HEALTH CARE FAILURE

PHOTOCOPY
PRESERVATION

CONFLICT V. CONTEXT IN COVERING . . .

When a major legislative initiative dies, autopsies routinely follow. But it's hard to find a case that has produced so many contradictory coroner's verdicts as the demise of President Clinton's health care package.

Confronted with the corpse of reform left sprawled on Capitol Hill as Congress scattered for the election campaign, witnesses, friends and enemies of the deceased could agree only that health care legislation was dead for the year. There have been as many explanations offered for whodunit as there have been scenarios in the O.J. Simpson story. Like that case, too, the press's performance became part of the story—and for good reason.

Hillary Rodham Clinton has blamed unnatural causes: shadowy special interests that used paid media to "misrepresent" the Administration's proposals (the "Harry and Louise" spots as blunt instrument). *The New York Times* turned to Agatha Christie's *Murder on the Orient Express*: According to correspondent Robin Toner, several people "had their hands on the knife at one time or another." Among the prime suspects: overbeaverish wonks of the Clinton Administration, divided congressional Democrats, natural-born killer-partisans of the Republican leadership and, of course, cold-eyed capos of the health insurance industry and their accomplices in other interest groups.

Absent from these obituaries was the part played by the news media. The President, his wife and his embattled White House staff have more than enough grief on their hands after the recent elections and may not want to take on the press corps any more than they have. Journalists, for their part, enjoy the privilege of keeping their fingerprints *out* of stories, to avoid calling attention to their own practices.

Outside critics have been less willing to give the press a free pass. The coverage was faulted in the recent PBS special "The Great Health Care Debate." Host Bill Moyers described how—while recovering from heart surgery—he spent the summer listening to a lot of radio and found that "almost every talk-radio host was 'anti' the Clinton proposals." Indeed, according to political scientist Thomas Patterson of Syracuse University, the modern Washington journalist *aspires* to being "anti," instinctively "magnifying the bad and underplaying the good" that politicians do.

The idea of a carping, judgmental and ultimately irresponsible press has a certain instant appeal in the search for Washington villainy. But the journalists' role in the demise of health care reform this year was far more ambiguous than it has been made to appear. Perversely, it's also more worrisome, not just for the future of health care reform in the new Republican Congress but also for the fate of similar high-profile legislation in the years ahead.

In the beginning, the Administration got good press for its health care plan. The publicity campaign began on a Tuesday in September 1993, the day before Clinton presented his proposals to Congress. The President and Hillary Clinton entertained a group of Establishment journalists at lunch, softly making their sell. Over the next few days, most of the guests found some upbeat news to write. Readers of *The Wall Street Journal*, for example, learned that Clinton showed a "willingness to negotiate" on details of the plan.

That same week, the President briefed a group of 200 radio talk-show hosts. It was a two-tiered marketing strategy: The talk shows would give Clinton's proposal brand-name recognition; print would persuade skeptical consumers to buy it. But then, with a friendly crowd aboard on the idea of reform, the health care train barely left the station. Nothing much happened between the "product" introduction and the next major media effort in January, when the President extolled health care in his televised State of the Union address. "A long hiatus," White House deputy chief of staff Harold M. Ickes later acknowledged to *The Washington Post*.

In retrospect, it was easy to point an accusing finger at the bad "salespeople" in the White House: the senior man who came across as arrogant in dealings with Congress, or the younger official who, as Julie Kosterlitz reported in *National Journal*, "spent an inordinate amount of time fiddling with the design of the Health Security Card" that the President used as a prop during the State of the Union speech.

While the White House fiddled, the Clinton health care opposition decided to burn up the news wires. The big insurance companies' trade group, the Health Insurance Association of America, produced the "Harry and Louise" TV advertisements. Affluent and 40ish, "Harry and Louise" sat in their picture-perfect den, earnestly poring over the pages of Clinton's plan, noting "hidden costs" and the loss of "provider choice."

To this day, only one in seven Ameri-



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EDWIN DIAMOND, STEVEN KATZ AND CARA MATTHEWS

. . . CLINTON'S HEALTH CARE PROPOSAL

cians recalls ever hearing the angst-ridden yuppoid pair. But reaching the mass audience wasn't the point. Harry and Louise were narrowcast to produce stories and commentary that a Washington policy audience would see. The ads signaled—in case Congress didn't get the message—the health care industry's willingness to spend big money to defeat plans it didn't like.

Meanwhile, the Clintonians did little but talk about their ideas for a grass-roots campaign. The Democratic National Committee (DNC) was supposed to build popular demand for change through a national petition drive, regional town meetings, Perot-style TV infomercials, appearances by celebrity endorsers on call-in programs, satellite links joining citizens and government officials and other vaunted new-media measures. After hiring two dozen field organizers and spending $2 million, however, the DNC abandoned the grass roots last spring. In place of buzzword "interactive" ventures, the DNC fell back on traditional 30-second spot commercials.

In truth, the TV ads were a mildly amusing sideshow. Most Americans received most of their information about health care from their newspapers, newsmagazines and TV network newscasts. An analysis of 310 print and TV stories from a national sample of coverage from September 1993-September 1994 found little to uphold the conventional criticism about jaded journalism or editorializing-as-news. Articles and television segments didn't argue that reform deserved to live or die. There were no attitudinal subtexts, such as "politicians say one thing but mean another."

Instead, the health care coverage relied on journalism's traditional narrative model, and that proved enough to speed the demise of reform. Once a story achieves a critical mass of attention—whether in Congress, Haiti, the Persian Gulf or at a Los Angeles murder trial—coverage follows two predictable patterns. First, "developments" get regular attention even when no real news is being made ("This is John Cochran on Capitol Hill, where the noise level over health care is rising"). Second, stories are fitted into the political campaign narrative—a format organized by charge and rebuttal, attack and counterattack and who's winning and losing in the metaphorical horse race.

In *USA Today*, for example, 41 articles about health care were counted during a two-month period earlier this year. One dealt with cost; another was a good explanation of "areas of general agreement" and 27 focused primarily on health care "battles," "challenges" and who was for or against the plan. (Sample headlines: "CEOs Back Clinton Rival Health Plan." "Clinton on the Attack in Health Care Debate.") The *Atlanta Journal-Constitution*, noting that three House committees were working on competing reform bills, actually used the term horse race: "The Kentucky Derby will be the most-watched horse race next month, but by far the most critical . . ." blah, blah, blah. In 35 selected articles in *Time* and *Newsweek*, 10 were concerned with Clinton's approval ratings and how the fate of health care would "make or break" his Administration. As early as May 1993, *Newsweek* decided on the "winners and losers" of the debate.

An unavoidable explanation of this journalistic preference for conflict over context holds that because health care is such a vast, complex, confusing subject, journalists—short of time, patience, thought—generally take the quickest way out by doing political process and who's ahead stories. Although horse races are easier to write about than health maintenance organizations and purchasing co-ops, however, journalists shouldn't be made to take all the blame. The Administration, congressional Republicans and the health industry all "personalized" the story with dramatic little narratives about winners and losers. According to Larry Amsell, a visiting fellow at the Freedom Forum Media Studies Center in New York City, where he's completing a study of the media and health care reform, "It was like, 'I'll show you a human interest story and I'll raise you a human interest story.' "

In our study, we found ample information about what was happening politically but relatively little attention to the overall point of reform—to the societal winners and losers. After all the insider ads and campaign-style coverage, the public was still clueless about the true costs and benefits of universal coverage. To this day, only 20 per cent of Americans can define for pollsters the term managed care (we wonder how many journalists are similarly dazed and confused). Like everyone else, we were transfixed by the horse race; we mourned—or cheered—the result. In all the excitement, though, it was easy to lose sight of what the process was about. ■



Diamond, Katz and Matthews are members of the News Study Group at New York University. Gregg Geller is director of research.

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Carlson, on Dole: "He's not Newt Gingrich when it comes to naming chairmen" ("Capital Gang," CNN, 11/26). BOSTON GLOBE's Nyhan: "Many Americans who were willing or even eager to have the new Republican majorities in the House and Senate ... are troubled by the victor's vicious streak and the subsequent Serbianization of U.S. politics by slash-and-burn conservatives" (11/27). Balto. SUN's Roger Simon: "Helms should be tried for treason" (11/25). NEWSWEEK's CW arrow for Helms is down: "Just joking? If you'd said it in an airport, you'd be in a straitjacket by now" (12/5).

ATTACK FROM THE RIGHT? U.S. NEWS' "Washington Whispers" reports Helms "is under attack from an unusual quarter: his own right flank." The Raleigh-based POW/MIA Grassroots Assn "warned" Helms that it will work to defeat him in '96 if he doesn't fire his chief foreign policy adviser, Adm. James "Bud" Nance, who served as dep. NSA in the Reagan admin. The group "frets that Nance ... has moderated Helms' outspoken views on foreign policy and locating" Vietnam MIAs (12/5 issue).

*5 HILLARY RODHAM CLINTON: STANDING BY HER PLAN

U.S. NEWS' "Washington Whispers" reports Hillary Rodham Clinton, "who kept a low profile during the months leading up to the recent elections, once again is attending senior staff meetings at the White House -- including strategy sessions on what the administration plans to do next about health care reform. The first lady's presence concerns some of President Clinton's centrist advisers, who worry that she could try to persuade her husband to push for another massive overhaul next year of the health care system. Those advisers question whether Mrs. Clinton truly understands how much her original health care plan hurt the Democrats on Election Day." Other WH officials, however, deny that HRC "intends to lead a political suicide mission." A senior aide: "She's the first to recognize that the government issue on health care blew us out of the water" (12/5 issue). Following the front-page cover, "Hillary Blows her Top," N.Y. POST's Galvin writes, a "testy" HRC has "lashed out" at WH aides for "her husband's mounting political problems." While Clinton "has shown signs he is wiling to compromise with the incoming Republican Congress, the First Lady is bitterly opposed to any policy retreat." WH staffers say HRC "has been in an angry mood" since Election Day and "is particularly upset with the way the president has been indicating he can reach agreement" with Speaker-to-be Newt Gingrich. At a WH meeting in Hawaii, HRC "chastised the president in front of staff members for hinting he could accept a compromise" on school prayer (11/24).

FIRST NANNY? W. POST's McGrory suggests HRC should appoint herself the "nanny" of DC, "looking after its endangered children." HRC "is weary of policy-making" and "nothing could change the air around her more drastically than a new project in a stricken city" (11/27). NBC's Myers, on McGrory's idea: "I don't think Mrs. Clinton's personal makeup is such that she can give up a policy role. Now, she may be able to give up leading the charge and try to stay more behind the scenes. But she showed up at senior staff meetings again recently. She's very much involved in the new strategy on what to do next on health care reform. I just don't think Mrs. Clinton can leave it at that" ("Meet the Press," NBC, 11/27).

*6 NAMES: CISNEROS IS NUMBER ONE ON GOP HIT LIST

U.S. NEWS' "Washington Whispers" reports HUD Sec. Henry Cisneros is expected to be one of the first targets of the GOP in

Post, 7/27

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Where Health Care Reform Effort Failed

Some Officials Blame White House as Plan Appears Dead for Year

By Dana Priest
Washington Post Staff Writer

NEWS ANALYSIS

From the beginning, White House officials charged with constructing President Clinton's health care reform plan believed the plan itself would be so compelling, its reasoning so unassailable, that Americans would cast off their distrust of government, rise up against opposing industry interests and force Congress to pass some version of it.

But their belief that they could rise above the political process left them with an orphan, a bill with no legislative parents whose complexity and enormousness, whose bureaucratic structures, regulations and taxes made it easy prey for those who sought to persuade the majority of the public that it would bring more harm than good.

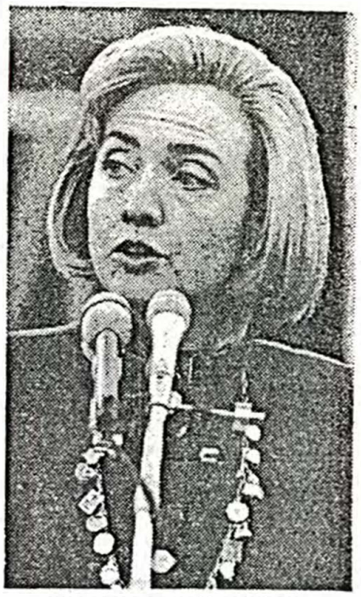
Once the Clinton package finally reached Capitol Hill last fall, after seemingly interminable delays, the opposition had built to such intensity that even supportive legislators were unable to divorce substitute proposals from public anxiety over the president's plan.

After nearly two years of upheaval, Congress has recessed without passing a health care bill. Democratic leaders are working with a handful of Senate moderates to salvage a skeleton of the original grandiose proposal that could be passed before the November elections.

The whimper with which broad reform has been abandoned has left many mulling over what went wrong.

"The [Clinton] bill was the product of an ivory tower," Sen. Charles E. Grassley (R-Iowa) said this week. "The grass-roots meetings and town meetings were to cloud over that approach, they were a public relations

See HEALTH, A4, Col. 1



HILLARY RODHAM CLINTON
..."this country is always reluctant"

Planners Blamed for Health Reform Failure

HEALTH, From A1

thing. When the grass-roots woke up to the fact that these people were really going to change things, they just got scared to death."

Grassley was courted on health care last year by First Lady Hillary Rodham Clinton. But his feelings about the White House are shared by many notable Democrats—Ways and Means health subcommittee Chairman Rep. Fortney "Pete" Stark (D-Calif.) and Senate Finance Committee Chairman Daniel Patrick Moynihan (D-N.Y.) among them—who had tried repeatedly to warn the White House it was steering the health care boat off course with such a grandiose design.

"There is a profound misconception about the capacity of government" to predict the effect of such massive changes as those proposed by the administration, Moynihan said recently. "You get into pretending to know the unknowable. We have a generational problem and it will take a generation to get out of it."

That was the warning, too, of Congressional Budget Office Director Robert D. Reischauer, whose financial analysis of various health bills has included the caveat that all are unworkable as written in the real world.

The problems that in hindsight seem so obvious began during the administration's early months, when White House policy chiefs, led by former business consultant Ira Magaziner, immersed themselves in constructing the perfect bill, one that would be near-impervious to the political process that awaited it on Capitol Hill.

As their self-imposed, 100-day deadline for producing legislation slipped in May 1993, supportive titans among Capitol Hill liberals including Sen. Edward M. Kennedy (D-Mass.) and Rep. John D. Dingell (D-Mich.) pleaded for an outline they could lay their hands on and shape to the political realities of Congress. But the White House insisted on patience while it perfected its 1,342-page plan.

So at precisely this time last year, with much of the Clinton plan made public through leaked newspaper accounts, the health industry and Republican opposition already was hitting hard at its credibility. Members of Congress began to criticize the White House for political naivete, and the public got a case of irreversible jitters over what such large-scale changes might mean to them.

> *"The process got ahead of the public."*
>
> — Sen. Joseph I. Lieberman (D-Conn.)

The six months between the May 1993 deadline and the bill's introduction in Congress in November was a period of delay from which the White House never recovered.

Nervousness about the scope of proposed changes was reflected at each stage of the congressional process. After unceremoniously killing off the most egregious federal bureaucracy in the Clinton bill—the health care purchasing alliances—three subcommittees and five Senate and House committees struggled to craft their own versions of the Clinton plan.

While the process chugged along, major disputes were never resolved, differences were never narrowed. Instead, each committee, and then the Senate, replayed arguments over how extensive the government's role should be and how much to believe the private sector could correct most of the problems. The infamous common ground was elusive.

All the while, interest groups—small and large business lobbies and most of the health care industry—were unleashing an unprecedented grass-roots campaign of their own, combined with targeted television commercials and campaign contributions. Health industry interests contributed $26 million to congressional campaigns in the 17 months ending May 1994, according to an analysis of Federal Election Commission records prepared by Citizen Action, a liberal advocacy group.

Two weeks ago, Hillary Clinton reflected on the White House effort to win health care reform. She seemed, some reporters concluded afterward, to be reserving a place in history.

"If we had not had a Depression, do you think we could have passed Social Security? I think there's a big doubt," she said. "If we had not had 20 years of sustained effort, plus an assassination, do you think we could have passed Medicare? I mean, this country is always reluctant to do things that are even in our own economic interest, as health care reform is, and universal coverage is."

As Sen. Joseph I. Lieberman, a conservative Democrat from Connecticut, ventured this week: "The process got ahead of the public."

Democratic leaders and White House officials insist a meaningful bill is still possible.

Where once the White House and its supporters counted on floor debate in the House and Senate to focus the public's attention and bring popular demand for universal coverage to bear on reluctant members, now all sides are looking to the private negotiations between a handful of Senate moderates and Senate Majority Leader George J. Mitchell (D-Maine) to end the impasse.

Members across the political spectrum said this week they expect only incremental reforms—changes in insurance market rules and modest insurance subsidies for low-income people—to have a chance to pass this year. In addition to the great political divide that still denies any health bill a healthy majority in Congress, time has all but run out.

Mitchell, who briefed Clinton yesterday, said his talks with the bipartisan group "offers a good bit of hope and promise" to pass health care legislation this year. He said, "incremental, like the word 'beauty,' is in the eye of the beholder."

Congress will have one month before a scheduled mid-October adjournment to pass separate bills through the House and Senate, to conclude a conference report that reconciles any differences between the two plans and then have each chamber vote again to pass the melded version.

President Clinton said yesterday he would not "embrace an approach that will do more harm than good" but would not weigh in on the Mitchell talks.

"Let's see what they're doing," he said, " . . . and see what people are feeling like after they get a night's sleep or two."

Staff writer Bill McAllister contributed to this report.

OVER THE COFFEE



Donald
KAUL

How health care became such a boondoggle

This was the year that Congress was supposed to give us national health insurance. President Clinton promised it and Congress nodded when he said it. Alas, it was not to be.

It's generally conceded that comprehensive, universal health-care reform is dead for now. Whatever Congress comes up with when it comes back from its vacation in a few weeks will be far less than that.

What happened, the wise men, seers and pundits are asking. What went wrong? I have the answer:

Everything.

For one thing, President Clinton screwed up royally when he put his wife in charge of putting together a health bill.

Hillary Rodham Clinton is as smart as a whip, but she was not what you needed to head the health-care task force. You needed someone with health-care credentials who was universally respected, someone with a track record for integrity and nonpartisanship. You needed C. Everett Koop.

Koop, the surgeon general under both Ronald Reagan and George Bush, would have been the perfect choice. He might have been able to sell the idea of health-care reform to a suspicious public.

Hillary, on the other hand, is a lightning rod for controversy. A lot of people hate her just for being a strong woman. Others for being married to Bill Clinton. Nonpartisan, she is not. Plus, she came into the job not knowing much more about health care than you and I.

Hillary then compounded the error by going about writing a health-care bill in the worst possible way — secretly. She and her staff disappeared from sight for months while they worked on a plan that was going to be so brilliant that it would bring the nation to its knees in gratitude and admiration.

Meanwhile, the health-care industry, fearing that it was going to be reformed out of big bucks, launched what eventually became a $50-million advertising campaign against a Clinton plan of their own definition. Public support for health-care reform began to dwindle.

PHOTOCOPY
PRESERVATION

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The Clinton proposal, when it finally came out, was precisely the wrong plan — detailed rather than general. It was a mistake no self-respecting architect would make.

When an architect is trying to sell a plan for a building, does he hand you a stack of blueprints? No, he draws a pretty little picture of what the structure is going to look like, with the trees in front and the happy people walking in and out. The details come after the deal is cut.

Hillary Clinton gave us blueprints. It was a 1,342-page document that crossed all the t's, dotted all the i's and was pretty much incomprehensible to the average voter (and journalist). Every page was a target of opportunity for Clinton's critics, of which there are a few.

Is it any wonder it is now doomed?

But had President Clinton been able to see things as clearly before the fact as the rest of us can now, he still would have been wrong, because he'd misdiagnosed the problem.

The great problem with our health-care system is not that we lack universal coverage. That's A problem, but not THE problem. The great problem is that the cost of health care is skyrocketing beyond the ability of the average person to afford it.

We can't afford the health care that we've got now; how can we make things better by expanding coverage? I know, President Clinton says that you can't contain costs unless you have universal coverage, but I don't follow him. It seems to me that in the natural order of things you would first make it cheaper, then more available.

Which brings us to President Clinton's biggest mistake of all. He tried to make us believe health-care reform was a free lunch counter where we'd get better, cheaper, more available health care and someone else would pay the bill. People sensed that might not be true.

If you're going to address health-care reform seriously, you're going to have to deal honestly with hard issues like the rationing of health care, increased government involvement in medical decisions, caps on costs, and taxes.

Yes, taxes. Sooner or later we're going to have to confront the reality that we will have to pay for what we get, or do without. Until then look for things to get worse before they get better.

DONALD KAUL *is a Register columnist.*

PHOTOCOPY
PRESERVATION

"Treasury Had Doubts About Health Plan, Papers Show"
Robert Pear, NYT, 9/8/94

Bob Pear's article only confirms the fact that a number of different ideas and views were analyzed by the health care working group, as we said. Much of the information in the boxes released on Wednesday were preliminary staff papers, describing options that were never included in the final legislation that went to the Congress.

Factual misstatements:

1. Jim Ukockis was on a working group looking at short-term price controls, which we ultimately rejected. A different group altogether was looking at global budgets, then at premium caps as a way to hold down long-term cost growth. Pear mistakes the two. He extrapolates from one Treasury official's statement that the Treasury department warned against premium caps and goes on to say that the premium caps "were denounced by doctors, hospitals, insurance companies and members of Congress from both parties..." The Administration was and still is solidly behind cost containment, and viewed premium caps as the least regulatory, most equitable way to get there. In fact, we got the idea for premium caps from Senators Danforth and Kassebaum. Groups like the American College of Physicians, the American Academy of Family Physicians and the Catholic Health Association, among others, supported premium caps, and polls have shown broad public support for regulation of insurance premiums.

2. The papers we released on Wednesday were from the working group, **not** the task force.

3. Pear claims that there was no consultation with Secretary of Treasury. First of all, each Task force member designated a representative to serve on the working group. In addition, there were dozens of officials from the different departments drawing up the options and the analyses for ultimate consideration by the task force and the President. The working group did not make decisions. The President did, advised by the Cabinet-level task force.

easury Had Doubts About Health Plan, Papers Show

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Sept. 7 — From the first weeks of the Clinton Administration, Treasury officials expressed profound doubts about major parts of the President's plan to overhaul the nation's health care system, White House records made public today show.

Today, the Administration released 234 boxes of working papers of Hillary Rodham Clinton's Task Force on National Health Care Reform, after fighting for 18 months to keep the boxes, each containing about 2,500 pages, secret.

In the documents, economists warn that the President's plan had "fatal flaws" that could cause "real-world havoc" and "potential disasters" for the nation's health care system.

The papers were made public at a time of soul searching within the Administration about what went wrong with the President's campaign for universal health insurance. After rejecting several plans with that goal, Congress returns next week to take up more modest proposals.

The records of the task force show that Treasury officials anticipated almost all the criticism later aimed at Mr. Clinton's health plan, but that the White House brushed aside the concerns as relatively insignificant.

Concerns About Cost

Harold M. Ickes, deputy chief of staff at the White House, said today that the records showed that Mr. Clinton's policy-making process was open to many points of view.

In the first half of 1993, Treasury officials often contended that Ira C. Magaziner, the coordinator of the task force, was making decisions without consulting Cabinet officers like Treasury Secretary Lloyd Bentsen. The officials expressed concern that Mr. Magaziner had neglected the explosive question of how to pay for universal health insurance.

On Feb. 17, 1993, James R. Ukockis, a senior economist at the Treasury Department, wrote that the work of the task force "has gone from frenetic to frantic' as the White House devised schemes to control health costs and health insurance premiums. On Feb. 23, Mr. Ukockis wrote that Mr. Magaziner "was not interested in a balanced evaluation" of price controls, but wanted "someone to make the best possible case for a specific price control program."

Then on March 23, Mr. Ukockis wrote, "Every option has fatal flaws, which, although passed off as problems 'still under examination,' are actually major roadblocks to successful implementation." He expressed concern that Secretary Bentsen would be "confronted by a fait accompli when he is finally brought into the health policy process" by Mr. Magaziner.

President Clinton did propose Federal regulation of health insurance premiums as a way to slow the growth of health spending. The proposal was denounced by doctors, hospitals, insurance companies and members of Congress from both parties, just as the Treasury had predicted.



Edward Keating/The New York Times

Ira C. Magaziner, the coordinator of the health care task force, speaking at a meeting of the American Political Science Association in New York yesterday. Documents released by the White House yesterday indicated that Treasury officials had raised concerns about the health plan early in 1993.

White House releases documents from health care task force.

