OTHER BOOKS BY THEDA SKOCPOL

STATES AND SOCIAL REVOLUTIONS
A Comparative Study of France, Russia, and China

PROTECTING SOLDIERS AND MOTHERS
The Political Origins of Social Policy in the United States

SOCIAL REVOLUTIONS IN THE MODERN WORLD

SOCIAL POLICY IN THE UNITED STATES
Future Possibilities in Historical Perspective

STATE AND PARTY IN AMERICA'S NEW DEAL
(with Kenneth Finegold)

VISION AND METHOD IN HISTORICAL SOCIOLOGY
(editor)

BRINGING THE STATE BACK IN
(co-editor with Peter Evans and Dietrich Rueschemeyer)

THE POLITICS OF SOCIAL POLICY IN THE UNITED STATES
(co-editor with Margaret Weir and Ann Shola Orloff)

AMERICAN SOCIETY AND POLITICS
Institutional, Historical, and Theoretical Perspectives
(co-editor with John L. Campbell)

STATES, SOCIAL KNOWLEDGE, AND THE ORIGINS
OF MODERN SOCIAL POLICIES
(co-editor with Dietrich Rueschemeyer)

BOOMERANG

Clinton's Health Security Effort and the Turn against Government in U.S. Politics

THEDA SKOCPOL

W. W. Norton & Company
New York London

INTRODUCTION

A PIVOTAL EPISODE

On September 22, 1993, President Bill Clinton gave a stirring speech about "Health Security."[1] As he stood before Congress and reached out via television to all the American people, Mr. Clinton was launching the most important initiative of his presidency. He called for legislators and citizens to work with him "to fix a health care system that is badly broken . . . giving every American health security—health care that's always there, health care that can never be taken away." "Despite the dedication of millions of talented health professionals," the President explained, health care "is too uncertain and too expensive. . . . Our health care system takes 35 percent more of our income than any other country, insures fewer people, requires more Americans to pay more and more for less and less, and gives them fewer choices. There is no excuse for that kind of system, and it's time to fix it."

Historic associations resonated as President Clinton spoke that September evening, particularly with the broad-based federal initiatives launched by another Democratic president, Franklin Delano Roosevelt, half a century earlier during the New Deal. The very title of Clinton's "Health Security" proposal harkened back to the Social Security Act of 1935. And the "Health Security card" that the president said every American would receive if his reforms were enacted was obviously meant to encourage a sense of safe and honorable entitlement such as Americans feel they have in Social Security. In soaring rhetoric near the end of his speech, President Clinton projected a vision of a new founding moment for U.S. social provision reminis-

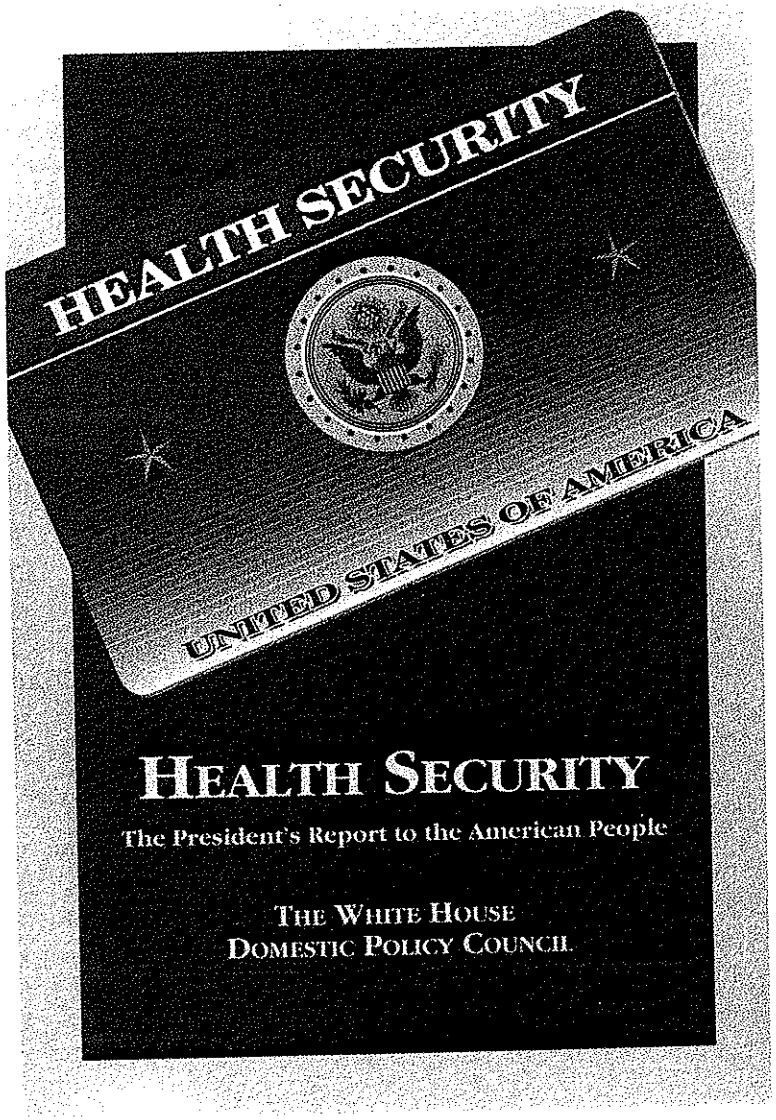
cent of the enactment of Social Security. "It is hard to believe," the President told his fellow citizens,

> that there was once a time—even in this century—when retirement was nearly synonymous with poverty, and older Americans died in our streets. That is unthinkable today because over half a century ago Americans had the courage to change—to create a Social Security system that ensures that no Americans will be forgotten in their later years.
>
> I believe that forty years from now our grandchildren will also find it unthinkable that there was a time in our country when hardworking families lost their homes and savings simply because their child fell ill, or lost their health coverage when they changed jobs. Yet our grandchildren will only find such things unthinkable if we have the courage to change today.

President Clinton's invocation of the precedent of Social Security symbolized a faith that problems shared by a majority of Americans could be effectively addressed through a comprehensive initiative of the federal government. As the President and his advisors knew, Social Security is the most successful of the federal government's domestic policies, a program that enjoys broad support across lines of class, race, and partisan orientation. Middle-class Americans feel that they have a stake in Social Security, and the protections it offers are seen as "deserved benefits," not pilloried as "welfare handouts." Like the Social Security retirement insurance program of 1935, the Health Security proposal of 1993 was designed to address the needs—and capture the political support—of middle-class as well as less economically privileged Americans.

Indeed, throughout his carefully crafted speech, President Clinton spoke directly to—and about—hardworking middle-class citizens. He never once explicitly mentioned the poor, who had been the targets of many recent federal social programs supported by Democrats. Instead, he spoke of the insecurities that more-privileged Americans were increasingly facing in the "broken" U.S. arrangements for financing health care.

"Every one of us," Clinton reminded his audience, "knows someone who has worked hard and played by the rules but has been hurt by this system that just doesn't work. Let me tell you about just one."



Cover of *Health Security: The President's Report to the American People*, October 1993

Kerry Kennedy owns a small furniture franchise that employs seven people in Titusville, Florida. Like most small business owners, Kerry has poured his sweat and blood into that company. But over the last few years, the cost of insuring his seven workers has skyrocketed, as did the coverage for himself, his wife, and his daughter. Last

year, however, Kerry could no longer afford to provide coverage for all his workers because the insurance companies had labeled two of them high risk simply because of their age. But you know what? Those two people are Kerry's mother and father, who built the family business and now work in the store.

"That story speaks for millions of others," the President stressed, as he reminded his listeners of other sympathetic situations:

> Millions of Americans are just a pink slip away from losing their health coverage, and one serious illness away from losing their life savings. Millions more are locked in the wrong kinds of jobs because they'd lose their coverage if they left their companies. And on any given day over 37 million of our fellow citizens, the vast majority of them children or hardworking adults, have no health insurance at all. And despite all of this, our medical bills are growing at more than twice the rate of inflation.

President Clinton promised to solve the problems he had dramatized. "Before this Congress adjourns next year," he declared, "I will sign a new law to create health security for every American." "Under our plan," the President promised, "every American will receive a health security card that will guarantee you a comprehensive package of benefits over the course of your lifetime that will equal the benefits provided by most Fortune 500 corporations. . . . With this card,

> If you lose your job or switch jobs, you're covered.
> If you leave your job to start a small business, you're covered.
> If you are an early retiree, you're covered.
> If you or someone in your family has a preexisting medical condition, you're covered.
> If you get sick or a member of your family gets sick, even if it's a life-threatening illness, you're covered.
> And if an insurance company tries to drop you for any reason, you'll still be covered—because that will be illegal.

Tens of millions of Americans watched the September 1993 Health Security address, and polls taken right afterward and over the next few weeks registered strong support for the President's general vision of reform.[2] So well did things go that opinion analyst and CNN political correspondent Bill Schneider soon published a positively gushy analysis of "Health Reform: What Went Right?"[3] "The reviews are in and

the box office is terrific," declared Schneider, as he praised the President for his "intellect" and "sense of complete conviction" and Hillary Rodham Clinton for her "compassion and concern." "The plan also plays to the Democratic party's strength," noted Schneider. "Democrats believe in great government enterprises to solve great problems. A lot of people have lost faith in government's ability to do that. But Clinton deliberately evoked the imagery of the big Democratic success stories of the past. . . ." The President was also praised for showing bipartisan flexibility and building "a broad coalition" behind his reform.

Also well received were the first presentations of the Health Security plan made by First Lady Hillary Rodham Clinton to five congressional committees. "The Clinton Plan Is Alive on Arrival" trumpeted the *New York Times* on October 3.[4] Both Democratic and Republican congressional leaders were quoted offering euphoric praise of the Clintons. Mrs. Clinton was presented by the *Times* not only as intellectually "dazzling" but also as charming and conciliatory, as "breaking down the mentality that says there's a contradiction between being a warm, fuzzy mom and an expert on health care." " 'The need for health care is not a partisan issue,' she told the Senate Finance Committee. 'We want to work with you,' she told one Republican after another." Republican Senator John Danforth typified the response of moderate Republicans, who seemed open to compromise in the national interest: "We will pass a law next year," he told the *Times*. "The answers she [Hillary Clinton] gives and the answers that Ira Magaziner gives indicate that they want to work things out."

President Clinton, proclaimed House Ways and Means Chairman Dan Rostenkowski, "has succeeded in changing the debate from whether we should have reform to what type of reform we should have." Moderates as well as liberals agreed that "this time it could just happen," as the *Wall Street Journal* put it on September 23. "Already—even as members of both parties question the financing measures in the Clinton plan, even as powerful interest groups denounce details in the proposal—the broad outlines of a compromise can be seen that would lead to legislation that would provide universal health coverage."[5]

In short, although no one (including those who fashioned it) expected the Clinton plan to be enacted by Congress without modifications, it was initially widely accepted as an excellent starting point

for the enactment of comprehensive national health care reform. "Health Security," it appeared, might indeed renovate the New Deal tradition of the federal government as guarantor of basic security needs for the majority of Americans. A Democratic president and a Democratic-led Congress might succeed in capturing popular allegiance and bipartisan support for a comprehensive new reform to address national and personal concerns.

How ironic, then, that just a bit over one year after President Clinton launched his Health Security initiative, that plan had lost public support and failed to pass Congress, even in sharply curtailed form. On September 26, 1994, death was pronounced for health reform by George Mitchell, then the Senate Majority Leader. Within weeks after the demise of health care reform the Democratic Party—legatee of the very New Deal whose achievements Clinton had hoped to imitate and extend—lay in a shambles. Voters went to the polls on November 8, 1994, and registered widespread victories for Republicans running for state legislatures, for Republican gubernatorial candidates, for Republican Senate candidates, and—most remarkably—for Republican House candidates, who took control of that chamber after four full decades of continuous Democratic ascendancy. Scores of Democratic congressional incumbents were tossed out on November 8, while not even one incumbent Republican was defeated. The breadth and depth of the Republican victories seemed to render President Clinton an irrelevant lame duck for the remaining two years of his first term and raised the very real prospect of a long-lasting pro-Republican "realignment" in U.S. electoral politics.

Many of the Republicans who won in 1994 were ideologically hostile to governmental social provision of any sort, and news commentators quickly concluded that New Deal traditions in American politics are sure to be reversed. Much attention focused on the Republicans' "Contract with America," a ten-point manifesto devised before the election to commit House Republicans to vote within the first hundred days of the 104th Congress on transformations in government procedures, regulatory cutbacks, abolition of welfare as an entitlement for the poor, and huge tax cuts, mostly benefiting business and relatively well-off families.[6] The "Contract" said not a word about health care reform, which had been such an important public priority during the 1992 election and, according to polls, remained a widespread concern.[7] Instead, the Republican Contract unabashedly aimed to hobble permanently the domestic capacities of government.

Right after the November 1994 election the chief architect of the Republican congressional victories, incoming Speaker of the House Newt Gingrich of Georgia, loudly promised to carry through his long-nurtured determination to dismantle America's "failed" welfare state.[8] "Gingrich Declares War on Social Programs" announced a November 12 headline in the *Boston Globe*, where the Speaker-to-be denounced "Great Society social programs" as a "disaster" for "ruining the poor" and creating "a culture of poverty and a culture of violence which is destructive of this civilization."[9] Within a few more weeks, Speaker Gingrich also went on record promising to fundamentally revamp Medicare from a universal public health insurance program for older citizens into more-limited subsidies for participation in private health plans.[10] Only Social Security seemed to be off limits for the dismantling that Gingrich and his fellow conservative Republicans had in mind—but apparently only for a while.[11]

The collapse of President Clinton's attempted Health Security reform lurked like a brooding ghost throughout the electoral upheavals of the fall of 1994 and the conservative Republican attacks on federal social programs that followed. To be sure, there were other issues and moods at work in the election. "Sour" and "skeptical" Americans blamed everyone in Washington, D.C., for many things—including the health reform debacle.[12] Polls following the November election showed that many voters were punishing Democrats for having been in charge during a time when the federal government was in unappealing disarray and not delivering desired results.[13] A crucial minority of voters—particularly "swing" Independents and former Ross Perot voters—were disappointed in President Clinton in part because they believed he had proposed a "big-government solution" to health care reform.[14]

Reservations about Clinton and the Democrats were fueled by the perceptions of health care reform that had jelled by late summer. "Comprehensive health-care reform" was probably "beyond saving," concluded analyst William Schneider on August 14, because, as Congress had grappled with the Clinton plan and various alternatives to it over the past several months, the middle class had come to see possible legislative action as more threatening than the failure of comprehen-

sive reform. "People's biggest fear about the Administration's health-care plan is that it will take what they already have [i.e., employer-provided insurance] and make it worse."[15] Subsequently, an election-night survey of voters sponsored by the Kaiser Family Foundation found that a substantial majority (and especially those who voted Republican) believed that the Democrats' reform plans entailed too much "government bureaucracy" and could have reduced the quality of their own health care.[16]

Media assessments of an unstoppable "Republican revolution" after the November 1994 elections were hasty and overwrought. During 1995 and early 1996, many House Republican efforts to slash government spending and trim taxes on the better-off ran into trouble in the Senate and among Americans who shared with pollsters their worries about undoing successful federal efforts such as nutrition programs, Medicare, and educational loans. Part of the time, at least, President Clinton held his own in legislative sparring with the Republicans, and the eventual outcome of the 1996 presidential contest remained open.

Nevertheless, the year 1994 was an important turning point in U.S. politics. In the wake of the demise of the Clinton Health Security plan and the midterm elections, congressional and public debates about government moved sharply to the right. Debates henceforth focused on *how* to reduce federal spending and balance the budget, whether to eliminate or merely sharply cut domestic federal programs. The focus of attention is no longer on how to create or even sustain national guarantees of security for the American citizenry. The Democratic Party, long confident in its hold on Congress and many subnational public offices, is clearly on the defensive, both electorally and intellectually. Democrats are uncertain about the contributions, if any, that public social programs can make to security and opportunity for American families. The national and Democratic Party moods are a far cry from what they were when President Clinton spoke so eloquently on September 22, 1993.

The demise of President Bill Clinton's Health Security plan was, in short, not just an attempted policy change that fizzled out. The presentation and decisive defeat of the Clinton plan in 1993–94 was a pivotal moment in the history of the U.S. governmental and political system. It is too soon to tell how sharp or unwavering the changes of 1994 will prove to be. But we are unlikely ever to return to the *status quo ante*, to the partisan, institutional, or public policy situations that

existed before the rise and resounding demise of the Health Security effort. The agenda of politics has changed.

To understand why the 1993–94 attempt at comprehensive health insurance reform backfired so badly on its sponsors, we must ask why President Clinton devised a plan that was not only defeated in Congress but also inadvertently helped to fuel a massive electoral and governmental upheaval. The reasons for this, as we shall see, turn out to be revealing about the limits and intractable tensions of U.S. politics and governing processes since the 1970s. Moreover, only against the backdrop of the political and governmental upheavals spurred by the defeat of Clinton's ambitious Health Security plan, can we make sense of challenges and possibilities in U.S. politics and social policymaking in the foreseeable future.

What Went Wrong?

Some have argued that there is little to investigate about the failure of the Clinton Health Security plan. Soon after George Mitchell, then the Democratic Majority Leader of the Senate, called it quits in the quest for any health legislation in September 1994, "obvious" explanations spewed forth to account for an attempted reform that backfired. Instant judgments came above all from Washington insiders and members of the "punditocracy" of media commentators and policy experts who appear daily on television and in the editorial and op-ed pages of newspapers and magazines. A year before, such commentators had been certain that President Clinton had irreversibly aroused a national commitment to some sort of universal health insurance. After the President's effort failed, the pundits became equally sure that his venture had never had any chance of popular acceptance or legislative enactment. We knew it all along, they said.

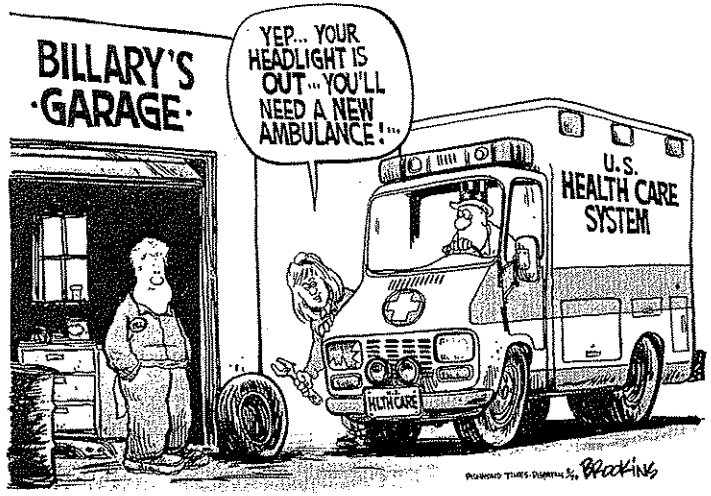
For many commentators, flaws in the personalities of key actors in the Clinton administration make sense of what happened. According to this story line, foolish and arrogant policy planners launched a liberal, government-takeover scheme that was doomed to fail. The debacle was "what happens," the editors of *New Republic* assure us, "when you cross the worst management consultancy blather with paleoliberal ambition."[17] Commentators say that President Clinton, himself a man of unsteady character, unwisely entrusted policy planning by the President's Task Force on Health Care Reform to the joint leadership of

his controversial wife, First Lady Hillary Rodham Clinton, and his business-consultant friend, Ira C. Magaziner, onetime Brown University student leader and Rhodes Scholar.[18] In the aftermath of the health reform debacle, the unfortunate Magaziner has become almost everyone's preferred scapegoat, ridiculed as grandiose and dogmatic, while Mrs. Clinton is regularly portrayed as an overly ambitious, meddling woman. In the characteristic words of Bill Schneider (who is always ready to articulate the conventional opinions of the day, even if they are 180 degrees opposite to what they earlier were),

> the Clinton administration displayed awesome political stupidity. It turned health-care reform over to a 500-person task force of self-annointed experts, meeting for months in secret, chaired by a sinister liberal activist and a driven First Lady. Who elected them? They came up with a 1,300-page document that could not have been better designed to scare the wits out of Americans. It was the living embodiment of Big Government—or Big Brother.[19]

Both Magaziner and Mrs. Clinton are retrospectively upbraided for "know it all" arrogance and an unwillingness to undertake politically necessary compromises. Many in Washington and the punditocracy believe that this "sinister" pair committed the President to a reckless drive for universal insurance coverage; they are sure that Clinton would have been successful if only he had pursued modest changes in a bipartisan fashion. Depending on who one believes, Bill Clinton pursued his health reform initiative in such an "awesomely stupid" way because he really is a 1960s radical at heart or because he is a hen-pecked husband hoodwinked by his wife and her left-wing friends or because he has no backbone and gave in to pressure from old-fashioned Democrats in Congress and liberal interest groups.

Stories about flawed personalities are fun to read, and they mesh perfectly with the overall judgements that have been registered on the Clinton presidency by such elite journalists as Bob Woodward and Elizabeth Drew.[20] From the start, elite journalists have taken a haughty and hypercritical stance toward the Clinton administration, writing a steady stream of news features and editorials revealing its alleged incompetence (or even corruption), while implying with surprisingly little subtlety that the nation would be in better hands if only the journalists were in charge instead. Retrospectives blaming the



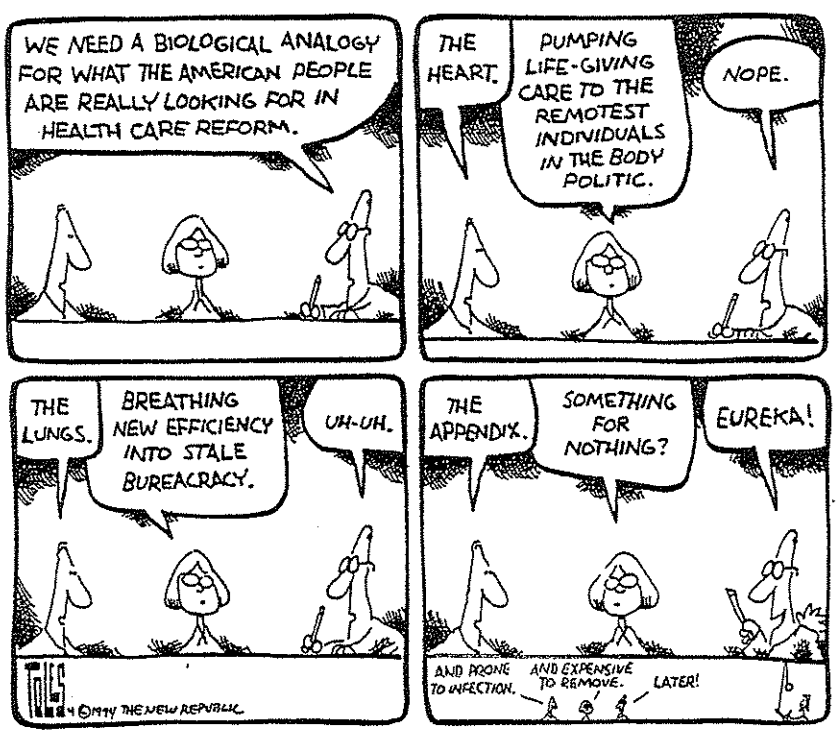
Courtesy *Richmond Times-Dispatch*

failure of health care reform on scapegoats have easily slid into this well-worn line of condemnation.

