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PROJECT FOR THE
REPUBLICAN FUTURE

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MEMORANDUM TO: REPUBLICAN LEADERS

FROM: WILLIAM KRISTOL (*U.P. Quayle's Chief of Staff*)

SUBJECT: Defeating President Clinton's Health Care Proposal

What follows is the first in what will be a series of political strategy memos prepared by The Project for the Republican Future. The topic of this memo is President Clinton's health care reform proposal, the single most ambitious item on the Administration's domestic policy agenda.

These four pages are an attempt to describe a common political strategy for Republicans in response to the Clinton health care plan. By examining the president's own strategy and tactics, this memo suggests how Republicans might reframe the current health care debate, offer a serious alternative, and, in the process, defeat the president's plan outright.

Nothing in these pages is intended to supplant the many thoughtful analyses of the Clinton health care plan already produced by Republicans and others, analyses which have done much to expose both its glaring weaknesses and immediate dangers. In fact, this memo borrows heavily from articles and papers prepared by conservative public policy think tanks, the Republican National Committee, House and Senate Republicans, and the dozens of superb critiques that have appeared in newspapers and magazines. Nor is this an attempt to prescribe legislative tactics for defeating the Clinton bill; for that we defer to our Republican leaders in the Congress. Instead, it is an effort to assess the current political climate surrounding the health care debate and to provide a winning Republican strategy that will serve the best interests of the country.

The Project for the Republican Future was founded last month to help shape a Republican vision and advance an agenda for governing. It seeks to frame a new Republicanism by challenging not just the particulars of big-government policies, but their very premises and purposes. In the coming months, we will prepare and circulate other memos on critical issues of politics and policy. We welcome your reactions to this memo so that we can further refine a Republican strategy, and we encourage your thoughts on future subjects for consideration.

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PROJECT FOR THE REPUBLICAN FUTURE: A POLITICAL STRATEGY FOR HEALTH CARE

I. THE CURRENT SITUATION

Just after President Clinton introduced his health care plan in September, opinion polling reflected strong public support for it. That support has now sharply eroded. A late September *Washington Post/ABC News* poll, for example, had national respondents approving the plan by a 56 to 24 percent margin; the same poll in October had approval down to a 51 to 39 percent margin; and a mid-November *Post/ABC* poll now shows bare plurality support for the plan of 46 to 43 percent.

To some extent, these results follow a predictable pattern of Clinton Administration policy initiatives, which have tended to open well on the strength of the president's personal advocacy, and then to falter as revealed details make plain his attachment to traditional, big government, tax-and-spend liberalism. Faced with forceful objections in the past, the Administration has generally preferred to bargain and compromise with Congress so as to achieve any victory it can. But health care is not, in fact, just another Clinton domestic policy initiative. And the conventional political strategies Republicans have used in the past are inadequate to the task of defeating the Clinton plan outright. That must be our goal.

Simple Criticism is Insufficient. Simple, green-eyeshades criticism of the plan -- on the grounds that its numbers don't add up (they don't), or that it costs too much (it does), or that it will kill jobs and disrupt the economy (it will) -- is fine so far as it goes. But in the current climate, such opposition only wins concessions, not surrender. The president will lobby intensively for his plan. It will surely be the central theme of his State of the Union Address in January. Health care reform remains popular in principle. And the Democratic Party has the votes. After all, the president's "tax fairness" budget, despite unanimous Republican opposition and rising public disapproval, did pass the Congress.

Any Republican urge to negotiate a "least bad" compromise with the Democrats, and thereby gain momentary public credit for helping the president "do something" about health care, should also be resisted. Passage of the Clinton health care plan, in any form, would guarantee and likely make permanent an unprecedented federal intrusion into and disruption of the American economy -- and the establishment of the largest federal entitlement program since Social Security. Its success would signal a rebirth of centralized welfare-state policy at the very moment we have begun rolling back that idea in other areas. And, not least, it would destroy the present breadth and quality of the American health care system, still the world's finest. On grounds of national policy alone, the plan should not be amended; it should be erased.

But the Clinton proposal is also a serious *political* threat to the Republican Party. Republicans must therefore clearly understand the political strategy implicit in the Clinton plan -- and then adopt an aggressive and uncompromising counterstrategy designed to delegitimize the proposal and defeat its partisan purpose.

II. THE CLINTON STRATEGY

"Health care will prove to be an enormously healthy project for Clinton ... and for the Democratic Party." So predicts Stanley Greenberg, the president's strategist and pollster. If a Clinton health care plan succeeds without principled Republican opposition, Mr. Greenberg will be right. Because the initiative's inevitably destructive effect on American medical services will not be practically apparent for several years -- no Carter-like gas lines, in other words -- its passage in the short run will do nothing to hurt (and everything to help) Democratic electoral prospects in 1996. But the long-term political effects of a successful Clinton health care bill will be even worse -- much worse. It will relegitimize middle-class dependence for "security" on government spending and regulation. It will revive the reputation of the party that spends and regulates, the Democrats, as the generous protector of middle-class interests. And it will at the same time strike a punishing blow against Republican claims to defend the middle class by restraining government.

