facilities. Hospitals such as Memorial Sloan-Kettering and New York Presbyterian are among the very best in the world.

Because they are in New York City, their costs are much, much greater than those of hospitals in my hometown of Wichita, Kansas, let alone at a small county hospital such as the one in my father's hometown of Quanah, Texas.

If our government insists on reimbursing all hospitals equally, some of the world's most advanced institutions will not only be reduced to the lowest common denominator, they'll utterly collapse.

At New York Presbyterian, for example, if the government drops its reimbursement rates for all patients from current rates to Medicare plus 10 percent, that hospital will see a \$400 million drop in revenues and go bankrupt. Our government will literally put them out of business.

Keep in mind that – to make matters worse – the bill recently approved by the Senate finance committee would reduce

Medicare reimbursements by \$400 billion over the next 10 years.

True, the government will have succeeded in its goal of "lowering costs," but at what price to patients, employees and communities?

Disincentives

There's even a possibility that the government will decide to treat all medical institutions as taxable entities. This would be disastrous in terms of capital gifts from donors who today help underwrite groundbreaking research and support charity hospitals.

If gifts to a research hospital are no longer tax deductible, what does that mean for capital campaigns that provide the primary funding for new facilities, new research or new devices?

I also fear that wholesale changes in our health care system will undermine the close personal relationship that exists between a doctor and a patient.

That relationship is vitally important and should be preserved so that patients, not the government or the insurance companies, have the decision rights for their own health care.

Take care

Here in the United States, we have developed one of the most advanced health-care delivery systems in the world. It is not perfect, but it never has been and never will be.

I applaud every dedicated citizen who expresses their concern about an over-reaching government that insists on encroaching into every aspect of our personal lives – especially health care.

I also applaud anyone, anywhere, who works hard to champion the principles of entrepreneurship as well as fiscal and regulatory constraint.

Those principles apply to health care just as surely as they do energy, education or economics.

However much we need health care reform, we cannot afford to make a massive blunder at this pivotal moment in history.