Probing only slightly more deeply than those who attribute the failure of reform to the "awesome stupidity" of certain members of the Clinton administration, other commentators, especially academics and think-tank policy analysts, have thrown up their hands in despair about the hopeless inconsistencies of the American people. "The Gridlock Is Us," declared a *New York Times* op-ed by a leading advocate of this point of view, Professor Robert Blendon of the Harvard University School of Public Health.[21] According to Blendon, the legislative impasse that loomed by the spring of 1994 was attributable to confusions and divisions of opinion among Americans about how to achieve health care reform—and even more tellingly, to the citizenry's insistence on universal coverage without painful trade-offs such as "some limitations on our choice of medical providers, paying more in taxes or premiums, accepting some Federal intervention to control hospital, doctor and insurance costs—or all of the above." After the burial of the reform effort, a similar conclusion was put forward by policy expert Joshua M. Wiener of the Brookings Institution. Searching for the "fundamental factors" that explain "What Killed Health Care Reform?" Wiener gives pride of place to his conclusion that

> Americans are schizophrenic about health care. They believe that the U.S. health care *system* needs major reform, but they are quite content with their own health care. . . . Americans want the problems fixed without making any major changes in the way their own health care is financed and delivered. But the problem cannot be fixed without significantly changing the way health care is financed and delivered.[22]

Explanations for the 1993–94 health reform debacle that stress leaders' character flaws or public fecklessness are glib and unsatisfying, however. The "gridlock is us" view implies that President Clinton was rash to take on health care reform at a time when Americans were "not yet ready" to make the necessary sacrifices and trade-offs to enable coverage to be extended and costs to be contained. Americans are presumed to have been, all along, unwilling to accept changes in their health care arrangements. But this makes little sense in an era when medical care provision is being rapidly transformed by market forces



Courtesy Universal Press Syndicate

above the heads and beyond the control of most ordinary patients.

Americans are *already* experiencing major changes in the financing and delivery of their health care—changes instituted by employers, health insurance companies, hospitals, and fiscally hard-pressed governments. While acquiescing in such sweeping changes, Americans at the start of the health care reform debate were quite clear in their strong expectations for government action. As opinion analysts put it, the

> public believes that guaranteeing the availability of adequate health care for all americans is an exceedingly important goal for the nation. Recent surveys show that the goal of universal coverage is the most popular aspect of current health system reform plans, with support ranging from 73% to 86%. . . . [and] nearly two thirds (65%) of the public believes that the federal government should guarantee health coverage for all Americans.[23]

By respectable majorities as well, Americans endorsed modest tax increases and employer mandates as tools for moving toward universal coverage.[24] Such support did wane during the 1993–94 debate, but only after Americans had been exposed to fierce partisan arguments against the sorts of "sacrifices" they were clearly prepared to make during 1991–92 and as President Clinton's plan was launched in 1993.[25]

More than "setting the agenda" for policymakers can hardly be expected from the citizenry as a whole. Public opinion in general never chooses among exact policy options; nor does it work out the details of policy innovations. These tasks are the responsibility of societal leaders and elected officials, ideally working within a general mandate given by voters and the public. The "gridlock is us" interpretation overestimates the direct role of shifting opinions on unfolding policy debates. In fact, popular views are just as readily shaped and reshaped by arguments among leaders as vice versa.[26] During the protracted 1993–94 national debate over the Clinton Health Security plan and various alternatives to it, the American people heard many elite attacks on every major reform approach, so it is hardly surprising that public opinion became more confused over time.

All too conveniently, the "gridlock is us" argument excuses America's politicians, policy intellectuals, and private-sector elites from responsibility for the failure of comprehensive and democratically

inclusive reform of the nation's system for financing health care. If the citizenry as a whole is to blame for the confusions and divisions into which the 1993–94 debate degenerated, then our leaders and institutional arrangments for making civic decisions are off the hook.

We should not, however, allow our attention to be directed away from the nation's major institutions—its government, mass media, political parties, and health care and economic enterprises. These were the arenas within which our leaders—not just those in the Clinton administration, but also corporate leaders, journalists, health care providers, and Democrats and Republicans in Congress and beyond—defined their goals and maneuvered in relation to each other. Within and at the intersections of these institutions, America's leaders failed to come up with reasonable ways to address pressing national concerns about the financing of health care for everyone.

As for explanations that highlight the personality flaws and supposed "awesome stupidity" of certain people in the Clinton administration, surely these miss the forest for a few trees. Various people in and around the Clinton administration did indeed take missteps, as I shall argue. But most of their errors were not stupid ones. Most of the mistakes made by the President and his allies need to be understood in terms of the difficult choices these people inexorably faced—given sensitive economic circumstances, artificially draconian federal budgetary constraints, and the flawed modalities of politics in the United States today.

Scapegoating of the President's Task Force on Health Care Reform led by Mrs. Clinton and Ira Magaziner has been especially overdone in instant retrospectives on the events of 1993–94. President Clinton decided on his basic approach to health reform well before this task force was convened, and the general outlines of Health Security got a warm public reception during the first nine months of 1993. From a historical perpective, the planning process that fleshed out the Clinton Health Security plan was not all that different from the process run by the Committee on Economic Security in 1934–35 to draft Franklin Delano Roosevelt's Social Security legislation.[27] In both cases, governmental officials and carefully selected policy experts were at the core of the effort. Basic decisions about major policy options were made quite apart from public hearings and conferences, and a lot of attention was paid to trying to anticipate what might arouse support or opposition and make headway or not through Congress.[28]

In both the 1930s and the early 1990s, many individuals and groups whose ideas were not accepted by policy planners became angry with the fact. But what is so surprising or decisive about that? The different outcomes for Social Security in 1935 versus Health Security in 1994 surely had much more to do with the contrasting overall political dynamics of the two eras. The divergent outcomes can also be attributed, in part, to the very different sorts of governmental interventions substantively called for by Social Security versus Health Security. I will highlight such comparisons in the chapters to come.

Journalistic accounts that accuse the Clinton administration of devising a liberal, big-government approach to health care reform are simply misrepresenting the most basic aspects of what happened from 1992 through 1994. As we will see, the Clinton Health Security plan was *a compromise* between market-oriented and government-centered reform ideas. In any event, talking about the "market" versus the "government" when analyzing plans for financing health care makes little sense; what matters is the *kind* of government involvement any plan proposes, and its political implications. Markets pure and simple cannot be expected to control costs and include everyone in health care.[29] All plans for health care reform, including those that have been put forward by the very conservative Heritage Foundation, involve heavy doses of one kind or another of governmental involvement.[30] What is more, proposed changes of any variety must be inserted into a U.S. health care system that already includes huge amounts of governmentally funneled money and public regulation. Medicaid and Medicare account for about a third of all U.S. health care financing, and state and federal governments are heavily involved in regulating hospitals, doctors, and other health-service providers.[31]

The Health Security plan devised by Clinton's Task Force on Health Care Reform would have led, over time, to significantly less governmental involvement than we have now. President Clinton's approach to reform sought to further privately run and financed managed care, and would have encouraged the eventual dissolution of the Medicaid program. The Clinton plan also sought to reverse many of the public regulations and subsidies that have made the U.S. health care system a regime that has publicly facilitated lavish spending on high technologies and on generous rewards for professionals in the various health care industries.[32] Clinton was trying to move toward public encouragement of cost efficiency instead.

As for "universal coverage," the President stressed this goal in response to overwhelming public support, responding as a small-d democratic leader should have responded to concerns among the public that are both personal and ethical. Bill Clinton also aimed for inclusion because no Democratic president (or candidate for president) could avoid addressing the needs of the low-wage working families who crowd the ranks of the uninsured. Of the approximately 38 million Americans who lacked health insurance for all or part of the year when Clinton ran for president in 1992, more than 30 million were in working families. Seven of ten were adults or children in families making less than $30,000 in 1992, often by working in small businesses.[33] Such people are treated very unfairly in the current U.S. health insurance system. They work hard, often for meager incomes, but have to worry about going to the doctor or taking their children for medical attention. Uninsured working people also have to be helped—and politically inspired—if the Democratic Party is ever to achieve electoral majorities again.

Many commentators have written or spoken as if the President should have sponsored the Republican Party's preferred health care reform proposals—ideas aimed almost exclusively at making private insurance a bit more secure for the already well insured—rather than promoting policies that would meet the concerns of all Americans, including actual or potential Democratic voters. This reflects the profound upper-middle-class bias of current debates over health care financing in the United States. The debates are carried on almost exclusively by people who have no worries about affording the best possible health care for themselves and their loved ones and who are sure that, should a health crisis strike, they will be able to use social connections to reach the best doctors and hospitals. It is easy for such experts and commentators to forget ethical and political considerations about people who work for low wages and no benefits. It is equally easy for them to forget about the insecurities that worry average members of the middle class.

President Clinton and the Democrats struggled to extend health coverage to all Americans within a climate of elite opinion that is in principle unsympathetic to democratic inclusiveness. Over the last decade, self-styled "independents" in the Concord Coalition (and, more recently, Ross Perot) have propagated critiques of "middle-class entitlements" such as Social Security and Medicare. The editorial

pages of the *New York Times* and the *Washington Post*, as well as the feature pages of such high-brow outlets as the *New York Review of Books*, the *New Republic*, and the *Atlantic*, all have echoed Concord Coalition arguments that security benefits for middle-class Americans are "too expensive," that they are "bankrupting" the country and depriving "our children and grandchildren" of a viable economic future.[34] Such attacks on "entitlements" have prompted many Americans to think that well-loved Social Security and Medicare benefits may not be there in the future. Arguments against entitlements have also made it very difficult for public officials to talk about new security guarantees such as health insurance coverage for everyone.

Despite the difficulties of advocating universal coverage in the climate of opinion I have just described, during 1992 and 1993 Bill Clinton came to believe that effective cost controls in health care financing were impossible without including all Americans. (Health care is not a luxury good that people do without. When people finally show up in emergency rooms, costs simply escalate and get shifted around.) For reasons that we will explore in the next two chapters, Clinton and his advisors devised a Health Security plan meant simultaneously to further universal inclusion and cost controls, through managed "competition within a budget."[35] This was no liberal scheme. Rather it was a carefully constructed compromise between previously available liberal proposals and more conservative, market-oriented ideas about health care reform.

As a candidate and then as president, Bill Clinton searched assiduously for an approach to health care reform that would allow him to bridge the contradictions he had to face by achieving a new synthesis of previously opposed views. He looked for a middle way between Republicans and Democrats and between conservative and liberal factions in the Democratic Party and the Congress. He looked for a compromise between U.S. business and other private-sector elites who wanted to control rising health care costs, and average citizens who wanted secure coverage without personally having to pay much more for it. Perhaps most important, Mr. Clinton looked for a way to reform the financing of health care for everyone in the United States without increasing the size of the federal budget deficit or creating an open-ended new public "entitlement."

During 1993, many commentators, politicians, and members of the U.S. public thought that President Clinton was appropriately pointing

the way toward feasible and moderate comprehensive health care reforms. So it does no good to pretend now, in retrospect, that all along the Clinton administration was off on an obviously unrealistic "liberal," "big government" tangent.

Making Sense of an Historic Turnaround

Although I do not accept the notion that President Clinton or his health planners were "awesomely stupid" or excessively "liberal," we do need to probe into constraints and pitfalls that supporters of comprehensive health care reform did not adequately understand or cope with between 1992 and 1994. Things certainly went very wrong for the Clinton Health Security plan! It ended up furthering legislative and political outcomes that were exactly the opposite of what its promoters intended. Instead of cementing new intraparty coalitions and mobilizing renewed electoral support for the Democrats, the Clinton Health Security plan backfired on the Democrats. Instead of renewing and extending the federal government's capacity to ensure security for all Americans, the Clinton plan helped to trigger an extraordinary electoral and ideological backlash against federal social provision in general.

To make sense of obviously unintended outcomes, we need to probe beyond character flaws and surface shifts in public opinion. In this book, I analyze the societal, governmental, and partisan terrains on which Bill Clinton devised his plan to reform health care financing and on which groups and politicians maneuvered over its fate. I connect policy choices to developments in the Democratic and Republican parties since the 1960s; and I relate Health Security to earlier federal initiatives, such as Social Security and Medicare. Above all, I highlight the impact on 1990s health reform of the massive federal deficits inherited from the Reagan era. The Clinton health initiative was profoundly influenced by rigorous budgetary decision-making procedures that Congress and the executive branch have put in place in an effort to cope with the deficit and its political reverberations. Understanding what happened with Health Security, in short, takes us into the thick of the partisan and institutional forces shaping—and rapidly transforming—U.S. politics today.

A central paradox is worth keeping in mind as we proceed.[36] By 1992–93 a large majority of Americans wanted the federal government—and newly elected President Bill Clinton—to tackle a widely perceived national health care crisis.[37] At the same time, popular faith in the federal government to do things right was at a thirty-year nadir.[38] Could President Clinton and Congress produce an economically and politically viable approach to health care reform? What would happen if they botched the job? Waiting in the wings, after all, were insurgent Republicans determined to find a way to reverse the course of federal domestic policies since the New Deal. The stakes in the maneuvering over Health Security were very high.

CHAPTER ONE

A WAY THROUGH THE MIDDLE?

Looking back from the vantage point of the well-received Health Security speech of September 1993, President Clinton and his delighted advisors had every reason to think that they were acting with a rising tide in U.S. politics. For the past two years, health care reform had been an evident popular priority for governmental action; and it looked like a winning, majority-building issue for the Democratic Party. Those in the Clinton administration who had labored for months to spell out the Health Security plan believed, with reason, that they were responding effectively to the expressed needs and expectations of the vast majority of Americans. By taking a compromise route to government-sponsored yet market-based reform, they apparently had found an effective way through the middle of the various divides that had bedeviled earlier health care reform efforts.

In this chapter and chapter 2, we learn why Bill Clinton gravitated toward regulated market competion as his preferred approach to health reform. The unrelenting challenges of an electoral campaign influenced the early, conceptual stages of reform, while the budgetary and political exigencies of the early Clinton presidency shaped the formulation of the Health Security proposal.

An Issue Simmering beneath the Surface

During the decades following World War II, the United States became downright peculiar as a leading industrial-democratic nation without some sort of governmentally guaranteed health insurance for all citizens. European countries, as well as democracies in other parts

of the world, had long since found ways to provide health care for all their citizens; and in 1971 even Canada took the road to national health insurance. Repeatedly across the twentieth century, reformers in the United States tried to achieve health insurance for all workers or all citizens. Such attempts were made in the late 1910s, twice during the 1930s, and again in the late 1940s with the endorsement of Democratic President Harry Truman.[1] But these movements to extend governmentally guaranteed health coverage to working-aged people all failed, and during the era after World War II many (but not all) private employers sponsored health coverage for employees and their family members.

The U.S. government entered the health care financing picture in a big way only in the 1960s. In 1965, while Lyndon Johnson was president at the height of liberal-Democratic influence in Congress and public opinion, the United States instituted Medicaid to provide insurance coverage for the very poor, especially mothers and children, along with Medicare to finance health care for all elderly Americans, sixty-five years old and over.[2] It would not be long, many U.S. reformers hoped at that point, before basic health insurance coverage was extended to everyone.

But this was not to be. During the 1970s, first Republican President Richard M. Nixon and then Democratic President Jimmy Carter pushed for health reforms that would have combined extended insurance coverage with tougher federal controls over rapidly rising health care costs.[3] Both efforts at comprehensive reforms fell short. Afterward, those policymakers and experts who remained interested in promoting health care reform decided that only very low key, incremental efforts had any chance of success. Politicians mostly avoided calls for comprehensive health reform, viewing this goal as fraught with possibilities of interest group conflict, partisan polarization, and sheer intellectual uncertainty about how best to proceed.

Problems of rising costs and receding insurance coverage nevertheless intensified in the jerry-built U.S. system for financing health care. Difficulties that were evident during the 1970s only accelerated during the 1980s. As sociologist Paul Starr explains, "in 1970 *Business Week* called health care a '$60 billion dollar crisis'; by 1991 the cost was approaching . . . $800 billion a year. Health care spending had risen from 7.3 percent to 13.2 percent of GNP. Since 1980, health care has consumed an additional 1 percent of GNP *every 35 months*."[4] Com-

pared to other advanced industrial democracies, the United States spends a significantly greater proportion of its national income on health care. It also spends more per capita than any other nation, yet Americans are more dissatisfied than people in other democracies with the workings of the overall health system.[5]

Rapidly rising costs affected both the public and the private sectors. Public expenditures on health care for the aged and the poor rose at well above the overall rate of inflation, more than doubling (from 5.9 to over 13 percent of GNP between 1965 and 1991), while expenditures on defense receded slightly (from 7.5 to less than 6 percent), and public investments in education grew only marginally (from 6.2 to 7.2 percent).[6] In private industry, meanwhile, workers saw productivity increases not translate into higher real wages, but disappear into employer health contributions. When many U.S. employers, especially big businesses, started offering employee health insurance in the late 1940s, they were paying modest costs for relatively youthful workforces. Later, however, workforces got older and health costs shot up. "From 1965 to 1989, business spending on health benefits climbed from 2.2 percent to 8.3 percent of wages and salaries, and from 8.4 percent to 56.4 percent of pretax corporate profits."[7]

Perceiving themselves to be at an increasing disadvantage in international competition, those U.S. employers who were struggling to pay for employee health insurance responded in various ways. Many shifted costs toward employees and retirees, even if they had to fight with unions to do this. Many also imposed cost-cutting forms of "managed care" on their employees. Others either dropped coverage or offered less-generous insurance, perhaps ceasing to provide coverage for family members or else dropping altogether individual employees with potentially very expensive "preexisting" health problems. Still other employers stopped hiring full-time insured workers or "contracted out" to small companies that do not cover (often part-time or temporary) employees.

All these employer strategies happened in conjunction with ever more aggressive efforts by insurance companies to weed out individuals or groups of customers who might have unusually expensive health care needs. The U.S. insurance industry was becoming more and more competitive. Small companies engaged in "cherry picking" by looking for the cheapest groups of younger and healthier employees to insure at low rates. Bigger companies that once practiced "community

rating" (in which all customers were insured for similar premiums) began to look for ways to use differential prices or exclusions to cut costs and maintain profit margins.

Amidst all these market changes, health insurance became less available and more insecure, as well as more costly, for rising numbers of Americans. "In the three decades before 1970 employer-based health plans and public plans covered an increasing proportion of Americans. But in the 1980s coverage stopped growing and the ranks of the uninsured began to expand."[8] Lack of insurance could be episodic as well as persistent. More than one in four Americans had no health insurance coverage at some point between 1987 and 1989, a time of relatively full employment.[9] In 1988 (at a single measured point), some 31.6 million Americans—or 13 percent of the population under age sixty-five—had no private or public health insurance; and most of these were in families in which at least one person was employed (usually in a firm with fewer than a hundred employees).[10] What is more, many Americans who enjoyed employer-provided health coverage had to worry about possibly losing it or seeing it cut back if they switched or lost their jobs. Observers began to discuss the negative effects on individual productivity and national economic efficiency of the "job lock" that occurred when people would not change jobs for fear of losing health insurance for themselves or family members.

Still, as political observers well know, bad or deteriorating conditions do not automatically become the subject of political debate or governmental policymaking. This was certainly true for the problems of U.S. health care financing through the late 1980s. From 1980 through 1988, a conservative Republican president, Ronald Reagan, practiced "benign neglect" of domestic social problems and pursued an agenda of sharp tax cuts and reductions in federal domestic programs. And the possibility of "national health reform" played a little discernable role in the 1988 presidential election between George Bush, the sitting Republican Vice President, and Governor Michael Dukakis of Massachusetts, the ill-fated Democratic challenger. Although Dukakis touted a health reform plan as part of his "Massachusetts miracle," he and Bush did not face off on the health care issue; and only a small minority of voters regarded health care as an important issue in the election.[11] Dukakis's effort to make "competence, not ideology" the centerpiece of his presidential bid left the

Courtesy *Minneapolis Star Tribune*

way clear for George Bush and the Republicans to paint Dukakis as an extreme, out-of-touch liberal on emotionally resonant issues such as crime and patriotism.[12]

Once elected, moreover, George Bush shied away from tackling major domestic problems, including health insurance. Bush was reluctant although by 1989–90 between 60 and 72 percent of Americans were telling pollsters that they supported some sort of national health insurance program.[13] Instead of dealing with knotty problems at home, President Bush concentrated on foreign affairs. Politically his strategy seemed to pay off splendidly. In the immediate wake of the U.S.-led military trouncing of Iraq in the Gulf War, George Bush looked like such a sure bet for reelection in 1992 that nationally well known Democrats (such as Governor Mario Cuomo of New York) decided to sit out the upcoming presidential race.

What a difference a year can make in U.S. politics! Less than twelve months after he had a 91 percent favorable poll rating in the wake of the Gulf War, President Bush looked very vulnerable in the upcoming 1992 presidential election.[14] Economic and political happenings came together to turn the tables. The nation slipped deeper into economic

recession during 1991, and by November 5 of that year, a special election in Pennsylvania turned out in a most surprising way and caught the attention of all U.S. politicians. Democratic fortunes were looking up, and national health care reform had shot to near the top of the nation's political agenda.

"National Health Reform" Bursts onto the Political Scene

The recession of 1990–91 took the bloom off of George Bush's presidency, and not only among blue-collar wage earners. This downturn prodded many U.S. companies to implement or speed up strategies of downsizing to more "efficiently" meet intensifying market competition at home and abroad. More managerial and white-collar employees than usual lost their positions in this recession, and it wasn't easy for them to gain new employment in comparable positions. Lost jobs soon meant no employer health insurance for many of the affected families. The numbers of uninsured rose by a couple of million a year from 1988 onward.[15] More and more Americans became worried. Opinion analysts Robert Blendon and Karen Donelan summed up the situation in late 1991, at a time when the recession was still playing out. Many Americans, they noted, express "fear of losing all or part of their health care benefits in our employment-based system of health insurance"; "60% of Americans worry they may not be adequately insured in the future."[16]

Such fears were realistic. By 1992 the number of the uninsured had risen to 38.9 million, up 4.2 percent from 1989; and that was 17.4 percent of Americans under sixty-five. Another 40 million Americans were, moreover, underinsured, because their policies provided "little protection in the event of serious illness."[17] More than ever, the rising costs and shrinking coverage in the U.S. system for financing health care were becoming a potential issue for middle-class voters.

