

Germany

The Covid-19 Crisis and Privatization of the Health System

“The health of the population is the least of their concerns”

Interview with Werner Rügemer by Reinhard Jellen***



Werner Rügemer
(Picture wikipedia)

It sometimes seems as if the health-care system and government offices have had to cut costs to such an extent that they do not have the capacity to cope with the Covid-19 crisis. Is this really the case? To find out, Telepolis talked to the privatization expert¹ Werner Rügemer, who has studied this phenomenon

*for many years (see: *Der Staat entmachtet sich selbst [The State disempowers itself]* and has published several seminal works on the subject.*

“Not misguided action, but management induced by the system”

Mr. Rügemer, what does the federal government’s misguided handling of the Covid crisis have to do with the privatization policy?

Werner Rügemer: I do not see the action of the federal government as misguided, but rather as management induced by the system. It is the fruit of earlier decisions, made within the broader context of the various privatization processes under way – in which the interests of the main capital-holders take precedence, and private consultants are increasingly central to decision-making.

The German federal and state governments and the parliamentary system itself can no longer extricate themselves from this process. The health of the population – defined as “a state of complete physical, mental and social well-being” by the *World Health Organization* (WHO) – is the least of their concerns.

* Werner Rügemer’s latest publication: *The Capitalists of the 21st Century: An Easy-to-Understand Outline on the Rise of the New Financial Players*. 360 pages, 3rd edition, Cologne 2021 (with updated preface on the Coronavirus crisis).

**Reinhard Jellen, born in 1967, studied philosophy, modern German literature and sociology at the Ludwig Maximilian University in Munich (1992–1998) and works as a freelance journalist and Northern Soul DJ.

“Germany was considered well-prepared”

I have the impression that the political sphere has been completely overwhelmed by the Covid crisis. Surely it should have been preparing for this kind of pandemic for years?

In 2013, the WHO urged national governments to prepare for future pandemics, in light of the likelihood of a new SARS-coronavirus. The German parliament accordingly decided to take concrete preventive measures from 2013, following a pandemic risk analysis, which included the acquisition of masks, protective suits, disinfectants, etc. (see *Bundestag* document 17/12051 of 3/1/2013). However the agreed preparatory steps were never taken, as storing medical supplies, including masks and protective clothing for health workers, does not pay off in a privatized and profit-driven system.

Until the start of 2020, the German government – together with the US and other EU governments – could feel vindicated in this course of action. Indeed, the leading Western institution for research into epidemics and pandemics, the private *Johns Hopkins University* (JHU), concluded in its 2019 *Global Health Security Index* that, of the world’s 195 countries, the US health system (the most privatized of all) was “the best prepared” for pandemics, and large EU States such as Germany ranked high up the list as “well-prepared” (whereas China came in 54th position [!]).

Incidentally, in the early months of the pandemic, the JHU had more up-to-date and complete figures on the infection rate in Germany than the federal government’s own agency, the *Robert Koch Institute* (RKI). The elite JHU, funded by multi-billionaire foundations (*Bloomberg, Niarchos, Gates*), has several times more staff than the RKI and the *European Medicines Agency* put together.

“Private investors have been buying up public hospitals and amalgamating them into groups comprising dozens of facilities”

When did this privatization policy begin? What interests are being pursued, and by whom?

After the collapse of the *German Democratic Republic* (GDR), the Kohl government, advised by the management consulting company McKinsey, passed the Health Care Structure Act in 1993. This led to the replacement of the previous cost-recovery principle with “performance-based pay”. Since then, hospital costs are no longer calculated according to the length of treatment and daily care charges, but based on the technical, financial and human resources required for each individual case.

The method is known as “diagnosis-related groups”, and entails fixed per-case rates. Developed at the private, elite university Yale, it was introduced in the United States in 1983 under President *Ronald Reagan* – who, incidentally, was the former press-spokesman for *General Electric*, the largest manufacturer of medical devices.

The principle of fixed per-case rates orients the health system towards “productivity”, as defined by investors. Thus, the most expensive treatment possible is carried out as quickly as possible, using as much equipment and as few staff as possible: the sooner a bed is vacated for the next case the more “productive” it is.