Ridicule and 'Guesstimates'

Another official, David M. Cutler from the staff of the President's Council of Economic Advisers, upset White House officials when he challenged major premises of the Clinton plan. He argued in August 1993 that the growth of health spending had not done significant damage to the growth of the nation's total economic output. Moreover, he wrote, "Total compensation as a share of gross domestic product has remained remarkably constant since 1947, even as health care spending has increased as a share of G.D.P."

President Clinton eventually proposed that employers pay most of the cost of health insurance for their employees. Mr. Cutler said in August 1993 that this proposal "will mandate an increase in employer spending much greater than ever previously legislated," and he declared that this "mandate is essentially a tax," contrary to the official position taken by the White House.

Paul Starr, a Princeton professor who was in charge of a panel drafting proposals for short-term cost controls, complained a few days later that Mr. Cutler's analysis seemed to "downplay the importance of the problems we are trying to address."

In April 1993, Treasury officials ridiculed the reliability of estimates of savings to be achieved from the Clinton plan.

In response to a request from the Council of Economic Advisers, Administration officials "sat around the table making guesstimates of the savings to be realized" from various cost-control proposals, according to one Treasury memorandum. It concluded, "It was an appropriate exercise for April Fool's Day."

A Strategy Backfires

Experts from the Treasury's Office of Tax Analysis protested Mr. Magaziner's decision to bring in experts from private industry to audit their revenue estimates.

"This outside review process is without precedent," wrote Janet Holtzblatt of the Treasury. "The audit group does not contain individuals with the experience to evaluate the work of the Office of Tax Analysis. It consists of eight members, seven actuaries and one health economist. All eight are employed by private industries with an interest in health reform and tax policy."

Just two weeks after Mr. Clinton took office, Professor Starr suggested that the President ask Congress for "standby authority to control health care prices." But in a memorandum to Mr. Magaziner, Mr. Starr wrote, "It is better for the exact method and span of controls to be left ambiguous, as this allows interest groups to imagine the worst."

This strategy backfired, White House officials say. Drug companies, insurers and others in the health care industry were so alarmed at the talk of price controls that they organized a campaign to attack the Clinton plan before its details were set.

Mr. Ukockis wrote that Mr. Magaziner's insistence on price controls "may be a brilliant strategy, but it may also be reckless." He told the White House that "Treasury personnel are not to take part in formulating or advocating a price control proposal until Secretary Bentsen specifically approves of such activity."

Families Urged to Become More Involved in Children's Education

By IRVIN MOLOTSKY
Special to The New York Times

WASHINGTON, Sept. 7 — Education Secretary Richard W. Riley today called for greater family involvement in schools and said teachers and employers had to be recruited to make it work.

"The American family is the rock on which a solid education can and must be built," Mr. Riley said as he issued a report entitled "Strong Families, Strong Schools." But parents acting alone cannot do the job, he said.

"There is a disconnection between educators and parents that needs our attention," he said. When parents enter schools, the Secretary said, they often find nothing inviting, "nothing that suggested that parents were, in fact, the true owners of the school."

Employers, Secretary Riley said, should be more understanding of the needs of working parents. "We must see the value in job-sharing, flex time and release time for families to give attention to the children," he said. "Schools at the plant site, day care in the office, parents working at home without stigma or financial loss."

Mr. Riley's presentation, made in a speech at the National Press Club, both borrowed from and indirectly criticized recent Republican Administrations.

For example, he referred to the "rules and moral standards that we live by as a nation," a notion often invoked by William J. Bennett, Secretary of Education in the Reagan Administration.

Asked later about that, Mr. Riley said, "Neither one of us invented this issue," and he added, "I share a lot of his views about virtues."

At the same time, Mr. Riley appeared to be repeating Democratic accusations against the Reagan and Bush Administrations when he said, "America needs to give up its get-it-now, live-for-today mentality and start looking down the road to make sure that we give all of our children the America they deserve."

Free copies of "Strong Families, Strong Schools" can be obtained by telephoning 1-800-USA-LEARN. The report is largely a review of past studies and summarizes what families, schools, communities, businesses and government can do to improve education.

Mr. Riley said parents should limit the time that their children spend watching television. At the same time, he said parents had an obligation to read with their children and to spend more time with them instead of "letting our children grow up, at times, almost alone and disconnected."

Employers, he said, should help working parents find ways to help in their children's education, but he added that this should be voluntary, not through legislation mandating such things as flexible working hours.

William Kolberg, president of the National Alliance of Business, appeared with Mr. Riley and endorsed the recommendations. Echoing Mr. Riley, he called on employers to be "family friendly companies" but said that each company had to find for itself how to accomplish this and that there should be no legal compulsion involved.

HEALTH CARE REFORM

The Lost Chance

The Clintons: NEWSWEEK reveals how they set out to reform a broken health-care system—and squandered a historic opportunity

BY STEVEN WALDMAN AND BOB COHN

THE CLINTONS WERE EUPHORIC. The president had scored a huge success with his nationally televised speech laying out his vision of national health reform. Now, in October 1993, the time had come to brief the president's economic advisers on the specifics of the plan. Hillary Clinton was, as usual, articulate and commanding as she walked through the massive and detailed blueprint. But when she finished, she was greeted by silence. Somewhat gingerly, fearful of offending the First Lady, a few senior officials began raising concerns. Gradually, the questioning grew more aggressive, challenging the basic assumptions and approach of the proposal upon which the president had staked his political future. The plan was too bureaucratic, one official argued. The numbers didn't hold up, the financing was unrealistic, pressed another. Almost everyone present in the Roosevelt Room that day agreed that the plan was too complex to sell to Congress.

The chorus should have come as a warning. The men and women present, old Washington hands like Treasury Secretary Lloyd Bentsen and Wall Streeters like economic adviser Robert Rubin, had an instinctive feel for what would fly, and what wouldn't, with the special interests and politicians who would decide the fate of health reform. Mrs. Clinton, however, airily dismissed these worries. "With a wave of her hand, she simply said everybody was wrong," recalled a senior official who was present at the meeting.

The First Lady's arrogance was poorly timed. Some of her own friends and advisers would later look back on this moment as a critical lost opportunity. It was, in a sense, understandable; politicians and pundits at the time marveled that Mrs. Clinton was a cross between Eleanor Roosevelt and Lyndon Johnson. And there is *still* a slight chance that Congress will pass a significant version of health reform in the next few weeks. But the fact remains that Bill Clinton has no chance of realizing what he persistently called his main objective, indeed the most cherished goal of his presidency: guaranteeing health coverage to every American.



AP

THE PRESIDENT

Clinton staked his political future on health reform. A mix of hubris and bad judgment ruined a hope to reach that dream.

NEWSWEEK POLL

Who has been most responsible for the difficulty Congress is having in passing health-care legislation this year:

- 9% President Clinton
- 9% Hillary Clinton
- 18% Republicans in Congress
- 4% Democrats in Congress
- 13% Medical industry
- 21% Insurance industry
- 5% Small-business owners

THE NEWSWEEK POLL, SEPT. 8-9, 1994

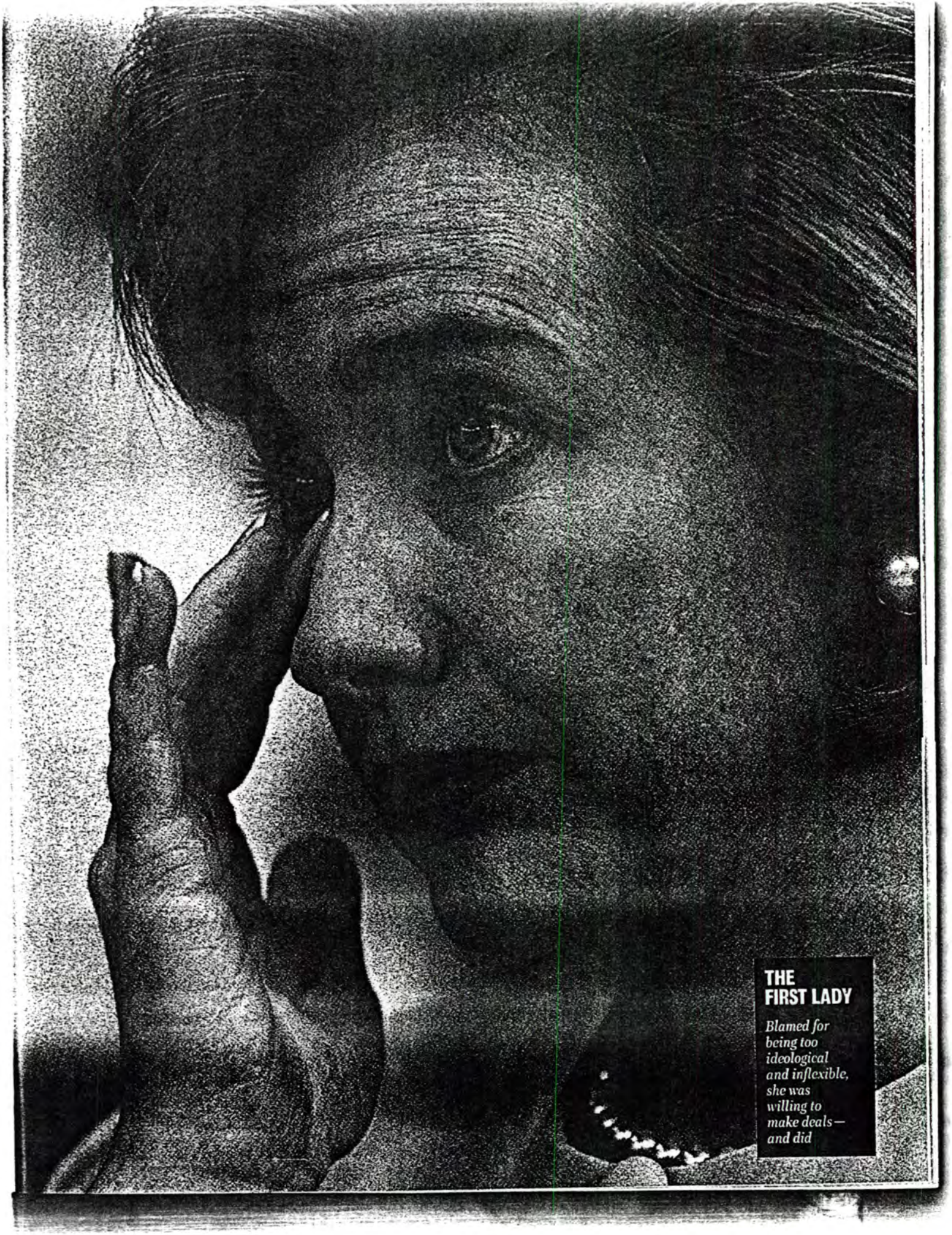
What went wrong? Mrs. Clinton blames the special-interest groups, and not without reason. NEWSWEEK estimates that the interest groups spent at least $300 million—more than the Democratic and Republican 1988 and 1992 presidential nominees combined—to defeat health care. Much of this money was spent on blatantly untrue advertisements designed to scare the public. Many of the politicians involved also switched positions continually, and the press was confused and negligent.

Some will argue that, in the sour environs of modern Washington politics, real reform was impossible. There were just too many countervailing forces; the president's goal of universal coverage was just too ambitious. A NEWSWEEK Poll reflects this disillusion: more people blame Congress (22 percent) and lobbyists (39 percent) than the Clintons, and most people (66 percent) think Washington should give up and start over again next year. But NEWSWEEK reporters, retracing the progress of Clinton's campaign for health reform, reached a different conclusion. In fact, there was a real, if fleeting, chance to secure the sweeping reforms that Clinton envisioned. But because of hubris and poor judgment, the Clintons missed it. This is the story of how the president squandered the biggest opportunity to make social policy since the Great Society.

'Screw the Moderates'

IT IS ALMOST FORGOTTEN NOW THAT VIRTUALLY all of the big interest groups that savaged the Clinton plan were—only a year ago—at least tenuously in favor of Clinton's main goal of universal coverage. The American Medical Association—scourge of health reform for decades—was for it. So were the big insurance lobbies. Most major corporations were for it—they even accepted that they would have to pay for universal

JOHN FICARA—NEWSWEEK (FACING PAGE)



THE FIRST LADY

Blamed for being too ideological and inflexible, she was willing to make deals—and did

coverage with so-called employer mandates requiring businesses to provide insurance for their workers. That bastion of conservatism, the U.S. Chamber of Commerce, had reluctantly come to the conclusion that ever-rising medical costs could be controlled only by a system of universal coverage. A score of Republicans, including Senate Minority Leader Bob Dole, had signed on to the principle of universal coverage.

All of these mainstream groups had come to appreciate a basic reality. It is very difficult to achieve meaningful health reform—to provide Americans with affordable coverage—without making it universal. Costs and risks must be widely spread. If large numbers of healthy people are allowed to opt out, the costs go up for everyone else. After this basic understanding, however, consensus falls apart on the means of paying for and providing coverage. Clinton's greatest challenge was to pull together disparate interests and find a way to attract a political majority.

White House moderates like David Gergen and chief of staff Mack McLarty urged the president to propose the broad outlines of a bill that could be embraced by major business groups and Republicans. The details, they argued, could be worked out later. But the president was listening to his wife and her liberal allies within the White House. Given the task by her husband of ramrodding health reform, Hillary Clinton wanted to take a different course—to design, in secret, a more grandiose scheme.

Instead of a "center-out" political strategy, the First Lady and most of the political advisers pressed for a "left-in" model that would build on a liberal base—mainly labor and the seniors lobby. "The strategy was simple: screw the moderates," said an administration official. "We can do it on our own." Hillary and Co. were probably right that Bob Dole and the Republicans couldn't be trusted. The problem was that the White House health reformers didn't trust anyone else, either. Some members of Mrs. Clinton's task force now regret the lost chance to line up the "medical-industrial complex" before it was too late. "I wish there'd been an effort to embrace those groups conspicuously, to lock them in," says Paul Starr, a Princeton professor who helped write the Clinton plan.

The Man Who Knew Too Much

THE MAN PICKED BY THE CLINTONS TO design a health-care plan—Ira Magaziner, a business consultant and fellow Rhodes scholar—did get plenty of advice. Magaziner and Mrs. Clinton were, to be sure, conscientious and careful. Their unwieldy 500-person task force spent five precious months trying to anticipate the unintended consequences of each policy decision. Implicit in the exercise was the assumption that they *could* anticipate every problem. To the staff, it sometimes seemed as if Hillary and Magaziner thought that they were the first people ever to think about health care. "If it didn't spring from Ira's head, it didn't matter," one adviser complained. Despite the fact that congressional committees had been dealing with the issue for years, they figured they could do it better. "Both Mrs. Clinton and Ira share the same weakness—they're terribly sure of themselves," said another health-care confidante.



MAGAZINER

The task-force director was very sure of himself. 'If it didn't spring from Ira's head,' said one staffer, 'it didn't matter.'

Hillary and Magaziner became obsessed with leaks and secrecy. They scheduled most key decision meetings on the weekends in the White House residence with just the president and the two of them present. She was afraid that if lobbyists learned what they were deciding, they would sabotage the product. Privately, she griped (with some justification) that if the press couldn't get the presidential haircut story right, how could they be expected to accurately report something as complex as health alliances and employer mandates? She and Magaziner tried, in effect, to build themselves a policy biosphere, a sterile, protected realm in which to hatch the Perfect Plan.

NEWSWEEK POLL

What should be the main goal of health-care reform?

49% Guaranteed basic medical coverage for all Americans

23% Reducing the cost of care to people like me

17% Reducing the nation's overall health-care spending

THE NEWSWEEK POLL, SEPT. 8-9, 1994

The economic advisers and number-crunchers at Treasury and the budget office were cut out. Hillary dismissed Treasury Secretary Lloyd Bentsen as a Washington-tainted "incrementalist" who didn't grasp the need for boldness. Bentsen's advisers, in turn, were extremely skeptical of Magaziner and his estimates. "We will need to be very vigilant about the numbers. There is a tendency to believe any number is better than no number at all," Treasury official James Ukockis wrote about the work of Magaziner's task force in a secret memo, dated March 31. Another Treasury memo likened Magaziner to the U.S. Army general in Vietnam who had to "destroy the village in order to save it." "Mr. Magaziner is employing euphemisms such as 'the current thinking is . . .' and 'a consensus is forming around' to indicate certain policy choices are winning out. But who makes up the consensus, and what arguments/evidence are being considered?" the Treasury official wrote. "We need to press these issues or the Secretary may find he is confronted by a fait accompli when he is finally brought into the health policy process."

It is significant that Clinton didn't bring in Bentsen—or his other economic advisers—until it was too late. Because Clinton listened to his economic team—and not just his political advisers—in his first year in office, he was able to get a budget through Congress that actually achieved some deficit reduction. It meant sacrificing some campaign promises, like a tax cut for the middle class, but Clinton was willing to be pragmatic. His original interest in health reform was to rein in the uncontrolled spiral of health-care costs. He was at least sympathetic to the arguments of the moderates, who urged him to try a more bipartisan approach. But in the end, he sided with Hillary, who argued for sending the whole 1,342-page version to Congress, where it was immediately mocked for its complexity. Ironically, Hillary was supported in this stand by Democratic congressional leaders, including Senate Majority Leader George Mitchell and House Majority Leader Richard Gephardt, whose political wisdom was notably lacking. Clinton also rejected a suggestion by chief of staff McLarty, a former utility-company CEO, that Deputy Treasury Secretary Roger Altman, a Wall Street veteran, launch a major effort to build bridges with the business community on health care.

Hillary and the White House politicos wanted to attack business. James Carville, the chief operator of the 1992 campaign, believed it was important to have black hats and white hats in the health-care debate. So Hillary attacked the insurance industry—even through insurers supported employer mandates, the controversial key to achieving universal coverage. Internal polls showed public dissatisfaction with doctors, so she attacked them—even though the AMA leadership had taken the risky posture of endorsing universal coverage. "She made the AMA leadership look impotent," said one health reformer.

Hillary has always tried to keep Clinton focused, to guard against his tendency to give away too much, too soon. Gathering in



CHAFEE

This leading moderate GOP senator rebuffed a feeler sent in the winter of '93 by Mrs. Clinton to begin secret negotiations

KATHERINE LAMBERT (TOP), MARTIN SIMON—SABA

the White House solarium before the president's State of the Union speech last January, Clinton's advisers talked about a "visual" to dramatize the president's demand for universal coverage. Pollster Stan Greenberg and media consultant Mandy Grunwald suggested that he hold up a pen in the air and threaten to veto any bill that didn't provide health insurance for every American. It was sure to make the 11 o'clock news.

Recalling what the veto threat had done to his fellow Republican George Bush ("No new taxes!"), adviser David Gergen argued that the gesture would limit Clinton's ability to cut a deal. But Hillary—together with the political advisers—pushed for the veto threat.

Attack of 'the Hermanator'

THE CLINTONS WOULD LATER BLAME "Harry and Louise," the fictional couple in the ads aired by the insurance industry, for undermining health reform. But the real saboteurs are named Herman and John. Herman Cain is the president of Godfather's Pizza and president-elect of the National Restaurant Association. An articulate black entrepreneur, Cain transformed the debate when he challenged Clinton at a town meeting in Kansas City, Mo., last April. Cain asked the president what he was supposed to say to the workers he would have to lay off because of the cost of the "employer mandate." Clinton responded that there would be plenty of subsidies for small businessmen, but Cain persisted. "Quite honestly, your calcula-

Hillary: Humbled, Bitter and 'Shellshocked'



JAMES COLBURN—PHOTOREPORTERS

BY ELEANOR CLIFT

AMID ALL THE RUMORS about an impending White House staff shake-up, there is no mention of what Hillary Rodham Clinton thinks, or whom she wants in which job. During the '92 campaign no one made a move without first running it by the candidate's wife. And many of President Clinton's cabinet appointments and top staff jobs bore a clear Hillary stamp. That she has taken herself out of the personnel-and-policy loop surprises some White House aides. But it seems she has no intention of reclaiming her role as de facto chief of staff. "She's shellshocked," says a friend, who predicts that Mrs. Clinton will act like a much more traditional First Lady for the rest of her husband's term.

Hillary's disengagement may be emotionally therapeutic. She has been humbled by the health-care fight and by how easily the historic moment of opportunity disintegrated into a raw partisan battle. "She's a little stung," says an aide. "She wants to take it easy for a while." She was once certain about her ability to judge people, confidantes say, but the experience of the last year has shaken her faith in her own political skills. She doesn't think it was a fair fight, and she is angry and bitter. At this point she is trying not to play the blame game, at least in public. In private, she fumes at everybody.

The surest sign of a chastened Hillary is her willingness to let chief of staff Leon Panetta have a free hand in trying to strengthen her husband's presidency. She thinks that Panetta, a Washington insider, may better understand the alien place. And if a shakeup means straining old friendships or alliances, it is better to let Leon do it than for her to get involved. The president was anxious to get back to work last week, but Hillary had no desire to return to Washington. She headed for Santa Barbara, Calif., where she extended her vacation a few days with old friends, Hollywood producers Harry Thomason and his wife, Linda.

A year ago Hillary wowed lawmakers with her command of health-care reform, but now she's as tired of them as they are of her. She will continue to be "a voice for health-care reform," says an aide. "But what she says will not be targeted to the latest moves of Congress." Like her husband, Hillary has decided that her political recovery depends on escaping from the minefields of the Hill to the safety of broad themes that most people can agree on. As part of that strategy, she is expected to begin speaking out against the violence in American society, particularly violence against children. Her goal is to rally individual, corporate and community support, says an aide, not to engineer legislative solutions.

In effigy: But Hillary's top priority is to ensure her husband's re-election. She hit the campaign trail last week, appearing with gubernatorial candidate Kathleen Brown in California, a critical state for Clinton in '96. The question is: will she be a liability? Polls show that the First Lady is almost as controversial a figure as her husband, with many voters uneasy over the activist role she chose. Last month in Owensboro, Ky., a smokers' rights group actually burned her in effigy—the mayor called it "an act of hate." But Clinton campaign strategists say Hillary is essential to turning out Democratic votes, especially among women. In California a million women who voted in '92 stayed home from this year's primary; turnout was the lowest ever recorded. "Those who love her really love her," says a White House aide. And those who don't won't have the old Hillary to kick around anymore.

tion is inaccurate," he told the president. "In the competitive marketplace it simply doesn't work that way."

The switchboard at Godfather's was lit up with supportive calls. It was as if the small business community—a very large and politically powerful group—had been told to march on Washington. Cain, said Larry Neal, an aide to Sen. Phil Gramm, "was the lightning rod."

While Cain looks the part of a striving small businessman, John Motley, chief lobbyist for the National Federation of Independent Business (NFIB), looks like, well, a Washington lobbyist. But he's one of the smarter ones. He understood that the real battle would not be fought on the TV airwaves or at the expense-account restaurants of Washington but back home, in the districts of members of Congress. Motley mobilized thousands of small businessmen, including "the Guardians" (the NFIB's 40,000 most reliable members), to work their local representatives. Armed with computer files showing pertinent facts—like whether certain members of Congress had kids who worked as waiters in the summer—the NFIB and the restaurant association went after their targets. Rick and Ralph Tevis, owners of Tevis's Restaurant in Topeka, Kans., talked to one of their regular customers—Rep. Jim Slattery, a member of the Energy and Commerce Committee. Slattery came out against universal coverage.

The NFIB was also effective in lobbying other lobbying groups. They had small businessmen lean on their doctors—and before long, the AMA, dissed by the Clintons, came out against employer mandates. The NFIB pressured the Chamber of Commerce by urging small businessmen to quit in protest of the chamber's support of employer mandates. When the chamber's dues began to drop precipitously, the chamber, too, reversed its position in February. A day before, the Business Roundtable had also slammed the employer mandate.

A wave of scare-tactic advertisements by other groups added to the hemorrhaging of support for health reform. A study by the Annenberg Public Policy Center at the University of Pennsylvania found that fully half the broadcast ads were "unfair, misleading, or false." Empower America, led by former Bush administration official William Bennett, charged that the Clinton plan would limit choice of doctors. In fact, it would increase choice for the 15 percent of Americans who now have none. Another conservative lobbying group simply made up a horror scenario that every American would be given a wallet-size card at birth that would hold a micro computer chip containing private medical facts ("treatment for hemorrhoids, psychiatric care") that the government could use to "control every aspect of YOUR life." Herman Cain—the "Hermanator" as his friends called the pizza entrepreneur—went on a satellite TV broadcast on July 12 to warn restaurateurs around the country: "Who's going to enforce [health care]? The health-care police! You think the IRS is a friendly bunch of people—wait until the health-care police come knocking at your door looking for premiums because you didn't pay your alliance!" Never mind that the notion of health-care alliances had been dropped from the Clinton plan by then.



MITCHELL

The Senate majority leader is working with GOP moderates to craft incremental legislation, but time is running out

NEWSWEEK POLL

Should health-care-reform legislation be passed this year, or should Congress take more time to examine the various proposals and start over next year?

