**PART 7 THE MONEY MATRIX: Medicine 1930-1960 (Foundations Use Police Power of State )**

by Sue Peters

**Introduction**

“When a commercial bank makes a loan contract with a borrower, the bank CREATES the deposit in the borrower’s account.” Have you repeated this fact 15,000 times yet? Private banks CREATE what we use as money. This ‘money power’ can also be called Finance Capitalism or Wall Street, or just the Banks. Those who control this ‘money power,’ have influenced powerfully our entire society. This article will focus specifically on the control of the medical profession.

This control of the banks by wealthy elites goes back to the end of the 19th century, when financial-industrial cartels(1), run by names like J.P. Morgan, John D. Rockefeller, Andrew Carnegie, etc., used the ‘money power’ to take over the American economy. These financiers created tax-exempt foundations to shield their wealth from taxes but, more importantly, to allow it to grow and grow.

**What We Learned in Part 6 of Money Matrix Series**

Wealthy capitalists funded the germ theory of disease and “scientific” medicine. They did not want to bring attention to the unhealthy effects of their huge industrial systems.

The teaching of “scientific” medicine required more money that the local wealthy could give: lab buildings, teaching hospital and clinic, equipment, full-time lab teachers and researchers, clinical faculty. Therefore, the tax-exempt foundations, Carnegie and Rockefeller stepped in. From 1910-1930s the foundations gave an unprecedented $300 million for medical education/research.

**Financial Capitalism: The Best of All Business is a Legal State Monopoly**

The robber barons wanted to keep their wealth, power, and control. They knew their best protection was to “get state protection for your industry through compliant politicians and government regulation… a legal monopoly always leads to wealth.”(2) In other words, make the many work for the few – “the best of all business is politics”(3).

“In modern America the most significant illustration of society as a whole working for the few is the 1913 Federal Reserve Act. The Federal Reserve System is, in effect, a private banking monopoly… with legal monopoly control over money supply…”(4)

“This robber baron schema is also, under different labels, the socialist plan. The difference between a corporate state monopoly and a socialist state monopoly is essentially only the identify of the group controlling the power structure. … Success for the Rockefeller gambit has depended particularly upon focusing public attention upon largely irrelevant and superficial historical creations, such as the myth of a struggle between capitalists and communists, and careful cultivation of political forces by big business.”(5)

**The Great Depression and World War II: the Principle of Federal Economic Intervention Firmly Established**

Up to World War II, the tax-exempt foundations were the leading force in medical center, technological medicine. “By 1940 the Rockefeller philanthropies alone had contributed more than $161 million to medical education and medical research.”(6) After the war, the federal spigots opened.

The Great Depression and the New Deal are huge subjects, but the following observations support the political power of powerful ‘philanthropic’ foundations and corporations during this period.

“… the swashbuckling administration of Franklin D. Roosevelt, with all its war cries against ‘the money-changers in the temple,’ “(7) did nothing to change the control of the money system, the private Federal Reserve. He had an opportunity to return the power to create money to the U.S. Treasury and did not use it.(8) “Roosevelt, addicted as he is to verbal castigation of the wealthy, was supported in 1932 and again in 1936 by some of the richest families of the country.”(9)

As to World War II, this writer refers the reader to Edwin Black’s incredibly researched *IBM AND THE HOLOCAUST: The Strategic Alliance Between Nazi Germany and America’s Most Powerful Corporation:* “It tells the story of IBM’s conscious involvement – directly and through its subsidiaries – in the Holocaust, as well as its involvement in the Nazi war machine that murdered millions of others throughout Europe.”(10)

In other words, the wealthy and corporate class continued to maintain control of the government and the direction of the medical system.

**After World War II: Federal Government Opens Its Spigots to the Medical Cartel**

“Like the foundations and individual capitalists earlier in the century, federal health research has focused on the narrowly technical components of disease and death rather than on the broader economic and physical environments so central to the population’s health status.”(11)

The 1946 Hill-Burton Act began the entrance of the federal government as a principal funder in the nation’s health care system, providing for hospital construction and modernization. In the 1950’s Congress approved construction grants and traineeships for medical schools.

The Rockefeller Foundation had begun the grant model of research support. After 1945, the federal government became the major funder of research grants. “Grants given in 1953 by the Rockefeller medical and natural sciences divisions amounted to around $9.2 million; that year, the NIH gave more than $22 million to extramural medi­cal research. By 1959, the NIH figure reached $156 millions.”(12)

In 1965, Congress passed Medicare and Medicaid. Between 1965 and 1974, hospital expenditures tripled. “Medical technology is estimated to account for half the increase in costs of hospital care…”(13) This focus on medical technology has more and more replaced personal caring and emotional support in the doctor-patient relationships.

**Conclusion**

In 1967, one-half of 1% (0.5) of the corporate class owned one-fifth of all the nation’s wealth, including half the net worth of all bonds and corporate stock.(14) In 1976, the top eight foundations (which included Rockefeller) “held an average of $948 million in assets while three-fourths held less than $5 million each….”(15)

Corporate socialism was indeed alive and well in the country. Huge concentrations of power could be found in the financial capitalists, the ones who controlled the Wall Street banks.

(1) Dubos, Rene J., “The Gold-Headed Cane in the Laboratory,” in Annual Lectures, 1953 (Washington, D.C.: National Institutes of Health, 1953), pp. 89-102. As referenced in Brown, ibid., p. 127, footnote 63.

(2) Sutton, Antony C., *Wall Street and FDR*, (FIRST PUBLISHED: New York: Arlington House, 1975), p. 72.

(3) Sutton, ibid., p. 73.

(4) Sutton, ibid., p. 75.

(5) Sutton, ibid., p. 72. See Sutton’s other books: *Wall Street and the Bolshevik Revolution*, (Arlington House, 1974); *Wall Street and the Rise of Hitler*, (FIRST PUBLISHED 1976: San Pedro, Cal.: CSG & Associates, 2002).

(6) Brown, E. Richard. *Rockefeller Medicine Men: Medicine and Capitalism in America,* (University of California Press,

1979), p. 225.

(7) Lundberg, Ferdinand, *America’s 60 Families*, (New York: The Citadel Press, 1946), p. 447.

(8) Fisher, I., *100% Money: Designed to keep checking banks 100% liquid; to*

*prevent inflation and deflation; largely to cure or prevent depressions; and to wipe*

*out much of the National Debt*, (New York: The Adelphi Company, 1935).

(9) Lundberg, ibid., p. 449.

(10) Black, Edwin, *IBM AND THE HOLOCAUST: The Strategic Alliance Between Nazi Germany and America’s Most Powerful Corporation* (Random House, 2001), p. 12.

(11) Brown, ibid., p. 229.

(12) Schneider, W., “The difficult art of giving,” (Nature, Vol 497, pp. 311–312 (May 16, 2013).

(13) Brown, ibid., p. 233.

(14) Bureau of the Census, Statistical Abstract of the United States, 1976 (Washington, D.C.: Government Printing Office, 1976), p. 427, as referenced in Brown, ibid., p. 206.

(15) Brown, ibid., p. 206.