Still, the potential might not have been translated into electoral strategies and appeals had not some truly serendipitous events occured in Pennsylvania in the summer and fall of 1991. The story starts with a tragedy. As journalist Sidney Blumenthal recounts, one day in the spring of 1991 Pennsylvania's sitting Republican Senator John Heinz—

> youthful, handsome, wealthy, and politically impregnable—left Washington in a small plane. The pilot, concerned about safety,

wanted to insure that the landing gear was in good working order. He radioed for a helicopter to fly up and inspect. Suddenly, the copter veered into the hovering plane, and the aircraft descended in flames upon a suburban schoolyard. The senator and several children were killed.[18]

Pennsylvania had a Democratic Governor, Bob Casey, who now "had the chance to appoint the first Democratic senator from Pennylvania in more than a generation."[19]

But Governor Casey had trouble finding anyone to take the job, because there would be a special election within just a few months and a well-known and popular Republican, Richard Thornburgh, had quickly declared that he would run for the unexpectedly vacated Heinz seat. Thornburgh had twice been elected governor of Pennsylvania, and he stepped down as Attorney General in the Bush Administration to run for the Senate. After being refused a couple of times, Governor Casey turned to his own Secretary of Labor and Industry, a former John F. Kennedy aide, Peace Corp founder, and president of Bryn Mawr College with the unpromising name of Harris Wofford ("Wooford," Thornburgh would mockingly call him when they debated). "The 65-year-old liberal intellectual, given to bouts of high-flown rhetoric, seemed a superannuated choice. But he was distinguished enough not to embarass Casey for the few short months he would serve as senator."[20]

Democrats, of course, had to make an attempt in the 1991 special election that pitted brief-incumbent Wofford against Thornburgh, but it seemed a hopeless, uphill struggle. Gritty political consultants Paul Begala and James ("Rajin Cajun") Carville signed on to manage Wofford's campaign. They set out to fashion a populist, pro-middle-class message for Wofford to present to "the people who pay taxes, do the work, foot the bill, struggle to save and often come up a little short at the end of the month. . . ."[21] Yet the campaign's first private polls in July 1991 showed Wofford trailing Thornburgh by 47 points, 67 to 20.[22] In August, Wofford still trailed by 44 points, and most Pennsylvanians still did not recognize his name.[23]

Then the unexpected happened. Beginning in September, the Pennsylvania campaign took a startling and momentous turn. The patrician Thornburgh campaigned in an overconfident, arrogant manner as a Bush administration insider. Foolishly bragging that he knew

"the corridors of power in our nation's capital from my three years as a member of the President's cabinet," the Republican candidate opened himself up to the voting public's growing unease about an incumbent administration that seemed unable to cope with (or even take adequate notice of) the economic recession.[24] Meanwhile, the improbable Wofford began to make headway with his argument that "the rich get too many breaks in America, while working families keep falling farther behind," a general message backed up by his specific advocacy of middle-class tax cuts, college loans, economic nationalism, and national health reform.[25]

Starting in September, the Wofford campaign ran an effective television ad featuring his opposition to letting U.S. jobs go overseas ("It's time to take care of our own."), along with a soon-to-be celebrated television spot about health reform. Back in August, Wofford had visited a Philadelphia opthalmologist, Dr. Robert D. Reinecke, who remarked that he could not understand why the U.S. Constitution guaranteed the right to a counsel for anyone accused of a crime, but did not provide a right to a doctor for anyone fallen ill or hurt. Wofford found this query compelling, and he persuaded his media people to turn it into a television spot featuring him standing in a hospital emergency room and telling voters: "If criminals have the right to a lawyer, I think working Americans should have the right to a doctor. . . . I'm Harris Wofford, and I believe there is nothing more fundamental than the right to see a doctor when you're sick."[26]

According to Wofford's pollster Mike Donilon, this television advertisement had an extraordinary impact, helping to cut Thornburgh's lead by half during a couple of weeks in September.[27] Thornburgh had served on a Bush administration panel that had studied health care (without making recommendations), so he claimed to know this "complex" issue from the inside. Before Wofford's ad, voters tended to accept that Thornburgh would do a better job on health care reform. But by one "week before election day [November 5], Wofford owned the issue by 27 points." In a state where elections are usually cliffhangers, Wofford won the Pennsylvania special Senate election by an astonishing 10 points. He did well among all groups and across all regions of the state, even those that normally voted Republican.

Wofford's pollster used focus groups to track strong Pennsylvania voter interest in health reform throughout the campaign and concluded that ultimately (in the words of journalist Dale Russakoff)

"more than 30 percent of the voters picked Wofford on the health care issue alone."[28] An independent postelection study also concluded that "voter interest in reform of the American health care system played a central role" in this "come-from-behind victory." A representative poll of 1,000 Pennsylvania voters showed that "50 percent identified 'national health insurance' as one of two issues that mattered most in deciding how to vote" and "21 percent of voters said the issue was the 'single most important factor' in their voting decision."[29]

In some ways, this was surprising. Pennsylvania was a state with many older citizens on Medicare and many unionized workers who had coverage at work; only 10 percent of its citizens were without health insurance in 1991, a considerably smaller proportion than the approximately 15 percent then uninsured nationwide.[30] Apparently, the support of Pennsylvanians for health insurance reforms only underlined the broader popular resonance of this issue, which tapped into working families' worries "that their economic life is falling apart—no health care, no money for the kids to go to college, and an old age spent in penury."[31] "Calling for national health insurance sends a bigger message than health care," Wofford's consultant Carville concluded.[32]

While serving as Pennsylvania's Secretary of Labor and Industry, Wofford himself had seen that paying for health care was an increasing popular concern, not to mention a tension point between unions and employers. His campaign found that Pennsylvanians in general talked about access to affordable health care "with a great deal of fear and anxiety." Perhaps equally significant for a Democratic candidate, the "focus groups also found widespread belief that something could be done. 'It was a place where people believed government could actually make a positive difference,' " Donilon says. Despite the fact that Wofford never outlined any specific reform plan, many Pennsylvanians even indicated a willingness to pay higher taxes in order to have the universal security of national health insurance.[33]

The fall 1991 special Senate election in Pennsylvania was an election heard around the nation. Hope for Democrats and anxiety for Republicans was immediately read into these electoral tea leaves. Celebrating a successful "pitch to the middle class" by a candidate "who did not run as a Democratic liberal" but "won as a Democratic middle-class populist," syndicated columnist Mark Shields declared Wofford's triumph a beacon for Democrats and "unwelcome for the White

House."[34] Indeed the Republican White House *was* frightened. Right after watching his friend Thornburgh go down to such a surprising and ignominious defeat, President Bush canceled a planned two-week trip to the Far East and announced he would concentrate on domestic affairs. Soon he would discover that his administration was, after all, planning to propose health reforms.

For the cause of national health reform, the unexpected Wofford triumph became what political scientist John Kingdon calls a "focusing event."[35] According to Kingdon, potential policy issues do not come up for public debate and potential legislative action until problematic socioeconomic conditions are combined with proposed policy solutions *and* a widespread sense that the "time is ripe" for political action. By 1991 problems of rising costs and receding insurance coverage had been building for some time across the nation; and health policy experts had been honing possible solutions for decades. But not until the Wofford election did national health care reform become a "must issue" for politicians—for those already in office as well as those aspiring to it. After November 5, 1991, one media commentator after another declared that health care might well be (in the words of one

of them) "*the* issue for 1992."[36] Similarly, the authors of the post-election voter study cited above—an investigation sponsored by the proreform Kaiser Family Foundation—did not hesitate to draw sweeping conclusions for national politics. They boldly argued that the

> results of the Pennsylvania Senate race suggest that national health insurance has arrived as a mainstream political issue. Approaches to a universal plan may vary, but politicians who fail to address this issue now do so at their peril. . . . Would health care have been the issue it was in Pennsylvania if Senator Wofford had not made it a central issue in his campaign? Our poll cannot definitively answer this question. But it does show . . . that universal health care could attract voters to those politicians who choose to make it a visible campaign issue.[37]

A Proliferation of Schemes for Reform

In the months after November 1991, the apparent message of Wofford's Pennsylvania upset—that the time was finally ripe for reform of the national system for financing health care—was taken very much to heart by America's politicians and politically engaged groups, ranging from those based in the nation's capital to those on the electoral hustings across the land. In response to rising costs and receding coverage, proposals for the reform had already multiplied during 1990 and 1991; in the aftermath of the Pennsylvania election, more proposals appeared and existing ones were refurbished or made newly visible. Dozens of bills were introduced by senators or representatives.[38] Health reform proposals, many of them sweeping, also came from business groups, trade unions, insurance companies, and assorted health policy experts.[39] Even the American Medical Association (AMA), historically the bitterest of all enemies of governmentally sponsored health reforms, came up with its own "Health Access America" plan, calling for universally guaranteed health insurance to be financed, in part, through mandatory contributions from employers.[40]

Through the first half of 1992, most plans were variants of three basic approaches to reform: market-oriented reforms aiming at incremental modifications of private health insurance markets; "single payer" tax-financed plans to cover all citizens; and a hybrid road to universal health coverage called "play or pay." Without going into the

mind-numbingly technical details of every variant of each approach, we can get a sense of what each was like and notice which major actors were associated with that approach to health reform as the nation moved into the presidential election of 1992.

Incremental, market-oriented reforms were intended to promote—but not guarantee—insurance coverage. Such schemes were identified during 1991 and early 1992 with the Republicans, and were also put forward by such private groups as the Health Insurance Association of America, which spoke for many private insurers. A variety of such plans were introduced in the 102nd Congress, embodying such changes as: limits on malpractice liability, tax subsidies or credits to help low-income people buy insurance, and new rules for the insurance market (for example, to limit price variations in insurance, require companies to take all applicant groups, and eliminate exclusions of customers who suffered from preexisting medical conditions).[41]

After it became apparent that he could not avoid coming forward with a plan if he wanted to remain electorally credible in competition with the Democrats, President Bush synthesized certain ideas from previous market-incremental schemes into a proposal unveiled in early February 1992.[42] The Bush plan called for insurance purchasing pools for small business, regulations of insurance company practices and malpractice awards in order to reduce the price of coverage, and tax-financed vouchers plus tax credits to make insurance more affordable for lower-income families.[43] President Bush also wanted to encourage the spread of "managed care" forms of health-service delivery, in order to further competitive market efforts to hold down costs. When fully implemented, his plan was projected to cost about $35 billion a year. Both President Bush and Senate Republicans remained vague about where the money would come from, alluding in general terms only to reductions in existing federal outlays for Medicaid and Medicare.

Sounding staple incrementalist themes and speaking for the Republican congressional leadership, Representative Bill Gradison of Ohio told the House Ways and Means Committee on March 3 that "the President's plan will move us in the right direction—towards consumer choice, not government coercion; towards timely treatment, not waiting lists for needed care; towards ever better quality care, not arbitrary limits on the use of new technologies."[44] But market-

adjusting nostrums had little appeal for supporters of universal coverage. And Democrats, including moderates, scorned the Bush plan. "Majority Leader George Mitchell of Maine said Bush flunked two important tests—cost controls and universal access. Finance Committee Chairman Lloyd Bentsen of Texas said Bush's advice to Americans . . . is to 'take two aspirins and call me after the election.' "[45] Because of its vague financing provisions and evident inability to get any handle on rising insurance costs, the Bush plan was dismissed on arrival by many media commentators and health policy experts.[46]

Apparently at the other end of the partisan spectrum from Republican-sponsored market adjustments were various sorts of Canadian-style "single payer" schemes, which called for universal health coverage for all Americans to be financed by payroll or general taxes. ("Single payer" refers to the fact that all payments for health services would be channeled through one entity, whether the federal government, a state government, or a regional quasi-public organization of some sort. Medical services would still be provided by a variety of doctors, hospitals, and clinics, most of which would be privately owned and run.) This approach to reform was passionately championed by certain health policy experts, such as Theodore Marmor and Rashi Fein.[47] Single-payer ideas were also supported by certain grassroots advocacy groups, such as Citizen Action and the Consumers' Union, and by a small, maverick group of doctors called "Physicians for a National Health Program."[48] A considerable minority in Congress endorsed a Canadian-style approach as embodied in various bills, including the "Universal Health Act of 1991," introduced by Representative Marty Russo of Illinois and endorsed by seventy cosponsors.[49]

An excellent technical case could be made that a single-payer approach would save more than enough on simplified administrative costs to cover all the uninsured. This is true because private insurers spend a high proportion of their revenues on administrative and advertising costs, not medical care. What is more, the Canadian experience after the 1970s suggested that if public financing were accompanied by the use of "global" budget limits and annually negotiated payments to physicians and hospitals, a single-payer approach might significantly reduce the rate of increase of national health care expenditures while maximizing the day-to-day autonomy of patients and health providers.[50] Some variants of the single-payer approach, moreover, called for

public administration by the states rather than the federal government. As the Democratic presidential primary races were getting under way, Senator Robert Kerrey of Nebraska was attracting a good deal of interest and liberal support because of his championing of a cautiously designed state-administered single-payer plan called "Health USA."[51] This plan preserved the rights of citizens and providers to use a variety of private delivery systems including Health Management Organizations (HMOs); and the Kerrey bill was innovative in its endorsement of fixed "capitation payments" (payments prospectively covering all care to a person, with some adjustments for the needs of various types of people) as a mechanism to encourage health providers to hold down costs.

But whatever the overall advantages of the single-payer approach (or the appeals of specific variants such as Health USA), most U.S. politicians feared to endorse such plans, because they would be highly threatening to established stakeholders in health care markets. Single-payer proposals also portended upheavals for white-collar employees and would necessitate switching from employer-financed premiums toward explicit general or payroll taxation. For all these reasons, single-payer approaches to national health reform were tacitly ruled out of polite "insider" conversations among those who wanted to be "serious players" in Washington. Above all, frank talk about raising taxes was presumed to be the kiss of death for politicians—and for those advising them or aspiring to do so. Democratic presidential candidate Walter Mondale had apparently shot himself in the foot with such talk in 1984. And in 1992 George Bush was in trouble—challenged not only by Democrats, but also by Pat Buchanan in the early Republican primaries—for having broken his 1988 "read my lips" pledge never to raise taxes. Not surprisingly, therefore, most politicians facing competitive electoral challenges rejected single-payer possibilities. This included Democratic presidential aspirant Governor Bill Clinton of Arkansas, who was running a moderate campaign based on promises to help the "hard-pressed" middle class, in part by reducing taxes on everyone except the rich.[52]

The third major approach to national health care reform on the table in 1991–92 was "play or pay"—so labeled because it would require all employers either to "play" in the employer health system by offering health insurance for all employees or else "pay" a kind of

quit-tax to help subsidize expanded governmental coverage for the uninsured. An expanded public program, possibly substituting for Medicaid, would cover all nonelderly Americans not employed or insured by their employers. Play-or-pay schemes for national health care reform were not elegant, for they tried to patch together universal coverage while preserving the mixed elements of America's current system for financing health care. Health policy experts had all kinds of criticisms of this approach, including worries that it might not control rising national health costs and worries that employers might start "dumping" previously insured workers into a second-rate, poorly financed public insurance program. Conservatives, meanwhile, suspected that play or pay was just a surreptitious route toward a single-payer system. Despite such criticisms from left and right alike, play or pay was the middle-of-the-road approach in the existing field of alternatives, and as such was touted by many as the most pragmatic road to national health reform.[53]

Indeed, between 1990 and 1992, play-or-pay proposals received such prestigious backing that some version of this approach seemed certain to be the legislative starting point if or when national political conditions made it feasible to enact comprehensive reform. Back in 1988, Congress had established the so-called Pepper Commission (officially the "U.S. Bipartisan Commission on Comprehensive Health Care"), which included six House members, six senators, and three presidential appointees. Charged with recommending "legislation that would ensure all Americans coverage for health care and long term care," the Pepper Commission was not able to overcome disagreements on the left or the right. There were dissents to its final report from Democrats who favored single-payer approaches and from Republican Commission Vice Chairman Bill Gradison (who, as we have seen, supported President Bush's market-incremental approach). But Senator Jay Rockefeller of West Virginia did lead a bare majority of the Pepper Commission—consisting of a core of Democratic congressional leaders—in hammering out a play-or-pay proposal for universal coverage. This was presented in the Pepper Commission's Final Report of March 1990, whose proposals in turn laid the basis for a "Health America" bill introduced by the Democratic congressional leaders in June 1991.[54]

Another version of play or pay, incorporating somewhat stronger

methods of cost containment, emerged in late 1991 from an extragovernmental omnibus commission, the National Leadership Coalition for Health Care Reform. Launched in March 1990, this coalition brought together "about 60 large companies, unions, and special interest groups" to work out "a plan that would provide all Americans with health coverage and contain costs."[55] As it became obvious that an employer mandate might be endorsed, various participants dropped out, most notably such corporations as AT&T, DuPont, Arco, Eastman Kodak, 3M, and Burger King. Those remaining in the Coalition were led by such unionized companies facing staggering health care costs as Chrysler, Ford, and Bethlehem Steel, and these members accepted a final report recommending medical price controls and the principle that "all employers either provide coverage to their workers" or pay a 7 percent payroll tax. Many small businesses, meanwhile, united in opposition to the Coalition.

Democratic leaders in Congress adapted ideas from both the Pepper Commission and the National Leadership Coalition to launch a renewed drive for play-or-pay legislation during 1992, in the wake of the Wofford election. Their hope was to get a consensus Democratic bill through Congress, forcing President Bush either to bargain over reforms more comprehensive than Republican proposals or else to veto the Democrats' bill and create an issue for the November 1992 election.[56]

However, the Democratic leaders had problems in their own party ranks. Senate Finance Committee Chairman Lloyd Bentsen of Texas expressed little interest in moving forward with legislation.[57] About sixty (mostly southern) Democrats in the Conservative Democratic Forum (CDF) searched for new versions of market-based reform—something situated in between the Bush Republican position and the mainstream Democratic commitment to requiring employers either to provide insurance or to pay a tax.[58] In short, after leading Democrats in Congress spent two years tempering their own enthusiasm for single payer in favor of play or pay as a pragmatic compromise, conservative Democrats started staking out yet more market oriented and voluntarist positions on health reform. Already in the spring of 1992, CDF members were attracted to ideas about "managed competition" that would soon gain much more prominence in the national debate about alternative approaches to health care reform.

A Theme for Aspiring Presidents

Committed presidential leadership for comprehensive reform was tepid at best while George Bush remained in office, yet the American people wanted it to be forthcoming. In early 1992, as the presidential campaign was getting underway, the public told pollsters that health care reform ranked right after the economy and foreign affairs as a policy topic it wanted addressed by presidential candidates.[59] Most Americans looked to the federal government for action, and over the course of 1992 many came to believe that Democrats were more likely than Republicans to promote needed health care reforms.[60]

All the 1992 Democratic presidential hopefuls committed themselves to pursue health care reform if elected.[61] Health insurance reform was, after all, an issue that could potentially appeal (in various ways at the same time) to lower-income working people whose jobs often lacked health insurance, to middle-income employees facing higher costs and greater insecurities in their health coverage, and to private-sector leaders looking for ways to moderate rising health costs. Democrats have to hold together such cross-class coalitions in order to raise both money and votes. Along with the nation's economic woes, reforms of the health care system to promote universal coverage and cost controls were natural for Democrats to stress. President Bush had, in effect, handed Democrats possibilities in this area by being so tepid and unfocused in his own approach to reform. Democrats could use such broad, unifying themes as economic recovery and health insurance reform to try to transcend the racial and cultural divisions that had undercut their electoral strength in the 1988 election and earlier presidential contests.

One of the first contenders in the 1992 Democratic primaries was Governor Bill Clinton of Arkansas, a leader and founding member of the Democratic Leadership Council (DLC), a group largely composed of southern elected officials founded in 1985 to counter the influence of northern liberals in the national Democratic party. In its own words, the DLC aims "to reclaim for Democrats our historic role of championing the middle class and those who aspire to join it."[62] Clinton touted such staple DLC themes as limited government and personal responsibility, yet he sought to synthesize them with emphases on "investments" in social well-being and populist critiques of business.[63] These were themes Clinton had successfully deployed as the

personally charismatic governor of a small and impoverished southern border state that had a history of melding populism and middle-class reformism. Arkansas was not so caught in patterns of racial and oligarchical domination as were many states of the Deep South.[64]

For such a Democratic presidential aspirant, reform of the health insurance system—understood as an aspect of economic reform—was a good campaign theme. As Clinton explained in his announcement speech in Little Rock on October 3, 1991, his would be "a campaign . . . for the forgotten, hardworking middle-class families of America who deserve a government that fights for them." He stressed "reinventing government," promoting economic growth, investing in jobs and education, and "reforming the health-care system to control costs, improve quality, expand preventive and long-term care, maintain consumer choice, and cover everybody." Clinton's promises about health reform were ambitious and populist:

> [W]e don't have to bankrupt the taxpayers to do it. We do have to take on the big insurance companies and health-care bureaucracies and get some real cost-control into the system. I pledge to the American people that in the first year of a Clinton Administration we will present a plan to Congress and the American people to provide affordable, quality health care for all Americans.[65]

This sort of discussion about health reform was destined to reappear throughout the Clinton campaign—in his acceptance speech at the Democratic Convention on July 16 in New York City and in his standard stump speeches.[66] Clinton consistently placed health care reform in the context of making government work better—to invest in people, help the middle class, and promote national economic growth. He also regularly promised reform without big new taxes and engaged in vague saber rattling against insurance company "bureaucracy."

Themes for Clinton's campaign were solidified when he recruited as campaign strategists James Carville and Paul Begala, architects of Harris Wofford's come-from-behind victory in Pennsylvania. "Clinton Wins the Carville Primary" declared the *Washington Post* when these two consultants, much sought after by various Democratic contenders, decided to go with the Clinton campaign.[67] Other members of the Clinton team were adman Frank Geer, media consultant Mandy Grunwald, and professor-turned-pollster Stanley Greenberg.[68]

Greenberg was the author of an influential 1991 article in *The Amer-*

ican Prospect calling on the Democratic Party to "reconstruct" its vision around themes of "national renewal," populist critiques of the wealthy and of irresponsible corporate power, and new public "investment" policies to help "a squeezed middle class and working families."[69] Like all of Clinton's strategists, not to mention Clinton himself, Greenberg was looking to walk a fine line: acknowledging the conservative (including DLC) critique of exhausted or outmoded "liberal," "big government" solutions to America's problems, while at the same time trying to "rebuild public confidence in the public sphere" through "thematic projects that stake broad claims to the middle class." "Indeed," concluded Greenberg, "it is the link between the broad working middle class and affirmative government that allows Democrats to define a majority politics." Reforming health care was one project that might allow Democrats—and Clinton in particular—to use government in fresh ways, to invest in America's economic future and in the enhanced security of its people.

If a commitment to reform America's health care system fit perfectly into a presidential campaign devoted to "reconstructing the Democratic vision," it did not necessarily make sense for candidate Clinton to delve deeply into the hoary details of market incrementalism, single payer, or play or pay. Clinton's campaign strategists disagreed about the desirability of outlining a specific reform approach; some wanted to remain at the thematic level. But Clinton soon found that he had to go beyond a general promise and outline in more detail what he would do to achieve national health reform.

The year 1992 was a time when media and citizens alike expected candidates to outline "plans." In the early primaries, Clinton found himself sparring with Senators Robert Kerrey and Paul Tsongas, both of whom touted detailed schemes for health reform. The Clinton campaign was especially concerned about the challenge from Kerrey, who was featuring his determination to tackle universal health coverage. As a result, amidst the heat of the 1992 presidential primaries and general election, Bill Clinton committed himself to specific ideas. Characteristically searching for a way through the middle, candidate Clinton gravitated toward "managed competition within a budget" as a modality for national health care reform that was explicitly distinct from previously defined liberal as well as conservative alternatives. This did not happen all at once, however.