28% Pass reform this year

66% Start over next year

THE NEWSWEEK POLL, SEPT. 8-9, 1994

Whether to Deal

HILLARY WAS INFURIATED by these attacks. "This is so misleading and false," she complained to Magaziner. "We cannot just sit back. These people are hammering us with lies and we're not responding." She was driven by a feeling that she couldn't let down all the people with tragic health-care horror stories she had met during her constant travels. "She will never get rid of those faces," a friend says. "She will never get rid of those voices."

When attacked, Hillary's instinct has always been to hit back. A "war room," modeled on the '92 campaign, had already been set up. On the computer screen of war-room media chief Jeff Eller was the sign HONOR EVERY THREAT. In practical terms, that meant magnifying every threat. Harry and Louise, the AMA, the restaurant lobby—every shot they took at Clinton, the war room fired back. The press was mostly mystified. Never able to grasp the substance of health reform—or at least convey it simply to their readers and viewers—reporters settled on the horse race. Would Clinton pass a bill?

That depended on whether he was willing to make a deal. It became increasingly apparent that Clinton lacked the votes to pass employer mandates. His moderate advisers, including his friend Mc-Larty, urged him to compromise. But the groups known as the "fight, fight, fight" team—Hillary, Magaziner and top political operative Harold Ickes—resisted. They suspected—probably correctly—that if they moved to the center, Dole and the conservatives would just move farther right.

Mrs. Clinton has been blamed for being too ideological and inflexible, caricatured by the right as a leftist shrew. In fact, she was sometimes willing to make deals. The original plan included huge payoffs for seniors (guaranteed reimbursement for their Medicare drug prescriptions) and for heavy industry and Big Labor (guaranteed health coverage for early retirement). NEWSWEEK has learned that she even sent a feeler to Republican Sen. John Chafee, a leading moderate reformer, as early as the winter of 1993 to begin secret negotiations. Chafee refused.

Hillary was willing to compromise—but only at the right time. She thought it was a mistake to cave in too soon. On at least five occasions over the course of a year, White House moderates pressed Clinton to move to the middle. Clinton seemed to wobble, at one point suggesting that a health plan covering 95 percent of the people was close enough. But, thanks in part to the veto pen promise, he believed he had to hang on to the idea of universal coverage.

By holding out, the Clintons hoped for a last groundswell for reform. But it never came—and the networks, amazingly, refused to give Clinton time for a final plea to the public in August. Instead, health reform simply petered out. Although staffers for Senator Chafee and Democratic leader Mitchell are close to working out some kind of incremental legislation, there probably is not enough time left before members of Congress have to go home and face the voters in the November elections. The great health-care debate is not over, of course, and the Clintons deserve credit for bringing it to the fore. They risked a great deal to take on an issue most presidents have shied away from. But the president, and particularly his wife, must be held responsible for missing an opportunity they helped to create.



DOLE

The cranky Senate GOP leader agreed, early on, with the goal of universal coverage, but then became an obstructionist

With ELEANOR CLIFT *and* SUSAN MILLER *in Washington*

WALLY McNAMEE FOR NEWSWEEK (TOP); ROBERT TRIPPETT—SIPA

■ HEALTH CARE

BETTER OFF DEAD?

Lawmakers act as if modest reform is still alive, but it may do more harm than good

By DAN GOODGAME WASHINGTON

THE PITCH SOUNDED SO STRAIGHTforward and practical in those TV commercials aired by the Republican Party over the summer. "We can make health insurance affordable now, without the Clinton government-run system . . . If you lose your job, you won't lose your coverage . . . Let's do it now!" That message, polls show, has resonated with the 85% of Americans who already have health insurance. Their priority, by and large, is to make their own coverage more secure and affordable, rather than to finance elaborate subsidies for the uninsured. And now that they have beaten back the major overhaul of health care that Democrats had proposed, one would expect Republicans to seize their moment.

Instead, as Congress straggles back to Washington this week, Senate minority leader Bob Dole and other Republicans are backing away from the "simple insurance reforms" they have touted for months. Republican Party chairman Haley Barbour, who commissioned the "Do it now" ads, told reporters last week that it would be better for Congress to do nothing on health this year, rather than attempt a last-minute compromise. The main reason for this retreat—as some cynical lawmakers have known all along—is that there is no simple way to make health insurance secure, affordable and portable. One reason is the seesaw effect: forcing down insurance costs for older Americans and those who get sick can force insurers to raise premiums beyond the reach of many among the young and the healthy. Result: growing ranks of uninsured.

Pivotal lawmakers and many of Clinton's top advisers predicted last week that none of the incremental reforms now before Congress looks likely to attract majority support, mostly because each bill might cause more problems than it solves. What is left of the health-care debate for this season, then, is in large part political positioning for the battle's rejoining next year.

To be sure, a handful of lawmakers is still trying to pass some worthwhile, if limited, reform in the four to six weeks remaining in this Congress. President Clinton hasn't stopped encouraging the labors of Senate majority leader George Mitchell, who retires this year and turned down an appointment to the Supreme Court in order to push for health reform. Mitchell remains committed to fight for any helpful reform he can get, as does a shrinking band of moderate Republicans led by Rhode Island Senator John Chafee. Ted Kennedy, the Massachusetts Democrat, is one of the diehards. He told TIME, "I've never thought the best should be the enemy of the good." And Ira Magaziner, chief architect of the now abandoned Clinton plan, is gamely working with Senator Harris Wofford of Pennsylvania and other Senate liberals on a "Kids First" plan to extend insurance to children who now lack it. All these players are wearing their game faces; they expect the health-care struggle to continue right through Congress's scheduled Oct. 7 adjournment.

But after a White House strategy session among a dozen of the Clintons' top health and political advisers last Wednesday night, an official summed it up: "There was a lot of doubt that we're going to get anything meaningful this year." And next year will only be tougher, with more Republicans expected to be elected to Congress in November. Clinton's supporters console themselves by noting that he isn't likely to be tested on his stern, fountain-pen-wagging threat to veto any bill that fails to guarantee universal coverage. "At least," said a political adviser, "he probably won't have to eat his pen."

Senator Joseph Lieberman, a Connecticut Democrat who consults closely with the White House on health care, said he was getting an ominously fuzzy message. "If I'm getting any signals at all," he said, "it is in the direction of folding up the tent" for this year. In Congress, he observed, "people who want to do nothing and people who want to do too much are peeling off," leaving only a minority interested in modest steps and compromise. One of those splitting off on the left was Representative Jim McDermott, a Democrat from Washington State who favors a "single payer" health system in which the government pays all medical bills from tax revenue. He declared last week that he could not support any incremental reforms, observing that Congress is "getting into that political mode where you want to do something just so that it looks like you've done something. That's often when we create the worst policy."

Meanwhile, Republican leader Dole, who last year endorsed Clinton's call for universal coverage and then supported Chafee's efforts for bipartisan accord, kept backing away from both men last week. During his travels around the country in recent weeks, Dole said, he has detected in the public mood that "health care has sort of disappeared from the radar screen as a big issue." Dole also cited the proximity of the October recess. "Every time you look at health care in that context, it looks smaller and smaller."

Nonetheless, Senators Mitchell and Chafee this week will resume their efforts to amend Chafee's bipartisan "mainstream" bill in ways that might attract majority support. One of the bill's most controversial provisions would reduce the federal-tax break for many of those who obtain health insurance through their em-

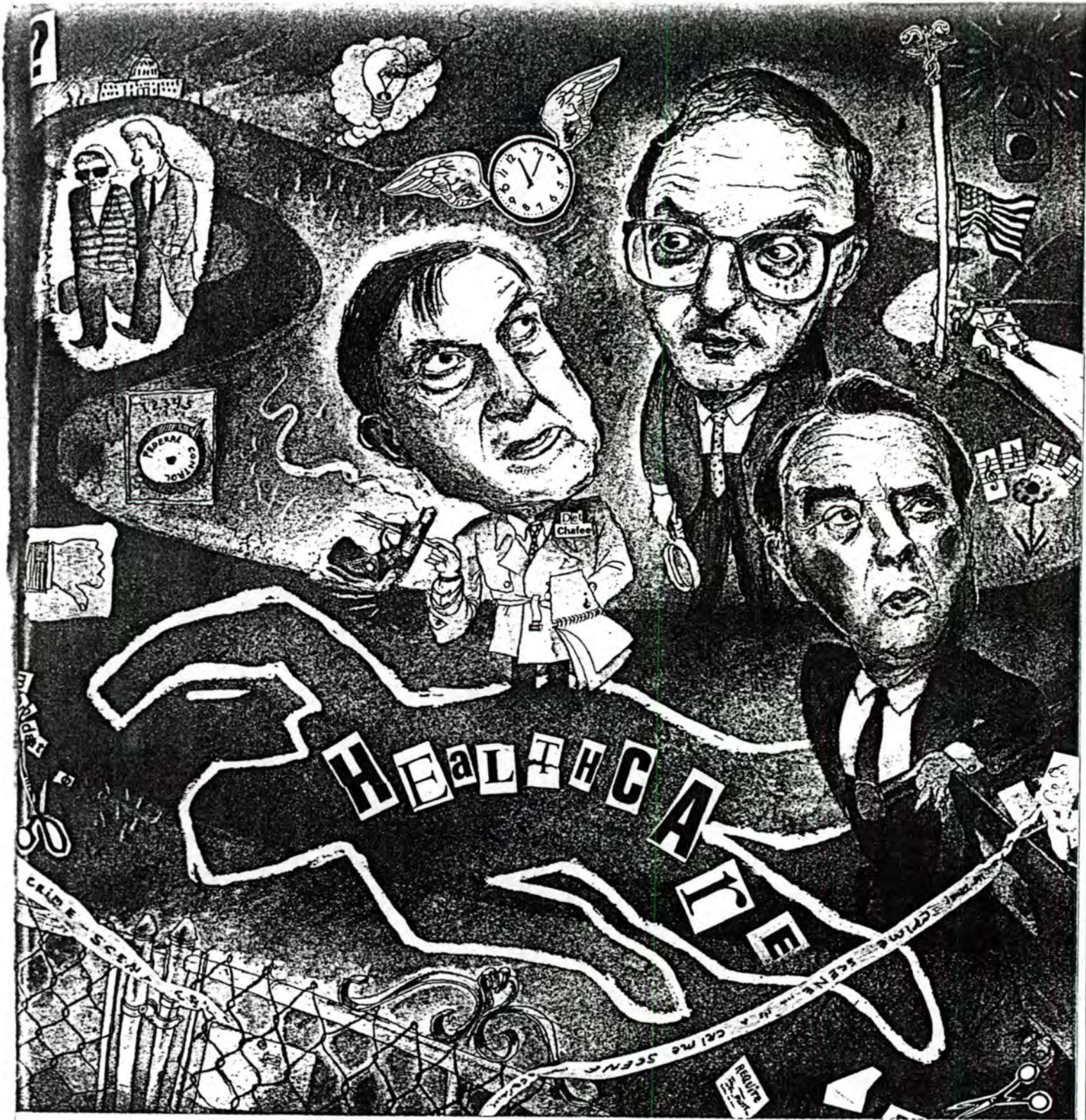
Do you think the country's health-care system needs a great deal of reform?

	April 1993	Aug.-Sept. 1994
Great deal	63%	51%
Only some	34%	38%
No reform at all	3%	9%

Which one of the following is most responsible for the failure to pass a comprehensive health-care reform plan?

	Aug.-Sept. 1994
Opposition from Republicans in Congress	20%
A lack of leadership by the Clinton Administration	19%
Lobbying against the reform by the health-care industry	18%
Business opposition to health-care reform	16%
A lack of support from Democrats in Congress	10%

From a telephone poll of 800 adult Americans taken for TIME/CNN on Aug. 31-Sept. 1 by Yankelovich Partners Inc. Sampling error is ±3.5%. "Not sure" omitted.



JOHN S. DYKES FOR TIME

LOST CAUSE: As the Clintons offer faint encouragement, Senators Chafee and Mitchell toil onward, and Dole backs away

ployers. This tax subsidy costs the Treasury $74 billion a year, fuels health-care inflation and disproportionately benefits workers with the most generous health plans. Capping this tax break is widely considered good policy but bad politics, and is unlikely to win the approval of more than 40 Senators.

Another troublesome section of the mainstream bill would limit the ability of insurance companies to raise premiums on policyholders as they age, fall ill and change jobs. That would force insurers to raise premiums on the healthy and the young, who on average earn far less than their elders. Because the bill does not mandate that all Americans carry insurance, many of the young and healthy would probably drop their coverage. That has been the experience in New York State, which instituted a similar "community-rating" system last year and found its pool of policyholders growing older, sicker and more expensive to cover.

For these and other reasons, even Senator Daniel Patrick Moynihan, whose Finance Committee gave birth to the mainstream bill, gives it little chance of passage. Harold Ickes, the chief White House strategist for health legislation, has warned

Clinton that he should avoid embracing the mainstream bill lest he be identified with another failure. At the same time, Leon Panetta, the new White House chief of staff and a veteran of Congress, warns that the President must not write off the efforts of key lawmakers. Upshot: Clinton is left to cheerlead in hoarse whispers from the sidelines.

Several less ambitious bills that attempt to reform health insurance also risk making it worse. These include bills introduced by Dole and Senator Bob Packwood, the Oregon Republican; by House minority leader Bob Michel; and by a bipartisan group of House members with the unwieldy label of Rowland-Bilirakis-Cooper-Grandy. None stands much chance of passage.

CRITICS OF INCREMENTAL REFORM explain that health care contrasts sharply with most legislative issues because it does not easily submit to the go-slow, split-the-difference culture of Congress. Senator Patty Murray, the Washington State Democrat, compares the process to "putting a 10-m.p.h. speed limit on ambulances—it's costly, and it's dangerous."

Several liberal lawmakers are trying to frame an incremental reform that would achieve universal health coverage for at least one emotionally important constituency: children. Leading the effort is Wofford, who would provide full government funding to insure all children in families below the poverty line (now $14,764 for a family of four) and would offer partial subsidies sufficient to insure children in families that have incomes perhaps four times more than the poverty level. "It probably wouldn't cover that many more people," says an Administration health expert, "but Congress and the President could say, 'Hey, we got a start on universal coverage and did some good for a group that almost everybody wants to help.' "

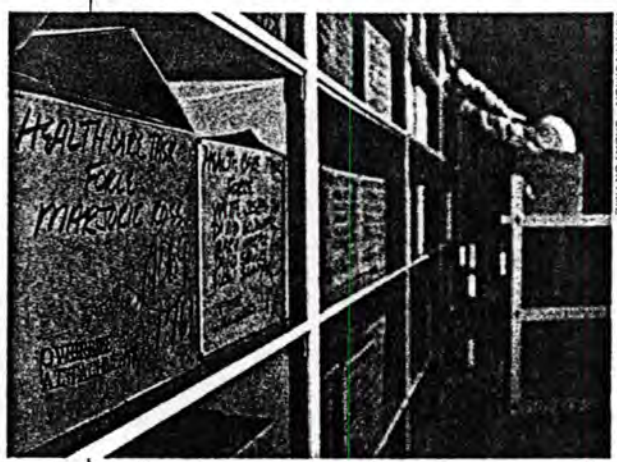
Wofford, whose come-from-behind Senate victory in 1991 first identified health care as a hot campaign issue for Bill Clinton, accepts that the public is not ready for major reform this year. But he adds some fighting words. If Congress cannot agree on at least some small step toward health reform this year, he will sponsor a bill to disqualify lawmakers from the Federal Employees Health Benefit Plan. "It's simply wrong," Wofford argues, "for members of Congress to have health benefits paid for by their employer—the taxpayers—when many of those who actually pay the taxes have no such benefits themselves." —*Reported by Julie Johnson and Dick Thompson/Washington*

Tales from the Crypt

WHITE HOUSE DOCUMENTS MADE PUBLIC LAST WEEK SUGGEST THAT THE Clinton health-care plan was in trouble from the start, even in the eyes of its designers. In a search for hidden clues about what went wrong, a team of TIME correspondents spent more than 100 hours sifting through 250 boxes of papers, memos and other documents created by Ira Magaziner's secretive health-care working group. Some highlights:

The Start-Up Memo. Magaziner, the reform architect, knew reform would be an uphill struggle. In his initial memo to Mrs. Clinton, dated Jan. 26, 1993, he listed "likely criticisms" that the plan would generate: "Cost containment would be ineffective and have perverse results . . . Limiting spending on health-care through global budgets will lead to service rationing, and interfere with quality improvements and consumers' traditional freedom to spend . . . Universal coverage would involve redistribution of income and disrupt satisfactory arrangements for many Americans." To this Magaziner added an ironic warning to himself, which he apparently would forget: "The task force should plan serious outreach activities. The policy work cannot be done in a vacuum."

The Land-Mines Memo. Magaziner was fond of listing the many political obstacles the plan would face in Congress. In early 1993 a memo, entitled simply "Landmines," fully anticipated the most potent arguments made against the plan. The employer mandate, the memo noted, would be criticized for "destroying jobs, driving many small companies into bankruptcy, fueling inflation, compromising competitiveness and forcing people to buy insurance when they may not want to do so." Similarly, it warned, the plan to create health-care alliances would be attacked as a "poor people's pool" and likened to "another layer of government bureaucracy interfering with the market." The guaranteed-benefits package, the memo warned, would be dismissed as "an unaffordable Cadillac."



MARTIN SIMON—SABA FOR TIME

Records from the secretive group are stored at the National Archives in College Park, Maryland

The Ukockis Papers. Few of the documents are as revealing of the process that produced the Clinton plan as the memos of James Ukockis, a senior economist at the Treasury Department's Office of Policy Analysis. Ukockis assisted Magaziner in analyzing proposals for cost control—when he could. On Feb. 22, 1993, after briefing Magaziner on various cost-control proposals, Ukockis recalled that Magaziner "was not interested in a balanced evaluation . . . What he wanted was for someone to make the best possible case for a specific price-control program."

At times, task-force work bordered on the absurd. On March 16 he recalled that amid the frantic pace, Magaziner sent a memo to group leaders noting that 5,000 letters were arriving daily. "We need your help," Magaziner wrote. "Our goal is to answer this mail before our May deadline." On April 2, 1993, after being asked for details of savings from various price-control proposals, Ukockis participated in another silly session. "We sat around the table making guesstimates of the savings to be realized. It was an appropriate exercise for April Fools' Day."

The Straight-Talk Directive. In June 1993, Bob Boorstin, the task-force spokesman, urged colleagues to use plain language when explaining the plan. "The public cares less about the mechanics of [health-care reform], and when you talk to them, they want to know in English what will happen to them. Talk to them less like Ira," Boorstin advised, "and more like Roseanne." ■

Why Health Reform Died

By Michael Rothschild

One year after President Clinton unveiled his health care plan to the nation, that plan—along with the slew of compromise versions it spawned—is dead and gone. But the blame game is just starting. Extreme partisanship, special-interest lobbying, Rush Limbaugh, negative advertising, administration bumbling, Whitewater, and the public's cynicism about Washington top the list of common excuses.

But excuses are not explanations. Pinning the defeat on "Harry and Louise" or any other tactic is an act of self-delusion. With initial public support well above 60%, nonstop campaigning by Hillary Clinton, control of Congress, and overwhelming support from the national media, the president should have been able to pass any reasonable health care bill. But what is reasonable inside Washington is no longer reasonable to the American people.

Oozing elitism, Beltway cognoscenti would have us believe that the American people were confused by campaign-style rhetoric and never understood the Clinton plan. But as the town meetings, newspaper analyses, talk shows and congressional debates wore on, the American people figured out this much: Though Mr. Clinton promised a "simple" plan that would guarantee choice along with security, he delivered a numbingly complicated 1,342 page plan that put another 14% of the economy under the control of federal bureaucrats.

Old Concepts

This approach to social reform—widely accepted just 25 years ago—no longer makes sense to an American public whose daily lives have been radically transformed by the first decades of the Information Age. Top-down social engineering by Washington's central planners is now intuitively rejected as an anachronism, a hopelessly inefficient throwback to the bygone era of the Machine Age.

Though camouflaged as state-of-the art social policy for an America entering the hyper-competitive 21st-century global economy, the Clinton plan merely extended concepts first enacted under Franklin Roosevelt in the 1930s. Consider Mr. Clinton's remarks to die-hard supporters greeting the health care bus tour in Independence, Mo., just days before the plan's final demise. "Sixty years ago this fight started," he said. "Fifty years ago, Truman tried it three times and failed. Twenty-nine years ago President Johnson signed Medicare into law. . . . We're halfway home and we can go all the way."

Need it be said that today's economy is unrecognizably different from Lyndon Johnson's '60s, not to mention the '40s or '30s? Back then, no one doubted that economic power would become ever more concentrated in massive, centralized hierarchies—from IBM and Sears to Washington and Moscow. Advanced technology meant bigger mainframes and more power for the bureaucracies that controlled them. The most optimistic outcome of the Cold War anyone could predict was a concordat between big capitalism and big socialism. Command-and-control hierarchies ruled the earth and put men on the moon.

Then, in 1971, just two years after Apollo 11 reached Tranquillity Bay, three young engineers at an unknown California start-up named Intel invented the microprocessor and changed the world. By 1982, the computer-on-a-chip began showing up on desktops across America. From that moment on, real decision-making power began shifting from MIS directors to midnight hackers, from headquarters staffers to factory managers, from big-time CEOs to no-name entrepreneurs. Apple Computer's famous "1984" TV ad captured the spirit of this historical watershed.

Over the past decade, relentless competitive pressure from Japan and Southeast Asia's Tigers compelled all but the most brain-dead U.S. companies to reinvent themselves. Using PCs, faxes, voicemail, e-mail, local area networks, cellular phones and satellite uplinks, they slashed costs, cut cycle time, boosted quality and accelerated responsiveness.

To make it all work, centralized hierarchies were flattened into decentralized, horizontal networks where people stopped taking orders from bosses and started taking responsibility for results. And while the big firms downsized, an entrepreneurial army of Fortune 500 refugees—several million strong—launched their own small firms using the same microprocessor-based tools. Mikhail Gorbachev preached economic restructuring, while America practiced real *perestroika*.

If you're looking for a social engineer, Ira Magaziner is the best there is. But the era of the social engineer ended with the demise of the Machine Age. Ira is a mainframe in an age of networked PCs.

Almost overnight, what had once been the world's premier Machine Age economy became the world's first Information Age economy. The significance of this metamorphosis is only now being appreciated. Just this month, the World Economic Forum made official what many in the business community intuitively knew—the U.S. is once again the world's most competitive economy.

From a policy-making standpoint, this transformation created an American economy vastly more complex than it used to be. Indeed, an Information Age economy is more like an evolving ecosystem than a predictable "economic engine." Like an ecosystem, an Information Age economy is far too complex to be designed. It must evolve spontaneously. Who planned the rainforest? Who planned the personal computer industry? In both market economies and natural ecosystems, "unmanaged" competition and continuous adaptation yield bewilderingly complex, yet enormously productive, living systems.

How did America's epochal transformation from a Machine Age to an Information Age economy affect the Clinton approach to health care reform? Apparently, not at all. The plan drafted by Hillary Clinton and Ira Magaziner, coordinator of Mrs. Clinton's Health Care Task Force, reflects classic Machine Age thinking: Centralize decisions through monopoly power, stability through tight controls, insist "one size fits all" standard, and allow room for local innovation. Plan everything out in advance—to the last nit-picking detail.

Newly released secret task force documents show that Hillary and Ira only feigned interest in proposals offered by the public, Congress, and even administration officials. They had already made the crucial design decisions. This should come as no surprise. A complicated machine can't be designed by a democracy. To ensure that its parts will mesh, you hire the best engineer you can find, give him plenty of resources, let him work in secret, and announce the product when it's ready.

I worked with Ira Magaziner years ago at the Boston Consulting Group. Like many others, I can attest to his intelligence, attention to detail, and maniacal work ethic. If you're looking for a social engineer, he's the best there is. But the era of the social engineer ended with the demise of the Machine Age. Ira is a mainframe in an age of networked PCs.

Years after IBM itself abandoned the mainframe ideology, Washington's policy wonks still don't get it. Think back to the opening line of President Clinton's health care speech. When he told the country, "This health care system is badly broken and we need to fix it," he revealed his own Machine Age mindset—government as repairman, the engineer that can redesign a busted "market mechanism."

Fatal Error

Instead of proposing an elegantly simple, market-based solution like Medical Savings Accounts supplemented with vouchers for the truly needy, Mr. Clinton's Machine Age technocrats believed that if enough really smart, really hard-working, really well-intentioned social engineers—say, 500 health care experts—worked under the right conditions, they'd come up with the ultimate policy contraption. Now, stunned by defeat, they're looking for scapegoats. Watch your back, Ira!

In the '60s, Bill, Hillary, Ira & Co. dreamed wonderful undergraduate dreams about saving America from the depredations of big capitalism. Their fatal strategic error—the one destroying this presidency along with the health care plan—has been their failure to realize that Machine Age America no longer exists. Liberated by the microprocessor, the rest of us created a new American society, while the Clinton crowd made the long climb to power.