EU countries have also adopted the US model. With the Health Insurance Modernization Act of 2004, the SPD-Green government of Chancellor *Gerhard Schröder* introduced further forms of privatization, including patient co-payments for drugs and preventive medical check-ups, and supplementary health insurance. Health insurance companies scrapped the “death benefit”: the relatives of the deceased must now pay for the funerals themselves.

Since then, private investors have been buying up public hospitals and amalgamating them into groups comprising dozens of facilities. The best-known ones in Germany are *Asklepios*,



The trustful conversation between doctor and patient is sacrificed in neoliberal health policy to the goal of “productivity”. (Picture keystone)

Rhön-Kliniken, *Fresenius* with *FMC* and *Helios*. The first German hospital to be dealt with in this way was the *Charité* in Berlin. Steeped in history, it was the largest hospital in the GDR, which helps explain why it became the first object of massive privatization.

The private subsidiary *Charité Facility Management* now groups together numerous other private subsidiaries, which provide catering, cleaning, laundry, logistics, postal, laboratory, documentation and transport services, among others. Temporary and contract work leads to precarious, unhealthy and sometimes dangerous working conditions. The *Charité* works closely with the *JHU* and, as a government hospital, provides virological advice to the German government, also during the current pandemic.

Meanwhile, unnoticed by the public, the private equity investor *Waterland* bought up 120 rehabilitation clinics in Germany, creating the private rehabilitation chain *Median*. The managing directors come from McKinsey and bring in cheap doctors and low-paid nurses from poorer Eastern European countries. Other private investors from Switzerland, France and the Netherlands – such as *Ardian*, *Orpea*, *Korian*, *Atos*, *Diaverum*, *Omnicare*, *Sanoptis*, *Synlab*, *Colosseum Dental Group*, *Alloheim*, *Linimed* and *Ameos* – have bought up specialized clinics, retirement homes, nursing services, medical practices and laboratory chains across Europe.

The privatization process takes multiple forms: thus, in 2015 the German government increased its contribution to the private *Global Alliance for Vaccines and Immunization* (GAVI) to 600 million euros a year. GAVI was founded in 1999 by the *Bill & Melinda Gates Foundation*, together with different foundations belonging to large pharmaceutical companies. The current Merkel government is also part of the private *Coalition for Epidemic Preparedness Innovations* (CEPI).

Last but not least, the big digital corporations, such as *Microsoft*, *Amazon*, *Apple*, *Google* and *Facebook* – all majority-owned by today’s biggest investors, e.g. *BlackRock*, *Vanguard*, *State Street* and *Norges & Co* – are developing private, digitized health-care services, primarily based in the United States. Thus, *Amazon’s* subsidiary, *Amazon Care*, runs its own clinics and arranges medical appointments.

These corporations are buying up large numbers of start-ups with projects in key areas:

telemedicine, health monitoring, anti-ageing programmes, smart nappies, smart shoes, infection tracking, fitness and nutrition assistants, blood and organ donation platforms, as well as algorithms for collecting and analysing health data. The companies are using the Covid pandemic to spur governments to make greater use of their services.

“The German government has hired more private consultants than ever before to manage the pandemic”

In addition to the health-care system, are the different agencies and administrative sector not also affected by this privatization policy, with visibly negative consequences?

At the start of the pandemic, public procurement legislation and public tenders were suspended. To manage the crisis, the federal government has hired more private consultants than ever before, for instance for the purchase of masks and video programmes for universities, health services and the Health Ministry itself.

What is more, the “privatizers” were already sitting in parliament: members of the governing parties (CDU and CSU), present in the federal, state and EU parliaments, are also entrepreneurs and private consultants. This means that they not only represent their constituents but also themselves as entrepreneurs, in addition to other companies, and act as highly-paid private brokers.

The Health Minister, *Jens Spahn*, is himself a privatization and digitization fundamentalist. Because of his links with the private, digital mail-order drug company *DocMorris* (Netherlands/Switzerland), the *Ärzteblatt* medical journal called him a “DocMorris activist”. He has set up a digitization department within the ministry, with staff from the privatized company *Bundeswehr-Informationstechnik GmbH* (BWI).