Clinton Discovers a New Compromise

It was clear from early on that Bill Clinton would not accept either single payer (as advocated by some experts and Democratic liberals) or incremental market reforms (as then pushed by Bush and other Republicans). Almost by default, the candidate's first effort to outline his plan for the reform of health care financing resembled play or pay, with ideas drawn from both the congressional Democratic leadership's version and the cost control proposals of the National Leadership Coalition. While campaigning in New Hampshire and preparing to debate Kerrey and the other candidates, Clinton himself worked over many nights on his first health reform plan.[70] A press release grandly entitled "Bill Clinton's American Health Care Plan: National Insurance Reform to Cut Costs and Cover Everybody" was the result. Although this eight-page statement was big on rhetoric and vague on details, it proposed the core play-or-pay idea, specifying that "employers and employees will either purchase private insurance or opt to buy into a high-quality public program," accompanied by various suggestions for cutting costs and promoting efficiency in the health care system.[71] This early 1992 Clinton campaign statement also stressed that "[w]e don't need to lead with a tax increase that asks hardworking people who already pay too much for health care to pay even more, until every effort has been made to squeeze excess cost out of the system."[72]

Between the winter and late spring of 1992, however, Clinton changed his mind about using play or pay as the core of his approach to health care reform. Tactical campaign necessities were certainly part of the reason. Early in 1992, President Bush and other Republicans turned up the heat against approaches to health reform associated with the Democratic leaders in Congress. Bush administration people assailed play or pay as a government-takeover scheme for "socialized medicine," and as a threat to business because of the payroll taxes this approach would entail.[73] Clinton and his campaign advisors had little desire to be yoked in the public mind with Democrats in Congress—who, in any event, were proving unable to move forward with comprehensive legislation based on play-or-pay ideas.

During the spring of 1992 the Clinton campaign struggled to work out its overall campaign message, a marriage of New Democrat

themes about "reinventing government" with social-democratic ideas about public "investments" in jobs, education, and health for working middle Americans.[74] At the same time the Clinton people pulled together a written manifesto, which would appear in June under the title "Putting People First."[75] There would be a section on health care reform in the manifesto, yet as it was being drafted, the Clinton campaign was not ready to abandon play or pay entirely, even though a number of its policy advisors were intrigued with approaches to health care reform that avoided payroll taxes and placed more stress on cost-reduction through regulated competition among private health plans. Some Clinton policy aides, such as Bruce Reed and Atul Gawande, had ties to market-reform-oriented conservative and moderate Democrats in the Democratic Leadership Council and the Conservative Democratic Forum, while others, such as Judy Feder, had been involved with the Pepper Commission's effort to develop play or pay as a middle road to universal health coverage.[76]

When "Putting People First" was completed in June, it was remarkably vague about the "how" of its proposals for health reform, carefully straddling notions that experts could identify as associated with play-or-pay or market-based approaches to cost containment.[77] What is more, the Clinton campaign decided *not* to spell out at that point exactly how it proposed to pay for health reform. To do so would require finalizing as yet very uncertain projections about both the cost of universal coverage and the "savings" that might be reaped from reductions of cost increases in health care, including politically touchy reductions in public expenditures on Medicare and Medicaid. It would not help candidate Clinton to discuss such matters in any detail in the midst of a contentious presidential election.

As the presidential campaign careened from summer into fall, Clinton strategists became very worried that the Bush campaign was scoring points with its claims that their candidate would, if elected, raise taxes. Clinton had experiential reasons to fear being portrayed as a "taxer," because he had once badly lost a gubernatorial race in Arkansas in the face of such a charge.[78] More pressingly, an August 9, 1992, campaign memo from Stan Greenberg warned that "voters have heard Bush charges on taxes"; and another Greenberg memo noted on August 30 that the "Bush campaign has hurt Bill Clinton on taxes. That Bill Clinton is too ready to raise taxes is now the biggest negative."[79] In August and September, various advisors juggled by Clinton's friend Ira Magaziner were trying to finalize a distinctive Clinton approach to health reform that the candidate could outline in a big September speech.

During this period, the desire to parry Bush characterizations of Clinton's health plan as a variant of play or pay, and the need to counter Bush charges that Clinton was a "tax and spend" Democrat were very much on the minds of the Governor's campaign strategists. One cannot imagine Governor Clinton choosing to endorse a play-or-pay plan at such a critical juncture—when he was facing possible erosion of voter support in competition with (at that point) antitax Republican George Bush and the obstreperous budget-cutting independent, Ross Perot. As Greenberg importuned on August 13: Voters "worry about 'all those programs,' 'all the promises to groups.' They do not believe that Bill Clinton wants to raise taxes on the middle class, but they worry 'who will pay for all of this?' They need to hear more about Clinton's spending cuts, getting health care costs under control, welfare reform, and $144 billion in across the board spending cuts."[80]

Thus the exigencies of the campaign were certainly important in Clinton's turn away from the health reform alternatives that were prominent in 1991 and early 1992. Candidate Clinton found he had to have a plan, and then further clarify it; and he had to avoid mentioning taxes at all costs. So much for play or pay (as well as single payer, which had been rejected well before the campaign started). Still, intellectual considerations were at least as important as electoral dynamics in Clinton's turn toward a fresh approach to national health care reform, which I shall label "inclusive managed competition," because I want to underline that, from the start, Clinton's version of managed competition was intended to be combined with universal coverage and publicly enforced cost controls.

Bill Clinton was, after all, a well-read and articulate Yale graduate and Rhodes Scholar. He loved to explore ideas, and his constant quest for new policy syntheses was as much a personality trait, a quality of mind, as it was the tendency of a progressive southern Democrat to search out the middle ground electorally. Even amidst the incessant bustle of his presidential campaign, Bill Clinton looked for new ideas. He was attracted to policy entrepreneurs who asserted—with conviction—that single payer, play or pay, and market incrementalism did not exhaust options for comprehensive reform of health care financ-

ing. Bill Clinton's ears perked up when he learned there might be yet another way through the middle—a way, to boot, that was associated with prestigious sponsors in the media and the world of academic policy experts.

Starting in the spring of 1991, the *New York Times* plunged into the nation's brewing health care debate. Not shy at all about telling the country's leaders exactly what to do, the newspaper published a recurrent stream of what would eventually become more than two dozen editorials by Michael Weinstein, a member of the *Times* Editorial Board with a Ph.D. in economics from the Massachusetts Institute of Technology. Weinstein endorsed "managed competition" as an alternative to the original Bush and congressional Democratic approaches to reform, and then fought to influence the adoption and definition of this approach by the Clinton campaign (and later the Clinton presidency).[81]

Certain core principles of "managed competition" came from the work of Stanford University economist Alain Enthoven, whose ideas appealed to big employers and insurance companies because they promised to use market-competition and managed-care plans to promote efficiency and lower prices in the delivery of medical care.[82] Enthoven and other supporters of managed competition had formed the "Jackson Hole group"—a seminar of policy experts and health-industry people who met from time to time at a beautiful spot in Wyoming—to develop a proposal for a market-based road to universal health coverage in America. This group hoped to head off stronger doses of government financing and regulation that would be a threat to big private insurers and private health care delivery systems.

Significantly, Enthoven and associates advocated mandatory employer payroll contributions to health insurance premiums as a way to finance coverage for more Americans. They also favored a step that would have been (and still would be) quite politically explosive: institution of a cap on tax deductions for employer-provided health benefits, set at the level of the lowest-priced plan in a region. This would force employers and employees to buy cheaper health insurance or pay the difference in after-tax dollars. But the Jackson-Holers were firmly opposed to any sort of direct governmental controls on insurance premiums or on medical charges. Enthoven and associates recommended some regulation of the terms on which health insurance could be offered, and they favored the establishment of "health purchasing alliances" to allow small and medium companies to purchase insurance at lower prices. To cut costs in health care, however, these reformers proposed to rely on market bargains that would encourage the spread of health maintenance organizations (HMOs) and other efficient forms for the delivery of "managed" health care by groups of providers centered on physicians offering basic, including preventive, health services.

With the crucial (and telling) exception of the call for "mandating" all employers to contribute to health insurance, bits and pieces of Enthoven's ideas found their way into President Bush's plans for health insurance reform.[83] Elements also appeared in the 1992 health reform bill developed by the Conservative Democratic Forum and in the market-oriented plan advocated by Paul Tsongas in the early Democratic primaries.[84] Many would-be health reformers, however, remained distrustful of Enthoven's ideas, fearing they might not ensure genuine universal coverage and might leave insurance companies free to discriminate among groups of Americans with varying risks of health problems.[85]

Meanwhile, certain liberal health reformers built on and modified Enthoven's approach to develop a carefully regulated and inclusive version of managed competition.[86] Among these reformers were John Garamendi, the Insurance Commissioner of California, and Walter Zelman, who had headed a commission set up by Garamendi to work out a universal, managed-competition plan for the state of California.[87] Another key player was Paul Starr, a professor from Princeton University who had become convinced during 1992 that Garamendi's California plan offered insights that could be used in designing a national plan for universal health coverage and cost containment through carefully regulated market competition among insurers and deliverers of health care.

The key to the Garamendi-Zelman-Starr approach was the establishment of encompassing "health purchasing alliances" to sponsor all health insurance plans offered to employers and citizens in a state or region. Encompassing alliances, which would have to be mandatory for most purchasers of health insurance except very large employers, would pool the buying power of many companies and individuals. The alliances would approve plans to be offered as choices to individuals. Regional alliances could therefore prompt private insurance companies to compete for business by improving quality while holding

down costs. In turn, that sort of cost-conscious competition would encourage the spread of managed-care forms of health delivery by HMOs or by well-integrated networks of physicians and hospitals. The advocates of inclusive managed competition proposed government subsidies to help the unemployed and small businesses purchase health coverage through the new regional alliances. And they favored some sort of public regulatory mechanism—global budget caps or premium caps—to keep health insurance prices from rising too quickly, especially during a transitional period before market-based mechanisms of cost containment fully took hold.

Arguments from Garamendi, Zelman, Starr, and other like-minded advisors were channeled into the Clinton campaign, in part because Garamendi was the chair of Clinton's campaign organization in California and in part through brokering by Ira Magaziner. Through memos and personal meetings, the advocates of inclusive managed competition made the case to candidate Clinton that this approach could optimally reform the nation's health care system. It could do this without expanding public insurance programs such as Medicaid and without the payroll "taxes" required by play-or-pay schemes. Reform and cost containment would be based principally on structured market competition, as regulations would require insurance companies and managed-care networks to offer good care at lower prices. Most of the new financing that would be needed for covering the presently uninsured would come from employer-contributed and employer-collected payments. Candidate Clinton could, in short, advocate using new federal regulations and mandates on employers—but not big new "taxes"—to move the U.S. health care system simultaneously toward cost-efficiency and universal coverage.

An inclusive version of managed competition was just what Bill Clinton was looking for. So it is little wonder that this is what he finally embraced in the showcase campaign speech he gave on national health care reform at Merck Pharmaceuticals in Rahway, New Jersey, on September 24, 1992. Speaking to an enthusiastic crowd at a company he repeatedly hailed for its progressive employment and sales practices, Clinton was surrounded that day by New Jersey's Democratic Governor Jim Florio and by Democratic Senators Bill Bradley and Frank Lautenberg of New Jersey, Harris Wofford of Pennsylvania, and Jay Rockefeller of West Virginia. Wofford, of course, was the veritable symbol of the health care reform issue, and Rockefeller was the

leader of mainstream Democratic health care reformers in Congress. Rockefeller had previously championed play-or-pay legislation, yet now stood by the side of his party's presidential candidate Bill Clinton as he unveiled an alternative middle-of-the-road approach to comprehensive reform. The symbolism was obvious: the Democratic Congress and a new Democratic president would be able to work together on health care reform.

In his Merck speech, Clinton introduced health care "in the context of the overall American health scene," as "part of our efforts to restore growth, improve education, and manage change in a tough global economy. It's part of a plan to create a high-wage, high-growth, high-opportunity society in America, to educate and train our people, . . . to promote both personal responsibility and family security."[88] Governor Clinton stressed that Americans "are not getting the system we are paying for and nobody is paying as much as we are for health care," and he told a series of "heartbreaking stories" about individual Americans, all seemingly middle class, who were having troubles affording or keeping health insurance just at the moment when their own illnesses or those of family members required it.

Having underlined the nation's economic and personal problems with the current system for financing health care, Bill Clinton discussed solutions and claimed the middle ground "beyond partisan political debate" for himself. Counterintuitively, but cleverly, he criticized then-President Bush for wanting to spend too much: "the Bush plan would put another $100 billion in tax credits through the same system between now and 1997, pouring good money after bad, with no plan for cost control" and without guaranteeing universal coverage. As for his own approach to health care reform, Clinton stressed that it "is a private system. It is not pay or play. It does not require new taxes." Clinton summed up his vision as "personal choice, private care, private insurance, private management, but a national system to put a lid on costs, to require insurance reforms, to facilitate partnerships between business, government, and health care providers." He stressed his commitment to "a national budget ceiling" and secure coverage for all. Throughout Clinton's speech, the most consistent themes were savings and the beneficial economic effects of reform. "If we can cover everybody and bring costs within inflation, we will save hundreds of billions of dollars per year by the end of the decade to the private sector—money which can be reinvested in growth, in productivity, in

wages, in benefits, in making America a stronger country. . . . This is a matter that is critical for the future of this country's survival."

Squaring Many Circles

Why wouldn't this regulatory, yet market-based approach to comprehensive health reform look good to Bill Clinton? Aside from apparently avoiding taxes and an up-front governmental role, it promised to satisfy the public's desire for affordable universal coverage while simultaneously furthering the cost "efficiencies" so favored by powerful elites (favored in principle, that is, as long as each elite's particular source of profits or income was not cut by much). As opinion analyst Bob Blendon has documented, ordinary Americans care most about attaining secure protection and keeping their own insurance payments low, while experts and institutional leaders such as employers and politicians are obsessed with spending less overall, having each major organizational sector cover less of health care costs.[89] Inclusive managed competition within a budget, Clinton must have hoped, had some chance to give everyone what they wanted, citizens and elites alike.

This approach presumably would please big employers and large insurance companies and so allow the would-be president to court and work with these powerful interests, just as moderate southern Democratic governors have always done. Inclusive managed competition also promised to solve Clinton's problems within the fractious Democratic party. At first, of course, many of his fellow Democrats would not understand the new scheme vaguely outlined in New Jersey on September 24—and that might be just as well for the remaining weeks before the election. Still, inclusive managed competition must have looked like something that could, over time, be sold both to those in the Democratic coalition who cared primarily about universal coverage and to those "New Democrats" in the Democratic Leadership Council and the Conservative Democratic Forum who wanted market-oriented reforms that minimized taxes and public spending.

Finally, Clinton was especially attracted to the public finance features of managed competition within a budget. If he were to be elected president after a campaign promising deficit reduction and avoidance of taxes, he was going to have to devise a health care reform plan that did not include huge new taxes. An inclusive version of managed

competition within a budget might enable a new Clinton administration to do all this, while still promising universal health security to the electorate. The apparent budgetary logic of this approach was irresistable to a moderate Democrat who wanted to cut the federal deficit and free up resources for new public investments.

On November 3, 1992, Bill Clinton was elected President of the United States with 43 percent of the popular vote (and a much more commanding margin in the electoral college). More voters turned out than usual, and Clinton triumphed after a proficiently run campaign, benefiting from the split among those who did not vote for him in a three-way race. The hapless George Bush never did convince the American people that he had a plan to deal with domestic economic problems, while the wacky and inconsistent Ross Perot was, by the end of the campaign, unable to serve as more than a vehicle for protest against party politics as usual.

Hopes for Clinton were high, even among Americans who had not voted for him. People wanted the new President to break the logjam in the nation's capital by quickly devising and putting through comprehensive plans for improving the economy and reforming the national health care system.[90] After all, the incoming President was a reformist Democrat, and he ostensibly enjoyed Democratic majorities in both houses of Congress. All William Jefferson Clinton had to do was make his way to Washington and accomplish what he had promised during the 1992 campaign.

of the middle-class Americans that the Clinton administration so assiduously tried to reach with its Health Security message.

Vague and evasive explanations of how the reformed health care system would work left Americans open to alternative descriptions purveyed by Health Security's fiercest opponents. A portrayal of the Clinton proposal as virtually government-free, as little more than a vast set of voluntary associations, simply was not plausible. If that was all President Clinton had in mind, why did he need to ask Congress to enact a 1,342-page bill?

CHAPTER FIVE

MOBILIZATION AGAINST GOVERNMENT

Advocates of Health Security were disorganized and the Clinton administration did not adequately explain the changes it was proposing. But if this were all of the story, the President's attempt at comprehensive health reform might simply have faded away, dying with a whimper rather than a bang. Instead, the Health Security legislation—so conveniently laid out in detail for critics to pick over—became a perfect foil for mobilization against government.

Starting even before President Clinton announced his plan, groups with financial or occupational stakes in the present U.S. health care system amassed money, lobbyists, and field agents to peck away at the regulatory and financial innards of any serious health care reform. At first, such efforts by determined interest groups appeared scattered and mutually contradictory, yet they took their toll over time. Meanwhile, insurgent conservatives opposed to a strong domestic role for the federal government discovered that an all-out ideological attack on Health Security offered an excellent way for them to gain ground, first within the Republican Party and then in the general electorate. Counterattacks from stakeholders and ideologues became mutually reinforcing over the course of 1994 and shifted critical resources of money and energy toward a radicalized, much more conservative Republican Party.

Critiques of "government meddling" eventually resonated with mainstream public opinion, despite continuing popular concern about the national health care system. The cost-cutting implications of President Clinton's proposed Health Security legislation were so different from the generous new financial subsidies implied by Presi-

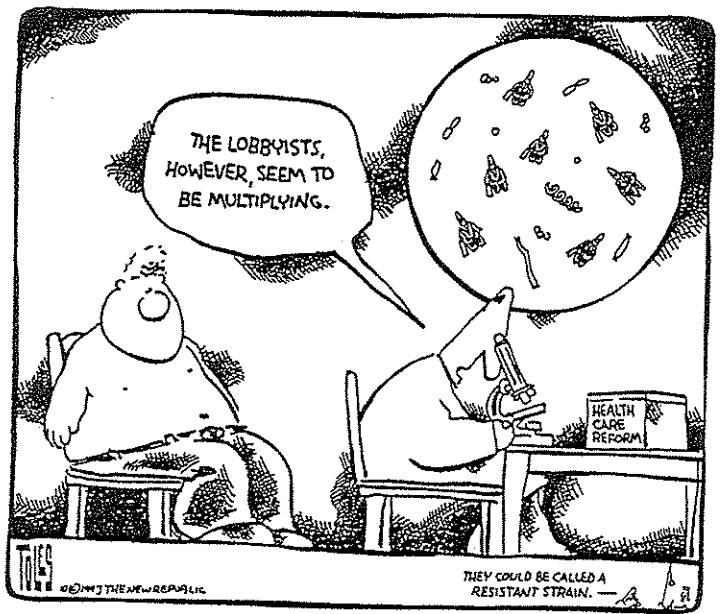
dent Franklin Roosevelt's Social Security legislation of 1935 that many individuals and groups came to see comprehensive health care reform as more of a possible threat than a solution. President Clinton undertook governmentally mediated social reform in a context of looming federal budget deficits and public distrust of government. He also attempted to reorganize a realm where many vested interests were firmly ensconced. Ironically, President Clinton thought he was being responsible and moderate to place the emphasis on regulations rather than new taxes, to focus on controlling and cutting health care costs as well as on extending social benefits. Yet he aroused widespread fears about possible federal government interventions in accustomed social and economic routines. Insurgent conservatives opposed to new—and existing—federal programs were waiting in the wings, ready to take advantage of these fears.

Threatened Stakeholders Mobilize

Stakeholder groups determined to modify or eviscerate President Clinton's proposal for comprehensive health care reform swung into action without delay or doubt. Groups with an occupational or financial stake in the $800 billion-per-year business of U.S. health care had long since aroused themselves to present concerns to Congress and to address the Clinton administration.[1] The minute the Clinton plan officially appeared—as soon as drafts of it starting leaking and circulating in the late summer of 1993—all these groups could quickly decide how disappointed or angry they were with each relevant detail of the vast blueprint. Their leaders and staffs geared up to notify members across America about threatening features of the proposed legislation.

The staffs of Washington-based interest groups ran press conferences and deployed hordes of lobbyists to ask the Clinton administration and Congress for changes in legislative provisions. Well-endowed and vitally threatened stakeholders formed coalitions with one another, and many used local contacts to promote grassroots agitation in individual congressional districts. The wealthiest and most determined groups also funded polling and advertising efforts designed to influence public opinion about key aspects of the Health Security proposal.

Techniques used by stakeholder groups to undercut the Clinton plan are well illustrated by the remarkable efforts of the Health Insur-



Courtesy Universal Press Syndicate

ance Association of America (HIAA), a beleagured yet resourceful association of midsized and small insurance companies, many of which would have been forced out of business if the Health Security legislation had passed in anything resembling its original form. At first glance, the HIAA might not have seemed a likely formidable player in the reform battle. But the kinds of leverage it could exercise turned out to be important.

An analyst dropping in from Mars in 1993 might have supposed that insurance interests were losing leverage in U.S. politics, because the industry was increasingly disunited.[2] Back in 1992, as national discussion of health care reform heated up in the wake of the Harris Wofford victory in the Pennsylvania special election, the HIAA was the peak association of the for-profit insurance industry. At that point, the HIAA turned toward policy advocacy and prophylactic efforts to shape public opinion in favor of merely incremental reforms along the lines of those then being pushed by the Bush administration.[3] But before long many small insurers opposed to any new insurance regulations split off from HIAA to form the Council for Affordable Health Insurance.[4]

More consequentially, America's "big five" insurance companies

also withdrew from the HIAA: Cigna Corporation left in 1991, Aetna Life and Casualty and Metropolitan Life departed just as Bill Clinton was elected in November 1992, and Travelers Corporation and Prudential Insurance followed out the door in 1993.[5] The big insurers expected that their expanding stake in health maintenance organizations might flourish under new legislation. Complaining that HIAA was "paralyzed by small insurers who are opposed to national health care reforms," the big insurance companies formed the Alliance for Managed Competition to lobby on their own terms.[6] The HIAA was eventually left with members accounting for only about one-third of the nation's 180 million holders of private health insurance policies (one-third of the others were with the big five, and the other third with Blue Cross and Blue Shield). Worse, the HIAA's internal ranks remained restive, as second- and third-tier companies disagreed among themselves about whether they could live with various detailed provisions of looming health care reform bills.[7]

No matter. The HIAA's leadership had little to lose by throwing big money into a life-and-death struggle against core regulations within the Clinton health plan. The stripped-down association made up in feistiness, organization, and leadership savvy what it lacked in encompassing membership. In contrast to the White House and its allies—but like many other health stakeholder groups—the HIAA already had its resources and infrastructure in place well *before* the battle over the Clinton plan was fully engaged. In 1992 the association had already turned to political mobilization, using paid print and television advertisements to tout the HIAA's minimalist "Campaign to Insure All Americans" and hiring some fifteen organizers to build coalitions in key states and localities. HIAA organizers targeted such groups as insurance company employees, small businesses, veterans' groups, and older citizens, arguing that any reforms more comprehensive than those the HIAA endorsed "could cost jobs and would mean bureaucratic controls."[8]

Shortly after the November 1992 elections, the HIAA achieved a coup for its leadership. It persuaded ten-term Ohio Republican Congressman Willis D. Gradison, a respected member of the critical Subcommittee on Health of the House Ways and Means Committee, to resign just after his reelection and become the Washington-based head of the HIAA, and put him in charge of public relations and

behind-the-scenes strategizing alike.[9] This happened just as the HIAA was gearing up to muscle the Clinton administration. Touting Gradison's reputation for amiability and compromise in Congress, the HIAA at first offered cooperation—if only the Clinton policy planners would avoid all regulations that could hurt the business of those HIAA member companies that made profits by "cherry picking" healthier subgroups of employees to insure at lower rates than those that could be offered by other insurance companies.[10] In effect, the HIAA said that if the Clinton administration would surrender hopes for serious health financing reform at the start, it would be nice in return.