Having learned from two decades of radical economic restructuring, the American people know what it takes to produce world-class results at globally competitive costs. Now they insist that their government perform as well as they do. From personal experience, they know that top-down, command-and-control bureaucracies are obsolete. The pundits may dismiss this hard-nosed realism as ornery cynicism, but the real story is a political/media elite utterly out of touch with the deeper forces remaking America's economy, society and politics.

Mr. Rothschild, president of the Bionomics Institute in San Francisco, is author of "Bionomics: Economy as Ecosystem" (Holt, 1990).

In Praise of Honest Graft

By Max Boot

The re-emergence of Marion Barry has caused much wailing and gnashing of teeth in respectable political and journalistic circles. Rep. Newt Gingrich (R., Ga.) calls it "a tragic moment for this country." Rep. James Moran (D., Va.) says it's "going to have a very damaging effect." Columnist Carl Rowan writes of "the surprise, embarrassment, and even horror of thousands of us here in the nation's capital."

Personally, I find it hard to work up much outrage. I'm actually rather happy that Mr. Barry won a decisive victory in the Democratic Party mayoral primary last week. I'm looking forward to Mr. Barry's tenure in office, so rudely interrupted by his videotaped 1990 bust for smoking crack. Mr. Barry, with his African kente cloth and newfangled name (Anwar Amal), is infinitely more interesting than a thousand blow-dried pols. And more honest, too: Most politicians camouflage their intentions behind a haze of bland rhetoric. Mr. Barry comes right out and says what he'll do: Loot the haves on behalf of the have-nots.



Marion Barry

Granted, my admiration for Mr. Barry may have something to do with the fact that I won't be directly affected by his reign. I don't live in Washington. But I *have* lived in the District, I frequently visit the capital, some of my best friends are Washingtonians . . . well, you get the idea.

I really do wish the District well. I would be all in favor of a revolutionary mayor who would institute innovative ideas like enterprise zones and school vouchers and privatization. I'm also in favor of a good five-cent cigar. None of those goals are within reach.

In Washington the basic problem is that the entire city, white and black alike, though separated by yawning economic chasms, is united by a singular political faith: liberalism. All three candidates for the Democratic mayoral nomination—incumbent Sharon Pratt Kelly, Councilman John Ray and Councilman Barry—subscribed to that creed.

The White Establishment favored Mrs. Kelly and Mr. Ray because their liberalism came couched in "responsible" language about fiscal restraint and ethical standards. But an anti-spending liberal makes about as much sense as a pro-tax conservative. Ms. Kelly, who was the Great Black Hope of the White Establishment in 1990, didn't make any real dent in city spending. Yet she did manage to alienate ordinary black folks with her high-handed style. That left the door wide open for folksy Marion Barry—an unabashed big spender—to waltz out of jail and back into the mayor's office.

His campaign is a giant up-yours to the White Liberal Establishment. As the Washington Post's Juan Williams put it, Mr. Barry runs as "an aggressively anti-reform candidate." He promises to "bring back the days of free-wheeling hiring and contracts," to once again open "a pipeline from the federal treasury straight to anyone who feels he has not got his share of the good life in the capital."

The voters were well-aware of what his 12-year tenure in office had been like. They knew about the crack smoking. They knew about the corruption (14 Barry cronies wound up in jail). They knew about the fiscal mismanagement. But shock of shocks: The voters didn't care!

To those in Georgetown and Kalorama who watched this spectacle in slack-jawed wonder, I say: Don't be so surprised. Mr. Barry is simply following a long, and glorious, tradition in American politics. In the 19th century, the big cities of the East and Midwest came to be ruled by colorful crooks like Boss Tweed. They played off ethnic resentments and created well-oiled patronage machines. Not even criminal prosecution could knock them out of power. Boston's legendary mayor, James Curley, won the 1945 election while awaiting trial.

In most cities, the bosses have slowly been stamped out by goo-goos (old-time slang for good government reformers). But is this really a change for the better?

There's no doubt that the goo-goos have made politics less fun. Who would you rather watch—the dour Rudolph Giuliani or the exuberant Marion Barry? It's like comparing tuna casserole with hickory-smoked ribs.

More important, there's a lot to be said for bossism on the merits. Sure the old bosses were crooks, but so what? They delivered the goods, ranging from jobs to vital services, for constituents.

Most Americans today look down their noses at such open vote-buying, but their moral superiority is largely unjustified. The bosses stole thousands, maybe millions, of dollars from city treasuries. Look at what goo-goos have done to win political support: Medicare, welfare, farm subsidies, the Tennessee Valley Authority and on and on. (The bosses, incidentally, opposed entitlements because it undermined their patronage power.) That waste is measured in the hundreds of billions, not millions, of dollars.

There's a good case to be made that the country would be better off today if lawmakers stuck to enriching themselves. Even the most profligate bunch of congressmen couldn't put away $1.5 trillion (our current federal budget) on fancy cars, luxurious houses and exotic vacations.

But our current breed of politicians—more sober and less openly venal than their predecessors—have no problem dreaming up schemes to hand over one-seventh of the economy to the likes of Ira Magaziner. What's worse, the politicos seem congenitally unable to level with the public about what they're doing. Thus taxes become "revenue enhancement," rationing becomes "cost containment" and quotas become "goals." What's worse—Honest Graft or dishonest social engineering?

Heaven save us from the well-intentioned. I'd much rather vote for a colorful scoundrel like Marion Barry than an earnest do-gooder like Al Gore.

IRA C. MAGAZINER
REMARKS TO THE AMERICAN POLITICAL SCIENCE ASSOCIATION
NEW YORK CITY
SEPTEMBER 1, 1994

Today we find ourselves in a great -- yet still unfinished -- chapter of American political and social history. Great because for the first time in decades we are addressing one of the most intractable social and economic problems of our time -- a health care system that is out of reach for millions of Americans and too costly for our nation. Unfinished because Congress has not yet written the final words of the text.

As you know, the daily accounts we read on issues like health care reform are merely first drafts of history. Over time, those interpretations are revisited by scholars like you, who bring their own theoretical and historical perspectives to bear.

Analyzing health care reform is all the more difficult right now because the process is far from over. So my perspective, like the perspectives of other insiders and journalists and political commentators, is based on current and fluid events that can change from day to day and month to month. But hopefully I can offer some useful insights into the health care reform process that has engaged the Clinton Administration and Congress for much of the last year.

President Clinton continues to press for health care reform for the same two reasons he outlined when he ran for the Presidency: First, because the health of tens of millions of Americans -- both uninsured and insured -- was at risk and is at risk in the current system. And second, because there is no way to fully restore our economy over the long term without doing something about rising health care costs.

Every day, the health care picture gets worse. On any given day, close to 40 million Americans -- most of them working people -- lack insurance. Millions are locked in jobs they couldn't leave for fear of losing their insurance. Families can't get coverage because of "pre-existing conditions" and other forms of insurance discrimination. Small businesses face health care premiums 35 percent higher than those of large corporations -- and those premiums are projected to grow at double-digit rates.

And there is little hope of further reducing the deficit when health care expenditures consume 14 percent of our national income, and a decade from now, the figure will be closer to 20 percent. Month after month, year after year, health care costs

are further eroding our savings, our investment capital, our public treasury, our ability to create new jobs in the private sector. And we cannot take full advantage of the progress this President is making in restoring the economy if we attempt to reduce health care costs simply by chipping away at Medicare and Medicaid.

So the question President Clinton faced upon his inauguration 20 months ago was this: How do you solve a problem of this magnitude, of this complexity, of this urgency, when no President, Republican or Democrat, has managed to do it in 60 years?

Many people advised President Clinton that it was too politically risky to tackle health care reform. It couldn't be done, they said, because of the array of special interests positioned to stop it -- special interests that had spent millions and millions of dollars to stymie the efforts of Presidents Truman and Kennedy and Nixon and Carter before him.

But health care reform was simply the right thing to do socially, economically, and morally. That's why the President took on this mammoth challenge, and set in motion this historic process, regardless of the political risk. That's why he is sticking to it, and why he will keep fighting for reform until it is achieved.

Throughout the process the President's goal has been twofold: to achieve universal coverage and to control health care costs while still preserving quality. Universal coverage and cost containment sometimes are viewed as contradictory, when in fact they go hand-in-hand. Counter-intuitive as it may seem, you can't reduce the burdens on business and government and individual families until everyone is insured.

The reality is that people who don't have insurance can't pay but still get health care. They just get it when it's too late, too expensive, and often from the most expensive source of all, the emergency room. The result is that the rest of us end up footing the bill through higher hospital bills and higher insurance premiums.

The President beat the historical odds by putting health care reform on the national agenda and presenting a plan last year. Furthermore, virtually all Democrats and moderate Republicans supported the goal of universal coverage. And virtually all the comprehensive health care bills subsequently submitted by Democrats and moderate Republicans included cost containment.

There are only three ways to achieve universal coverage, all of which have been debated by politicians, economists, and policy experts for years. One is a single payer approach that would replace today's employer-based system with a broad-based income, payroll or value-added tax. It would require about three to four hundred billion dollars of new federal taxes each year, a political implausibility.

A second approach is to require all individuals to buy health insurance, the same method many states use with auto insurance today. The down side of that method is that employers might be inclined to stop covering their workers, that more and more individuals would need government subsidies to help pay for their premiums, and new taxes and a new administrative bureaucracy would result. More important, the public opposes it.

The third option -- the approach the President chose -- is to extend the system that 90 percent of insured Americans already use. The employer mandate is the least disruptive, most conservative option available. It was an option embraced by groups across the political spectrum: the American Medical Association, the Health Insurance Association of America, many labor unions, the Jackson Hole group, the Chamber of Commerce and other business groups, and the National Coalition on Health Care Reform co-chaired by former Presidents Carter and Ford.

In fact, the President's proposal for achieving universal coverage through an employer mandate was first proposed by President Nixon more than two decades ago in a bill introduced by Senator Packwood, the ranking Republican member of the Senate Finance Committee.

Cost containment is an equally important part of the President's equation. Cost containment is essential if you want families and businesses to be able to afford health care, and if you want to control federal spending.

But as with universal coverage, there are only a few ways to get costs under control.

One option is to have the government directly set the price for goods and services delivered in the health care sector, or set ceilings on the total amount the nation would spend on health care. But having the government involved in every health care transaction is way too bureaucratic.

Some advocates support the idea of "tax caps" to contain health care spending -- limits on the tax deductibility of health spending by companies. The President rejected that approach because it would raise taxes on middle-class families.

The President's plan relied on creating a more competitive market and a more cost-conscious consumer to control costs. As a back-up, the President proposed premium caps to limit the amount insurance premiums could be raised if market forces did not succeed in keeping prices down. This approach was borrowed directly from a bill put forth by Republican Senators Danforth and Kassebaum and moderate Democratic Representatives McCurdy and Glickman.

As you examine the main elements of the President's plan you will find that the bulk of ideas he proposed were gleaned from members of both parties, from liberals and conservatives and moderates alike. And in many cases, the proposals already had been tested successfully at the state level. Employer mandates are working effectively in Hawaii, Washington, and Oregon; premiums caps in Washington and Minnesota.

Perhaps no idea occasioned as much debate initially as mandatory alliances. The first barrage of negative ads came from the insurance industry, which misrepresented alliances as government take-overs of health plans that would reduce consumer choice, when in fact the opposite was true.

The idea behind alliances was to give people more choice of plans and to reduce the administrative burdens that now exist for businesses.

As someone who ran a successful small business, I can tell you that today, cost and complexity make it nearly impossible for small businesses to offer their employees a choice of plans. Alliances would have made this choice possible.

The idea for mandatory alliances came from the Jackson Hole group and from legislation sponsored in 1992 by Representatives Cooper and Andrews and Senators Boren and Breaux.

Other provisions such as the long-term care benefit, a focus on primary care, funding for academic health centers, improvements in rural and urban health care infrastructures, and some public health initiatives were also included in Republican health reform proposals.

So if you compare the President's approach to some of the options at hand, you will see that -- in case after case -- his plan was fundamentally reasonable, moderate, and in line with what most Americans wanted then and still want now.

Yet while the bill's provisions reflected the conventional solution, the size and detail of the document generated criticism from opponents that it was a bureaucratic form of social engineering and an example of "big government."

Health care reform is a very complex subject. A bill to reform the health care system is never going to make for light beach reading. Our goal in writing the legislation was to offer the American people a realistic description of how the proposed changes would work.

It's worth noting that many pieces of major legislation are as long or longer than our bill. Health care reform measures circulating on Capitol Hill range from 650 to 1,400 pages. The crime bill that passed last month was almost as long as health care legislation, and NAFTA was literally thousands of pages.

Yet the length of the President's health care reform bill became a metaphor for the complexity people would supposedly face under a reformed system. The number of pages became a symbol of the amount of government involvement people would see in their health care.

How did we arrive at the provisions of the bill?

To meet an aggressive timetable, we established a process for making policy that was unconventional for Washington, borrowed from private sector models for conducting big projects in a short time frame. We cast a wide net for participants.

To have a credible health care bill, one must address dozens of specific issues such as long-term care, mental health, malpractice, and insurance reform. So we brought together experts and practitioners in each of these areas -- both from Washington and from around the country.

We held daily meetings with members of Congress, and involved more than 120 Congressional staffers in the working groups. The First Lady also held public hearings and town meetings across the country.

By May of 1993, review groups composed of health care providers, consumers, auditors, actuaries, hospital and insurance administrators, and lawyers responded to ideas that had been proposed by different working groups.

The whole process resulted in an amazing amount of work completed in a very short amount of time. We succeeded in meeting a very tight deadline.

Has it been a flawless operation? Of course not. And while some of the problems we encountered were avoidable, others were not.

One that we couldn't avoid was the legislative calendar. We were ready to move forward at the end of May of 1993, just as the

President had pledged we would do. During April and May of last year, the task force met 21 times to finalize decisions, a number of times with the President. But after the defeat of the economic stimulus package, it became clear to everyone that the introduction of health care reform should be delayed until passage of the economic package was assured. There was concern that introducing health care might compromise support for the economic package. For example, when word leaked out -- erroneously -- about a Treasury Department analysis of health care financing that included a tax on wine and beer, the California delegation immediately sent a letter of complaint to the White House and some members privately threatened to withhold support for the economic package.

With the economic package stalled, the introduction of health care was delayed from early June, to late June, to mid July, to late July, and finally to late September. The legislation finally was submitted in late October instead of in late May. Attention was further diverted from health care because of the debate over NAFTA and the crisis in Somalia, both of which dominated the White House and Congress during the weeks after the President's bill was introduced.

There wasn't much we could do about the calendar. But we could have done things differently in terms of the press. From the outset, we should have done a better job of informing the press about the process. That way we could have avoided perceptions that the deliberations were cloaked in secrecy, and we could have helped the news media develop a better understanding of reform as the debate evolved.

These problems notwithstanding, when the plan was introduced in the fall it was greeted very enthusiastically, and in fact, it became a baseline for other approaches. Representative Cooper termed his plan "Clinton Lite," a "close cousin" of the Clinton plan. Senator Chafee spoke on Sunday talk shows about "the similarities in our approaches" and voiced optimism about achieving a consensus. The President, meanwhile, was applauded for offering a clear and persuasive enunciation of his goals to Congress and the nation. Polls showed broad support for his plan. The New York Times went as far as to term the President's bill "alive on arrival."

As the President's plan generated excitement and support for reform, interest groups who benefited from the status quo mobilized their attacks.

Powerful special interests are perhaps the biggest single obstacle we faced then and still face today as we try to move forward with reform. Several recent studies have documented the amount of money spent on advertising and lobbying to influence

the outcome of the health care debate. Every major legislative battle -- from the New Deal to Social Security to Civil Rights -- has met with opposition. But never in the history of this country have modern technology and scare tactics combined to produce the degree and tone of misinformation that was spewed out so quickly about health care reform. And never has there been such an extraordinary amount of money spent on disseminating that misinformation.

The Annenberg Public Policy Center studied this phenomenon and concluded that the health care debate has generated "the largest, most sustained advertising campaign to shape a public policy decision in the history of the Republic."

Over $100 million has been spent overall to influence the outcome. One study found that $50 million was spent largely to influence reporters and legislators rather than the public as a whole. And these figures don't capture direct mail and phone bank efforts financed by opponents.

Whatever your view of health care reform, if you've seen or heard the now famous -- or infamous -- ads you know that they are not only negative, they're downright scary.

In fact, they were so distorted that the Wall Street Journal ran a story about the misinformation campaign under the headline "Truth Lands In Intensive Care Unit."

The article began:

The baby's scream is anguished, the mother's voice desperate. "Please," she pleads into the phone as she seeks help for her sick child.

"We're sorry, the government health center is closed now," says the recording on the other end of the line. "However, if this is an emergency, you may call 1-800-GOVERNMENT." Her baby still wailing, she tries it, only to be greeted by another recording: "We're sorry, all health care representatives are busy now. Please stay on the line and our first available . . . ."

"Why did they let the government take over?" she asks plaintively. "I need my family doctor back."

The story goes on to say: The only problem with the radio spot, produced by a Washington-based group called Americans for Tax Reform, is that it isn't true. (WSJ, 4/29/94)

Misconceptions about the President's plan were continually fueled by this type of fearmongering. At town hall meetings I

attended, angry people would shout their opposition to the Clinton plan. I'd ask why they were against it. They would talk about the government taking over and running all the hospitals. Or they would talk about how people wouldn't be allowed to see their own doctor outside the health plan approved by the government and that, if they did, the doctors could go to jail. I'd explain that this just wasn't true. But the questioner invariably would shout back that I was lying and wave a mailing he had received from some group asserting one or another of these points as fact.

The Wall Street Journal said that "another of the big canards about the Clinton plan is that people face '5 years in jail if you buy extra health care.'" The story alluded to a direct mail package sent to millions of Americans by the American Council for Health Reform. The story explained that this penalty referred to an anti-bribery provision in the Clinton proposal and, in fact, the President's bill explicitly stated that people were free to purchase any health care services they wanted.

But these ads proved that it's always easier to make the negative case rather than the positive, more complicated case.

I point out the degree of misinformation because these advertising campaigns distorted the President's plan into some radical, wild-eyed attempt to revamp our health system. In fact, as I mentioned earlier, the main elements he proposed were drawn from Republicans and Democrats alike -- most of whom could be described as political moderates. Universal coverage, employer mandates, and premium caps, while opposed by powerful interest groups, are heavily favored by most Americans -- even though, as a Wall Street Journal headline noted, "Many Don't Realize It's the Clinton Plan They Like."

In spite of the barrage from special interests, the American people have said what they want -- and they have said how they want to pay for it. And they've been very consistent in their views.

A recent Washington Post/ABC poll showed that 77 percent favor universal coverage, 72 percent favor an employer mandate, and 75 percent favor government cost controls. Even more, 80 percent, support a tobacco tax.

With that kind of support, these ideas and proposals are not going to disappear and be forgotten by the public.

Another thing worth remembering about this process is that the President never expected his plan to be the final version adopted by Congress. He has always stated very clearly that his bottom line was universal coverage but he knew his plan would be

rewritten. In fact, two House committees and one Senate committee wrote their own bills, which were similar to the President's. This was all part of the legislative process the President envisioned.

So where are we today, nearly 20 months after the process began?

We are on the path to restoring the economy and fulfilling the President's broader agenda. And ultimately history will show that this was a time of great ferment and energy when a courageous President didn't dodge a difficult issue, but instead launched a process to solve the health care problem once and for all.

We have made extraordinary progress in the fight for the health security of the American people and the fight goes on. The Congressional Leadership has made certain that health care will be first on the agenda when they return to Washington. As was proven with passage of the Crime Bill, special interests do not always succeed in undermining the interest of the American people. And we must continue to make sure that the voices of reason are heard over the shouts of fear and confusion. That's why we will not walk away from the fight to provide security for the American people.

Thank you.

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MAIN ELEMENTS OF HEALTH SECURITY ACT

	BIPARTISAN PRESIDENTIAL AND CONGRESSIONAL PRECEDENTS
UNIVERSAL COVERAGE	PRESIDENTS CARTER/FORD/NIXON/TRUMAN/ROOSEVELT SENATE REPUBLICAN TASK FORCE SENATE AND HOUSE DEMOCRATIC LEADERSHIP
EMPLOYER OR INDIVIDUAL MANDATE	PRESIDENTS CARTER/FORD/NIXON SENATE REPUBLICAN TASK FORCE SENATE AND HOUSE DEMOCRATIC LEADERSHIP
PREMIUM CAPS	SENATORS DANFORTH/KASSEBAUM CONGRESSMEN MCCURDY/GLICKMAN
MANDATORY ALLIANCES	CONGRESSMAN COOPER SENATORS BREAUX/BOREN

OUTREACH TO SYMPATHETIC INDIVIDUALS WHOSE OPINIONS ARE VALUED BY THE MEDIA

PERSON	THEME	ADMINISTRATION CONTACT
Henry Aaron	Sound economics of reform/Balance of markets and regulation	Judy Feder
Drew Altman	Need for reform/Interests groups/Public opinion	Judy Feder
Stuart Altman	Need for reform (especially cost)	Chris Jennings
Robert Ball	Historical context/Need for long-term care as part of reform/Need for comprehensive reform	TBD (to be determined)
Senator Breaux		TBD
Governor Chiles	States/Need for reform	John Hart
Rick Curtis, NAIC	Problems in the insurance market without reform/ What was wrong with Republican plans	Gary Claxton
Senator Daschle	Interest groups/Conservative Republicans/Blocked reform	Chris Jennings
Governor Dean	States/Who blame rests with/Need for reform	John Hart Ira Magaziner
Rep. John Dingell	Blame rests with those who oppose reform	Jack Lew Melanne Verveer
Arthur Flemming	Historic perspective/Never gone so far before (draft op-ed piece has been completed)	Melanne Verveer Chris Jennings
John Holahan	Need for reform	Judy Feder

Dr. C. Koop	Outreach effort validation/Conservative approach	Melanne Verveer Lynn Margherio
Jack Lewin	States/Who blame rests with/Need for reform	Judy Feder John Hart
Larry Lewin	Need for reform	Walter Zelman
Senator Mitchell		TBD
James Mongan	Historical context/Need for reform/Interest groups	TBD
Marilyn Moon	Need for reform	Judy Feder
Ron Pollack	Interest groups/Need for reform	Melanne Verveer Chris Jennings
Senator Pryor		Chris Jennings
Senator Reid		TBD
Uwe Reinhardt	Interest Group pressure/Need for reform/ Plan was criticized unfairly for bureaucracy	Chris Jennings
Senator Rockefeller	Need for reform/Interest groups/Blame	Judy Feder
Governor Roemer	States/Need for reform	John Hart
John Rother	Need for reform/Credit for long-term care	Chris Jennings
Josh Wiener	Long-term care commitment	Judy Feder Robyn Stone

- This list will be amended with other people who have varied backgrounds and influence. For example, business, academic health and mental health advocates could be provided (respectively by Caren Wilcox, Lynn Margherio and Skila Harris). Please see preliminary business list attached.

- In order to successfully implement any outreach strategy, we must move quickly before any written or oral statements by these individuals are viewed as no longer relevant and or untimely.

TO: CHRIS JENNINGS

FROM: CAREN WILCOX

DATE: SEPTEMBER 21, 1994

RE: BUSINESS/HEALTH CARE SUPPORTERS

Hank Barnette - Bethlehem Steel

Ron Zeigler - NACDS

Craig Cole - Brown & Cole

Letita Chambers - Chambers Associates

Jim Moody - Chambers Associates

Henry Simmons - Nat. Leadership Coalition

Charles Corry - USX Corp.

James Perrella - Ingersoll-Rand

Steven Burd - Safeway

Jack Futterman - Pathmark

David Hoag - LTV Corp.

Leonard Hadley - Maytag Corp.

Small Business:

Kathleen Piper - Piper Flowers

Garth Sheriff - Sheriff Architects

Brian McCarthy - McCarthy Flowers

Judith Wicks - White Dog Cafe

Hillary Clinton, the White House, Sept. 28, 1994 - Expired

Thank you for coming by to see me because there are a couple of things I want to discuss, that you know, I want to keep on background because I am not into the mode of talking about anybody on the record. I don't like doing that. But I also want to be sure that when we keep this battle going that there is some public record of the different factors at work, so that so that not only those of us who were in the midst of it, but those of you who cover it, plus the public, will be better able to gauge what is actually happening and cut through this often smoke and fire and propaganda. And I am going back and starting making some speeches. Starting tomorrow I am doing a big speech and I am going to be doing a rollout of other speeches over the next weeks.