With the 2019 Act for Faster Appointments and Better Care (*Terminservice- und Versorgungs-Gesetz*), he is promoting the digitization of medical appointments, electronic prescriptions and digital health advice, through contracts with the artificial-intelligence industry. With respect to Covid management, this has led to private contracts with the *Boston Consulting Group* for an infection warning app (the app itself was developed by SAP, *Deutsche Telekom AG* and *Nexenio*).

Already in 2005, the federal government of Chancellor *Angela Merkel* founded the private

company *gematik GmbH*, to develop an electronic health card. Spahn has gone a step further: in 2019, he disempowered the health-care providers that were still involved, such as the Medical Association, and replaced the previous managing director with the pharmaceutical manager *Markus Diecken* – who came from the global generics market leader, the Israeli *Teva Group*, and receives a salary double that of his predecessor.

99 million euros for advice

How much money has the German government spent on consultants?

The Ministries of Health and Economic Affairs, in particular, have never spent so much on private consultancy firms as during the Covid year 2020. Thus, the Spahn ministry paid the notorious fraud- supporter *Ernst & Young* (EY, most recently known as the auditor of the fraud company *Wirecard*), 40 million euros to organize the purchase of masks and protective equipment.

Spahn also signed a four-year contract worth 22 million euros with the PR agency *Scholz & Friends* for advice on Covid-related public communication. Meanwhile, the Ministry for Economic Affairs paid 29 million euros to the private IT service provider, *Init GmbH*, for a program organizing the disbursement of Covid aid.

Other private Covid consultants include, according to the federal government responding to a question by the *Die Linke* party in the Bundestag: Accenture (the world’s largest management consultancy, which is now restructuring the Federal Employment Agency and job centres), *Rothschild Bank*, the *McKinsey* subsidiary *Orphoz*, the auditors *Price Waterhouse Coopers* and *Oliver Wyman*, in addition to EY, and the commercial law firms *Noerr* and *Hogan Lovells*.

“Rewarded by the government with high-paying ads”

What role are official media playing in the crisis?

The State-run media ARD, ZDF, DeutschlandRadio (with DeutschlandFunk) and ARD’s regional “Third” TV and radio programmes, which are financed by the citizens whether they like it or not, turn out to be entirely under the government’s thumb when it comes to Covid management. They are acting like an extension of the federal and state governments, and are feeding the climate of alarmism – for instance often replacing

the already vague formula “died of or with Covid” by “died of Covid”.

Private TV and print media are not behaving any differently, however. This includes the “serious” mainstream media. They are being kept in line and rewarded by the government with high-paying ads. The company *Scholz & Friends* creates full-page ads for this purpose. These appear simultaneously in the leading private media, such as *Frankfurter Allgemeine Zeitung*, *Süddeutsche Zeitung* and *Die Welt* – for instance the full-page “#Roll up your sleeves” ad and the Covid vaccination update “Vaccines for Germany” of 19 February 2021.

What consequences could this policy have in terms of further digitization?

The consequences are already here: health data is being centralized, from hospitals, laboratories, doctor’s surgeries, and state and municipal health offices. The federal Health Ministry, with



The staff visit at the bedside can’t be digitised – and it takes some time without interruption. (Image keystone)

its multi-faceted team of advisers, acts as managing director and negotiates large-scale contracts, primarily with US digital companies.

The data is ultimately stored in the United States and may be utilized there in accordance with US laws and the “America First” principle. This also applies to data generated during video conferences via the US company *Zoom* and during home schooling using the Microsoft and Apple operating systems.

“The State’s supervisory and guidance role has been weakened”

Is it possible that the failure of the Covid-19 policy will be used to legitimize further privatization?

The power of private corporations, especially the big US digital companies and their major shareholders, such as BlackRock and Vanguard, had already increased long before the pandemic. Meanwhile, the State’s supervisory and guidance role has been weakened, leading to an increase in practices harmful to the State and the citizens, in areas as diverse as the meat industry (see *Tönnies*), the automobile industry (emissions fraud) and the financial sector (*Cum-Ex* fraud, *Wirecard*).

Yet the German government is taking no effective measures to put a stop this. On the contrary, BlackRock is now advising the European Commission and the European Central Bank on how to manage the trillion-euro Covid reconstruction programme.

Source: www.heise.de. *Telepolis* of 29 March 2021 (Translation “Swiss Standpoint”)

¹ <https://werner-ruegemer.de/>