When the Clinton planners refused to make the desired concessions, the HIAA quickly went on the attack. Grassroots lobbying and television ads to raise doubts about the emerging Clinton plan started in May 1993, including one controversial ad (dropped after a brief run) suggesting that "mandatory HMO systems" might be "the first step to socialized medicine."[11] After officials saw drafts of the still-unfinished Clinton plan in late August, the HIAA released the first installment of $14 to $15 million that would be spent on the infamous "Harry and Louise" television commercials. Starting in early September 1993 and stretching into summer 1994, the HIAA sponsored three waves of these commercials, periodically stopping them in hopes of extorting concessions from the Clinton administration or Congress, then restarting them or turning them to a new issue, to gain further leverage with public opinion. The HIAA spent some $14 to $15 million on its ads, the largest share of the more than $50 million devoted to print and air advertising during the 1993–94 debate, the majority of which "opposed rather than favored some facet of reform with more ads explicitly objecting to the Clinton plan than supporting it."[12]

Harry and Louise were an obviously well-off, forty-something middle-class white couple who, on TV, sat around reading the Clinton Health Security plan and discussing it between themselves (and, in one ad, with Harry's younger brother, "an underthirty yuppie").[13] What Harry and Louise found in the Clinton plan worried them (even though, like the HIAA, they claimed to support national health reform). "There's got to be a better way" Harry and Louise opined for the cameras, as they discovered the horrible possibilities of bureaucrats choosing their health plan ("They choose, we lose"), health plans that might run out of money, and higher premium costs for younger peo-

ple (who might, after reform, have to pay the same "community rate" as older, sicker people). In one of the ads, the dialogue, driving home the antigovernment point, went as follows:

Louise: "This plan forces us to buy our insurance through those new mandatory government health alliances."
Harry: "Run by tens of thousands of new bureaucrats."
Louise: "Another billion-dollar bureaucracy."[14]

The Harry-and-Louise ads became veritable icons among political insiders, but *not* because they were originally seen by many American television viewers. They weren't, because the HIAA paid to place them only in a few markets: especially in the Washington–New York corridor, where key policy elites would watch, and in certain states, where there were swing congressional districts.[15] The ads became famous after Hillary Rodham Clinton attacked them as distortions. Then news media throughout the country reproduced the ads along with the arguments about them, for all Americans to see and hear. The controversy was not very enlightening, as Kathleen Hall Jamieson explains:

> [President] Clinton and the HIAA . . . agreed that unresponsive, costly bureaucracy was the problem. There was only one catch. They disagreed on whose "bureaucracy" was to blame. Harry and Louise saw it as the "bureaucracy" of "these new mandatory government health alliances," Clinton as insurance companies "writing thousands and thousands of different policies, charging old people more than young people and saying who cannot get health insurance."[16]

Along with other negative advertisements, the Harry-and-Louise ads heightened public uneasiness, particularly since these ads raised questions about key aspects of the Health Security plan—alliances, premium caps, and community insurance rating—that the Clintonites did not adequately explain. But much of the HIAA's impact during the 1993–94 health reform debate, just like the impact of many other stakeholder groups opposed to aspects of the Clinton plan, depended on less-visible influences than national advertising. Using a technique that has now become standard for resourceful interest groups, the HIAA put more millions of dollars into grassroots agitation to affect the thinking of the public and congressional representatives in localities across America.[17] Such manufactured grassroots agitation (sometimes called "astro-turf" mobilization) targeted states or districts where opinion or votes could go either for or against comprehensive health care reform.

Activating Social Networks

Funded by the HIAA, an intergroup alliance, the Coalition for Health Insurance Choices (CHIC), was set up with an action plan that called for "enlisting local business leaders, particularly those with personal ties to Members [of Congress]; writing letters to the editor (with samples provided); and holding public meetings."[18] Existing social ties were activated to "increase the amount of information to our customers and employers and to various advisers or customers, [such as] agents, attorneys and accountants, working toward activating them on a broad scale. . . ."[19] Even as the Clinton administration said little about the nature of health alliances, CHIC spread the word that alliances could be personally threatening. As an HIAA official explained, we ask people " 'If you have a problem with your health plan, would you rather go to your employer's personnel office or to a state agency and deal with a state bureaucrat?' . . . When you talk to people in those terms they realize [the Clinton proposal] would be inventing a whole new mechanism that isn't necessary."[20]

This sort of grassroots tactic against national health care financing had been pioneered to stunning effect back in 1948 to 1950. That was when the American Medical Association had gone all out to defeat President Truman's plan for national health insurance. Reaching out to Americans via their ties to physicians, that classic AMA campaign had used doctors' offices to disseminate oppositional materials, including one million copies of a foldout pamphlet entitled "Compulsory Health Insurance—Political Medicine—Is Bad Medicine for America!"[21] While waiting to see their doctors, patients across the land in the late 1940s were left to contemplate the dangers of governmentally sponsored health insurance.

In the 1993–94 iteration of recurrent U.S. battles over whether to extend insurance coverage through government, the HIAA was far from the only stakeholder group that combined national efforts with locally oriented and socially embedded techniques to spread criticisms of proposed new health care reforms. Although less influential among all American physicians now, the AMA activated its lobbying and

community ties once again, fighting against anything that might restrict the incomes of its members.[22] A dizzying array of other groups was also at work.

Some stakeholders in the health care system were associations of institutions with many ties into communities. To help fend off medical cost controls and cutbacks in Medicare revenues, each of the American Hospital Association's "4,900 member hospital administrators throughout the nation received a lobbying kit, with advice about how to mobilize the four million hospital employees and tens of thousands of volunteers. Hospital trustees [too] are an invaluable asset because they are among the most respected business and community leaders."[23] About 85 percent of U.S. hospitals are nonprofit, community facilities, most of which are members of the American Hospital Association.[24] In any local community, hospitals as well as doctors' offices were likely to be centers of social discussion about the meaning of impending health care reforms.

Similarly, "superlobbyist" Michael David Bromberg of the Federation of American Health Systems—an association of 1,400 for-profit hospitals and investor-owned health care companies—went well beyond intense shmoozing with countless Democratic and Republican members of Congress. Bromberg helped to found the Health Leadership Council (HLC) with membership "limited to the chief executives of 50 of the largest health care companies—drug manufacturers, hospital chains, medical suppliers, managed care and insurance companies." In turn the HLC worked to "minimize government regulation in any bill that does pass" by activating local people, such as hospital administrators, to influence newspaper editorialists and other influential citizens in the districts of "100 House members and 15 to 20 senators, most of them moderate Democrats in eight key [southern] states. . . ." As Bromberg explained to a reporter, when he was a congressional aide in his youth, he "learned that grass roots—paying attention to things in the district—was more important than all the myths of Washington lobbying."[25]

Other stakeholders with less-local institutional presence also found creative ways to spread the word. For example, the National Association of Health Underwriters would have been put out of business by health alliances. It had only 12,000 to 16,000 members and a mere $3 million to spend on a campaign to "Preserve Consumer Choice." But its president was a "political specialist" who devised a plan to enter

into a coalition "with other agents' groups, insurers, and small business owners. The group . . . [would] pursue an agressive grassroots campaign . . . [to] enlist not only its far-flung members but also their customers; 120 million Americans have policies written by independent agents."[26]

The real impact of stakeholder efforts came from the *combination* of advertising, direct mailings, Washington lobbying, and grassroots activations that they were collectively able to mount. The examples could go on and on without changing much except the details of the groups and goals and social ties involved. Much effort was expended on getting messages out through social networks and into pivotal states and localities.

The nation's capital, meanwhile, was in perpetual frenzy, as the struggle over possible health care reform became "a bonanza for pollsters and pundits and analysts and number crunchers" along with lobbyists and as "a daily, unrelenting round of Health Care Events" was staged by "every interest group in the land . . . from dentists to the Christian Coalition."[27] Overall, according to a study done by the nonpartisan, good-government-oriented Center for Public Integrity, health care reform during 1993 and 1994 was "the most heavily lobbied legislative initiative in recent U.S. history." During 1993 and 1994, "hundreds of special interests cumulatively . . . [spent] in excess of $100 million to influence the outcome of this public policy issue."[28] And this is surely an underestimate, because the center's researchers had to rely on incomplete, publicly available records.

What difference was made by the cascading criticisms from health care interests? In the first weeks after the President launched the Health Security effort, public support for his approach weakened a bit as questions were raised about the contents of the President's plan. But political observers still thought some sort of comprehensive reform would be enacted, because the complaints of the many groups that had a stake in the existing health care system were taken as gambits in bargaining over the details of legislation to be hammered out in Congress. President Clinton himself kept saying that he was not wedded to all the details of his proposal, that he was prepared to make all sorts of possible changes. Many early critiques of particular provisions of the Health Security plan came from groups that the Clinton administration assumed it would be able to attract in due course with specific modifications in particular provisions of the Health Security plan. And

virtually all early critiques of the Clinton plan were accompanied by disclaimers that their sponsors joined the President in wanting comprehensive reforms of some sort.

Most stakeholder groups *did* favor reforms provided that someone else paid the price in terms of limited profits or disrupted routines.[29] Physicians, including those in the American Medical Association, wanted universal coverage but not stringent cost controls or regulations giving advantages to managed care.[30] Big insurance companies, such as those in the Alliance for Managed Competition, wanted universal coverage but not premium caps or encompassing purchasing alliances, either or which would cut significantly into their profits.[31] Many smaller businesses strongly opposed any employer mandate to contribute to health coverage, while others would accept only a very modest requirement.

As for medium-sized and larger businesses, many favored regulations that might reduce costs for insurance and medical care, but tended to oppose a generously defined standard benefits package as well as the requirement that all but very large employers work through the regional health alliances. (This latter opposition was ironic, because the Congressional Budget Office wanted encompassing regional purchasing cooperatives precisely in order to hold down health-cost increases in the future.) During the 1980s, personnel and benefits officers had encouraged many companies to get involved in discussions about cost-reducing national health reforms. Yet during the 1993–94 debate many of these same officers feared particular reform provisions, such as the 5,000-employee cutoff for mandatory participation in regional alliances, which might have forced personnel and benefits people out of their corporate jobs.[32]

In short, substantial institutions and groups in American life favored comprehensive health care reform in principle, but strongly opposed any specifics that could step on their particular toes. No stakeholder was willing to make any substantial sacrifice of profits or of freedom from regulation. And the dynamics of gearing up for big battles in Congress exacerbated each group's inclination to dig into extreme positions, while avoiding discussions that might facilitate compromise.

Especially in the early months of the 1993–94 debate, stakeholder groups tended to focus on attacking the exact provisions of the Health Security plan that each group liked least, while nobody ever mentioned in ads or public statements the parts they supposedly liked.

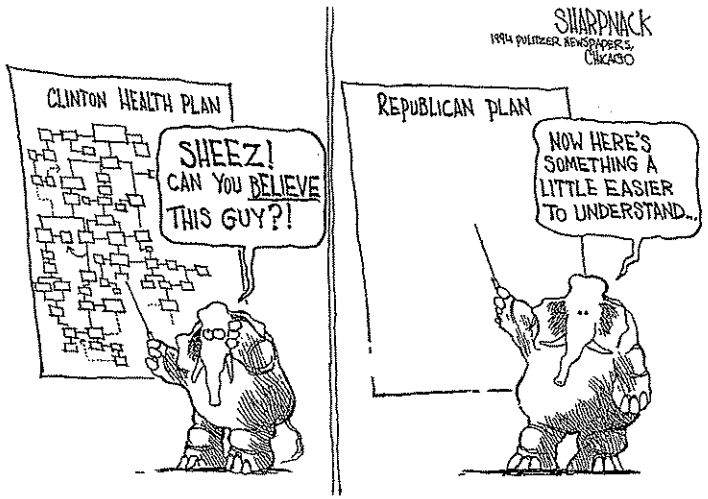
Major stakeholders who somewhat favored reform, particularly the Alliance for Managed Competition and the Business Roundtable, also staked out their legislative position by endorsing the vague legislation championed by Representative Jim Cooper (with its small alliances, no premium caps, and no employer mandate), while refusing to endorse the Clinton Health Security plan "in its present form."[33]

Stakeholders' public efforts and legislative maneuvers worked together to sow anxiety about virtually *all* the core public regulatory features of the Clinton plan: regional alliances, premium caps, employer mandates, and community rating rules. By late spring, there was little determination in Congress to go forward with any of these features, certainly not in anything close to the forms originally proposed by President Clinton. The regulatory and financial content of health care reform was being eviscerated, even as many in the general public were increasingly confused and angry about the very features of the Clinton plan that were being abandoned in Congress as infeasible.[34]

An Ideological Crusade Is Born

For a time after the Clinton Health Security plan appeared, stakeholder groups may have focused their fire on one or another of its specific features, while implying a vague overall endorsement of some sort of national health care reform. Yet from very early on, there were hints of a much more hard-edged, total, and sincerely ideological opposition from the radical right wing of the Republican Party. In the very same October 3, 1993, *New York Times* article that announced "The Clinton Plan is Alive on Arrival" (the article that quoted prominent Republicans promising to work on compromises with the Clintons), there was also a sour and intransigent note from House Republican Whip Newt Gingrich, who "promised an attack over costs and big-government inefficiency."[35] The attack was soon forthcoming, even before the Clinton bill was published in late October.

On October 13, the *Wall Street Journal* carried a mocking letter from conservative Republican Dick Armey on "Your Future Health Plan." According to Representative Armey, far from promoting a "streamlined and simpler system" as it promised, "the Clinton health plan would create 59 new federal programs or bureaucracies, expand 20 others, impose 79 new federal mandates and make major changes



Courtesy Joe Sharpnack

in the tax code. . . . [T]he Clinton plan is a bureaucratic nightmare that will ultimately result in higher taxes, reduced efficiency, restricted choice, longer lines, and a much, much bigger federal government." Cleverly, Armey accompanied his letter with a flow chart and a Clinton-plan glossary allegedly illustrating the hierarchical and ramified administrative carapace that would tower over hapless patients should the Clinton plan be enacted. Of course, much of the complexity in the Armey charts came from already-existing governmental and private-insurance arrangements in the U.S. health care system. But no matter. Versions of the Armey chart soon appeared on television, inspired cartoonists and humor columnists, and became a staple of conservative attacks on the Clinton plan. An Armey-type chart was also used as a prop for the official Republican response to President Clinton's second State of the Union Address in January 1994.

Seemingly only marginal irritants at first, Gingrich and Armey turned out to be forerunners of a burgeoning right-wing crusade—a campaign to counter not only the Clinton Health Security plan but also the premise that America faced a "health care crisis" and needed any sort of comprehensive reform through government legislation. In late 1993, insurgent antigovernment Republicans realized that their ideological fortunes within their own party, as well as the Republican

partisan interest in weakening the Democrats as a prelude to winning control of Congress and the presidency, could be splendidly served by first demonizing and then totally defeating the Clinton plan, along with any compromise variant devised by congressional Democratic leaders.

In November 1993, the Project for the Republican Future was launched "to frame a new Republicanism by challenging not just the particulars of big-government policies, but their very premises and purposes."[36] The project was chaired by William Kristol, a Ph.D. from Harvard University who was the son of neoconservatives Irving Kristol and Gertrude Himmelfarb and former chief aide to Republican Vice President Dan Quayle. In December Chairman Kristol started issuing a steady steam of strategy memos to "Republican Leaders" about "Defeating President Clinton's Health Care Proposal." Simple criticisms and congressional modifications of parts of the Health Security plan were not in Republican political interests, argued Kristol. The Clinton plan would "destroy the present breadth and quality of the American health care system," and "is also a serious *political* threat to the Republican Party."[37] If the Democrats succeeded in enacting health care reform, Kristol argued, they would "relegitimize middle-class dependence for 'security' on government spending and regulation" and "revive the reputation of . . . the Democrats . . . as the generous protector of middle-class interests."

Public support for the Clinton plan had begun to erode since the President's September speech, Kristol pointed out, and "an aggressive and uncompromising counterstrategy" by the Republicans could ultimately kill the plan, if it convinced middle-class Americans that there really was not a national health care crisis. Correctly noting that polls showed most Americans to be satisfied with their personal medical care, Kristol argued that Republicans should convince people to forget concerns about the system as a whole by arousing fears that the quality of their personal medical care would be fundamentally undermined should the Clinton plan succeed. Republicans, Kristol suggested, should attack the Clinton plan for promoting "tightly regulated managed care for most people, with an emphasis on efficiency over quality." They should "insistently convey the message that mandatory health alliances and government price controls will destroy the character, quality, and inventiveness of American medical care."[38]

Kristol's memorandum held out bright prospects for Republicans following "the unqualified political defeat of the Clinton health care proposal":

> Its rejection by Congress and the public would be a monumental setback for the president, and an uncontestable piece of evidence that Democratic welfare-state liberalism remains firmly in retreat. Subsequent replacement of the Clinton scheme by a set of ever-more ambitious, free-market initiatives would make this coming year's health policy debate a watershed in the resurgence of a newly bold and principled Republican politics.[39]

In short, Kristol advised Republicans that the 1993–94 debate should *not* be about how to reform the U.S. health financing system in the direction of universal coverage. Instead, Republicans should use the debate as an occasion to embarrass Democrats and ensure a political turnaround that would enable conservatives to replace the "welfare state" with "free-market initiatives." Kristol maintained this uncompromising stance even after Clinton's original proposal was off the table. "*Sight unseen, Republicans should oppose it,*" he wrote about a possible summer 1994 compromise in Congress. "Those stray Republicans who delude themselves by believing that there is still a 'mainstream' middle solution are merely pawns in a Democratic game. . . . Our enemy is no longer Clinton, it is Congress."[40] "Opposition Without Apology" should be the Republican byword, Kristol declared.

The Attack Spreads

Kristol's uncompromising vision proved influential, and we can trace some of the steps it took as typewritten memos turned into prophecy. This story tells us something important about American politics today. Antigovernment conservatives work from a web of organizations and networks. They are well connected, not just to one another but to communications media and federated groups based in local communities across (at least much of) the nation. Right-wing intellectuals can offer analyses and visions of change that do not just sit on the page or echo in the lecture hall. Conservative antigovernment themes spread—from think tanks to popular media and from elites to groups with a geographically dispersed grassroots presence.

Soon after Kristol's memos began to appear, the Heritage Foundation and other think tanks in the Republican orbit echoed his strategy of all-out opposition to Democratic-sponsored health care reform. Interestingly, the fall 1993 issue of the Heritage Foundation journal, *Policy Review*, rested content with outlining alternative market-oriented plans for achieving universal health care coverage.[41] But by its very next issue, *Policy Review* featured an interview with William Kristol, who outlined his view that

> Republicans have been too timid and defensive so far in their reaction to Clinton's plan. The goal over the next several months should not be simply to wound the proposal, to nitpick the numbers or criticize some of the most onerous provisions, but to defeat the Clinton plan root and branch. . . . We [at the Project for the Republican Future] want to use the health care debate as a model for routing contemporary liberalism and advancing an aggressive conservative activist agenda.[42]

Fitting right in with the Kristol strategy, there appeared in the same winter issue a smear article entitled "Clinton's Frankenstein: The Gory Details of the President's Health Plan." This came adorned with the picture and cartoon reproduced here and with the following bold-print declarations and picture captions scattered throughout the text:

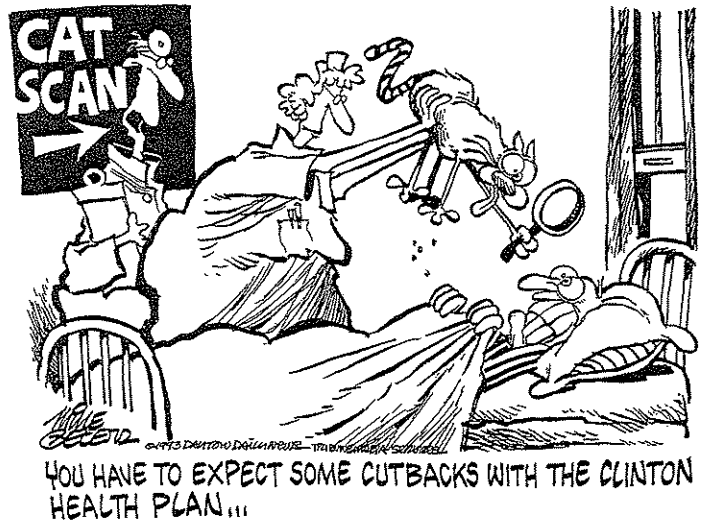
> The power of the new federal bureaucracy the President has proposed to administer health care will rival any in the history of the republic.
>
> Under a picture of a mother and child with a pediatrician: "For many Americans, a basic concern is whether they will be able to keep their own doctors under the Clinton plan."
>
> Under side-by-side pictures of a man with a very smokey cigarette and two runners in jogging suits: "Under the Clinton plan's insurance rating system, everyone is equal. Heavy smokers will be rated exactly the same as dedicated joggers."
>
> Under a picture of President Clinton holding up a Health Security Card: " 'Health Security Cards' will be issued to every American as we are forced to purchase health insurance through our regional alliances."

Policy Review, Winter 1994, Number 67. "Clinton's Frankenstein: The Gory Details of the President's Health Plan." Robert E. Moffit. Courtesy Archive Photos

> Global budgeting for health care will inevitably lead to rationed health care.[43]

The themes dramatized in "Clinton's Frankenstein" soon became staples in stepped-up nationwide attacks on the Health Security plan. Newspapers ran cartoons illustrating notions about health care rationing and the supposed bureaucratic nightmares the Clinton plan would bring.[44] The *Reader's Digest* (the "World's Most Widely Read Magazine") regularly ran features offering scary portrayals of the Clinton plan and attacking governmental involvement in health care.[45] For instance, the March 1994 issue of the *Digest* included "Your Risk Under Clinton's Health Plan," an article featuring the following large-print extracts:

> It promises health care for everyone, but what kind of health care and at what price?
>
> Rhetoric to the contrary, the Clintons must know this plan will result in rationing.