So I went back and I kind of reminded myself of what the press said in the spring and the summer of '93, what our internal records reflected with respect to memorandums, meetings with members of Congress, Congressional assessments based on long discussions with interest groups as well as our own people here in the Administration. And none of that seems to be reflected in the sort of reporting of you know what happened. And I want to be sure that we take full responsibility for what we didn't do right, because I don't ever intend to make the same mistakes twice. But I also want to make sure that we have a clear enough view of the factors that influenced the decision-making, so that we can do this more effectively. So I want to run through a couple of things with you, and this may not be enough time, so we may have to do something later, if you are interested.

Originally we thought we were going to get health care reform into the budget reconciliation package. I haven't seen that reported anywhere. Instead we read is how we let all this time go by, we lost all this momentum. From January, when the President first said "Get started," we had a hundred day deadline, the purpose of which was to get the work done so that it could go into reconciliation. Because from the first week that I was doing this task, members of Congress, particularly the Democratic leadership said to me, there is no way we will ever withstand a filibuster. This was in January, February of '93. We have to try to do the best we can, but it may come down to a 51-vote strategy. You have that option if it is part of reconciliation. So that was what we were originally operating under. And part of the reason for the huge pressure to get something done, and some of the disorganization that ensued from trying to work with hundreds and hundreds of people so that people thought they were covering all the bases, was this crash effort to get this accomplished. Up until, I don't know when the exact date is, it was sometime early May, as I recollect. Up until the time when everybody admitted they could not get senator Byrd to waive the Byrd rule, that was the operating strategy. Up until 24 hours before it became clear he would not give on that.

Q: Was that after the President talked to him? Because I thought that was March.

Hillary: The leadership people, particularly people like Senator Rockefeller and others, thought they could persuade him. And I don't the chronology down, so I don't want to overstate it. but the president talked to him at one point that there was still the hope that he would change his mind. Certainly all through February and through most of March and as I recall, most of April that was what we were operating on. That was a major change in our strategy. Second major change that I have also not read anything about is that once the stimulus package was defeated, and that happened in March, right? Was that March?

Q: April.

Hillary: April. Once the stimulus package was defeated, which is why I think that the first thing happened after that, Adam, but I may be wrong. We ha followed Senator Byrd's strategy on the stimulus package. That lost.

Melanne Verveer: It worked really well.

Hillary: If I can remember, some of the senators saying to me, you know, we followed his strategy on this and it didn't work. We ought to be able to use that to persuade him to let us do this, this way. But putting all that to one side, anyway. [Once the stimulus package failed, the leadership in Congress again came to us, and said "We're in for rough sledding on the budget." It is clear that the Republicans are closing ranks. Do not do anything on health care until we get the budget vote done. When they said do not do anything, they meant do not do anything. We kept working internally, and kept reaching out to members of Congress and kept making sure we were in synch with the leadership, but what they absolutely drew the line on, was "Do not circulate a piece of paper." That put us at a terrible disadvantage, because we were working closely with staff, on both sides of the aisle, we were working closely with members. But I remember one meeting, and this was probably in May, I think, it was the House leadership, and several committee chairs as well as party leaders, I believe. And I had brought some handouts, so I passed them out. Speaker Foley was running late. He came in, and he saw the handouts, and it was something on revenue. And he said 'I want those picked up right now. I don't want anyone leaving the room with those. Pick them up right now. I mean, he was really insistent. So we were forced to have to communicate with people mostly orally, and to do what we could to try to prevent any of the Administration personnel who were working on health care, from talking with members of Congress, not because of our choice, but because that is what we were instructed to do. And it was very difficult time period.]

And the third thing I haven't really read much about, is that that bill was drafted by the Congressional leg drafters. Starting in probably April -- April, May, somewhere around in there, we had a team that was an administration team working with staff members in leg drafting. And then, starting I think in May we moved the whole operation to the basement of the Cannon Building. So that the idea that we were over here drafting this

thing in secret and nobody knew what it was going to be, and there was no input from members of Congress, or from staff, is just, you know, not based in reality.

The other thing that was going on, which is related to that, is that in addition to drafting the bill and certainly we circulated drafts. And, as I recall, Speaker Foley and others were okay about that, as long as we didn't have any numbers attached. What they were scared about was what happened when the idea was floated that we might tax alcohol. And all of a sudden, the entire California delegation goes crazy and says we won't vote for the budget. So there was very good reason for them to do that, to say look, the budget is the first priority. We all agreed with that. The problem is that since the budget didn't get passed until August, there was no way we could introduce anything, there was no way we could have the kind of intense negotiations that we had anticipated, and so we were kind of left hanging.

But all during that process, I continued to have intense conversations with leading Republicans, in both the House and the Senate, and I know it was in May when Senator Chafee was in my office and then we talked about all the points we agreed on, and he thanked me for the genuine bipartisan outreach that we had conducted, and I said, well, do you want to draft a common bill with us. Why don't we try right now. You get into our leg drafting process, so that as problems arise you all will highlight them and we can work them out. He said no, no, no, no, you draft your bill, I'll draft my bill. But as soon as my bill goes in, I want to sit down the next day, and we should begin to work out the differences we have. On that occasion, and on at least one other occasion [redacted], and on several occasions with other Administration officials, he repeatedly said, look, employer mandate is not a huge problem. It is a problem, but it can be worked out because there are ways of marrying the individual mandate with the employer mandate. We have problems with cost containment, but there ought to be something we can do with the Danforth-Kassebaum approach, which is premium caps. And that came out of their original legislation. That's where we took the language.

So we had every reason to believe during the summer, that we were on the right track, and yes, we were going to have this nasty partisan battle over the budget, but once we cleared the air on that, then everybody would start to work together. And it got to the point in the House that around the time of the budget battle finally coming to a vote, those members whom I had worked with, who I felt most likely to be part of some effort to come to a compromise, several of them called me to personally tell me how regretful they were they could not vote for the President's budget.

Q: They were Republicans?

Hillary: Because they were Republicans and there was this hard line being taken. One member called me and whispered, like

this was the KGB, you know I can't tell you how terrible this is, I think the President is absolutely right, but you have to understand I can't do it, but I'll be with you on health care. Those were the messages we steadily got. Marge Roukema, who was not the person who called me on that, but every time I went to a Wednesday group, or a Thursday group, she would stand up and she would say, I can live with the employer mandate maybe, depending on how it is structured, how much it may cost my people, but I can never live with a tax cap. We had reason to believe that moderate, liberal Republicans would be movable, you know, that is the equation we were looking at. So this argument that we lost momentum, it's true, we did lose momentum. But there were reasons why that momentum was lost which had nothing to do with our deciding we didn't have our act together, that we couldn't go forward. Because we could have gone forward at any point, and sort of fill in the blanks.

Q: Do you really think it isn't clear in the record that you pulled back because the Democratic leadership said, stop, don't mess up the budget. We wrote that.

Hillary: That sure doesn't come across in the stories. you wrote it contemporaneously.

Melanne: Not now.

Hillary: Now that we are doing all these retrospectives, and you know.

Q: We did one in August. I didn't write that section, but I think we did.

Hillary: Our problem is that you are one of the few people who seems to have gotten this. And maybe it is like preaching to the choir. You know, I am the first one to say, you know, gosh, we have made a lot of miscalculations. I totally missed the kind coming wave of partisanship. I just missed it.

Q: I didn't think they were going to be that-

Hillary: And I am still kind of puzzled about how it happened. Another problem we had, which was a decision we made, which turned out to be a wrong call, is that we went to the, again we went back to the leadership, and we said look, what form do you want this proposal? We are drafting the language right now, for legislative language. but we don't have to present that. That can sort of be in your reservoir to use. Do you want a statement of principles? Do you want a mark, do you want legislative language? And with only one exception, everybody said, you have to come with legislative language. In fact, I think chairman Rostenkowski said to me, if you don't come with legislative language, you will not be taken seriously. And everybody will say, what have you been doing his for. Because we could have come with principles. Our problem was not a statement of principles. Our problem was getting a bill that will work. So we went with legislative language first.

We made some decisions about how to structure the

legislation that we thought would serve as the basis for negotiations and eventual compromise. For example, we put in mandatory alliances, which were in the Cooper-Breaux original bill, which both Jim and John seem to have forgotten. And we said look here are mandatory alliances, thinking we would be pushed back to voluntary alliances, which we could live with. We had a whole scenario worked out. We put in, you know the cut off for the size of the firm that has to buy insurance through some kind of a purchasing co-op at 5,000. We were willing to go all the way down to 100. We had every contingncy in line about what you would have to change in order to do that. We put in a benefits package that we thought was defensible, but we could, we were prepared to raise co-pays, to go back to phasing in a certain benefit. So we had all of this structured because we thought we had learned something from the budget.

What we thought, one of the things we thought we had learned from the budget was that you couldn't come with a budget to the Congress as it currently exists as though you were coming with tablets. They were going o have to mess with it somehow. they needed to some ownership over it. So whether it was changing the gas tax from seven cents tofour and ahalf cents, or whether it was [inaudible] BTU. They were going to have to internally do some deals. So we thought we had created a structure meant to be deconstructed. And we thought, based on the literally thousands of conversations we had had with members that they got that. because when we presented the legislation our deal with the chairmen was, we will take a public hands-off posture, so that you can look like you are running the deals. We will be available to provide you with actuarial backup. OMB will be there to work with the CBO. We will give you twelve new ways of thinking about how to do something, But we will not publicly be involved unless you invite us to be involved, so that the Congerss can feel like they are going to get credit for this. Now I think under any other normal circumstances, that is not a bad plan. What we misguaged was how rapidly the atmosphere was changing. You know, we were just caught in this tidal wave and were frankly not able to figure out how best to deal with it, because the legislation went in, we got as close as we could to saying Look, we have no pride of authorship.

Q: Very clearly.

Hillary: I think we used that phrase. But then we got hammered a little bit, like, these people do all this work, aren't they going to stand by it, because we thought we could hold universal coverage in some form. Because one of the models that we had studied was what happened in Washington State. Washington State, the governor came in, and Lowery was an old House guy, right, he came in with an 80-20 employer mandate, he came in with a mandatory something, a purchasing, I think, of some size. He came in with a benefits package of some size. Vut during the course of the negotiations with the interest groups, he went from 80-20 to 50-50, which we would have accepted. They

changed the way these purchasing groups work, so that they basically isolated their opposition, and they basically were left opposed only by the most virulent small business lobby, some fringes of the medical establishment and insurance companies. An we could have lived with that, we thought, because we believed that we were developing enough support for universal coverage, not only because of the support for it in the country, which we helped drum up over the year leading up the introduction, but also because of where we thought the Republicans were positioned. We took Chafee and his 23 co-sponsors at their word, that yes, they would fight and scream to protect small business, well, we would give them an exemption, up to a certain point. We would provide the subsidies for people in firms below X size. We would phase it in over time. We had all kinds of deals in the making that we were ready to come in with, because we thought we were solid on the universal coverage.

So I think then what happened is we introduced the legislation and basically Finance and Ways and Means and the Congress was taken over by NAFTA. So we get nothing legislatively happening between September and the end of the year.

Q: You debated that, internally, too.

Hillary: Oh yes, we did. But it was a debate with a foregone conclusion. You know, NAFTA had the deadline. There was nothing we could do. The chairmen of both of the committees basically said we can't take these both on at the same time. NAFTA has to take priority.

Q: I think they really could have.

Hillary: Adam, I think they could have too. The other thing that I personally miscalculated and this is because of my experience primarily dealing in state politics, with state legislatures is that state legislatures handle a huge array of problems in a compressed period of time. Now they are not as big and complex as the problems the Congress deals with, but they don't have the staff the Congress does either. And you know, you go to any state legislature in this country, I mean they are considering tax measures. They are considering funding education formulas. They are considering prison overcrowding. They are doing a whole lot of things at one time. This place can only do one big thing at a time.

Q: Usually in the last ten days of a session.

Hillary: That's right. One big thing. I didn't understand the rhythm of the place. I didn't understand the institutional constraints. We had big internal discussions about you could push health care despite the budget, whether you could push health care despite NAFTA. Basically all of our allies on the Hill said "Forget it." You can't do it. So, we basically go through those months, and the coverage, if you go back and look at the coverage in September--

Melanne: And you have a leadership split.

Hillary: That is the other thing. So we had to walk this delicate balance with the leadership in the House. But if you look at the coverage in September and early October, it was very positive, and people were kind of poised and geared up about what we were going to be doing. And the statements from the Republicans, those Republicans who were on the side of universal coverage were all very supportive. And then the ad campaigns started. And we did not have the resources, nor did we have the ability to put together a campaign that had to fight on so many fronts. We were being attacked on big government. We were attacked on rationing. We were attacked on government-run health care, take away your doctors. We were attacked on not providing cdertyain benefits in certain ads. So we didn't have the resources, which was the overriding reason. But we couldn't quite figure out, how do you take on so many attacks at one time. And we kind of thought once we ride out this period through the months when Congress begins to deal with the bill, in the new year, then we can get back talking about what is at stake here, and how we are going to be dealing with it.

[You know, looking back now, if we could have figured out, and if we could have raised the resources, we might have been able to inoculate the effort, or pre-empt some of the arguments in some ways. Like for example, one of the things that was the most surprising to me about the whole debate, was how audience after audience that I addressed, invariably would include somebody who would stand up and say, "I don't want the government running my health care system. I don't want the government picking my doctor. And my response would include, if it was an older person, I would say "Well, do you have Medicare?". And they would say "Yes, what does that have to do with it?" And I would say "Well, you know, Medicare is a government program." Then I would call for a show of hands, and I did this in settings as big as the huge theater at Dartmouth to small rooms. "How many of you know how Medicare is financed?" Adam, I mean Melanne was there with me every step of the way. I don't think we had more than 20 hands in any group.

I did not know that, though, really until probably late in the year, early in the year, somewhere early '94. I didn't understand how deep the need for education about the existing system was. So one of the things that we might have tried to do would be to say "You're going to hear --" and to try to get enough money to run an ad for. Unfortunately, this battle was lost on the paid media, and the paid direct mail. I think on balance the press did a pretty good job covering this. I think, especially the major outlets, covered it fairly, asked hard questions. And in fact some of the reason why I think that is the case is that some of the major programs that focused on health care, like Tom Brokaw's special, got trashed by the right because they were viewed as being too favorable, when what they were was very straightforward. But the facts upset the right.]

Q: I get a barrage of calls from Rush Limbaugh people every

now and then.

Hillary: Yes I mean these guys are well-organized. If we had figured out if we had understood that, and we had raised enough money to run a series of ads which would have said something like, you know, this health care debate is just heating up, you are going to hear the most outlandish proposals. You are going to hear the people say that the president wants you to have government doctors, and that you know the government is going to tell you what operations you can have or not. But gee, they don't tell you that if you've got Medicare, and Medicare is paid for by a payroll tax. And you could have done some sort of pre-emptive education that would have laid in a better foundation, so that when people got this barrage of misinformation, they could have said "Wait a minute, doesn't make sense." But we didn't do that. We went around, I must have made a hundred speeches, to get coverage in one place, and then it would get totally lost because of the overwhelming impact of Rush Limbaugh, and the paid ads. Rush Limbaugh is a paid ad, basically, you know, five days a week.

So anyway, so we get into this '94 period, and the other thing that I didn't realize was how difficult it would be to talk about an issue that five different Congressional committees were working on at the same time. Because I would have chairmen call me, "Don't talk about this. We are working on a deal with X and Y." And I said okay. And then I had somebody else say "You can't talk about this because I am working on a deal with X and Y." So we were forced back into principles, which are important, but in the face of relentless, specific attacks, insufficient,

There was another problem, and that was the committees were coming out, or at least the press reports were coming out on the committees, were that they were advancing different possible options. It was very confusing for the public, we were finding on the road. We couldn't criticize anybody. They were doing the best they could. They were carrying the load. And we had this agreement that we wouldn't kind of get in there.

But the only, and this something you already know, the only committee that really did its job was Kennedy's committee, because he ran a tutorial. Before that committee, Jeff Bingaman said to me, he came to my office, he said there is no way I can support the employer mandate. A thoughtful, smart, honest man. And I said "well, senator, before you get publicly committed one way or the other, why don't you wait until the committee process is over. If you've got a better way of doing it, or you think we don't need to do it, let me know. At the end of that process, his wife came to me, and Anne said I have never seen him more excited about being in the United States Senate than he has been during these weeks of hearings in front of Kennedy's committee. And I had reason to talk to him shortly after that. And I said "I really appreciate your support and vote and all." he said, "You know, it is the most exciting and satisfying intellectual experience I have ever had because, you know, it has forced people to make real decisions."

And to a lesser extent Ways and Means and Billy Ford's committee did the same thing, because they operated along those lines but there were different factors at work. I mean Pete Stark was going to have Medicare for everybody no matter who was the president, no matter who was, you know, on the other side of it. he just was--

Q: Rostenkowski might have said, "we will try this, Pete, but if I can get a bigger majority without it, so we're going to forget it. But Rostenkowski was no longer available.

Hillary: Look at the other problem. We had Bob Michel announcing he was leaving, which immediately made Newt Gingrich the minority leader. And that basically ended cooperation. When I started calling around for sponsors in early September. I called, how many, moderate Republicans that told me they would be with me. So I started calling around and all of a sudden they said, "Well, you know, I'll be there with you at the end, but I can't go on the bill. If I did this, Hillary, I would be totally, marginalized. They wouldn't listen to me in the caucus any more. Did you hear what they told Bill Goodling, that he would lose his ranking position if he cooperated with Billy Ford." You know, they started telling me all this stuff. That was my first indication of the change that was in the wind. But I still thought that some of them would be with me, because they said they would. And I still thought that eventually we would figure out a deal where at least eight of them could feel comfortable going on.

But the biggest surprise was seeing the change in the moderate Republicans in the Senate. To this day, I do not know what Bob Dole said to Bob Packwood, to get him to turn his back on twenty years of support for employer mandates. I went back and reread my testimony and reread my colloquy with him, and Chris Jennings reminded me that at one of the closed-door meetings I had with the Finance Committee, Bob Packwood went off on this paean to the German system and how we were so brilliant that we had come up with an American version of the German system, which was public and private and required insurance for everybody, which was the only way to get costs down and on and on and on.

So in one of those closed door meetings I was talking to, Moynihan and Packwood were sort of hot-boxing me about jurisdiction, I remember they had me in a corner, because Moynihan wanted it all, didn't want any of it going to Kennedy. I just kept saying "we're drafting, we are just getting this bill drafted. Somebody else is going to decide where it goes, jurisdictionally, Senator." But in that little colloquy back and forth, Packwood says "well, you know, I think we ought to just consider reintroducing the Nixon bill." And Moynihan said "That's an excellent idea, why don't we reconsider doing that." And I said "We would be proud to support the Nixon bill, senator. If you want to go with the Nixon bill, it's got an employer mandate, it's got universal coverage, go ahead, if that is what you think you can get out of the Finance Committee." You know, up until

late spring, up until about the Easter recess, we really thought that Packwood would be a deal-maker, because in effect Moynihan turned the committee over to him, and we thought, based on his previous record, based on maybe his desire to rehabilitate himself, and based on his support for the Nixon legislation, there was a deal there. And man, it just shot off like a spigot. You couldn't get any, he wouldn't talk to you. He was contemptuous, and then he said all the things that you have reported, and you know --

Q: Even the one she can't remember. I thought I was being very restrained in that interview; I did not ask him to check his diary.

Hillary: I think there is a relationship between --

Q: Yes, I mean if you say you wonder what Bob Dole said, the general guess is he said two words: Ethics Committee. Wasn't Moynihan a considerable problem in all this. This isn't on the record. But my god.

Hillary: He was a problem from the very beginning. The first meeting that I had with Senator Moynihan back probably in late January or February when I was making my rounds. We went in to the meeting and he looked at me and he said "I don't understand health care. I don't think it is a problem, and I am not sure why the President is trying to do it." He never changed his attitude, from start to finish. We went to enormous lengths. He has a favorite economist named Bill Baumol who is at Princeton. I called Bill Baumol. I had Bill Baumol come to see me. I had lunch at Moynihan's apartment with Professor and Mrs. Baumol and the Senator and Mrs. Moynihan. I had Bill Baumol writing memos about how cost containment could be made to work, using a utility regulation model. I don't know what else I could have done. I fed all of this to Senator Moynihan. Senator Moynihan would say in an offhand way he admired the Dutch health care system. I would get reams of material about the Dutch health care system. He became my pen pal.

During the budget, when he was looking for money. He was locked in this battle with Jay Rockefeller over the Medicare cuts. And Jay said, as I recall, no more than nineteen billion. Moynihan wanted, I don't remember, fifty or some huge amount like that. I don't remember the specific numbers. David Gergen called me one day, and he said Moynihan was furious with me because Jay Rockefeller had said in one of their Finance Committee meetings that we couldn't go with any more because we needed to save Medicare savings for health care reform. So, you know, Senator Moynihan thought I was trying to derail his chairmanship, and he called David Gergen, screaming at David. So David came to tell me. I called Senator Moynihan, and I said "What is the problem here?" because, I said, you know, I understand you have got a disagreement about it. Explain to me what the problem is and maybe there is a way we can work this out. So he explained to me the problem and I said well, we'll get back to you. So we went

and we ran some more numbers and we looked at some ways we could get the Medicare savings that we didn't think we needed for health care reform. So I called him back. From the White House perspective, George Mitchell and the White House saved the Finance Committee's budget. From Senator Moynihan's perspective, it was he against the barbarians.

Q: I wrote it Mitchell.

Hillary: Mitchell. But Mitchell's ammunition came from us. So you know, I basically called him back, and I said "Look, here is how we can structure the Medicare savings. Here is where they will come out of. I think I can sell it to Jay Rockefeller because of the way we have set it up. So I think we can do this. So, you know, Jay wasn't happy about it, but we sold it to Jay. We never got any credit from Senator Moynihan.

Melanne: (Reminds her that she quelled some revolt among liberal senators.) Remember that meeting you had in Senator Metzenbaum's office?

Hillary: I had forgotten that. That was the other thing. So once we gave him the info about the Medicare cuts, Metzenbaum, Wellstone, Riegle, Sarbanes, Kennedy, they were all furious. So they were going to take a walk. You know, because they rightly felt that it is the Borens and the Breauxs and the Conrads of the world who always hold everybody up for what they want. So here we are at the eleventh hour on the budget deal. We have already tried to give Moynihan everything he needs, except he doesn't communicate with a lot of these liberal Democrats on his committee. They don't feel like they have any stake in it. So I go up and meet in Metzenbaum's office, right. Met in Metzenbaum's office with about nine of them, as I recall. I mean the way we saved the budget for Senator Moynihan, was by telling the members of the Senate who were disappointed was that "Look, health care is coming. We've got this structured this in a way that we are not going to undermine our capacity to use Medicare savings in amounts we think is appropriate. So, yes, I know, we know it is a hard sell for you, but if you just take this, then we will get some health care reform and we will be able to do what we have talked about doing. So anyway, so they were all willing to go the extra mile.

But it did not matter what we did for Senator Moynihan on health care. It did not matter. And the thing I could never understand is that he would never engage the issues on an intellectual level so we could give him the information that would show him how this would work. Of course we put together the financing on that. And you can argue about it, but it was the only plan, other than single payer, that CBO said would pay for itself. It would eventually reduce the deficit, which Lewin independently verified on and on down the line. So we put it together and he called it "fantasy." I mean he never studied it, he never asked questions about it. That was probably the single most damaging moment in the entire health care debate. And I just thought, what else could I have done. I had Baumol telling him it

was a good plan. I did not know what else I could have done. Every time I read these articles about how we didn't work hard enough, we didn't consult enough, we didn't do this. I don't know, maybe there was something else we should have done, but I didn't know what it was. Then we had a separate set of problems.

Melanne: But that was the moment when I think the plan lost a lot of credibility.

Hillary: It was a killer.

Melanne: Everybody saying these numbers don't add up.

Hillary: Fantasy! And you know, look --

Q: There were some people in the Administration with considerable doubts about them. The Secretary of the Treasury and the director of OMB. They certainly didn't go out trashing it, but they had their doubts.

Hillary: Well, but they had doubts initially, that I think we helped take care of as we went forward.

Q: At the time Moynihan was saying "fantasy," though, they were both chary and Bentsen wasn't testifying. Moynihan's "fantasy" crack was in September, before the plan, before the President's speech, perhaps after the--

Hillary: Before the legislation was actually written. And so what you had, well, Secretary Bentsen is by nature a conservative man, which I respect, and he raised of good questions all through the process, as did Rubin and Panetta and Rivlin and Tyson. But I think it is fair to say that once the legislative language was actually on paper, once it was actually costed instead of these decision memos floating around, they all were on board. And Bentsen, in fact, internally became one of our biggest advocates. I think what happened to Secretary Bentsen is that he became convinced, partly on the basis of the New York experience and other state experiences, and the Catholic Health Association, and on the Treasury study of the uninsured, which he had done, he became convinced that what he had always favored, which was insurance reform, would make things worse, not better. And he is a very honest man. I love working with him, because he would stand there and say, you know, I don't understand this, or why are you doing it this way, or you know talking about people, here, etc. But he is always a member of the team, in fact everybody in the Administration was. I mean, some people might have been unhappy about X, Y or Z, and might have made an offhand remark.