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The 80-80 Split. The president intends to convince the American middle class to buy into this new government dependency by overcoming their skepticism with fear. Poll numbers explain his tactics. A large majority of Americans consistently reports that it believes our country's health care system, writ large, to be dysfunctional; 79 percent of respondents to a Princeton Survey Research Associates/*Newsweek* poll in late September, for example, said the American health care system needed fundamental change or a complete rebuilding. Popular discomfort with American medicine as a "system" is Clinton's opportunity. But the same polls contain the key to Clinton's vulnerability, as well. The vast majority of Americans are pleased with the care this system now provides them personally; 80 percent of respondents to a late September Yankelovich/*Time*/*CNN* poll said they were "somewhat" or "very" satisfied with their own medical services.

So the president advances a promise of "universal" health care coverage as a solution to the problem of the uninsured, but his plan must win the approval of a middle class most members of which are generally happy with the health care they have. He cannot plausibly claim that his plan will make the middle class even happier with their present care. That argument, at least, is already lost. Respondents to a mid-November CBS/*New York Times* poll say, by a two-to-one margin, that the Clinton plan is more likely to degrade than enhance the quality of their own medical care, and by an almost six-to-one margin that their personal medical expenses are more likely to go up under Clinton than down.

The Administration's only option, then, is singlemindedly to focus on the fears many middle-class Americans have about health care as an abstract "system" that might someday threaten them. The Administration's public pronouncements ignore all basic, practical questions about how their health plan will actually affect the quality and flexibility of American medical care. And its spokesmen encourage the notion that radical change involving a sacrifice of quality and free choice is necessary for health "security."

III. A REPUBLICAN COUNTERSTRATEGY

The president makes his pitch to the 79 percent of Americans who are inclined to agree that "the system" isn't working, hoping to freeze health care debate on the level of grand generalization about structural defects. He is on the side of the angels rhetorically -- denunciations of the status quo, easy moralism about his own alternative, rosy predictions of a utopian future in which security is absolutely guaranteed. Republicans can defeat him by shifting that debate toward specific, commonsense questions about the effect of Clinton's proposed reforms on individual American citizens and their families, the vast majority of whom, again, are content with the medical services they already enjoy.

Republicans should ask: what will Bill Clinton's health care plan do to the relationship most Americans now have with their family doctor or pediatrician? What will it do to the quality of care they now receive? Such questions are the beginning of a *genuine* moral-political argument, based on human rather than bureaucratic needs. And they allow Republicans to trump Clinton's security strategy with an appeal to the enlightened self-interest of middle-class America.

The Republican counterstrategy involves pursuing three distinct tasks: 1) deflating the exaggerated fears of systemic health care collapse that Democrats have encouraged; 2) clarifying and publicizing how the Clinton reform plan would alter and damage the quality and choice of medical treatment most Americans now take for granted; and 3) pointing out that incremental and meaningful solutions to problems of health security -- solutions that do not require scrapping the current structure of American medicine and experimenting with something invented in Washington -- are already available and politically within reach.

Deflating Fear. Genuine, yet remediable problems do exist in the American system of medicine, but the rhetoric surrounding the president's health plan deliberately makes those problems sound apocalyptic. "Fear itself" does not trouble the new New Dealers; indeed, they welcome it as a powerful tool of political persuasion. Mrs. Clinton, in particular, routinely describes a nation of individual lives teetering on the brink, each only an illness or job switch away from financial ruin. The text of the president's Health Security Plan and vir-

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tually all the public remarks on health care made by his advisors are filled with images of a health care system spawning little else but frustration and tragedy. It is a brazen political strategy of fear-mongering, conducted on a scale not seen since the Chicken Little energy crisis speeches of President Carter.

Fanning the flames of public unease is a purely political tactic for the Democrats, and it deserves to be exposed as such. For while public concern about health care is undoubtedly real, the president's deliberate campaign of fright seems designed less as a response to the public and more as a justification for his own far-reaching, grand reforms. Republicans should scrupulously avoid endorsing the president's depiction of a nation beset by fear over health care, which provides him cover for the war-time, centrally-planned, emergency-style measures that characterize his alarmist overhaul of our medical system. Republicans should instead painstakingly debunk that account, and remind the nation, point by point, that it currently enjoys the finest, most comprehensive, and most generous system of medical care in world history.

Raising Questions About Medical Quality and Choice. The most devastating indictment of the president's proposal is that it threatens to destroy virtually everything about American health care that's worth preserving. Under the plan's layers of regulation and oversight, even seeing a doctor whenever you like will be no easy matter: access to physicians will be carefully regulated by gatekeepers; referrals to specialists will be strongly discouraged; second opinions will be almost unheard of; and the availability of new drugs will be limited.