> The plan would actually increase costs and tax many jobs and businesses out of existence.
>
> Quality will be a forgotten concept.
>
> They are taking away our choice of doctor.[46]

This *Reader's Digest* article concluded by using alleged shortcomings of the Canadian single-payer health financing system to attack Clinton's approach. (This was highly ironic, because Clinton had explicitly rejected a Canadian-style approach, and his plan was much more market based.) Why should we ruin the best, free-enterprise-based health system in the world, the *Digest* article asked? A peroration from House Minority Leader Republican Newt Gingrich wrapped up the message: "At the very moment when we [in the United States] are on the threshold of even greater strides in medicine, the Clintons are telling us, Let's bureaucratize health."[47]

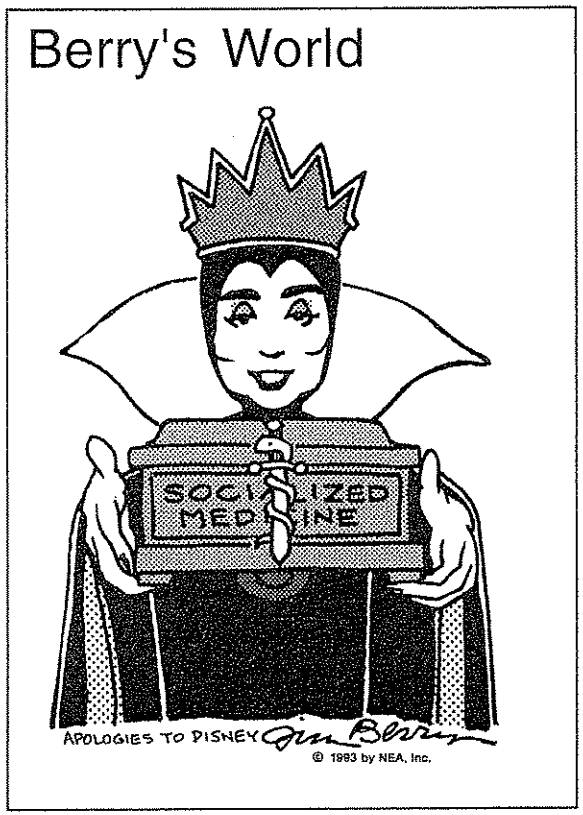
Portrayals of the Clinton plan as a bureaucratic takeover by welfare-state liberals became regular grist for Rush Limbaugh and other right-wing hosts of hundreds of talk radio programs. These programs constitute a set of mass outlets virtually independent of the established media. They reach tens of millions of listeners, and are an important

channel for antigovernment communications. More than half the voters surveyed at polling places in the November 1994 election said they tuned to such shows, and the most frequent listeners voted Republican by a 3 to 1 ratio.[48]

Demonizing the First Lady and the Clinton Plan

On talk radio and in other popularly oriented outlets, attacks on the Health Security plan were often accompanied by vicious ridicule of Hillary Rodham Clinton.[49] The First Lady had been given a highly visible leadership assignment for health care reform. She was the President's wife, yet also an independent professional in her own right. Both Mrs. Clinton's relationship to her husband, and the prominent roles she took for health care reform were ripe for attack, especially as the Health Security proposal was publicly redefined as big-government "meddling" in private arrangements.

Highly educated, reform-minded women have a long history of advocacy on behalf of federal social programs in the United States. Arguably, there is no other Western democracy in which women reformers have played a greater role in shaping public social policies, from the nineteenth century to the present.[50] Hillary Rodham Clinton



walked in the footsteps of Jane Addams, leader of the Social Settlement movement of the early 1900s, and in those of Julia Lathrop, the founding head of the U.S. Children's Bureau, which administered some of the first major federal programs for mothers and children.[51] Hillary Rodham Clinton's prominence was reminiscent of Frances Perkins, Secretary of Labor under President Franklin Delano Roosevelt, and of First Lady Eleanor Roosevelt and the many other female reformers who influenced social reforms during the New Deal.[52] Anyone who studies the history of these earlier U.S. women reformers will soon discover that all of them became subject to vicious ridicule combining political and sexual themes. Like all of these predecessors, Hillary Rodham Clinton could easily be targeted for misogynist attacks by those who hated the idea of expanded public social provision in the United States.

In Mrs. Clinton's case, moreover, the possibilities for pillorying were greater than ever, because of the president-husband with whom she enjoyed influence and the tenseness of gender relationships in our time. Bill Clinton had not served in the military during the Vietnam War, and he had tried to promote fairness for homosexuals in the armed services. Consequently, his own traditionally understood "manhood" was questioned by many in America. The late twentieth century, moreover, is an era of changing gender relationships, accompanied by much tension about newly assertive women—and wives. Hillary Rodham Clinton could easily appear "too strong" in relation to a husband many thought was "too weak." She also symbolized the increasing presence and assertiveness of career women, whom many people—including men in elite, professional positions—secretly or not so secretly fear and hate.

At the start of the 1993–94 health reform debate, Mrs. Clinton seemed for a time to have avoided negative imagery. She was always careful to be as personally charming and polite as possible in her dealings with people in Congress and the world of health care stakeholders. She was obviously competent and knowledgeable about health care, yet at the same time seemed to have a warm personal touch, especially when she held "town meetings" to talk with ordinary citizens or referred to individual concerns raised in the hundreds of thousands of letters sent to her during 1993–94. Hillary Rodham Clinton at first seemed to be bringing the caring image of the good mother to the health reform process, as well as a nonthreatening version of professional competence.

The tables started to turn, however, once attacks on the Health Security proposal began in earnest toward the end of 1993. Suddenly, the sorts of attacks on Mrs. Clinton that conservatives had initially tried out back in 1992 during the early months of the presidential campaign and at the 1992 Republican presidential convention, reappeared and began to spread. This was the same period, moreover, when Mrs. Clinton's image as a caring person was undermined by media portrayals of her as a scheming stock-market manipulator in the Whitewater affair.[53]

Increasingly over the course of 1994, the First Lady's visible role as leader of the Task Force on Health Care Reform and as continuing public advocate for Health Security made her a perfect foil for those opposed to comprehensive reform. By using Hillary Rodham Clinton

as a target, cartoonists and talk radio hosts could ridicule the Clinton plan for its alleged governmental overweeningness—and in the process subliminally remind people how much they resent strong women. Hillary Clinton was the ideal demon. Or perhaps it would be better to say that she was the made-to-order Evil Queen for opponents of Health Security!

Nor were high-brow publications necessarily resistant either to misogynist mockery of the First Lady or to extreme propaganda about the Clinton proposal. The editorial pages of the *Wall Street Journal* featured one caricature and extreme commentary after another. Then there was the *New Republic*, whose mockery of Hillary Rodham Clinton we noted in the Introduction. In its February 7, 1994, issue, this magazine published—indeed featured on its cover—a lurid article called "No Exit" by Manhattan Institute intellectual Elizabeth McCaughey, a woman who some months later would be elected the Lieutenant Governor of New York on the Republican ticket. "No Exit" purported to answer the question "Under the Clinton plan how exactly will your coverage and treatment change?"[54] This article was later much discussed and reprinted in places like the *Reader's Digest*.

McCaughey's article exactly followed the Kristol game plan, seeking to frighten middle-class Americans currently covered by health insurance into believing that the Clinton reforms would, if enacted, force them into low-quality managed-care plans with long waiting lines and an emphasis on cost cutting through denial of needed care. McCaughey included outright lies about the Health Security bill, for example, falsely stating that it would prevent patients and doctors from dealing with one another outside of officially approved insurance plans.[55] Her accusations about bureaucratic regulations forcing middle-class people into low-cost managed-care plans were in fact much more true of the Cooper bill than of Clinton's Health Security. But the editors of the *New Republic* favored the Cooper plan and were happy to use McCaughey's smear piece to sully public perceptions of Clinton's proposals.[56]

Locally Rooted Conservative Agitation

During 1994, the hard-line conservative attack on Clinton's Health Security plan brought together more and more allies and channeled resources and support toward antigovernment conservatives within the

Republican Party. Well-organized, locally rooted conservative constituencies—especially the Christian Coalition and small businesses that did not provide health insurance to their employees—fully engaged in the battle. They featured opposition to Health Security as they simultaneously aroused their troops for the electoral battles coming later in the year.

Evangelical Christians, making up as much as a fifth to a quarter of the national electorate, were the popular constituency that stood most steadfastly with Republican George Bush in the 1992 presidential election.[57] At the organizational core of this constituency is the Christian Coalition, launched in 1989 out of the debris of Pat Robertson's failed presidential bid in 1988. The founding executive director of the Christian Coalition was Ralph Reed, honey faced and smooth talking, a Ph.D. in American history from Emory University and former head of College Republicans there, and a former member of Jack Kemp's staff. Reed led Evangelical conservatives in fresh directions that promised to pay off well in U.S. politics.

Like many advocacy groups on the liberal side of the spectrum, earlier right-wing Christian organizations had concentrated on national direct mail and lobbying in Washington. But the Christian Coalition took a new approach, building from the grass roots up.[58] It mobilized people around local causes, including school board elections; and it taught activists how to canvass voters, define issues, capture nominating party caucuses, and win local and state elections. All this happened relatively quietly at first, yet within an overall organizational network defined by a shared ideological vision, a certain Christian understanding of "pro-family values."[59]

The election to the presidency of Bill Clinton, a Baptist southerner given to using Biblical references in his speeches, aroused the Christian Coalition along with other conservative Republicans, perhaps because Clinton was a potentially tough, culturally close political competitor.[60] New efforts paid off, so that "by early 1993 the Christian Coalition was adding ten thousand new members and activists to its rolls every week."[61] Organizational activists evinced a special hatred for Bill and Hillary Clinton, and often featured scripturally expressed condemnations of their persons as well as their policies at local and national meetings.[62] In late 1993, the Christian Coalition boasted of some 450,000 members each paying $15 a year in dues, plus some 300,000 more affiliated activists; and it had "what amounts to a

national precinct organization, thanks to its listing of 35,000 churches it can contact to disseminate its messages."[63] By the middle of 1994, the Coalition's national organization enjoyed a budget of $20 million, and its nationwide ranks had grown to some 1,200,000 supporters (more than half of them dues paying) organized in 872 chapters, with at least one chapter in every state, and full-time field staffs in 19 states.[64]

The Christian Coalition became involved in the drive against Health Security partly because of members' hatred for the Clintons yet mostly because the Coalition is an integral part of the conservative wing of the Republican Party. As the spokesman for Newt Gingrich put it, the "organized Christian vote is roughly to the Republican party today what organized labor was to the Democrats. It brings similar resources: people, money and ideological conviction."[65] From their own perspective, moreover, "the Coalition and its allies are conducting a long march through the Republican party."[66] By 1994, the Coalition had a dominating presence in eighteen state Republican organizations and wielded substantial influence in thirteen others.[67]

In July 1993, Robertson and Reed announced that the Coalition would move out from its sole emphasis on "core family issues" (defined as antiabortion, support for prayer in the schools, and opposition to special protections for homosexuals) to take stands on broader social and economic issues such as anticrime measures, reduced taxes, term limits, and welfare reform.[68] As Democratic President Clinton undertook to make good on the economic and security promises that had won him the 1992 election, the Christian Coalition decided to stake out its own positions on overlapping turf. Clearly, its leaders also sought central influence within conservative Republicanism and aimed to make their movement as appealing as possible to middle-of-the-road Americans.

As part of the broadening of the Christian Coalition's focus, Ralph Reed mobilized his troops during the summer of 1993 against the Clinton budget, and then signaled clear opposition to the Clinton health care reforms.[69] In September 1993, the *Wall Street Journal* reported that the Coalition intended "to weigh in on health-care reform, fighting funding of elective abortions in any national plan, opposing mandatory membership in health cooperatives that might limit families' choice of doctors and resisting requiring small businesses to pay for employees' health coverage."[70] Later, once the all-out conservative

assault on Health Security was plotted, the Christian Coalition devoted substantial resources to it. On February 15, 1994, Ralph Reed "announced a $1.4 million campaign to build grass-roots opposition to the Clinton plan," with tactics to "include 30 million postcards to Congress distributed to 60,000 churches; radio commercials in 40 Congressional districts and print advertisements in 30 newspapers."[71] The Christian Coalition ran full-page newspaper ads in the *Washington Post* and *USA Today*, and its postcards were distributed through Catholic as well as Evangelical Protestant churches.[72] In short, the Christian Coalition used the anti-Health Security campaign as one more prong in its overall effort to reach out beyond its core evangelical base.[73]

Other right-wing opponents of Health Security were also at work in local communities, especially in the South and West.[74] The central conservative theme of opposition to government "bureaucracy" proved attractive to those very small business owners who did not already insure their employees. The National Restaurant Association had 28,000 members, most of them strongly opposed to the Clinton plan's call for employers of part-time workers to contribute a pro-rated amount to their health coverage.[75] Yet the most tenacious and effective small-business opposition came from the National Federation of Independent Businesses (NFIB), whose 600,000 members were typically enterprises employing six or seven people (to whose health coverage, if any, the employer usually did not contribute).[76] Not only were NFIB members and other small-business people worried about paying new charges under universal employer mandates; many were in principle opposed to the idea that employers should contribute to health care costs.[77]

In a poll taken back in 1991, many small-business owners frankly told Bob Blendon and his associates that they would contribute money and mobilize politically to defeat any attempt to impose such a requirement.[78] After Bill Clinton's election, so determined was the NFIB to fight off an employer mandate that it refused to meet with the Clinton Task Force on Health Care Reform and started at once to lobby Congress against reforms that included any sort of requirement for universal employer contributions to health insurance. While the Clinton plan and alternatives to it were debated during 1993–94, the NFIB worked closely with the HIAA, the Restaurant Association, and others to pressure congressional representatives on key committees. "From mailings and faxes to town meetings and phone campaigns, they . . . brought enormous pressure on 'swing' members of Congress."[79] In local communities, the NFIB also agitated among fellow small-business people, unrelentingly pressing the case against new government requirements for employers. Already staunchly pro-Republican, the NFIB steadily moved into an ever closer alliance with congressional militant Newt Gingrich and the organizations he created to train insurgent activists and raise funds for conservative candidates competing in the 1994 elections.[80]

Undercutting Moderates Who Might Compromise

Because of the ways in which interest associations and congressional politics are structured in the United States, national leaders who might want to work out compromises on comprehensive legislation can be outflanked on the side and undercut from below. This is part of what happened during 1994 to the Clinton Health Security plan, as well as to any conceivable compromises that might still have furthered cost containment and universal coverage.

People who planned health care legislation in the Clinton administration endeavored mightily to sound out business groups, moderate Republicans, and conservative Democrats with whom they might compromise on national health reform. If all possible compromises toward the center could not be embodied in the original Health Security proposal (for example, because of the need to satisfy the CBO about cost controls), then projected compromises might come into play later, as legislation worked its way through Congress. The Clinton administration thought it had actual or potential compromises worked out with key national business associations and with swing members on key congressional committees.

But a number of possible compromises came undone. Sometimes this happened when major national associations, such as the Business Roundtable and the National Association of Manufacturers, allowed their internal associational decision making to be captured by particular business sectors that were most likely to oppose premium caps, substantial health alliances, or significant employer mandates. Business is predisposed to fear new governmental regulation. And decision making inside the Business Roundtable was, for example, directed by the chief executive officer of Prudential, so it is not really very surpris-

ing that the Roundtable eventually spurned Clinton administration overtures and endorsed the Cooper-Breaux bill rather than any version of Health Security.[81]

But the most telling instances of collapsing compromises occurred when fiercely antigovernment forces such as the NFIB and insurgent conservative Republicans undercut the moderate national leaders of locally rooted associations that were amenable to accomodations with the Clinton administration (or the Democratic congressional leadership). Leaders of the Chamber of Commerce and the American Medical Association were certainly affected by conservative undercutting. So were middle-of-the-road Democrats and Republicans in Congress.

One dramatic incident was an outright turnaround by the Chamber of Commerce. On February 3, 1994, Robert Patricelli, head of the Health Committee of the Chamber, was scheduled to testify before the House Ways and Means Committee. As is often done, he submitted a copy of his testimony in advance, a statement that reflected support for a compromise version of comprehensive health care reform. "We accept the proposition that all employers should provide and help pay for insurance on a phased-in basis," the Chamber's prepared statement read.[82]

Leaders of the Chamber had some definite disagreements with the Clinton Health Security proposal; for example, they wanted alliances to be voluntary for firms with more than one hundred employees, and they wanted a 50 percent employer contribution rather than 80 percent. Nevertheless, the Chamber's 1991 to 1993 leadership had charted a conciliatory course, endorsing the principles of universal coverage and a mandate for all employers to contribute employee health coverage. In turn, people in the Clinton Task Force on Health Care Reform had courted Chamber leaders. Various provisions the Chamber wanted had been included in the original Health Security proposal, and it was understood that further movement toward Chamber positions (for example on the 50 percent mandate) might occur as Congress modified the original Health Security proposal.

But before Robert Patricelli could appear in Congress, determined conservative Republicans learned of his potential testimony and arranged for Chamber officials to be bombarded by local business members angry about the national leadership's acceptance of modest employer mandates. So intense was the pressure that the President of the Chamber of Commerce ordered a rewrite in the House testimony

to back off from endorsing employer mandates. By late February, moreover, the Chamber responded to antimandate sentiment spreading at the grass roots by officially repudiating its earlier support for both universal coverage and employer mandates. In April 1994, key Chamber leaders who had plotted a compromise course since 1991 were fired or resigned. "For the next five months, the Chamber used its considerable resources to kill any chance of universal health insurance."[83]

What happened? Why did the national Chamber of Commerce cave in? A federated association of local and state groups encompassing some 200,000 businesses, many of them small and medium sized, the Chamber was subjected over many months prior to February 1994 to a double whammy. It experienced what scholars call "cross lobbying" from the NFIB, along with "reverse lobbying" from right-wing politicians.[84] (Normally, we think of groups like the Chamber as lobbying politicians, but in the Health Security struggle conservative Republicans lobbied the Chamber and other conciliation-minded stakeholder groups; hence the term "reverse lobbying.")

Businesses that were members of the Chamber of Commerce

"Won't all these new rules impact adversely on the viability of small businesses with fewer than fifty employees?"

tended to be somewhat larger than the tiny enterprises of the NFIB, and by 1993 some "67 percent . . . provided health insurance for their employees and were being hurt by rising premiums and by competition from other small businesses that didn't provide insurance."[85] The national Chamber leadership had carefully worked out a moderate position that reflected one understanding of the interests of a majority of Chamber members. But of course the Chamber remained vulnerable to competition from the NFIB, which was working hard at the local level to take its members away. Some businesses did defect, and the entire "National American Wholesale Grocers' Association resigned from the Chamber."[86] Other members complained to the national office; for example, the "National Retailers Federation urged each of its members to pressure the Chamber."[87] Overall, the NFIB's intense message against employer mandates "found a particularly warm reception among Chamber members that didn't provide health insurance," and that 30 percent became "the most vocal."[88]

NFIB cross-pressure on the Chamber was, moreover, greatly reinforced by a full-court press from conservative Republicans. Treated as traitors to a party they normally support, conciliatory Chamber leaders were (as John Judis aptly puts it) "pilloried" in the *Wall Street Journal* and other conservative publications, ridiculed on talk radio shows, and subjected to unrelenting pressure from "the 75-member House Conservative Opportunity Society, chaired by Representative John Boehner of Ohio" (the congressman who ultimately took the lead in blowing the whistle on the prepared February testimony).[89] House Republicans told national Chamber leaders that it was their "duty to categorically oppose everything that Clinton was in favor of." Meanwhile, "Boehner, Representative Richard Armey of Texas, and Representative Chris Cox of Ohio contacted local and state Chambers to organize opposition . . . , even urging that local Chambers leave the national organization."[90] Faced with all this, it is hardly surprising that the U.S. Chamber of Commerce eventually abandoned possibilities for compromise on universal health coverage.

Cross- and reverse-lobbying were not restricted to the Chamber of Commerce, as we can see by looking briefly at two more instances where possible compromises were undermined by such efforts. During the spring of 1994, the House Energy and Commerce Committee tried to work out a compromise health reform bill, one that would meet many stakeholders' objections yet retain some employer contributions to help pay for expanded coverage. As political scientist Cathie Jo Martin explains, the "committee's chair, John Dingell, was highly motivated to enact reform . . . [and he] made many concessions: making alliances voluntary in order to allow insurers to stay in business, introducing community rating slowly, and exempting small businesses from mandates."

> But the National Federation of Independent Businesses (NFIB) sent action alerts to all of its members in the 10 districts with swing legislators, urging that the legislators be told to oppose Dingell. The group also sent faxes to about 10 percent of its members requesting phone calls and arranged meetings between legislators and select members. NFIB also did action alerts in a series of moderate Republicans' districts as a kind of preventative measure. . . . [And the] National Restaurant Association . . . arranged for the restauranteurs to fax their legislators en mass from a national meeting in Chicago.[91]

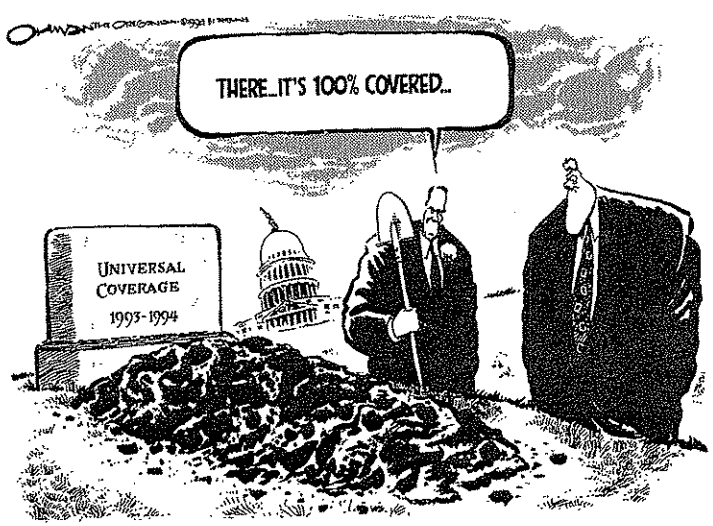
In the end, the Energy and Commerce Committee was unable to report out any bill. The final vote on a compromise was one short, in significant part because a major target for the NFIB and conservative Republican pressure was committee member Jim Slattery, Democrat of Kansas, who "was running for governor . . . and worried about alienating the small businessmen in his state."[92]

By July 1994, things were looking very bleak for any sort of compromise legislation, so reformers were heartened when a coalition of nationally prestigious associations—the American Medical Association, the AFL-CIO, and the American Association of Retired Persons—joined together to run ads that endorsed "universal coverage with a standard set of comprehensive health benefits for every American by building on our current employment-based system . . . with a required level of employer contributions."[93] But before this could give a fillip to congressional legislative efforts, the AMA was subjected to intense reverse- and cross-lobbying. Conservative "House Republicans, led by Representative Newt Gingrich, attacked AMA leaders in a letter to all 450 members of the association's House of Delegates."[94] "We are dismayed," the Republican letter said, "by the actions of the leadership of the A.M.A." It is "out of touch with rank and file physicians."[95]

The NFIB also worked in local communities to influence physicians—often, in effect, small business people, many of whom employ

staff assistants without contributing to their health insurance. Beyond that, NFIB officials "met with representatives of more than half a dozen state medical associations. They encouraged NFIB state affiliates to warn their AMA counterparts that if employers were compelled to pay for health insurance, they would pressure the government to limit medical fees."[96] Undercut by such grassroots agitation and interorganizational lobbying, the national AMA leadership deemphasized mandates and universal coverage during what remained of the 1993–94 debate.