Q: I agree in general, but contemporaneously with the Moynihan's first crack, they too were.

Hillary: But by that time, Moynihan had very little briefing. This was totally off the cuff, what he said, But simultaneously, when all of this was going on, we had two other problems with members of Congress. We had Cooper, who repudiated his own position, who repudiated the Jackson Hole support for employer mandates, and actually pushed them to the right, and he

would come to see me, and sit there basically saying nothing. He would come and sit in my office and, and I would talk. He wouldn't say anything. So I would then, say well, you know, Congressman, if we go with mandatory alliances, like in your previous bill, will you be able to support that. He would sit there, and you know, he wouldn't say anything. I would guess we met with him more than any other single member, I would guess. And then we would get copies of newsletters he was sending out to his potential fund-raisers and others, all of whom worked either for the Hospital Corporation of America, or for the other big for profit hospital chain in Nashville, just trashing, trashing. He was the only member who in the sort of honeymoon period of bipartisanship and consultation, who went after me personally.

Finally one day he was in my office at one of these meetings we continued to try to have with him. So I finally said you know, I don't mind if you disagree with our proposal, but I have two problems. One is you rarely state a reason for your disagreement that is rooted in any kind of analysis. It is political. If you are running for the Senate and you will never support employer mandate, I can understand that, but I have a real hard time with your trying to come with some sort of quasi-intellectual explanation that doesn't withstand scrutiny. And then secondly, I don't understand why you feel it necessary to attack me. "Oh, I didn't attack you." I mean I had the copies of the newsletters. So, you know, he engendered such, you know, we should not have gone after him, probably. But he engendered such personal animosity because of the way he treated everybody around here, and the contemptuous way he talked about us, and the personal attacks he lodged, the things he said to the Jackson Hole people, the things he said to the for-profit hospital types, that it was hard to restrain ourselves. Probably we should have, but we didn't.

Melanne: argues that she didn't attack him personally.

Hillary: You are right. I didn't attack him personally, but I did attack his plan, and he took that personally.

Melanne: Says he was criticized by "Interest groups that supported reform were attacking him in Tennessee which he viewed as totally instigated by the White House at all times, at all days, at all hours.

Hillary: And that is what I could never understand. Here is a guy running for the Senate in Tennessee. Any Democrat has to have a huge vote out of Shelby, which is Memphis. The only way you get a huge vote is to get a huge black turnout. The only way to get a huge black turnout is to have the unions, particularly AFSCME, really working hard for you, and the teachers. They were just outraged with him, and he blames us. It's like -- Gerry McEntee doesn't have a mind of his own. McEntee was beating on me every day because we weren't giving him everything he wanted. So this whole thing was unfortunate and I regret it, but I don't know quite, I don't quite know how to respond to his sort of attitude about this, because one of the sort of things that became difficult as we sort of moved through the period where we

had legislative language was dealing with members of Congress who got into political positions, usually based on their own calculations, who then you could not move with facts whatsoever. It was like just don't bother me with the facts, because here is where I am going to position myself and that is all there is to it. And he got there earlier than most, in terms of what he thought was in his own interest.

And our other problem was John Breaux, whom I personally like very much. Day One, John was looking for the deal, as is John's wont. And you know so he constantly would you know, corner me, he'd corner the President and say "What is the deal, let's make the deal." We kept saying "You know, John, we got some problems here with making the deal until we figure out what is going to happen with the budget, then we have worries about NAFTA, you know, so we had all of these problems in kind of getting to the bottom line, as he would have preferred. But it was also difficult because we had thought we had adopted a large part of his previously stated positions, which he repudiated.

Q: That was then, and this is now. His classic phrase.

Hillary: Yes, I know. So he would come to see us and we would say we are putting in-- And he would say "Oh, I am not for that any more. "Well, what are you for?" "I don't know yet?" "Well, when are you going to find out?" "I don't know yet." So we would have these endless conversations while he was trying to figure out where to position himself, and we could never get him pinned down long enough to figure out how to work with him. So that was kind of discouraging. There was one memorable moment. I said "Well, John, I will tell you what. Why don't you" This is months and months and months before any kind of Mainstream deal. "Why don't you start working with Senator Chafee. Maybe he would work with you. Go see Senator Chafee and tell him that you want to work with him and if anybody asks me, "I will say, I am delighted that Senator Breaux is getting so deeply involved." So he went to see Senator Chafee, and then he had his staff working together, and the Chafee's staff called us, and said "Why did you sic John Breaux on us. They don't know anything. We can't negotiate with them." And then Christie [Ferguson] told Chris [Jennings], she said "He's to the right of us. And we can't negotiate with him."

Q: Some days. Some days to the right. Some days to the left.

Hillary: So, anyway, those are just some of the sort of perspectives I have that I think help to give some shape to the stories, at least from the Congressional perspective. And maybe, if we could get it all sorted out, give us some lessons so we can learn from them and try not to repeat any mistakes. We can make new ones, but you know, not make the old ones over again.

Q: One of the things that I have wondered about is whether you think that you made too much of an effort to court outside groups who really then didn't stay bought. You fixed this

provision they way they want. Your expectation then is that as long as that provision is there, that may be the one they are most interested in, but they will be supporting the bill. Whereas in fact all they did was worry about that particular provision.

[Hillary: I don't think that is exactly what happened. Because everything that was in that bill, we really believed was a good thing, even if we might lose it later on. Like, take two examples. As far as I know, nobody lobbied us for retiree benefits. Once we came up with the idea of retiree benefits, there was this chorus of hosannahs from the industrial base. But that was really more, that was for three reasons, substantive reasons.

One was, I mean, the President really thinks that if you don't have a strong manufacturing base, you don't have a strong country, and that health care costs were one of the major competitive disincentives for a lot of our older industry, and that it was in the collective national good to try to do something about that, because in effect they were not only suffering competitively vis-a-vis European countries but they were subsidizing, you know, fast food joints. And the president would rather have people making automobiles than hamburgers. So that was a substantive decision.

Secondly, there is this funny gap between somebody who is retired and therefore without and income and therefore has no benefits, and somebody who is retired, has health care benefits. But we saw increasingly those benefits being cut in the last several years. So we thought there would be a real advantage in serving notice on the companies with big retiree loads that we going to relieve them of that, over time, so they didn't need to abrogate contracts, so they didn't need to throw these people onto the Medicaid rolls, which is where a lot of them ended up. So we saw it as not only a good economic policy but good social policy, in order to send that signal.

I guess the third reason we did it was because when you e looked at the numbers, it wasn't that much money. And we thought that if we did it right, we would get some support that would be very strong support and we would be able in a way to get support from an influential groups of people between 55 and 65, who were focused on Medicare. I mean, you can't talk to a 25 year-old about Medicare. You can talk to a 60-year-old about Medicare. And if they think this will help them bridge those years until Medicare, they will become politically supportive of it. So we thohht substantively and politically it was a good idea. It was not something we did because these guys asked us to do, but once we said we were thinking of it, they were obviously very interested in it.]

Q: Certainly something John Dingell had thought about before.

Hillary: He never raised that with me. At least I am not aware of him raising it with me. He never personally raised that with me. No, he never raised it with me. But I think early enough

on, because of what thought the President had already given to this, and Ira Magaziner was a big believer in this, because most of his consulting work had been done for old companies with heavy benefit packages, that had to get restructured. And so he saw the cost, he saw what an economic drag it was. This was always in their minds. This was not something that John Dingell brought to them.

Melanne. Prescription drugs. Everybody thinks that was to buy off the elderly.

[Hillary: But the president campaigned on it. So I really cannot, and I would tell you, Adam, think of anything we put in there because somebody extorted it politically out of us. What happened though, and this was the more telling experience, is that we would make a choice like that, and we wouldn't get anything in return. We did it because it was the right thing to do. We did it because it made our whole system work. You know, we could get the pieces of it all to work together. Because for example, we would go and we would tell these Fortune 500 companies or the auto companies that the President is seriously thinking of including retiree benefits. We are not sure at what level, we would like you to work with us actuarily, so we could determine what the cost was. They would say, gee, great idea. So we'd work it out, we would spend days with their actuaries, their CFOs, all this stuff. We would put it in the legislation and it would be like "What have you done for me lately?" And we didn't get anything for it. We were politically naive in that sense.

And we were also politically naive in another sense, I would argue. When we had these intense arguments with people, which we had. I'll give you the most absurd example. Here we had universal coverage, pre-natal; care, well-child care, adolescent care, it's like the American Academy of Pediatrics' dream and they are saying we don't have enough, our benefits package does not include enough visits for adolescence. We negotiated with them for like what, three weeks, they wanted what, six visits?]

Melanne: They would oppose the plan based on the fact that it didn't have the periodicity that they recommended.

Hillary: As so, this was completely out of left field. And we thought, my gosh, look at the wonderful thing we are doing. Or we thought with AARP, I mean, John Rother and Horace Dietz must have been in my office three times and there must have been meetings with other people a hundred times, it seems like. We thought we had worked out the problem. I even got what's that other group, the Roosevelt group? I even got the Roosevelt group to support what we were doing in long-term care and prescription drugs, although they were not happy with either, we persuaded them it would work, it was affordable. So we get out there. I go to the AARP board, we tell them what we are doing and da-da-da-da-da, they say they are going to spend ten million dollars. And then what do they do, instead of working with us to spend the ten million dollars, they go out and produce ads, which the Annenberg Center says were the most damaging ads to us. Forget Harry and Louise. It was the AARP saying "Any health care plan better have

long-term care and prescription drugs," which made every elderly person think the president's plan didn't have it. Now that was, I don't think John or Horace sat down and said "How can we screw the President," but they might just as well have, because they didn't understand the political dynamic of what was happening.

Melanne: One thing they clearly did not do is they did not support the President's plan.

Hillary: No, not until the very end. Because they were, you know, they would tell you as they told me, numerous times, maintain their position, etc., etc. Well, the up side is we worked with these groups. We held the line on most of what they demanded. We worked with them where we thought they were right. We never put anything in there that we did not think had a justification. So we finally get the whole package put together, so what do they do. They say to members of Congress [drops voice]. "Well, we ninety percent support the President's plan. [Voice rises.] But we want to change, you know we want more visits for adolescents, we want more prescription drugs, we want this, we want that. So what do the Congress members hear? They didn't hear "We support the President's plan on ninety percent." They only heard the squeaky wheels, It was a huge disappointment, because we had so many assurances of effort and advocacy that they made the absolutely wrong assumption. They believed that health care reform, was going to get done, and it was going to be universal. So that if they didn't fight for their piece, they would get lost in the stampede.

Now there was another group. Put to one side the groups like AARP and the doctors' groups, and you know, all those folks, who were basically with us in support. [Now, there was a whole other group, largely consisting of businesses, who we have a huge paper trail with. They would come in and they would say "Health care costs are killing us. We support employer mandate, we really want to work with you." We would work with them, and several things happened. One thing that happened is that in all of these collective, this is something else I learned, in all of these collective groups that are formed, roundtables, councils, all this stuff the business guys congregate in, are highly influenced by their peers on issues that they don't have any particular expertise about. I went to Williamsburg. I had a great visit in Williamsburg with one of those councils. I don't know which one it is, and lots of big CEO's there. Got great response. I should have realized in retrospect, what I didn't understand is that when the guy who is the chairman of Prudential.]

Q: Winters.

Hillary: Winters wanted to see me personally. This was naive on my part, too. Winters wanted to see me personally. He came to see me and he said, "We want to work with you." I said "Great." I said we would love to work with anybody. You know, the President is keeping private insurance, and obviously a lot of private insurance will not be competitive. A company like Prudential will be. So let us work together. So we had a big meeting of the

CEO's, the CFO's of the major insurance companies. In the Roosevelt Room. We go around the room and they express all of their concerns. And some of them we could work with and some we couldn't. You know, there has got to be some cost containment. If you can help us design something that is more effective but less onerous on you than a premium cap, we are happy to try.

What I didn't realize was how they were basically just trying to figure out what all of the pressure points were, so they could go back and begin working on their peers, because suddenly I started going to board rooms, meeting with CEO's of non-insurance companies, and they would ask me questions about the plan which were totally wrong. I remember one meeting we had in Cleveland was it?

Melanne: At TRW.

Hillary: A huge conference table. And somebody, John Ong from B.F. Goodrich, who had been supportive but was on the Business Roundtable and highly influenced by Winters, asked me a question and I said, "Well, that is just not in the legislation. That is jut not right." I said, "Where did you hear that?" He said "Well, from my benefits manager." And then I started piecing it together, there was this concerted effort on the part of the insurance companies to influence benefits departments of big corporations to scare the heck of their CEO's. And I didn't realize that this was a strategy, until I met with Bob Ray, the former Governor of Iowa, and Steve Gleason, a doctor who has been very helpful to us. Bob Ray and Steve Gleason were co-chairs of the Iowa Health Care Reform project. And Bob Ray is a Republican. He is the head of Blue Cross-Blue Shield. He came in with a plan very similar to the President's, only for the state level. And he sat in this room, we met, and this was what four months ago.

Melanne: Yes, Or maybe longer.

Hillary: He said they finished their report. They submitted it to the Republican governor. And Bob said, "All of a sudden, when I go in to meet with the governor. I could tell he has just withdrawn, withdrawn. And I tracked it down, and he said what was happening was the benefits managers, who thought number one they would be out of a job, because he we would be eliminating the need to compare benefits, so they had a personal problems, but secondly, they were being just hammered by the insurers." And Bob said you know, we weren't doing that at Blue Cross, so I wasn't aware of it. He said but suddenly it dawned on me that there was this concerted campaign. The same people sitting at the table had turned against us. So we have this kind of experience where a lot of our business support began to get cold feet.

Tape ends

Says pharmaceutical companies sent teams through the newsrooms of major regional newspapers.

Says Danforth and Durenberger both told her "This is about defeating Bill Clinton.

Says foreign experts came to see how plan worked becasue they thought it had things to teach them, including the doctor Prime Minister of Norway. Jacques Chirac, French conservative, asked "what is the matter with this country."

~~X~~ ["I want the right lessons to be learned."]

A Retrospective on Health Care Reform
October 1994

On September 22, 1993, President Clinton proposed a plan to provide health coverage to all Americans and control escalating health care costs. A little over a year later, after successfully moving health care legislation through four Congressional committees and to the floor of both Houses , health care reform failed. What happened?

President Clinton - in keeping with his campaign promise to provide quality, affordable health care coverage to all Americans - put forth a plan to help solve the nation's health care problems. Building on what is good in our current health care system, he proposed universal coverage, phased in over several years, and a practical approach to rein in health care costs for American families.

Opponents of reform, the same interest groups that have historically opposed change, waged an all out war to defeat health care reform. While some paid lip service to the goals of reform, they spared no effort to protect the status quo. And they succeeded.

Although they failed to convince the American public that the fundamental goals of universal coverage and cost containment were wrong, they succeeded in scaring and misleading the public that the bills proposed by the President and various Congressional Committees would threaten what they like about their own health care. They scared the public - confusing them about whether they would be able to see their own doctor and whether the health care system would turn into a giant government bureaucracy.

It is interesting to note that despite the hundreds of millions of dollars spent to defeat health care reform, suppport for the President's goal of universal coverage remains strong. The latest NYT/CBS News poll found that an overwhelmingy majority - close to 70% - of Americans still think that it is very important that every American receives health care coverage.

Why did these special interests triumph in the face of a united President and Democratic leadership? They succeeded in classic Washington style -- a combination of massive special interest money spent on advertising, delay, distortion, and exploitation of the complexity of the Congressional process. According to Newsweek (September 19, 1994), "interest groups spent at least $300 million - more than the Democratic and Republican 1988 and 1992 presidential nominees combined - to defeat health care. Much of this money was spent on blatantly untrue advertisements designed to scare the public..."

The heroic efforts of countless Members of Congress, led by Senator Mitchell and Congressman Gephardt, outside groups and dedicated individuals pushed health care reform further than it

has advanced in sixty years of trying under seven Presidents. Because of these efforts the public understands the importance of health reform and strongly supports efforts to fundamentally improve the current system.

Change is difficult in the current Washington environment. As is so often true, the forces of the status quo have the upper hand. Were mistakes made? Absolutely. Could the Administration have done a better job? Certainly. But the President, his Administration, many Members of Congress, and numerous groups and individuals fought as hard as they could to pass reform.

The biggest disappointment in the fight for health care reform is that the people who have lost the most are the tens of millions of American families who are without insurance or who live in constant risk of losing their insurance. They lost to the forces of the status quo, the special interests who have foiled efforts to change the current system for years.

These special interests fought for their right to continue to make money from the current system, and they did a good job. They won this round. But this battle is far from over. The efforts made and the lessons learned will contribute ultimately to reform of our health system. There will be a day - hopefully in the not too distant future - when the public interests are put ahead of the special interests and real health security is achieved.

Myth: The Plan Was Doomed From the Beginning - It was Naive and Grandiose.

Reality: Special Interests set out to defeat anything that challenged the status quo. In fact, the President's plan was built on what works in the current system.

The special interests lined up to oppose change, to protect the status quo, as they have for sixty years. No matter what had been proposed, if it was fundamental change, the special interests would have opposed it. Individual elements of every plan proposed - whether by the President, Congressional Committees, Democrats or Republicans - were met with fervent opposition. In essence any approach which tried to change the status quo ran directly into the same wall of special interest opposition.

The Administration's plan was built upon what works in the current system, coupled with proposals put forth by Democrats and Republicans. For example, the employer mandate simply expanded on today's system where 90% of people who currently have private insurance receive it through the workplace. It was also the same approach that President Nixon proposed two decades ago, and supported by groups like the AMA, the Chamber of Commerce, the Association of Corporate Benefits Managers, the American Hospital Association, the National Coalition on Health Care Reform co-chaired by former Presidents Carter and Ford, and many other groups.

The recommendation of premium caps came straight from a bill proposed by Senators Danforth and Kassebaum and Representatives McCurdy and Glickman. They were supported by many groups, including the American College of Physicians, the Catholic Health Association and the League of Women Voters.

To enhance consumer choice and provide for community rating, the Administration proposed mandatory alliances, which were contained in the 1992 bill sponsored by Representatives Cooper and Andrews and Senators Boren and Breaux.

In many cases, these proposals have been tried and tested and are performing successfully at the state level. Employer mandates are working effectively in Hawaii, Washington and Oregon; premium caps in Washington and Minnesota. And alliances are working in models such as CalPers and the Federal Employees Health Benefits Program.

In poll after poll, the American people supported key elements of the President's plan. A June 1994 Washington Post/ABC News poll showed that 78 percent favor universal coverage, 72 percent favor an employer mandate and 75 percent favor government cost containment. In September of 1994, a New York Times/CBS News poll revealed that almost 70% of Americans still believed that every American deserves health care coverage.

Myth: The Plan was developed in secrecy.

Reality: The Plan was developed through one of the most open and inclusive policy-making processes ever conducted.

This was one of the most open and inclusive policy-making processes ever conducted by an Administration in terms of the full range of individuals who directly participated in providing expertise and the options considered on health care reform. The process included members of Congress and their staffs, state and local government officials, outside reviewers, health care providers, consumers etc. - to ensure diverse points of view were represented.

In addition, we sought outside opinions to challenge the assumptions proposed by the working group members. Audit teams critiqued and questioned assumptions and options; 14 panels of consumers shared their concerns and insights; and a health professional review group and outreach groups of doctors, nurses, public health officials etc. reviewed and commented on policy options developed by the working group.

Myth: The Working Group process was unwieldy and chaotic, causing costly delays; The plan was too complex

Reality: Delay on introducing health care was in large part a result of other issues on the Congressional calendar.

The Administration was ready to move forward at the end of May 1993. But after the defeat of the economic stimulus package, it became clear that the introduction of health care reform should be delayed until passage of the economic plan was assured.

The delay undoubtedly gave time to the opposition to organize to protect the status quo. But, passage of the economic plan was critical to the country and required the Administration's priority attention.

There is no doubt that the length of the bill, while comparable in length to other major pieces of legislation such as the crime bill and NAFTA, became a metaphor for the complexity people would supposedly face under a reformed system. The number of pages became the opponent's symbol for the amount of government involvement people would see in their health care.

The Administration believed that introducing a skeleton bill and not explaining how reforms would work would be irresponsible. And, if a skeleton bill had been introduced, we would probably have been criticized for being too superficial. The fact is that the President repeatedly stated that he laid out his goals, but was flexible on how to achieve these goals.

Health care legislation in and of itself is complex. But, as the

Director of the Congressional Budget Office stated: "the Health Security Act is unique among proposals to restructure the health care system both because of its scope and its attention to detail. Some critics of the proposal maintain that it is too complex. A major reason for the complexity, however, is that the proposal outlines in legislation the steps that would actually have to be taken to accomplish its goals. No other proposal has come close to attempting this. Other health care proposals might appear equally complex if they provided the same level of detail as the Administration's on the implementation requirements."

Myth: The Administration was not united behind the President's plan.

Fact: During the drafting process, members of the Administration discussed various options. When the plan was introduced by the President, his Administration was fully united behind it.

The Administration was united behind health care reform. Members of this Administration worked as hard as they could to pass health reform.

Like any other issue or initiative of an Administration, there were disagreements as the policy was being developed. Everyone was heard; everyone had the opportunity to make the case before the President made his decisions. Disagreements and discussions were normal and productive. They shaped the decisions that led to the President's proposal.

Everyone likes to discover and reveal differences within an Administration. Cabinet-level officials and senior White House advisers met over 21 times during April and May and then several times again in August and September to directly participate in the formulation of the final plan. While staff-level working documents reflect a diversity of opinions and put a wide range of options on the table for consideration, this senior-level group was responsible for narrowing them and presenting recommendations to the President. Ultimately, the President made the final decisions and the entire Administration united behind the goal of getting health care reform passed.

Myth: Interest groups that supported universal coverage were never brought into a coalition to support the President's goal of universal coverage.

Reality: Several groups paid lip service to health care reform and universal coverage while using every ounce of energy to maintain the status quo and defeat reform.

Judge the special interests by what they do, not what they say. It's very easy to say you are for universal coverage, and at the same time spend every resource you have to defeat any effort to enact fundamental reform.

Let's not be naive. These are very sophisticated groups that knew exactly what they were doing. They acted in what they viewed as their self-interest and they were not going to act otherwise. According to Newsweek (September 19, 1994), $300 million was spent by interest groups to defeat reform. This type of campaign was unprecedented and effective. While hiding under the umbrella of supporting universal coverage, they would actively attack elements that would put the nation on the road to universal coverage.

Did we know that special interests were going to attack health care reform? Of course we did. Special interests historically fought attempts to reform. We knew that it is easier to make a negative case and to scare people. Perhaps we underestimated the degree to which opponents would intentionally spread misinformation. The distortion campaign to protect the status quo was enormous - and it worked - to the detriment of the health security of the American people.

Myth: A compromise on health care reform with Republicans was attainable, but the Administration did not reach out to Republicans.

Reality: The Administration's goal was always to work in a bipartisan fashion. Republicans were consulted throughout the process.

The Administration recognized from the very beginning that if we were to answer the call of the American people to provide for universal coverage and control health care costs we needed to work together in a bipartisan fashion. From the beginning, we reached out to Republicans. We had numerous meetings with the Senate Republican and House Republican Task Force Groups and their leadership.

Twenty-three Republican Senators sponsored a bill that achieved universal coverage when the President's plan was introduced. In the late spring of 1994, the Republican leadership unified its membership around a decision not to give the President any major victories. At various points the President and the Congressional

leadership offered to move closer to moderate Republicans, but they backed way. Republican resistance in the Senate to the crime bill , on GATT and on health care during the summer all point to a desire by the Republicans to obstruct legislation that wold be counted as victories for the President.

Myth: The Administration failed to capitalize on the wide public support and the fact that Democrats controlled Congress.

Reality: Throwing sand into the gears of the legislative process is easy, making it work is hard.

This was never going to be easy. Major change in our health care system does not come easily -- we have sixty years of experience to demonstrate that.

The Administration fought as hard as it could. Of course, we regret we were unable to get major reform this year. Of course, we made some mistakes, and, in hindsight, we can all point to things we should have done differently.

The general support of the public does not automatically translate into success in the face of entrenched special interests. Changing the status quo is hard; the opponents have to accomplish only one thing, to stop something. They don't have to pass an alternative. They can distort the truth; they can divert attention from the real issues; they can mislead.

Passing legislation that upsets the status quo is hard. Throwing sand into the gears of the legislative process is easy; making it work is hard. The opponents of change spent unprecedented amounts of money, $300 million according to Newsweek, to confuse the public, to convince the public that they would lose their doctor and that the health care system would become a giant government bureaucracy.