So while there are now countless valid criticisms of the Clinton plan's various aspects, the most politically effective ones focus on how the proposal would fundamentally change the quality and kind of medical service that Americans cherish and expect. This means an assault on the Clinton plan's two central tenets: mandatory, monopolistic health alliances and government price controls. Hand in hand, these two cornerstones of the president's plan will establish a system of rationed medical care.

Under Clinton's plan, the alliances will submit annual budgets to a national health board, thereby creating pressure to save money and trim service wherever possible. That means tightly regulated managed health care for most people, with an emphasis on efficiency over quality. Those who can afford huge premiums may be able to see a private fee-for-service doctor, though fee schedules will make it difficult for most independent physicians to stay in business. In time, the family doctor tradition will disappear. And avoiding this result by purchasing health insurance outside the alliances will be either impossible or criminal. The chief effect of price controls -- the linchpin of the president's cost-containment theory -- will be a rigid national system of pre-set budgets and medicine by accountants. There is no reason to believe that such a system won't follow the pattern that price controls have established in every other area: rationing, queuing, diminished innovation, black markets, and the creation of a government "health police" to enforce the rules.

Though the president and his surrogates deny all this, the basic building blocks of his proposal permit no other result. Republicans should insistently convey the message that mandatory health alliances and government price controls will destroy the character, quality, and inventiveness of American health care.

Advocating Security Without Upheaval. The initial appeal of the president's proposal is its promise of life-long, universal security, defined in standard Democratic terms as a federal entitlement benefit. But this promise can also be restated as the plan's most glaring weakness: it mistakes federal spending and regulation for individual security. In exchange for his government-program security, Americans must accept a massive uprooting of the entire U.S. health care system, with disruptive and deleterious consequences.

As both a political and policy matter, the best counter-strategy to Clinton's offer of security requires resisting the temptation to compete with the president in a contest of radical reforms. Allaying public concern about health security can be achieved by addressing a few basic problems directly -- and without unravelling the current system. The easiest way to do that is by pursuing the short list of reforms for which there is already a

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national consensus. Relatively simple changes to insurance regulation, for example, can eliminate the barriers to health insurance for people with pre-existing medical conditions. The unemployed or people whose employers do not provide health insurance should be able to deduct the full cost of their premiums. The federal government could target its health spending to provide clinics in rural areas and inner cities where access to health care remains a problem. Long-overdue reforms to medical malpractice law would help lower insurance rates across the board. And a simplified, uniform insurance form would reduce paperwork, another unnecessary irritant of the current system. All these small steps would make health insurance less costly and health care easier to obtain.

Even where national health budgeting is concerned, there exist opportunities for significant reform that do not involve Great Society-scale upheaval. States might be permitted to operate Medicare and Medicaid programs through managed care, for example, rather than through now-mandated fee-for-service plans -- and thereby realize huge cost savings in their own budgets. (The Democratic governor of Tennessee recently applied for, and received, the necessary waiver of federal regulations to pursue just such a reform.) In fact, there are all sorts of cumbersome and costly health care mandates and regulations now imposed on states; they should be lifted to allow governors to allocate their federal programs in the most efficient way. The potential savings from Medicare and Medicaid -- the engine of our escalating federal deficit -- are enormous.

These are hardly revolutionary or even visionary proposals. In fact, variations of these reforms have been floating around the Congress for some time. Their simplicity and their lack of big-government "sophistication" stand in stark contrast to the extensive controls, reorganizing, standardization, and rationing that are at the heart of president's Health Security Plan.

IV. LAYING GROUNDWORK FOR THE FUTURE

These may only be intermediate measures. A more ambitious agenda of free-market reforms remains open for the future: medical IRAs, tax credits and vouchers for insurance, and the like. But Republicans must recognize the policy and tactical risks involved in near-term advocacy of sweeping change, however "right" it might be in principle. The Clinton plan's radicalism depends almost entirely for its success on persuading the nation that American medicine is so broken that it must not just be fixed, but replaced -- wholesale and immediately. And it would be a pity if the advancement of otherwise worthy Republican proposals gave unintended support to the Democrats' sky-is-falling rationale.

The more modest Republican reforms discussed earlier would have the virtue of cooling the feverish atmosphere -- fostered largely and deliberately by the Administration -- in which health care is currently discussed. And they offer a potentially much larger benefit to the Republican Party as a model of future conservative public policy: a practical vision of principled incrementalism. The character of Republican opposition to the president's health care plan, properly pursued, has broad implications. The party's goal, in health care and in other policy areas, should be to make the case for limited government while avoiding either simple-minded bean-counting, on the one hand, or Democrat-like utopian overreach on the other. The target of Republican policy prescriptions must be the individual citizen, not some abstract "system" in need of ham-fisted government repair. If we can, in this way, provide a principled alternative to the paternalistic experimentalism that consistently underlies Democratic ideas of governance, Republicans will be poised to claim the moral high ground in this and future debates.

The first step in that process must be 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 incontestable 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 the coming year's health policy debate a watershed in the resurgence of a newly bold and principled Republican politics.