Finally, it is worth noting that moderate Republicans in Congress who might have been prone to compromise on significant health care reform were outflanked on the right within their own party. Retreat by moderate Republicans in the face of conservative Republican calls for all-out opposition certainly helped make it impossible for conciliatory leaders of normally pro-Republican groups such as the Chamber of Commerce and the American Medical Association to continue to support searches for legislative agreements. At various points, morever, moderate Republicans, such as Bob Packwood of Oregon and David Durenberger of Minnesota, backed off from possible compromises that embodied legislative ideas they had previously endorsed.[97] Still, the Republican backpedaller who mattered most was the Senate Minority Leader, Bob Dole.[98]



Courtesy Tribune Media Services

In the fall of 1993, Dole publicly pronounced his readiness to work out approaches to achieving universal health coverage, and from time to time thereafter he nominally endorsed bills in Congress that aimed for comprehensive reform. But Dole had presidential ambitions within the Republican Party, and as soon as the right-wing counterattack against health care reform gathered steam, he started scuttling searches for effective compromises. Early in 1994, Dole briefly echoed William Kristol's argument that maybe there was no national health care crisis, after all. Then Dole appeared to drop that line and endorse possible "mainstream" efforts. Yet he never would commit to supporting any funding for extended health insurance coverage, so his public gestures toward compromise were effectively meaningless.

By late May of 1994, during a retreat over Memorial Day weekend, Dole and other Republican congressional leaders accepted the assessment of pollsters and consultants that their party would do better electorally by refusing to compromise with the congressional Democrats. Sensing that big victories lay ahead in November 1994, congressional Republican leaders in effect accepted the Gingrich-Armey-Kristol formula for all-out opposition. Any time the Clinton administration moved toward them, they backed away. A tiny number of moderate Republicans, including Senators Chafee and Danforth, continued to explore compromises until the bitter end. But they were not supported by most Republicans, including Minority Leader Dole.

A Historical Perspective on the Public's Defection

Despite all the resources—money, moral commitment, and grassroots communications networks—that the antigovernment right could mobilize, the question remains why such attacks proved as broadly influential as they did over the course of 1994, seeping bit by bit into the general public's perception of the Clinton Health Security plan. Middle-class Americans were (and remain) concerned about both the security of their personal access to affordable health care and the overall state of the nation's health financing system. As we have seen, centrist Democrat Bill Clinton endeavored to define a market-oriented, minimally disruptive approach to national health care reform; and his plan was initially well received. Nevertheless, by midsummer 1994 and on through the November election, many middle-class citizens—not members of far-right groups, but Independents, moderate Democrats

and Republicans, and former Perot voters—had come to perceive the Clinton plan as a misconceived "big government" effort that might threaten the quality of U.S. health care for people like themselves.

The ultimate defection of the American public came in the late spring and early summer, when majorities began to tell pollsters that they would rather Congress did *not* enact health reforms "this year."[99] More and more Americans wanted Congress to "continue to debate the issue and act next year." By then, as we have learned, elite impulses toward compromise had faded, and forces opposed to reform were thoroughly aroused in many congressional districts. The only thing that might have prompted Congress to act anyway would have been steadfast majority public support to do something "now" about comprehensive health care reform. But that was gone by the time the Democratic congressional leaders finally got bills to the floor of the House and the Senate.

To produce the retreat of public opinion on the desirability of going forward during 1994 with major health care reform, it took more than agitation from the NFIB and Christian right groups, more than memos from Bill Kristol, and more than strident articles in *Policy Review* and the *New Republic*. But what did it take? A historical perspective on U.S. political struggles at first glance only deepens the mystery here. After all, 1994 is hardly the first time that political conservatives and business groups have used lurid antistatist rhetoric to attack Democratic-sponsored social security initiatives.

Ideological and rhetorical counterparts to William Kristol, the Heritage Foundation, Rush Limbaugh, and business opponents of taxes and bureaucracy can easily be found, not only in all previous episodes of attempted health insurance reforms but also back in 1934–35, when Social Security was formulated and enacted very much as Bill Clinton must have hoped would happen with his own Health Security proposal. In 1934–35, an intragovernmentally centered commission planned an omnibus bill, which Congress debated and modified only a little before enacting it several months after it was introduced. Although hundreds of groups and individuals made their views known during the 1935 congressional hearings on Social Security, most demands for changes or alternatives to the Roosevelt administration's proposals were ignored or defeated in Congress. If anything, antigovernment conservatives argued with greater emotion in 1935 than in

1994 that the American way of life would come to an end if Social Security were enacted. Congress passed it anyway.

Yet the overall governmental situation that Franklin Roosevelt and the Democrats faced in debating Social Security in the mid-1930s was instructively very different from the context in which President Clinton fashioned and fought for his Health Security program in the mid-1990s. It is not just that Democrats enjoyed much greater electoral and congressional majorities in 1935 (after all, many Democrats back then were southern conservatives who often opposed federal government initiatives). The more important differences between Social Security and Health Security have to do with the kinds of governmental activities they called for and how their respective program designs related to preexisting stakeholders and social relationships in the given policy area.

Some officials and experts involved in planning the Social Security legislation introduced in 1934 wanted to include a provision for health insurance, but President Roosevelt and his advisors wisely decided to set that aside. Because physicians and the American Medical Association were ideologically opposed to governmental social provision and were organizationally present in every congressional district, Roosevelt feared that they might sink the entire Social Security bill if health insurance were included.[100] Instead, Social Security focused on unemployment and old-age insurance and public assistance.

Parts of Social Security called for new payroll charges, yet these were tiny and came at a time when most U.S. employees paid few taxes and were mainly worried about getting or holding onto jobs. Of course, business leaders hated the new payroll taxes; but in the midst of the Great Depression business opposition carried little weight with public opinion or elected officials, and could be overridden.

Beyond promising employed citizens new insurance protections, Social Security also offered federal subsidies to public assistance and health programs that already existed or were being enacted by most of the states. Roosevelt administration policymakers wanted to accompany the new subsidies with a modicum of national administrative supervision, but Congress stripped most such prerogatives out of the bill before it became law.

In the end, the Social Security Act primarily promised to distribute money. Citizens were wooed with promised pension benefits they did

not already have, and not threatened with the reorganization of services to which they already felt accustomed. Indeed, the sole national program created in 1935, retirement insurance for older employees, was launched on entirely open policy terrain, for neither the states nor most employers had created such benefits prior to 1935. In addition, state and local officials were desperately strapped for revenues to deal with the crying social needs of the Great Depression. These officials could be depended on to encourage Congress to enact an omnibus law that would channel new federal monies into their programs, without subjecting states and localities to many new federal regulations.

Think of the contrast between Social Security and President Clinton's Health Security proposal. Clinton's plan was formulated during the post-Reagan political and governmental era, when taxes are electorally anathema and public budgeting is extraordinarily tight. Thus the proposed Health Security legislation was deliberately designed to offer little new federal revenue to anyone; and it would have cut back on projected federal spending for Medicare and Medicaid.

What is more, the Clinton Health Security proposal was put forward in the midst of a U.S. health care system which was already crowded with many institutional stakeholders and in which most middle-class employees already enjoyed health insurance coverage of some sort (even if it was increasingly costly and insecure). Although the Clinton plan offered new coverage to millions of uninsured Americans and promised new choices and security to those already insured, it also entailed a lot of new regulations that would push and prod insurance companies, health care providers, employers, and state governments. These new regulations were designed in an intricate and fairly tight way precisely to ensure that rising private and public health care costs would come down. This was the rationale for including both premium insurance caps and mandatory regional purchasing alliances in the Clinton proposal.

Given that there were such intricate and interlocked governmental regulations and given that they were not accompanied by vast new subsidies from the federal treasury, the Clinton Health Security plan was bound to arouse much more widespread consternation than the Social Security legislation put forward in 1934–35. Even groups that the Clinton administration thought it was helping—such as big employers with large pools of early retirees, whose health care

expenses would be partially shifted to the public purse—could easily become riveted on the ways that particular regulatory aspects of the new Health Security plan might prove cumbersome or disruptive to preexisting arrangements. Such employers and their corporate benefits officers might, for example, become preoccupied with the standardized benefits package or the requirement that they switch to purchasing insurance through regional health alliances (or, if they remained outside the regional alliances, pay a small fee for that privilege).

Similarly, doctors and hospitals could become obsessed with possible cutbacks in Medicare revenues, potential federal rules encouraging the spread of managed care, or possible new regulatory mechanisms for keeping down costs in health care. As each institutional stakeholder in the present U.S. health system became concerned, moreover, its leaders and intermediate-level employees spread worrisome messages to millions of middle-class Americans, employees and patients alike. As we have seen in this chapter, this happened as much through informal social networks as it did through deliberate lobbying or media advertising. The two kinds of communications, in any event, reinforced one another.

Historically, Americans have been perfectly happy to benefit from federal government spending, and even to pay higher taxes to finance spending that is generous and benefits more privileged groups and citizens, not just the poor.[101] Such benefits are especially appealing if they flow in administratively streamlined and relatively automatic ways. But Americans dislike federal government regulations not accompanied by generous monetary payoffs. Individual citizens dislike means tests or cumbersome application procedures. Business owners profoundly resent regulatory oversight of their workplace operations. State and local officials dislike "unfunded mandates," rules about particular federal-state programs laid down by congressional committees and federal oversight agencies. Such resentment has only grown since 1980, as federal subsidies have become less and less generous, while federal rules have persisted or proliferated.

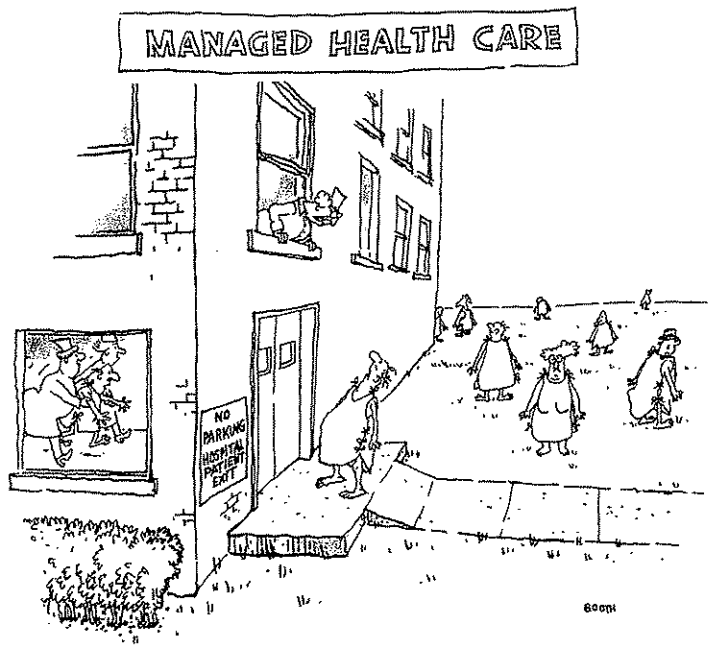
Ironically, precisely because Bill Clinton, a reformist Democrat, was working so hard to save money, he inadvertently ended up designing a health care reform plan that appeared to promise lots of new regulations without widespread payoffs. Established participants in the

current U.S. health care system became increasingly worried that the Clinton plan might squeeze or reorganize the way they were accustomed to delivering, financing, or receiving health care. Many organized interests and individual citizens came to fear that the Clinton plan—or worse, some hodepodge amended version that Congress might enact at the last minute—would deliver new regulations without many (or any) new benefits, except to the currently uninsured.

Of course, the hard-right opponents of the Clinton Health Security plan did everything they could to magnify all sorts of potential worries and focus them on an overall ideological critique of meddlesome governmental "bureaucracy." The job of mobilizing opposition was made easier by the fact that the Clinton administration put out a detailed 1,342-page bill without conducting a credible public campaign to explain its key elements, such as health alliances. Over the course of 1994, more and more middle-class Americans crystallized worries about "too much bureaucracy" and threats to quality health care from the Clinton plan. The bureaucracy message resonated not simply with fear of national governmental action in general—after all, the same citizens continued to love Medicare and Social Security—but with fear of new federal regulations designed to control costs and promote reorganizations in the existing, organizationally dense health system.

The Albatross of "Managed Care"

A final feature of the situation in 1993–94 also helps to explain what may have happened to the Clinton plan in the eyes of average citizens. Not only did the Clinton plan end up provoking worries about federal regulations without payoffs, it also took on the baggage of whatever fears Americans currently had about the spread of "managed health care." The Clinton plan aimed to save public and private money in large part by using federal and state regulations of the insurance market to encourage the spread of high-quality managed-care forms of health care delivery. Such delivery forms were already well established in certain parts of the United States, especially in the West and parts of the Midwest, but were hardly present in the South and many parts of the East.[102] At the time when Clinton's Health Security plan was being formulated and launched in 1992 and 1993, Americans remained unenthusiastic about the notion of controlling costs through



"You don't get a room, Mr. Rheinschreiber, because you don't pay for a room! That's the whole idea of same-day surgery!"

managed care and managed competition. As Robert Blendon explained using a late 1992 poll, managed-care forms (such as HMOs)

> still do not enjoy widespread public appeal, principally because Americans are satisfied with their current health care arrangements and lack familiarity with the concept. When those not currently enrolled in an HMO (85% of the public) were asked how interested they would be in joining such a plan, only 7% said "very interested" . . . [while] 20% were "hardly interested" and 43% of respondents were "not at all interested" in joining. . . . [A]bout half of all Americans feel that joining a health plan that restricts their choice of physicians to the most cost-effective is not a desirable method of controlling high health costs.[103]

Managed care was especially new to, and likely to be seen as worrisome by, well-insured upper-middle-class people in the East, and par-

ticularly in New York City, the heart of the nation's media empires and the nub of the constituency of Senate Finance Committee Chairman Daniel Patrick Moynihan. The Clinton plan included all sorts of safeguards to ensure that managed-care medicine would be of high quality; and it also ensured every American employee a choice among health plans, including at least one that preserved traditional fee-for-service medicine. But such features of the Clinton plan got lost in the superheated, overwrought ideological battle that the right launched against it.

Journalists and other writers were wont to stoke Americans' worries about managed care, while implying that more low-quality versions of such care was what President Clinton had in mind for all of us. A steady stream of editorials and features in the *New Republic* certainly took this tack, including the famous "No Exit" diatribe discussed above. Other magazines also ran scary articles about managed care, implicating the Clinton plan in its possible spread.[104] And then there was the best-selling novel *Fatal Cure*, by well-known medical mystery author Dr. Robin Cook. Appearing in January 1994, smack in the middle of the health care reform debate, this novel made the *New York Times* bestseller list and became a main selection of the Literary Guild and the Doubleday Book Club, as well as an alternate selection of the Mystery Guild.[105]

Fatal Cure told the story of two idealistic, young married doctors, David and Angela Wilson, with a little girl suffering from cystic fibrosis. David and Angela graduated from medical school in Boston and took posts in an idyllic Vermont community called Bartlet, only to discover that hospital administrators and managed-care bureaucrats were squeezing revenues out of the hospital where they worked. Worse, as the young doctors gradually discovered, these officials were killing off patients with potentially expensive ailments when the patients entered the hospital with minor compaints! Their own daughter nearly became the next victim.

The proximate villains in *Fatal Cure* are all greedy health care capitalists and private-sector administrators working for profits. Nevertheless, every few pages the novel stops to editorialize about the ways in which new federal government regulations in health care are pushing the capitalists and administrators into harmful—indeed, in this story, murderous—cost-cutting practices. Nor did reviewers of *Fatal Cure* miss this aspect of its message. As the *Detroit News* declared, this is a

"hair-raising, cautionary tale about the possible pitfalls of impending health-care reform in America."[106]

If all of the United States in 1993–94 had been like California in terms of the organization of health care delivery, such scare stories about managed care might not have been so potent. But during the period when Clinton's Health Security proposal was being debated, many Americans did not have positive images of high-quality managed care. So they found negative projections about possible new doctor-patient relationships into which they might be prodded quite worrisome. There was, in short, a ready audience for the messages about rationing and reduced quality of health care that the Health Insurance Association of America and the Project for the Republican Future were delivering. And part of the reason why there was such a receptive audience is that many Americans are worried about changes going on today in the private health care market. Ironically, therefore, President Clinton's proposed reforms could be blamed for bureaucratic things capitalists are doing, as well as for new bureaucratic things that the federal government might do.

Health Security, the Compromise That Boomeranged

Given an extraordinary opportunity to unite in opposition to the Clinton Health Security plan, America's assorted antigovernment conservatives pulled together into a thunderous juggernaut dedicated to winning big in the midterm elections and reversing decades-long momentum toward public regulations and social protections in U.S. capitalism. In a remarkable turnabout from the fall of 1993 to the fall of 1994, Health Security became not a likely landmark but a probable turning point in the history of twentieth-century U.S. social policy. It became an albatross rather than a rallying point for the beleagured Democratic party.

From a broad historical perspective, we can see why Clinton's Health Security plan embodied the seeds of its own political destruction. The very societal and governmental contexts that originally made it quite rational for a centrist Democratic president to choose a reform approach emphasizing firmly regulated "competition within a budget," simultaneously made that approach ideal for political countermobilization by antigovernmental conservatives. Well-organized and morally determined right-wingers were, by the early 1990s, already

lying in wait to defeat the Democratic Party and dismantle the U.S. social-security programs whose best features Bill Clinton aspired to extend. Ambitiously launched but poorly explained by its own sponsors, Health Security gave antigovernment conservatives exactly the target they were looking for—a proposed federal initiative that could be portrayed as threatening to the American middle class.

CHAPTER SIX

LEGACIES AND LESSONS

The victory of Bill Clinton in 1992 kindled enormous hope for people who want to address America's deepening social ills and inequities in part through public initiatives. Just possibly this moderate yet populist Democratic governor from Arkansas could lead the nation in overcoming the civic decline furthered by the raucous market forces and unrealistic public policies of the 1980s. Clinton called for responsibility and initiative by all individuals and families, yet he did not propose simply to leave increasingly hard-pressed working Americans to their own devices. He projected a new synergy among culturally revitalized families and communities, vital market forces, and reformed public programs designed to open opportunities and ensure a modicum of security to all Americans.

The economic and budgetary policies of Republicans Ronald Reagan and George Bush had displayed their shortcomings for all to see. Whatever U.S. global triumphs they facilitated, at home the Reagan-Bush policies furthered a burgeoning public debt, the decay of public services, sluggish national economic growth, and increasing social inequality. American voters seemed to have repudiated Reaganism in 1992. Although the election generated no simple majority for any candidate, postelection public sentiment was clear enough: substantial majorities of Americans wanted the Clinton presidency to succeed. Americans called for the newly elected President to work with the Democratic Congress to overcome gridlock and "get the nation moving again." Popular expectations were especially high for job-promoting economic growth and for comprehensive reform of the national health system.

But in truth the ghosts of Ronald Reagan and his fellow conservative Republicans were in no way banished in 1992. A huge federal budget deficit and ever deeping distrust of the role of government in American life are the Reagan legacies that matter most. To be sure, debt and disillusionment with the federal government were growing before the 1980s.[1] But the Republican ascendancy of that decade exploded the deficit and deliberately encouraged cynicism about public efforts to address national problems. Grappling with those inherited conditions haunted all that President Clinton tried to do during his first years in office. The Clinton administration's hopes to "invest" in education, national service, and job training were dashed against the rocks of fiscal austerity, as were its plans for welfare reforms that included job training and child care for single mothers as they were pushed off public assistance. Nowhere, moreover, were the debilitating legacies of the Reagan era more apparent than in *both* the formulation and the resounding demise of the Clinton Health Security plan.

"Reagan's Revenge" is the title of a very insightful essay published in June 1994 by Columbia University historian Alan Brinkley. "For generations," Brinkley explained, "American conservative leaders—from Herbert Hoover to Barry Goldwater—had appealed for support by warning of the dangers Government programs posed to individual freedom. But attacking Government programs had failed to topple the liberal order. Almost everyone had a stake in some of them. The biggest and most expensive programs—Social Security, Medicare, veterans' benefits and others—had the strongest support."[2] During the 1970s, however, certain antigovernment conservatives figured out that attacking taxes—and the politicians and "bureaucrats" who spent them in supposedly "wasteful" ways—would work much better than frontal assaults on government programs. Conservatives seeking to defeat liberals and roll back government programs could promise huge tax cuts and starve existing public undertakings of resources. This approach was pioneered very successfully by businessman Howard Jarvis and embodied in the antitax movements that started in California and spread across a dozen states in the late 1970s. Then the crusade went national, as Ronald Reagan made tax cuts, along with attacks on "welfare" for the poor, the centerpiece of his successful drive for the presidency.

A huge federal tax cut was hastily put through in 1981 by a Congress frightened at the results of the 1980 elections. Ideas as well as electoral

results were at work. "Supply-side" publicists offered an ideological rationale for sharply cutting taxes while maintaining most federal domestic expenditures and sharply increasing defense spending. Supply-siders asserted that tax cuts would so thoroughly unleash private investments that federal tax revenues would grow rather than shrink. The modest federal deficits that Reagan had inherited—a $59 billion annual deficit and $914 billion national debt in 1980—could still be reduced in the near future, the supply-siders promised. This, despite the fact that most Americans, and especially the rich, would be paying significantly lower amounts into the federal treasury. And this despite the fact that President Reagan did not want to face the political risk of recommending sharp decreases in domestic social spending, and especially not in the heftiest parts of it that went to middle-class citizens and business interests. Reagan promised to cut taxes, keep spending, and reduce deficits, too. It was, after all, "Morning in America," and anything was possible.

Rosy supply-side projections turned out to be nonsense. Within twelve years after 1980, the U.S. annual deficit would grow to over $300 billion, and the national debt would stand at over $3 trillion.[3] As reported in the memoirs of President Reagan's first Budget Director, David Stockman, many people in the Reagan administration realized early on that supply-side projections were (as George Bush once put it) "voodoo economics."[4] Yet as Alan Brinkley explains, although the 1981 "tax cut was not supposed to increase the deficit,"

> many of its supporters were not very troubled when it did. Major figures in the Reagan administration, unlike many of the people who had voted for them, had no faith in Government and no love for its programs. Some began quietly to see real advantages in the skyrocketing debt. The fiscal crisis . . . undercut support for starting new Government programs, and even for sustaining old ones, less by discrediting the programs than by pitting them against the need to reduce a huge and growing national debt.[5]

Ironically, the full antigovernment effects of the huge Reagan budget deficits came about partly because Democrats remained ensconced in the Congress and in many local and state governments. Democratic politicians and constituencies tied to them had powerful vested interests in hundreds of particular governmental programs. Throughout the 1980s, they used leverage in Congress to preserve pro-

grams, despite the fact that those programs were increasingly starved for funds needed to operate efficiently or to realize effectively their declared objectives. Programs were preserved, but hobbled. What is more, Democrats and moderate Republicans continued to use government to address economic and social problems. They simply used regulations and mandates on business or on state and local governments more readily than revenues. With no money to throw at problems, federal rules were thrown at them instead.