The special interests used the tactics that are so familiar in Washington to prevent change. They confused the public; they delayed the Congressional process; they bombarded Members of Congress with their special interest pleadings; they constructed a wall of confusion between Members of Congress and public opinion on the need to reform the health system.

They succeeded in the same way that the forces of the status quo have succeeded in Washington many times in the past. They won this round; but this is not a President who gives up. Health care reform may be delayed, but it will not be defeated as long as there are millions of Americans who live in daily fear that they will lose their health insurance.

EARLY COMMENTS BY SENATOR PACKWOOD (R-OR)
ON HEALTH CARE REFORM

HEARINGS OF THE SENATE FINANCE COMMITTEE, SEPTEMBER 30, 1993

"On the bill itself, as you're well aware, I am somewhat pleased with the approach that you are taking. I like the universal coverage. I like -- I call it an individual mandate, where the people are going to have to buy. The employer will share the cost, which is very similar to the German plan.

"If I have any misgiving, ... it is a misgiving based upon history, and that's the cost estimates of what we hope we can save and what we hope the new entitlements will not cost...

"You very kindly -- the administration very kindly granted Oregon's Medicaid waiver when we could not get it from the previous administration..."

LOCAL RESPONSE TO PRESIDENT'S SEPTEMBER 23, 1993 SPEECH:

"I'm favorably disposed to the concept of what he's trying to do. I don't think we're that far apart."

CONGRESSIONAL RECORD JANUARY 26, 1994:

"I agree with the President. It was a good idea by President Nixon, and it is a good idea today. I would say to the President, he will find Republicans who will work with him if - if there is not imposed an immense Government bureaucracy and if there is not Government monopoly through which you must purchase your insurance.

"But can we agree with him that there should be universal coverage...You bet we can. Can that be phased in overnight? Maybe not...

(After listing price controls, mandatory health alliances, and any prohibition against states experimenting) "there is room for conciliation and compromise."

WASHINGTON TIMES FEBRUARY 11, 1994

"A fair portion of the President's plan is going to be stripped out, but the basic universal coverage will be there...The President then will declare victory, and it won't matter if it bears no resemblance to his bill as it went in."

What were mistakes? be meetings- what next year. Ira in or out.

TO: Hillary
FR: Lisa
RE: Top Health Care Questions
DT: September 27, 1994

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1. Isn't it true that health care reform was doomed from the beginning because the Clinton Administration was politically naive and arrogant?

2. Wasn't the fact that the Clinton health plan was drafted in secrecy contribute to its ultimate failure?

3. Many say that the process you and Ira Magaziner set up was unwieldy and chaotic, causing costly delays and laying the groundwork for no reform at all this year?

4. The fact of the matter is that your and Magaziner's task force came up with a health care plan that was far too complex and too much government to ever be enacted into law and that you just plain set your sights too high and were unrealistic in your expectations?

5. Health care reform was doomed to fail because the Administration itself was not united behind the President's plan?

6. Isn't it true that interest groups who supported universal coverage were never brought into a coalition to support the President's goal of universal coverage?

7. Many Members of Congress say that a compromise on health care reform was attainable, but the Administration did not reach out to Republicans?

8. Many also say that we could have had a health care bill this year had the President not waived his veto pen during his address to Congress last fall? In other words, you all were unwilling to bend?

9. Your problem was that the White House had a grand vision but produced a plan with a narrow constituency?

10. Ira Magaziner didn't listen to anyone and was a major reason why this whole effort failed -- to quote Sen. John Breaux, "We don't speak the same language. He is a technician and we are politicians. It just doesn't work." Response?

11. Some say that your effort was destined to fail because the White House was misfocused -- you were focusing on the 15 percent of Americans who did not have any health insurance rather than on the 85 percent who do?

12. You say that you can't understand why health care reform can't get done because you say the American people want it and it is in their interest to have it. But in reality, polls show that the overwhelming majority of the American public want health care reform efforts put off. I find it hard to believe with the pulpit of the presidency and the media power and resources of the White House that you could not succeed in your efforts. So then, didn't you have a massive communications problem that really contributed to the failure of health care reform?

13. Aren't you angry and bitter about your defeat on health care? Many say that you are privately fuming at some in the White House who didn't see things eye to eye with you?

14. Have you been sobered by your defeat? Has this whole experience made you question your own political skills?

15. Now that you lost the health care battle, what battle or cause will you take up next?

HEALTH

JULIE KOSTERLITZ

THE SOUNDS OF TWO SENATORS WAFFLING

Given the heavy political lifting required to get universal health care coverage through Congress and the countervailing G-forces of interest groups, ideology and reelection campaigns, it's not surprising that some knees have buckled, bringing what once were firmly held principles crashing unceremoniously to the floor.

Consider Sens. Bob Packwood, R-Ore., and Robert Kerrey, D-Neb., two political moderates whose votes for health care reform the Clinton Administration and Senate leaders had originally banked on. Once stalwarts in the cause of universal coverage, the two have recently found the political weight so unsupportable that they've spun 180 degrees in their rush to set the barbells down.





Susan M. Muniak (left); Richard A. Brown

Sen. Robert Kerrey, D-Neb. **Sen. Bob Packwood, R-Ore.**

Packwood, the ranking Republican on the Finance Committee, publicly supported employer mandates for 20 years—up through his hard-fought 1992 reelection campaign—before he abandoned support for any kind of mandate this summer on the eve of the committee's vote. He subsequently teamed up to co-author a halfway reform package with Senate Minority Leader Robert Dole, R-Kan., who'd just abandoned his own support for a mandate on individuals to buy insurance.

Kerrey, who campaigned for the Democratic presidential nomination in 1992 on a platform of taxpayer-financed national insurance, replete with government-set health spending limits, abandoned it by degrees this summer before he announced in early August that he'd oppose even the heavily diluted employer mandate provision pitched by his party's leadership.

Packwood, after offering a long and tortured explanation of his reversal on the opening day of the Finance Committee's deliberations on June 29, has assumed a prominent role in the campaign against a Democratic alternative that looks almost exactly like his own earlier policy prescription. Without batting an eye, Packwood recently told PBS's Robert MacNeil that "I started out supporting" employer mandates, but "when I heard the facts, I changed my mind."

Kerrey, who already had a penchant for agonizing aloud, not only announced his opposition to the health plan of Senate Majority Leader George J. Mitchell, D-Maine, in a speech on the Senate floor, but also took the extra step of holding a Washington press conference on the matter.

Both reversals court voter cynicism. After all, Packwood's embrace of universal coverage through employer mandates during his reelection campaign helped to undercut support for his Democratic challenger, former Rep. Les AuCoin, who advocated a single-payer system. Packwood also argued that he was better placed than AuCoin—by virtue of his seniority, his ranking position on the Finance Committee and his moderate position—to be a serious player on health care reform.

But earlier this year, as Dole began backing off his support for universal coverage through an individual mandate, Packwood began softening his stance. Still, even as late as mid-June, Packwood supported the idea of fallback individual mandates in a meeting with President Clinton at the White House. Then, on the opening day of the Finance Committee's deliberations, Packwood officially renounced his support for universal coverage and mandates of any sort.

Rather than slink silently into his chair, Packwood felt compelled to give a lengthy and convoluted explanation of his reversal. Paraphrasing a retired colleague, Packwood said: "Anything that the public really wants badly we will get. It may take two or three Congresses. That is not a long time in the history of the Republic." Packwood first introduced health care legislation with employer mandates in the 93rd Congress.

Packwood's explanation doesn't seem to have stanched the snickering on Capitol Hill or back home, where it's taken for granted that his interest had shifted from extending Americans' health care coverage to securing his own political cover in the wake of the sexual harassment charges pending against him in the Senate Ethics Committee. Faced with ebbing institutional clout and possible disciplinary action, Packwood couldn't very well refuse Dole's invitation to play Follow-the-Minority-Leader.

Kerrey's support for universal coverage may have been much more short-lived than Packwood's, but it was far more public. Gearing up for his 1992 presidential bid, Kerrey beat most of his Democratic rivals to the punch by picking universal health coverage as his cause célèbre and by coming up with by far the most detailed blueprint of the group. Indeed, it was Kerrey's continued haranguing on the topic that forced front-runner Clinton to flesh out his promise of universal coverage.

In an article for *The American Prospect* in the summer of 1991 titled "Why America Will Adopt Comprehensive Health Care Reform," Kerrey argued against just the sort of incremental health care reforms he's been lobbying for since this spring, when he teamed up with a bipartisan group of Senate centrists. Kerrey then: "Only a single-payer system eliminates a multi-tier approach to health care that inevitably underfunds the bottom tier and creates inefficiencies throughout." Kerrey now: "Government intervention to expand coverage is risky. . . . We should be very cautious to presume that government can get the job done." Kerrey then: "The only reliable and efficient way to control health care costs is to do so directly by setting over-all expenditure limits." Kerrey now: "We should use the forces of the market to control costs instead of the dictates of government."

Kerrey, of course, is running for reelection in a heavily small-business state that is also home to some major health insurance companies, including Mutual of Omaha Insurance Co. And he's racked up at least $180,000 in campaign contributions from insurance, pharmaceutical, hospital and other health care interests.

Like Packwood, he seems to have calculated that a public about-face is the lesser of the political risks he faces. And like Packwood, he appears to hope that by taking his case to the voters, he can persuade them that he has rethought the national interest—and not merely redefined his political self-interest. ■

Troy K. Schneider provided research assistance for this report.

David Scull/The New York Times

...ne health care bill died on Tuesday, Hillary Rodham Clinton talked to reporters about it during her ... of the Kennedy Center in Washington with Naina Yeltsin, the wife of the Russian President.

Hillary Clinton Says Administration Was Misunderstood on Health Care

By ADAM CLYMER
Special to The New York Times

WASHINGTON, Oct. 2 — Hillary Rodham Clinton says she is willing to take some of the blame for the death of national health insurance legislation this year, for failing to anticipate the intensity and effectiveness of the opposition and for not realizing that the complexity of the Administration's original plan could work against it.

But the most frustrating failure she acknowledges is not getting the country to understand that the plan the Clintons offered a year ago was an opening offer, "constructed to be deconstructed." Instead of being a basis for negotiations, she said, "it was described as an ultimatum by our opponents and therefore used to undermine the process of reaching agreement."

In the crucial period shortly after the bill was proposed a year ago, she said, the Administration failed to foreset the problems that negative advertisements would cause and missed a chance to put on advertisements of its own that could have inoculated the public against what she considers falsehoods to come.

With the analytical funeral dirges for health care being sung all over the capital, Mrs. Clinton is plainly concerned that most people blame the Administration for a large part of the failure. They accuse the Administration of inattention and arrogance, of tolerating delay that cost momentum and, most of all, of rigidity.

So, seeking to air her own, quite different conclusion, the leader of the Administration's health care effort, discussed it in two interviews with The New York Times last week, arguing that "this battle was lost on paid media and the paid direct mail." Sounding vexed rather than depressed, she reviewed the history of the Administration's 21-month effort to provide health insurance for all Americans.

"I just want the right lessons to be learned," she said. "When we keep this going, in whatever form we can finally manage to fight it through, I want the right battles to be fought."

Though she did not say what the Administration might do next, returning to health care was plainly on her mind. Her discussion of past events is inhibited as she bites her tongue and declines to criticize either unreliable allies or particular foes.

For example, though other Administration officials, who refuse to be quoted by name, accuse various Republicans of breaking their promises to help, Mrs. Clinton speaks only generally, saying she was disappointed with them.

"From our perspective we tried very hard," she said. "There were a number of Republicans in both the House and the Senate who repeatedly told me they wanted to be involved in health care reform.

"They thought there were ways to work out every objection that they had — to an employer mandate or cost containment. But they were successively discouraged from ever engaging in any substantial discussions that could have led to those changes being made."

She did not even say much about Democrats who let her down, or about the interest groups that promised general support but delivered little more than backing for their particular interests.

As to the future of health care after the midterm elections, she said: "The President will have to do an assessment about what the Congress looks like, how we can better articulate what he's attempting to achieve, what are doable steps in legislation, what can be done through regulatory changes or executive actions. And all of that is being, you know, looked at right now."

While some analyses focus on how the Administration let the budget bill and then the North American Free Trade Agreement delay health care, and others focus on the plan itself as the biggest problem, the First Lady herself saw the weeks after its introduction as the crucial moment when the effort suffered grievously.

Attacks were beginning. "I did not appreciate how sophisticated they would be in conveying messages that were effective politically even though substantively wrong," she said, describing a "demonization of the Health Security Act."

She also acknowledged that she was not "prepared for the amount of resources that were readily available to the opposition," citing estimates that $120 million to $300 million was spent against the plan, compared with $12 million to $15 million she said was spent for it by the Democratic National Committee.

Most of the Administration's defense was carried in newspapers and on television, though it was sometimes limited when Congressional leaders asked her to stick to general principles rather than specifics. "I think in general the press rebutted a lot of claims," she said, "but if you don't rebut it in the forum in which the message is delivered, it goes unrebutted. So, that means if you don't have a radio campaign and a TV campaign and if you don't even know about the direct mail campaign, the people who are being influenced by that kind of opposition are going to remain influenced."

If the Administration had understood the seriousness of the early attacks, it might have responded, instead of relying on Congressional consideration to change the focus.

"If we had understood that," she said, "and we had raised enough money to run a series of ads which could have said something like, you know, 'This health care debate is just heating up. You are going to hear the most outlandish proposals. You are going to hear people say the President wants you to have government doctors and that, you know, the government is going to tell you what operations you can have or not. But, gee, they don't tell you that if you've got Medicare, and Medicare is paid for by a payroll tax.' And you could have done some sort of pre-emptive education that would have laid a better foundation, so that when people got this barrage of misinformation, they could have said 'Wait a minute, doesn't make sense.' "

> The opposition to a health bill was far stronger than expected, the First Lady says.

But what the Administration most wanted to do then was to encourage compromise. "What we attempted to do was to keep talking about the principles while we searched for ways to hammer out legislative compromise that would still guarantee universal coverage," she said.

She insists that the Administration was ready to give way, early or late, on the most intensely disputed parts of the Administration bill presented last October. These included mandatory participation in the insurance-purchasing cooperatives called "alliances," a cap or ceiling on how fast insurance premiums would be allowed to rise and a generous benefits package that was attacked as too costly.

"We knew we would have to move off of mandatory alliances and the forum of the premium cap and the size of the benefit package," she said. "We anticipated doing that."

But she also said: "We never adequately got across to people, and we were then painted as being inflexible or unwilling to negotiate, when that is how we saw the whole process.

"What we were not willing to do is negotiate and get nothing in return, to give up on chunks of a coherent plan."

She said the "people who attacked portions of it without offering an alternative were not really negotiating," especially when they did not offer to vote for a plan if what offended them was removed.

But that willingness to negotiate was certainly not clear to many members of Congress at the time. The 1,342 pages of the bill conveyed the impression that the Administration knew precisely what it wanted.

Nor was it clear with whom anyone was supposed to negotiate. Was it Mrs. Clinton or Ira C. Magaziner, who had run the task force that developed the plan but came across to many members of Congress as remote and too sure of himself? Or was it somebody else on the White House staff? Nor did the situation in Congress, with five committee chairmen claiming jurisdiction, make for clarity.

And while the President and Mrs. Clinton continually spoke of their willingness to compromise, they occasionally slapped down their critics very bluntly. When she did so, that struck many Americans as odd for a First Lady. The White House staff boasted about how it was going to use its campaign skills to sell the country on the plan, and even called its health care communications center a war room. While the Administration talked of compromise, it conveyed a readiness for combat.

The First Lady disputes the view that secrecy clouded the early months of the project. She said the heavy involvement of Democratic Congressional aides and Capitol Hill professionals on legislative drafting made it "the most open legislative process that I'd ever heard about."

She said the failure to provide "some regular contact with the press" was a mistake. It happened, she said, because "everybody involved with health care was basically told not to talk to the press." The reason was "that people did not want articles appearing about the health care legislation when everybody was focused on the budget." Mr. Magaziner recently said the trigger for that fear was a threat by Californians to vote against the budget bill after they heard the health care legislation might include a tax on wine.

Mrs. Clinton said the White House should have figured out "how could we have been more forthcoming with the press so that the press would not have bought into the right-wing attack about the 'secret process.' "

But while it was a conservative group that sued to open up task force deliberations, many newspapers also sought access. The emphasis on secrecy began when the health care task force was set up in the first weeks of the Administration. Congressional aides and others who worked on developing the plan were told not to talk to reporters, and the Administration tried to keep their names secret.

Even though she devoted more than an hour to each of the interviews at the White House, Mrs. Clinton argued that in the long run, postmortems on health care were a sort of Washington fixation. "I don't think all this conversation about who won or lost in Washington, whether it be the President or me or Republicans or Democrats, really is relevant," she said.

What does matter, she said with a touch of the combativeness that infuriated some members of Congress, like Senator Bob Dole, the Republican leader, and lukewarm Democrats, was the fact that it was the "American people who are going to win or lose." She went on: "When the Congress recesses, every member of Congress is going to have health care benefits. So if they are back in the district and they get in a car accident, they don't have to worry. And that is not true for large numbers of their constituents in every single district in this country."

THE NEW YORK TIMES, MONDAY, OCTOBER 3, 1994

Health Reform and You

For almost a year, I have been answering questions about health care reform issues in this column. In the process, I learned a great deal—about what concerns people had, what issues were confusing and about the details of a wide range of reform proposals.



BY MARILYN MOON

Nonetheless, along the way I was struck by what people didn't ask as the debate proceeded. Today, the Health section gave me the prerogative of making up my own questions to fill in some of these gaps.

Q. *Why did it take President Clinton more than 1,300 pages to spell out his reform plan?*

A. As critics and proponents alike pointed out, this was a very ambitious plan that touched on nearly every aspect of the U.S. health care system. But even if you took out those parts that dealt with issues such as medical education or malpractice reform, for example, it would still have been a very complex bill.

There are essentially two reasons this approach and the others like it are so complicated. First, the proposal opted to keep the system we now have where health insurance is most often provided through the workplace. But since we live in a world where many families have two or more earners and some workers have more than one job, the plan needed a raft of rules about which employers would pay for which employees. Many pages of the proposal were devoted to these rules—trying to make sense out of a system that is inherently messy. It also meant that new rules for covering those who did not work had to be created to fill in the gaps. Part of the complexity arose because our current system is so jury-rigged.

The second factor that increased complexity was the decision to allow many insurance companies to participate in the plan and to offer all Americans a choice among a variety of plans. But people cite the current fragmented system, with its many insurers, as a cause of our problems. For example, insurance companies have found that one of the best ways to hold down their costs is to exclude sick people from their plans. So the plan needed to have rules and regulations prohibiting discrimination against sick people and prohibiting more expensive premiums for some people. To monitor these insurers and to guarantee that individuals had a choice of plans, the Clinton administration created an elaborate alliance system, but this also complicated the proposal.

Yet, despite the complexity of the proposal, I was impressed by how many of these details were needed to answer the questions posed by readers. It actually was possible to find answers to many of the details that people cared about in that proposal. The only proposals that were simple to describe were either the single-payer approach, which would throw out the current system and replace it with simple requirements that everyone pay taxes and get coverage under a government plan, or proposals that did not achieve universal coverage and hence did not try to sort out who should pay for what.

Q. *What is the story about choice? Is it restricted or not in all these health care plans?*

A. An important theme of the health care debate was how much choice would be allowed. And while opponents and proponents of various proposals made claims about choice, they often failed to clearly define what they meant. Some of the confusion arose over whether choice referred to insurance plans or choice of doctors and other health care providers. The latter is clearly a bigger concern for most people. But restricting the number of insurance plans available could also limit access to doctors and hospitals if those plans limited their coverage to only certain doctors that they considered qualified.

All of the major reform proposals went out of their way to assure choice of both plans and doctors by requiring two things. The first was that there be at least one plan that allowed individuals to choose doctors who were not necessarily part of an insurance network but who charged for individual services. The second was that most of the plans that did offer price advantages by relying on doctors who were part of their own network or were contracting with the plan also allow patients to go outside the network to choose other doctors if they wished. Even the most ardent supporters of managed care, such as Rep. Jim Cooper (D-Tenn.), allowed such flexibility.

Thus, these proposals would actually broaden choice for many people. Already many Americans have no choice of health care plan: Their employer chooses for them, and when their plan is one with many controls—such as a health maintenance organization (HMO) or other highly managed plan—they are already restricted in terms of what doctors or other providers they may see.

Another possible issue for which choice has become the buzzword is the ability to seek desired treatment and have it paid for by insurance, regardless of whether an insurance plan or a physician or anyone else considers it unnecessary. If this is what people want to protect, then they are quite correct in assuming that reform will place limits on choice—either by government regulation or by limits established by plans that must compete for business by offering lower prices. Again, this is an area where people's flexibility will likely be restricted in the future even if no reform legislation passes. If health care spending continues to alarm those who pay for care—that is, employers and the government—more efforts to make sure that care is efficiently delivered will occur and more controls will be established.

Q. *Why can't we just get rid of the bad parts of the system and keep what we like?*

A. It is relatively easy to imagine ways to expand coverage through incremental changes, such as subsidies for low-income people, if Americans are willing to raise taxes to pay for such expansions. But incremental changes are much less likely to be effective at controlling the costs of health care. And since many of the proposals would have relied on reducing the costs of health care to make expanded coverage more affordable, comprehensive reform makes sense for expanding coverage as well.

One of the problems with trying to limit what gets changed under reform is that parts of the system that people find appealing and want to protect may actually be the reason why others are excluded from insurance or find it so costly. For example, healthy people who want to keep the lower premiums they now pay are essentially in conflict with those who have health problems and want better, less expensive coverage than they can now get. These two positions are on the opposite sides of the same issue and no reform proposal—not even incremental ones—can satisfy both.

Finally, insurance reforms as part of an incremental approach will be limited in what they can accomplish. The practice of excluding people with pre-existing conditions can be eliminated for those of us who already have insurance but not totally eliminated for the uninsured. Sen. Bob Dole's (R-Kan.) bill would still allow a one-year pre-existing exclusion for those who are newly insured, for example. The guarantee that you can keep insurance if you change jobs is limited by whether your new employer offers it, and even that is limited to the insurance that the employer offers. Your plan may change substantially even though you are guaranteed "portability." Thus, these reforms are likely to deliver less than many Americans think may be possible with incremental change.

Q. *Now that there will be no health care reform, can we protect what we now have?*

A. Many of the questions addressed in this column came from people who were well covered and feared losing something after reform. But remarkably few people ever asked whether the coverage they now have would likely stay the same over time, even though most of us have seen major changes in our insurance policies in the past few years and will likely see many more. This certainly applies to the issue of choice but also to whether employers will continue to pay for expensive plans without asking their employees to contribute more themselves. Employer-subsidized coverage peaked in the mid-1980s and has been declining since then.

Like many other observers of our system, I suspect that the system will not resolve its many problems on its own and instead we will experience a gradual deterioration in insurance coverage and choice. If that is the case, my hope is that next time there will be a more honest and reasoned debate on these critical issues. ■

Health Care: The 'Con' That Failed

The Clintons' program tried to be all things to all people

BY ROBERT J. SAMUELSON

THE "CON THAT FAILED" MAY SEEM A HARSH VERDICT ON why the Clintons' health "reform" didn't pass Congress. But it captures the essence of what happened and refutes the view that the plan was doomed by "special interests" and inept White House lobbying. These assessments, though partially true, miss the larger truth. The real undoing of "reform" was its utopianism. The Clintons tried to create a perfect health-care system and, in the process, missed an opportunity to improve a system that is inevitably imperfect.

We would all prefer a system that provides "universal" insurance for every conceivable ailment (from diet disorders to long-term care), remains "affordable" and allows complete "choice" for patients and doctors alike. But such a system is a mirage. There are conflicts among all these goals, and somehow, they will be resolved. What we call "the uninsured," or "soaring health costs" or "rationing" are just some of the ways it happens. Our ideal system is an impossibility, and the debate's crippling defect was its inability to recognize this basic limit.



But the Republicans also avoided a realistic plan to cut spending

For this, the Clintons bear a heavy responsibility. Their original proposal tried to be all things to all people. It tried to placate liberals and advocates of a Canadian-like "single payer" system by promising "universal coverage" with lavish benefits. It tried to placate big business by calling itself "managed competition," which had a private-enterprise aura. And it tried to seduce selected constituencies with new benefits: the elderly got drug coverage under Medicare; states were relieved of many Medicaid costs.

The "con" failed because too many people concluded that the plan wasn't credible. That is, it couldn't expand insurance coverage and control costs without (as the Clintons said) major tax increases or massive government meddling in medicine. The initial Clinton strategy aimed to build support on two levels. Public opinion would be won by preaching "universal coverage," which was heavily favored by the public as a way to protect people against insurance loss. On Capitol Hill, a coalition of big business, labor and the elderly would overwhelm opposition from small business (which disliked employer "mandates") and some insurance companies (which would lose under "managed competition").