All this fueled the arguments pressed by insurgent conservative Republicans that government is an inefficient and cumbersome way to get things done. Public programs starved for funds did, indeed, become less efficient: offices were not computerized, and the qualifications and morale of administrators deteriorated. Detailed federal rules became increasingly irritating, especially when not accompanied by ever more generous subsidies. Throughout all this, Reagan Republicans and other still more fervent antigovernment conservatives such as Newt Gingrich, bashed away at government programs and at the allegedly greedy, inefficient "bureaucrats" who ran them. Raising taxes became more and more out of the question, because new revenues would just be "wasted" on badly run programs or unnecessary meddlesome agencies.

As Brinkley sums up, the "tax revolt was a product . . . of growing cynicism about politics and politicians. Its results, ironically, . . . greatly increased that cynicism." By the time Bill Clinton got ready to run for the presidency, Americans' distrust of the federal government was at an all-time high. When the newly elected President arrived in Washington, D.C., his administration, the "first . . . in nearly 30 years with an expansive power to do good . . . [found] itself imprisoned within a fiscal environment that makes it difficult for Government to do anything."[6]

In this book, we have seen how powerfully Bill Clinton's Health Security initiative was affected by Reagan's revenge. As a 1992 Democratic presidential contender, Governor Clinton had excellent reasons for promising comprehensive health care reform. His fellow citizens wanted it, and comprehensive reform was a way simultaneously to make Americans more secure and the national economy more efficient. Inclusive health reform also promised to overcome class and racial divisions within the Democratic Party; and its favorable results

might well, over time, rekindle faith in government as an agent of the common good.

Still, even the original promises Clinton made about health care reform were influenced by antigovernment Reagan legacies. Clinton and his 1992 campaign advisors were obsessed with avoiding the word "taxes," so the candidate had to find a road to national health reform that appeared not to involve direct taxing and spending by government. Furthermore, after Clinton settled on managed competition within a budget as his "way through the middle," he refused openly to discuss the inevitable role of public rules of the game in his reform plan. So determined was Clinton to avoid the delegitimated subject of "government," that he and his advisors could barely acknowledge the governmental contents of their health care plan to themselves, let alone talk openly and convincingly about them to the American citizenry.

It wasn't just avoidance of "taxes" and "government" that mattered for Health Security, though. In a supreme irony, federal budgetary procedures put in place in the wake of the Reagan fiscal debacle pushed the Clinton administration toward including more rather than less governmental regulation in the full-fledged Health Security legislation. Reagan's revenge was a double bind, and it delivered a double whammy. In order to avoid a highly visible role for the federal government while still extending health coverage and dealing with the problem of the deficit, the Clinton planners substituted regulations for revenues, and governmental indirection for an out-front public presence in health care financing.

As we have learned, the Clinton Health Security proposal was no simple triumph of liberalism. Big cuts in two existing public health insurance programs, Medicaid and Medicare, were included in Health Security to help make the out-year budget projections look convincing. Still more telling, encompassing regional health alliances, contingent premium caps, and all sorts of charges to "recapture" private-sector health savings for the federal budget were included in the Health Security legislation largely in order to satisfy the deficit-neutrality rules of the Congressional Budget Office. CBO rules and other budget procedures had been devised as a response to the wild fiscal excesses of the Reagan era. Operating within these rules, and pursuing his own fiscal goals, President Clinton had to make a con-

vincing case that health care reform would reduce the huge, looming national debts bequeathed to him (and all of us) from the 1980s.

A political boomerang resulted from President Clinton's efforts at governmental indirection and fiscal stringency. In large part because the Clinton administration's Health Security proposal was intricately designed as a series of interlocking regulations, right-wing government haters could argue that this set of reforms would hurt businesses, individuals, and health providers, interfering with their "liberties." Proclaimed threats of possibly rising taxes and governmental inefficiency could be spiced with pronouncements that big, intrusive government would destroy our freedom and the quality of the "best health care system in the world." Designed to get around and through the antigovernment and fiscal legacies of the Reagan era, the Clinton Health Security proposal—in its ultimate irony—gave new life to the outcries about "governmental tyranny" that Barry Goldwater had once presented so ineffectively.

Could They Have Done It Differently?

In the aftermath of defeat, many people have not hesitated to pronounce what President Clinton and other supporters of health care reform should have done differently. Humility is more in order, however, because it is not clear that any alternative course would have resulted in success—if by success we mean an extension of coverage to many currently uninsured citizens along with the institution of effective cost controls in U.S. health care. Alternative scenarios are useful to consider, though, because they help to further clarify the implications of the analysis I have offered in this book. So let me briefly consider pronouncements about "what they should have done" from various points in the political spectrum.

Some radicals and liberal Democrats have an "I told you so" attitude about the recent Health Security debacle. Above all, adherents of the single-payer approach to health care reform are sure that the President would have done better to champion their cause, especially by expanding existing provision for older citizens into "Medicare for all." The central ideas of single payer are easy to explain, they argue, because single payer reduces bureaucracy, cuts costs, and lets patients choose doctors and hospitals freely. Even if single payer had gone

down to defeat, presidential advocacy of this approach would have set the stage for a congressional compromise that ensured some sort of universal coverage.

I have long been sympathetic to single payer as a readily understandable way to finance health care for all. In retrospect, however, I do not find it even slightly plausible that President Clinton would or could have taken this route. Given his centrist-Democrat leanings and fear of mentioning taxes, I cannot conceive of Bill Clinton sincerely embracing any variant of single-payer health reforms. More important, the same restricted means of political communication that made it hard for the Clinton administration to tell the American public about its approach would have made it equally or more difficult to convey an accurate portrayal of a single-payer plan. Even a proposed nationwide move toward "Medicare for All" could easily have been caricatured by fiscal conservatives—such as those in the Concord Coalition—as a "budget buster," a new "entitlement" that was bound to get out of control.

Had a single-payer plan been put forward by President Clinton, threatened stakeholders and the populist right would also have carried on a devastating scare campaign about a "government takeover" of medical care. Many middle-class Americans would have found the message plausible, because the administrative disruptions of any single-payer scheme would have frightened millions of employees whose jobs or employer-provided health coverage would have to be abolished during the changeover from private to public insurance. Congress would have recoiled in horror.

Monday-morning quarterbacking has come from another political direction, too. Conservative Democrats and other self-styled "middle-of-the-roaders" have been sure that Clinton was unwise to push for universal coverage. They think the President should have gone for incremental market reforms along the lines of the Cooper plan, and thus supposedly cemented bipartisan support right at the start. But I have already suggested that it makes no sense for a Democratic president to advocate changes in health insurance that do not push toward universality but leave many low-income workers out in the cold. Likewise, it was (and is) dangerous for a Democrat to advocate minor regulatory changes in the existing private insurance market that may leave more and more middle-income Americans facing ever higher premiums for the same, or less, coverage. After some years, such minimalist

regulatory approaches could leave people more, not less, disillusioned with governmental solutions. Finally, we should also keep in mind that the Cooper bill turned out to be full of internal contradictions, when the Congressional Budget Office sat down to "cost it out" and assess its impact on the economy and the federal deficit. The Cooper bill also entailed as much, if not more, regulation than the Clinton plan; and Cooper would have in effect raised taxes on many employed Americans already enjoying the best health benefits. In the end, the supposedly moderate Cooper approach to health care reform was little more than a fig leaf for stakeholders who wanted to pretend support for serious reform without really delivering it. The Cooper plan had more support in the *New York Times* than it ever had in Congress or the country.

In the light of the institutional and historical analysis I have offered in this book, other retrospective possibilities have a bit more plausibility than the ones single-payer supporters or market-oriented conservative Democrats have advocated.

President Clinton conceivably could have tried to further managed competition within a budget through a ten-to-twelve-person bipartisan commission. Such a commission might have functioned as the policy planner instead of the Task Force on Health Care Reform. More plausibly, the commission might have been handed the results of the Task Force's deliberations and asked to review and revise them. Either way, such a commission would have had to include key congressional players from both parties, experts willing to explain inclusive versions of managed competition, and carefully selected institutional actors, such as a big-business executive, an insurance company leader, a well-respected physician, a union leader, and someone from the AARP. The President might have been able to structure the mandate and staffing of a commission to make it likely that it would report out something acceptable to him as well as to Congress and major stakeholders. Had this sort of process worked, the President would have been able to claim a broader, even bipartisan, mandate from the start, perhaps educating public opinion and focusing congressional efforts more effectively.

But a commission approach might not have worked. The Clinton administration would have had a devil of a time deciding whom to invite—and whom to leave out and thus offend. Key Republicans

might have refused to join or worked to keep the commission from reaching agreement. As I have already discussed, the United States is not institutionally amenable to corporatist-style policy formulation. President Clinton could have appointed a commission, only to see a relatively consensual proposal emerge and later fall apart, dissected to death by congressional committees and undermined by dissident groups such as the NFIB that could mobilize in local congressional districts. The same forces that undermined the Health Security proposal itself could just as easily have undermined a top-down, "bipartisan" agreement endorsed by a commission.

If, somehow, a commission process had resulted in a consensual proposal that survived, the resulting reform proposals surely would not have been as intricately and tightly constructed as those President Clinton put forward in the fall of 1993. A commission would probably have designed an approach emphasizing insurance regulations, health alliances for smaller businesses only, and some tax-financed subsidies for small-business and low-income workers, but *not* mandatory health alliances for larger employers or premium caps for private insurance. Commission-designed proposals would not have "added up" to federal budgetary savings; thus the President would have had to raise new revenues or else undertake substantial cuts in existing government spending.

Another possibility is that Bill Clinton could have gone forward with the first approach he temporarily advocated during his 1992 presidential campaign, a version of play or pay that incorporated contingent cost controls of various sorts. Play or pay already had support and understanding among key congressional players and Democratic constituencies, so it might have been easier to rally reform advocates around it. Arguably, too, the President could more readily have explained the central mechanism of this approach to citizens—and to the employers and physicians who might, in turn, have signaled acceptance or tolerance to employees and patients. Every employer, the President could have declared, has to pitch in somehow, either by sharing the costs of insurance with employees or by paying a modest fee to help cover the uninsured. The entire public campaign for health reform could have been focused on this simple call for universal employer "responsibility." Meanwhile, "pay" fees for small businesses could have been set early on at a definite, low level, and this

might have provoked less ideological countermobilization than a regulatory employer mandate (which was easily made to look like "bureaucratic intrusion").

Within a modified play-or-pay scheme, President Clinton could also have encouraged health purchasing cooperatives, setting them up as voluntary cost-controlling mechanisms for business and public-sector participants in the revised health care financing system. He could, in short, have made a modest start at creating "health alliances," hoping that they would eventually come to be seen as familiar and desirable administrative mechanisms to promote lower costs and higher quality in a gradually transformed health system.

Like the sort of loose managed competition that might have emerged from a Clinton-appointed commission, this loose sort of play-or-pay approach (seasoned with voluntary health alliances) would have required the promise of greater federal revenues at the start. President Clinton would have had to sweeten the transition for insurance companies and businesses, acknowledging that universal health coverage costs money. All along, this was something that the American public believed, so the President might have gained credibility by talking straightforwardly about public financing. To do this, President Clinton would have had to give up the notion that comprehensive health care reform could be sold, up front, as a federal deficit cutting measure.

For Bill Clinton and the Democratic Party, it would ironically have been politically wiser to have been less fiscally responsible—or else to have chopped away parts of the existing federal budget to free up money for health care reform. Either a looser version of managed competition or a version of play or pay that might have been acceptable to Congress needed to be greased with federal revenues if it was to be politically feasible. I conclude that President Clinton should have been less worried about pleasing deficit and budget hawks. He should have done what his conservative critics falsely charged him with doing—acted more like a Democrat in the New Deal tradition, by combining new federal regulations with generous subsidies to those affected.

But was this possible? In this book we have seen why the alternative scenarios I have just outlined were not likely. Along with the anti-"entitlement" climate fostered by the Concord Coalition and its echo chamber in the elite media, the budgetary side of Reagan's revenge

is the reason. Back in the spring and summer of 1993, the Clinton administration thought it was impossible to put much new federal money into health care; and it was certainly obsessed with federal deficit cutting. That is why President Clinton finally proposed such an intricate and tightly regulated version of managed competition within a budget. He devised a perfect target for conservative countermobilization against government, because he was trying to deal with the aftereffects of previous conservative attacks on government.

What Happens Next?

Americans who voted in the 1994 midterm elections continued to care deeply about governmentally sponsored health care reform. According to an election-night survey of voters, sponsored by the Kaiser Family Foundation, health care reform remained even more of a voter priority than it was in 1992.[7] Even in the immediate wake of the Health Security debacle, hefty majorities of voters continued to favor definite steps toward covering the currently uninsured, especially children and low-income people. Most also opposed any cuts in government spending on Medicare and Medicaid, as well as opposing cuts in Social Security. At least in late 1994, President Clinton and the Democrats lost the public's former faith that they were the ones to take the lead in reforming U.S. health care. Yet the voters still wanted legislators and politicians to preserve government's financial contributions to health care and extend coverage to more Americans. Subsequent opinion studies have confirmed that such public expectations persisted through 1995. For example, even to balance the budget, most Americans do not want huge cuts in Medicare for the elderly.

Americans may have the foregoing concerns and hopes, but there is scant reason to believe that these citizen expectations are going to determine what happens in the foreseeable future. After their November 1994 triumph, Republicans claimed a very different "mandate"—focused on cutting the size of government radically and hobbling governmental decision makers for the future. Half or more of Americans had never even heard of the Republican "Contract with America," yet many Republicans and media commentators treated it as a blueprint for governing, as a set of considered citizen expectations that should be enacted very rapidly by the Congress. The Contract had nothing to say about health care reform; it overwhelmingly emphasized welfare

cuts, destruction of federal regulations, and huge tax cuts disproportionately targeted on business and the top income quintiles.[8] The promises of the Contract would require massive shrinkage in the federal budget, over one trillion dollars in cuts by early in the next millenium.

In order to achieve the order of tax and public spending cuts they promised in 1994, congressional Republicans set out to slash funding for and fundamentally restructure Medicaid and Medicare. Indeed, conservatives have for some time been highly critical of Medicare, holding that it wastefully encourages older people to go to the doctor too often and not "take responsibility" for their own health and financial planning. Despite Medicare's popularity with the U.S. public, therefore, many conservatives have in mind abolishing this universal federal program in favor of tax-subsidized vouchers or individual medical savings accounts, combined with efforts to encourage older citizens to enroll in for-profit managed-care plans. There is a certain irony in all this, given that during the 1993–94 health care debate, a prominent argument used by conservatives was that President Clinton allegedly wanted to force everyone into managed care.

The real effect of Republican plans would be to starve Medicare for funds and "cream off" the wealthier and healthier older citizens into for-profit health plans. Those who remained in Medicare would face sharply deteriorating service, and this would set the stage for further arguments that "government programs do not work." Meanwhile, Republican Medicaid proposals would destroy the national medical safety net for the poor, and throw increasing numbers of low-wage working people into the ranks of the uninsured.

Health care remains potentially a good issue for Democrats. The uninsured continue to rise; their numbers now stand at some 41 million, two to three more million than during the debates over the Clinton reform proposals.[9] What is more, as private corporate and insurance interests impose their own versions of managed care on more and more employed Americans, people face fewer choices and rising out-of-pocket costs. These trends are likely to continue, indeed accelerate, as the antigovernment Republican ascendancy locks into place. Consequently, issues about the security and quality of health coverage will remain a potential point of popular appeal for Democrats, as will a broader array of issues about the availability of jobs with

wages and benefits sufficient to sustain families.

But the Democrats are not likely to achieve credibility on health care or other issues until they come to terms with the overall political challenge they face. Politically engaged Americans who want progress toward adequate social protections for all citizens and families must face the fact that the United States has entered into a period of political upheaval and governmental transformation. In the wake of the failed Health Security effort of 1993–94 and the antigovernmental backlash it helped to fuel, there is no prospect of starting again with merely new tactics.

An extraordinarily resourceful politician, Bill Clinton may survive even the debacle the Democrats experienced in the 1994 elections. He may be reelected president in 1996. But, if so, it will be because he has thrown himself more completely than ever into the mode of politics that avoids explicit discussion of government as a positive force, that celebrates tax cuts and severe reductions in public spending to "balance the budget." Whether or not Bill Clinton is reelected, the antigovernment mood in America is remarkably ascendant.

Possibilities for revitalized social protections in America, including more inclusive health insurance, will remain open into the twenty-first century, because antigovernment conservatives have no prospect of solving the nation's domestic problems. Unregulated market competition alone will not produce opportunity and security for most American families. Still deeper tax cuts for the wealthy, financed by slashing away at valuable as well as outmoded federal programs, will not suddenly produce the intact families raising healthy, well-educated children that conservatives claim to want. An opening remains in U.S. politics for political forces that can project a convincing vision of a revitalized and more egalitarian civic society for America. An opening exists for leaders who can address the very real insecurities of families in the bottom three-fifths of the income distribution, people who are working longer hours, sacrificing time with children, in return for less money and, at best, fragmentary social protections to help in humanly common episodes of illness, childbirth, and old age.

But deteriorating social and economic conditions do not, in themselves, determine political outcomes. Many liberals in America are sitting around waiting for conservative Republicans to falter, assuming that liberals will then come back to power, automatically. This is dead

wrong. Absent a coherent progressive alternative to the ideas and political organization of conservatives, America in the twenty-first century could easily become a more and more unequal society, in which the rich and the upper-middle class go it alone without either paying for, or using, governmentally provided or financed social protections.

As much in this book has revealed, the Democratic Party is by now a relatively hollow political shell. In terms of both ideas and organized grassroots support, conservatives in and around the Republican Party vastly surpass progressives in and around the Democratic Party. If a progressive turnabout is to come in U.S. politics, therefore, much will first have to happen both intellectually and politically. Democrats and public intellectuals who care about civic life and the needs of most working Americans are going to have to go through a period of ferment. People must get away from mind-sets associated with long-term governmental incumbency. New ideas must be hammered out away from Washington, D.C., New York City, and the major university centers. Conversations in plain language, not insider jargon, will have to take place across the gaps between upper-middle-class progressives and Americans from all walks of life.[10] Discussions must go on in community centers, churches, schools, day care centers, and workplaces. Together, citizens and leaders may then put forward a convincing vision of the nation's problems and the ways that government as well as business and civic associations can contribute to solving those problems.

In isolation, even an issue like health care—central as it is for many Americans—will not bring about a political revival for Democrats or a resurgence of faith in government. As the failure of President Clinton's courageous effort in 1993–94 shows, the future of inclusive social policies, including health reform, depends on Americans' coming to believe that government can offer minimally intrusive solutions to the heartfelt needs of individuals and families. If progressives are to achieve any sort of inclusive policy changes in America's future, it will be because new rationales for the role of government, and new majority political alliances, have been achieved first. I believe that such new rationales and alliances can be forged, because most Americans still want government to function efficiently, compassionately, and fairly on behalf of everyone. Yet the new rationales for government, as well as the new majority political alliances, will necessarily have to be

achieved on bases very different than the ones that prevailed in the aftermath of the New Deal.

A renewed social vision capable of inspiring majority political support must be honest and hard-hitting, and it must synthesize factual analysis with frank statements about social justice and moral values. Progressives must not fear speaking openly about the uses of public authority and—yes—the need for public revenues to be raised through well-designed taxes. There is no reason why a heartfelt case cannot be made. Governmentally enforced "rules of the game" really *are* necessary to ensure that capitalist markets and private investors contribute to a good society.[11] Taxes really *are* worthwhile, when they pay for the existing or newly designed governmental efforts in which all Americans have a stake. And the United States is not at all an "overtaxed" country.[12] Medicare and Social Security need to be revitalized; new protections for working families should be designed to replace outmoded welfare programs; and government needs to help Americans adapt to a rapidly changing economy through improved education and training. There are many progressive Americans who know that these things are true, and they need to start speaking up and working with one another, much as did conservatives in and around the Republican party back in 1964, after the apparently total defeat of their movement in the Goldwater-Johnson presidential election.

In putting forward his Health Security proposal, President Bill Clinton argued that this new public undertaking could contribute to the achievement of vital social and economic goals. Perhaps the formula the President and his administration devised was not exactly the right one. But it was America's loss that the civic conversation the proposal for Health Security might have started never did take place. Those who believe that governmentally mediated reform has a vital role to play in health care and beyond did not make their case forcefully enough. The national conversation was dominated by those who saw political advantage in using Health Security as one more occasion for attacking government.

There is room for much argument about what appropriate governmental efforts are or should be, as a changing America enters a new century. Many things need to be done not by government alone but through *partnerships* of national, state, and local governments with families, communities, and businesses. It will not do, however, to pre-

tend that Americans do not need government. Americans needed and enormously benefited from federal government activities in the past, and all Americans together need revitalized and refocused government endeavors in the coming century as well.

NOTES

Introduction

1. Quotes from the President's speech come from the prepared text, as reprinted in Erik Eckholm, ed., *Solving America's Health-Care Crisis* (New York: Times Books, Random House, 1993), pp. 301–14.
2. According to Paul Starr, "What Happened to Health Care Reform?," *American Prospect*, no. 20 (Winter 1995): 20, the morning after the President's speech, "Stanley Greenberg, the President's pollster, crowed that the overnight surveys showed we were winning two-thirds approval." See also Daniel Yankelovich, "The Debate That Wasn't: The Public and the Clinton Plan," *Health Affairs* 14, no. 1 (Spring 1995), p. 11.
3. William Schneider, "Health Reform: What Went Right?" *National Journal*, October 2, 1993: 2404. This piece by Schneider bears close comparison to the summer 1994 retrospective analysis of health reform failure cited below in note 15. Like many pundits, Schneider cited almost exactly parallel explanations for "success" and "failure," shifting according to the winds of public opinion and other journalistic commentary at the moments he wrote.
4. Adam Clymer, "The Clinton Plan is Alive on Arrival," *New York Times*, Sunday, October 3, 1993, p. E3. All quotes in this paragraph are from this article.
5. Hilary Stout and David Rogers, "Outline of Compromise Is Dimly Discernible as Clinton Offers Plan," *Wall Street Journal*, September 23, 1993, pp. A1, A8.
6. *Contract with America: The Bold Plan by Rep. Newt Gingrich, Rep. Dick Armey, and the House Republicans to Change the Nation*, eds. Ed Gillespie and Bob Shellhas (New York: Times Books, Random House, 1994).
7. "National Election Night Survey" (Menlo Park, Calif.: Henry J. Kaiser Family Foundation, November 15, 1994, news release).
8. For the outlook from which current initiatives flow, see Newt Gingrich, *Window of Opportunity: A Blueprint for the Future* (New York: Doherty, 1984), especially chaps. 4–6. This book is similar to, yet also franker than, Newt Gingrich, *To Renew America* (New York: HarperCollins, 1995).
9. Jill Zuckman, "Gingrich Declares War on Social Programs," *Boston Globe*, Saturday, November 12, 1994, pp. 1, 6.