In practice, the plan's complexities—reflecting its many promises—sabotaged the strategy. Public opinion was lost, because the plan's bewildering details (health "alliances," "accountable health plans") fanned people's fears that government would disrupt their medical care. After Clinton's speech to Congress in September, 59 percent of the public supported his plan. By July this was 40 percent. The plan did the damage, not hostile TV ads; in a NEWSWEEK Poll, 62 percent of respondents rated those ads as dishonest. The problem was not that the people grasped what the plan meant for them; it was that they couldn't.

Similar problems eroded interest-group support. For example, big companies initially backed employer "mandates" because they believed universal insurance would lower their costs. They would no longer have to bear, through premiums, the burden of the uninsured. But the Clinton plan also shifted costs to employers by putting many nonworkers into huge insurance pools, where some of their costs would have to be subsidized by companies. The consulting firm Lewin-VHI estimated these subsidies at $20 billion annually. This was one way Clinton minimized new taxes.

The term "con" implies that the Clintons recognized their plan's inconsistencies. In truth, I don't know whether this was so. They should have known, but perhaps they deceived themselves? Either way, the plan squandered support while generating huge expectations of what "reform" should achieve. All subsequent efforts to modify Clinton's plan started from a shaky political base while straining to satisfy sweeping and unrealistic goals. Republicans didn't kill health reform; it self-destructed.

Democrats ought to concede this, but Republicans should not gloat. They hypocritically complained about "too much government" and extolled "competition." What they ignored is that health care is already dominated by government. It pays two fifths of all costs and subsidizes private insurance by excluding employer-paid benefits from income taxes. In 1995 the subsidy will cost about $56 billion. If Republicans truly wanted "competition," they'd end the subsidy (other taxes could be cut to offset the tax increase). No major GOP proposal did so.

In this sense, the "con" was bipartisan. Everyone evaded the nub of the problem, which is the insistent rise of spending. This squeezes government budgets and private pay and, as insurance becomes costlier, raises the number of uninsured. But there are no easy ways to curb spending. The two basic approaches are tough governmental controls or less generous private insurance, which channels people into "managed care" (giving them fewer choices) or makes them pay more of their own costs. All approaches pose risks. They could suffocate us in governmental or private bureaucracies; care quality could suffer.

The debate failed in its function of illuminating important public choices and providing popular consent for some set of preferences. But just because the choices weren't faced doesn't mean they can be avoided. They will continue to be made in a largely random fashion—driven by companies' and states' desire to curb their health costs. Perhaps this is the best we can do; it's better than Clinton's system. But there's no guarantee that this haphazard process will sharply limit spending or that the number of uninsured won't continue to rise. Congressional inaction will not insulate Americans from change.

Sooner or later, there will be another health-care debate. Broad agreement already exists on "insurance reform" (protecting people against the loss of coverage), and had the Clintons been willing to settle for less, Congress could have passed a bill. But grappling with the larger issues of costs and the uninsured will require more candor. Politicians can be blamed for only so much. Their "cons" reflect popular delusions. Americans have always been prone to utopianism. We want some grand solutions to our problems—and nothing less. We don't want to talk about modest improvements or messy choices. Politicians pander to our erratic expectations with either sweeping promises or prudent silences. In health care, neither will get us very far.

16

five miles past the Inguri River—the de facto border between Abkhazia and Georgia. Avtandil, 28, is from Gali, the last town before the Inguri on the Abkhazian side. He and his buddy Gocho, an astronomy teacher from Sukhumi, are camped out here, crammed with their relatives, while Gali is a ghost town, because 90 percent of its prewar residents were Georgians. Both men, along with other Georgians, demonstrate daily in the Zugdidi square and threaten to walk across the Inguri bridge (by the thousands; thirty busloads were turned back in mid-September).

The bridge is guarded by Abkhazians on one side, by Georgians on the other and by Russians, who call themselves "peacemaking forces," in the middle. The Russians are observed by the U.N. observers. Those "peacemaking forces" are a compromise between Russia's demand that the U.N. pay for Russian soldiers who would serve under the U.N. and U.N. Secretary-General Boutros Boutros-Ghali's proposal to dispatch an international contingent of 2,500 with no more than 30 percent Russians. As it stands now, the "peacemaking forces" are 100 percent Russian, and are paid by Russia, but have the endorsement of the U.N. Security Council. In practice, this means that some 2,000 Russian soldiers, who have painted baby-blue bands on their helmets and their trucks, monitor the cease-fire. Meanwhile, 136 U.N. observers monitor the cease-fire and the Russian monitors too. The monitors and the monitors' monitors have their headquarters in a Russian military sanatorium, which remains Russian territory, guarded by Russian soldiers, with two mosaics of Lenin at the entrance.

The prospects for Abkhazia are grim. Establishing close links with Russia would vitiate its independence; embracing Georgia is close to impossible. Recognition of the tiny country is unlikely given the blame Germany received for recognizing Croatia. But the status quo—an empty country with nearly half its former residents massed along the border—cannot last forever.

Back to the monkeys. Only 10 percent survived the war. Nevertheless, Karchaa still thinks the nursery can make a contribution. That's why he's writing desperate bottle-in-the-sea letters to "The Heads of States" (including Boris Yeltsin) informing them of his nursery and of its readiness to carry out medical experiments.

The only bright moment in the Abkhazian monkeys' lives over the last two years came in 1991, when twenty rhesus monkeys from Sukhumi were picked to travel to Moscow to train for a space flight. After a year of work (they learned how to operate in conditions of weightlessness, and were fed a puree of sugar, apples, raisins and dried apricots as reward for good performance) seven finalists were chosen to go to a launch-site in northern Russia. Two males—Vasya and Top Gun—went into the cosmos for a fortnight, accompanied by Lithuanian vegetable shoots, French amphibians and fertilized Canadian frog spawn. The whole band landed safely in Kazakhstan, an unexpectedly international space travel venture, considering that Vasya and Top Gun are born stateless. •

Who lost health care reform? You did.

SORRY, NO CHANGE

By Michael Kinsley

It's election season again, and the candidates' posters have sprouted on lawns around my neighborhood. As usual, they call for "change." One says, "CHANGE . . . FOR THE BETTER!" Another says, "LEADERSHIP . . . FOR A CHANGE!" But if American voters were at all honest with themselves about the experience of the past two years since they elected Bill Clinton president on a platform of "change, change, change"—especially the acrid and ultimately fruitless debate over health care reform—they would acknowledge that change is in fact the last thing they want.

The health care debate turned out to be a contest over who could promise *less* change. Clinton lost. But you might say he started it. His basic pitch, remember, was "health care that can never be taken away." For the minority of Americans who currently lack health insurance and can't afford it, this would be change indeed. But the currently uninsured are not an important political constituency, however sad their plight. For the vast majority of Americans who now have insurance coverage, Clinton's main selling point was freedom from *fear* of change: fear that you'll lose your insurance.

In the great tradition of all politicians of both parties since Ronald Reagan, Clinton offered this new security as a free lunch. His original health care address to Congress in September 1993 did contain one brief passage suggesting that health care reform would require sacrifices in order to produce its benefits. That passage started to make the right noises: "Let me say this—and I hope every American will listen, because this is not an easy thing to hear. Responsibility in our health care system isn't just about them. It's about you. It's about me. It's about each of us." But the thought meandered off into a muddle whose only clear point was that the uninsured should have to pay something for their coverage—politically speaking, a burden on "them," not on "us."

Clinton's chosen method of paying for universal coverage—employer mandates—had some policy logic. It also had the important political advantage of seeming to put the burden on a "them" rather than "us" (though the economists, at least among Clinton's advisers, knew perfectly well that the cost is mostly passed along to workers in the form of lower wages). Overall, Clinton's plan, and the accompanying sales campaign, attempted to obscure the dual truth that (*a*) you can't have universal coverage without paying for it, and (*b*) you can't have cost control without constraints (either through

"the market" or through the government) on previously unconstrained consumer behavior. But Democrats will always lose a free-lunch bidding war to the party that invented the technique. By being less than frank about the costs and burdens of his own plan—by buying into the fiction that reform could be a free lunch—Clinton left himself open to opponents prepared to be even less frank than he was.

The main theme of opposition to Clinton's plan was the same as Clinton's own: fear of change. Under the proposal, opponents warned, you might not be able to keep your current doctor; you might not be able to have the same insurance arrangements you have now. The opponents' nightmare scenarios about the president's plan were partly lies, and partly the truth Clinton futilely tried to obscure: that you can't have change without things changing. In looking back on the debate, what's interesting is that what opponents played on was not necessarily the fear of things being *worse*, but the fear of their being *different*. The assumption was that different would necessarily mean worse. So much for "change."

Clinton's much-derided health care "alliances," for example, would have provided the typical health care consumer (who currently takes whatever arrangement his or her employer has on offer) far more choices than he or she has now. But no one could guarantee that those choices would include every consumer's precise current arrangement. This was an effective point for the opposition. Of course most health care consumers are deluded if they think they will enjoy the same arrangement, say, five years from now that they have today. "Change" is coming in any event. But that is "change" they won't be asked their opinion about.

Opposition to the Clinton plan came mainly from two corners. First, from Republicans determined to bloody the president's nose. Second, from interest groups with important stakes in current arrangements, such as small businesses, the insurance industry, the doctors. Most of these special interests actually supported parts of Clinton's original proposal. Trouble is, each group liked different parts. The insurers loved universal coverage and employer mandates but hated the alliances; small businesses loved the insurance regulation and government subsidies, but hated the employer mandates; and so on. Clinton thought he had put together a smorgasbord with something for every appetite. But he failed to reckon with the real politics of change: it is easier to stop what you're against than to achieve what you're for. With one or more of the interest groups against each major element of his plan, it was of little use to him that one or more of the same interest groups were also in support of each element.

Clinton's plan fell victim to criticisms that it was too bureaucratic and governmental. Much of this criticism was exaggerated to the point of dishonesty. The plan hardly amounted to "socialism" or "a government takeover of one-seventh of the economy," as it was often described. And the fuss over "secret meetings" of the Hillary Clinton-Ira Magaziner task force was simply ridiculous (as if there is something dastardly about administrations preparing their legislation in private before it is presented for public debate). But skepticism about those "alliances," global cost controls and other Magazineresque paraphernalia was fair enough. The Clinton plan is not the only way.

For those who reject the Clinton plan as too "big government," though, there are only two honest alternatives. One is to say there is no problem with our current health care system, or at least none that our government can usefully address. The other is to endorse a genuine, arduous free-market approach such as the original Heritage Foundation proposal (which I have had occasion to praise in these pages).

But there are problems with both of these honest alternatives. To declare there's "no problem" defies both objective and political reality. It's not true and—more to the point—it's not salable. As for the Heritage scheme, it would entail a stiff, progressive tax increase (in the form of a ceiling on the deductibility of employer-paid insurance). It would drive people by the millions into health maintenance organizations, or cause them to go without insurance completely for most medical expenses. In general it would force people to swallow more "change" than even ostensible free-market conservatives are prepared to shove down their throats.

So opponents of the Clinton approach, by and large, rejected both of these unappetizing alternatives. Instead, they offered various faux-free-market schemes that promised a freer lunch than Clinton's. This began, actually, with George Bush's last year, when he proposed what was essentially the Heritage plan minus all the unpleasant bits (such as paying for it). The Clinton-era leader of the opposition, Senator Bob Dole, has endorsed and retreated from a series of ever-diminishing alternatives, to the point where he now insists that a couple of minor insurance reforms will suffice.

The insurance-reform-only approach addresses Americans' fear of change directly by the simple technique of forbidding, Canute-like, the changes most Americans fear: that you can lose your insurance when you change jobs or get sick. It does nothing for folks without insurance now, but that is no political defect; politically, they don't matter. Insurance reform alone also won't work. Anyone who seriously looks into it knows this perfectly well, and ostensible devotees of free-market capitalism ought to suspect it in any event. You cannot simply wave your wand and forbid these undesirable market practices without causing huge rate increases and nightmarish (probably insoluble) bureaucratic and regulatory difficulties. But that is no political defect, either—especially since even insurance reform is unlikely to pass this year. Like other Republican panaceas—term limits, the balanced budget amendment, etc.—the political allure of insurance reform depends on its being unlikely to happen. So insurance reform is the free lunch du jour.

The collapse of his health care reform has occasioned another round of advice to President Clinton that he needs to become more moderate, govern from the cen-

ter, be bipartisan, repent his "paleoliberalism" and return to his "New Democrat" roots and so on. This directly contradicts, of course, the pundits' other favorite leitmotiv, on alternate days, that Clinton must show backbone, prove he stands for something, stop waffling and compromising and so on. But, right or wrong in general, the call for "more moderation" is certainly the wrong lesson from the health care fiasco, for two reasons.

First, Republicans were determined to oppose anything Clinton came up with. Every time he took a step toward statesmanlike compromise, they took a step away from it. A year ago Bob Dole was saying yes, there was a health care crisis, and he was co-sponsor of fellow Republican Senator John Chafee's reform plan that provided universal coverage through a requirement that everyone purchase insurance (individual mandates), with a massive new government subsidy program to help pay for it. Dole now denies there's a "crisis" and denounces plans far more modest than Chafee's as too much "big government."

As E. J. Dionne has pointed out in *The Washington Post*, the definition of "moderate" kept changing. Clinton's original plan, whatever its substantive merits or demerits, *was* designed precisely as a compromise proposal that used market forces to the extent possible, and built on our present employer-based system rather than ripping it up in favor of a Canadian-style government plan. That's one reason it was so complicated.

The second problem with the siren song of moderation, regarding health care reform, is that "moderation" usually ends up meaning the free lunch. Sure, if Clinton gave up all the unpopular parts of his plan—the employer mandates, the provisional price controls, the tax increases, etc.—it would be more "moderate." It also wouldn't work. The same is true of a free-market plan stripped of the aspects that give market forces their bite. The "moderate" alternatives that came and went during the health care debate were political confections that—dare I say it?—could have used a sprinkling of Magaziner-type policy analysis if they were to be taken seriously as proposals that would achieve their stated objectives. This is especially true of the so-called Cooper Plan (sponsored by Democratic Representative Jim Cooper and enthusiastically touted by this magazine), which never got the skeptical scrutiny Clinton's plan got, and never would have survived it.

Press coverage of the health care debate has been widely and rightly criticized for concentrating too much on the political horse race aspect, because the actual policy issues are too boring and complicated. But even when journalists covered the policy rather than the politics (and many media outlets, both print and broadcast, made noble efforts), the analysis was too often in terms of a simple spectrum of more or less "government"—as if the only decision that needed to be made was where on this spectrum the country should choose to plop itself down. This allowed too many politicians to brag that they opposed Clinton's bad stuff while supporting his good stuff, without having to explain how they proposed to get the one without the other.

Now, according to the pollsters, comes the populist backlash—the welling up of popular disgust at politicians who have spent a year dithering with health care reform and come up with nothing. The Clinton strategists were counting on such a backlash to produce enough last-minute pressure to get some kind of plan enacted. But the backlash has been slightly different from what they expected. For starters, people blame the Clintons, among others, for the failure to enact a plan this year. They blame the president, they blame Hillary, they blame recalcitrant Republicans, they blame the special interests. Despite a year of negative hectoring, they still want—or say they want—"fundamental change" in the health care system, including universal coverage. They're absolutely furious at the politicians for failing to give them what they want. They loathe the "gridlock" in Washington. And yet, at the same time, two-thirds (according to a *Newsweek* poll) think Congress should give up and try again next year.

Next year, presumably, the politicians will be able to come up with that free lunch they keep promising: universal, guaranteed care without anyone paying more than now; cost control without anyone's current health care arrangements being disturbed. Change without change. The politicians do, indeed, deserve to be blamed for promising the free lunch and then being unable to deliver. But don't the citizens also deserve some blame for demanding the patently impossible, then exploding with childish rage at others when they can't have it?

And while we're apportioning blame, how about a bit for the polls themselves? They encourage and legitimize cheap attitudinizing by the populace: yes, I blame Hillary first, and the drug companies second, and Congress third ... and yes, I want universal coverage ... and no, I don't want a tax increase ... and HELL YES, I'm ABSOLUTELY FURIOUS at all those STINKING POLITICIANS who won't give me everything I want. Thank you for asking.

Now the United States will remain the only advanced country in the world that can't find a way—*some* way—to provide health care to all its citizens, and the only one that spends anywhere near as much on the system it has. Tales of foreigners coming here for medical care miss the point. The point is that democracies like Canada and Britain and Germany and Japan are perfectly free to repeal their systems in favor of one like ours, if they wish, and yet there is no political constituency for doing so. Not even a conservative politician would dare to propose it. Margaret Thatcher spent twelve years indignantly denying a wish to dismantle the National Health Service, the way Republicans here indignantly deny any desire to tamper with Social Security. A Canadian-style system may not be the right answer. But the citizens of these other nations have come up with *an* answer. Why can't we? It's not just the fault of the politicians and the special interests. •

Pollsters See a Silent Storm That Swept Away Democrats

By ROBIN TONER
Special to The New York Times

WASHINGTON, Nov. 15 — Candidates may not have talked much about health care in the 1994 campaign, but some leading pollsters suggested today that the bitter 18-monthlong struggle over the issue was crucial in stoking the attitudes at the heart of last week's election: anger, cynicism and disappointment with the Democrats.

Moreover, a new post-election survey released today showed that voters still expected Congress to do something to fix the health care system, but something decidedly modest and incremental. Only 25 percent said they thought Congress should enact a major reform bill, according to the survey sponsored by Harvard's School of Public Health and the Kaiser Family Foundation; 41 percent said there should be modest changes and 25 percent said the system should be left alone.

The findings indicated a sweeping lack of confidence in the Clinton Administration's ability to handle health policy. Fifty-six percent said Congress should take the lead on the issue, as against 18 percent who said President Clinton should, the survey found. Fifty-five percent said it was better to have the health insurance system run by private insurance companies rather than by the Government. And more than half said state governments should take the lead in overhauling health care, as against 32 percent who said the Federal Government should.

The survey was made public at a forum in which some top pollsters suggested that the health care struggle, while rarely mentioned in the candidates' television advertising, played a powerful subterranean role in the Republican takeover of Congress.

"I think health care was enormously pivotal to this election," said Bill McInturff, a Republican pollster who worked for numerous candidates this year, as well as the Health Insurance Association of America. Mr. McInturff said the perception that Mr. Clinton had proposed a "big government plan" helped strip away

A health debate led to perceptions of an ineffectual majority.

his image as a "new Democrat" among voters in the South and Mountain West.

Mr. McInturff said the collapse of the health care plan also fed the voters' sense that Washington was in gridlock, and that the Democrats, since they were in charge, were clearly to blame. When Representative Newt Gingrich, the minority whip who is about to take over as House Speaker, asked pollsters last May what it would take to win the House, Mr. McInturff said he replied that "one of the most important predicates for Republican success was not having health care pass."

At this point, Mr. McInturff said, it is important for the Republican Party to use the next two years to pass a health care bill of its own.

Also underscoring the importance of health care was Mike Donilon, a Democratic pollster who worked for Senator Harris Wofford in his unsuccessful re-election campaign in Pennsylvania. Mr. Donilon said there was "no question" in his mind that Mr. Wofford, a Democrat, would have won if a health care bill had passed.

The Harvard/Kaiser survey, conducted by telephone with voters on election night, also tried to sketch attitudes about the next big domestic policy struggle: the budget. It found that voters had some powerful misconceptions about where their money went. Asked to list the largest Federal expense today, 30 percent said military spending, 27 percent said foreign aid, 19 percent said welfare and 15 percent said Social Security.

In fact, the Pentagon accounts for more than 19 percent of Federal outlays, and Social Security for nearly 22 percent. But foreign aid accounts for well under 2 percent and the basic welfare program, Aid to Families with Dependent Children, accounts for just over 1 percent. Bob Blendon, the Harvard polling expert who helped conduct the survey, said that unless policy makers tried to educate people on the budget, "we're going to have a heck of a time having a national debate on the deficit."

The survey was conducted with 1,200 adults nationwide who said they had voted, and had a margin of sampling error of plus or minus three percentage points.

When asked what Congress should do about the Federal deficit, two-thirds of voters preferred cuts in major spending programs and just 10 percent called for raising taxes. But that support for spending cuts dissipated when it came to specific programs.

The only cuts that attracted the support of a majority were these: requiring people over 65 who earn more than $50,000 a year to pay more for Medicare; cutting spending on food stamps; cutting agricultural price supports and decreasing military spending.

Clinton to Nominate Social Security Chief

WASHINGTON, Nov. 15 (AP) — The White House said today that President Clinton would nominate the Social Security Commissioner, Shirley S. Chater, to continue overseeing the national retirement system when it becomes an independent agency on March 31.

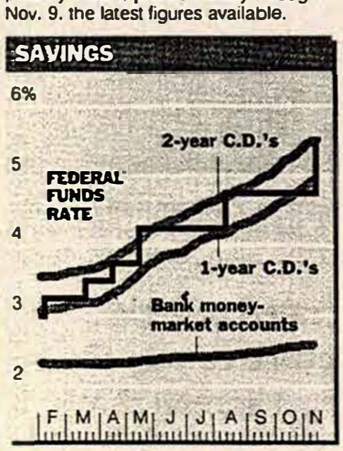
Ms. Chater, a former university president, would serve in the new post for six years if she is confirmed by the Senate. The agency, the Government's largest domestic program, is entering a challenging phase as it begins to confront the aging of the baby boom generation and the prospect of insolvency.

Ms. Chater, who has been Commissioner of the agency for 13 months, oversees the provision of benefits to more than 46 million Americans who receive Social Security or Supplemental Security Income.

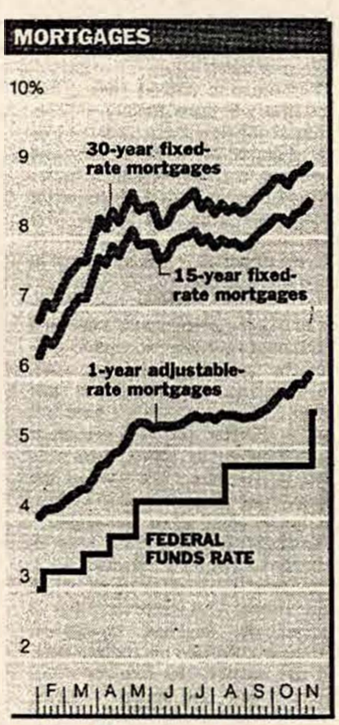
Fed's Rate Moves: How Consumer Rates React

Six times this year, the Federal Reserve has increased short-term interest rates, trying to brake the economy, including a 0.75-percent jump yesterday. Some rates that consumers earn or pay have reacted sharply and promptly; others have shrugged off the Fed's moves. **Articles, pages A1 and D6.**

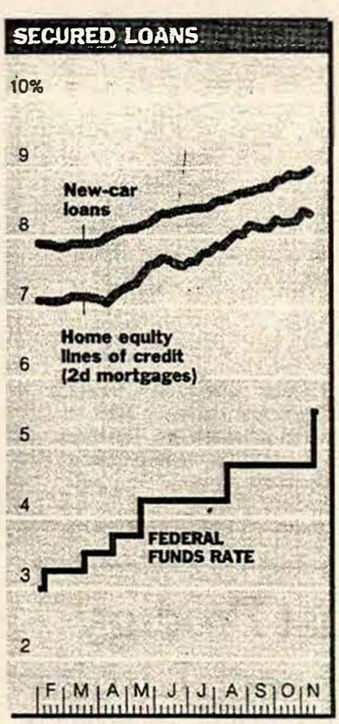
Figures are average rates charged or paid by banks, plotted weekly through Nov. 9, the latest figures available.



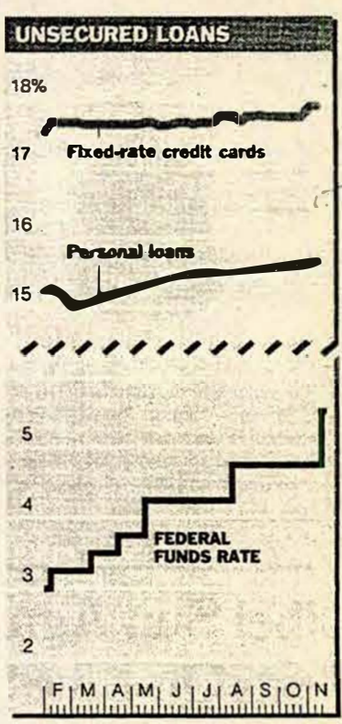
Rates on certificates of deposit closely track the Fed's interest-rate moves, and even predict them to some extent. Each new increase generally has come as soon as the banking industry has finished digesting the previous one. But bank money market rates have barely budged.



Fixed-rate mortgages are more sensitive to fears of future inflation than they are to the Fed's actions to head that inflation off with short-term rate rises. Adjustable-rate mortgages tracked the Fed's moves in the spring, but waited a long time to respond after the August jump.



Rates on other kinds of secured consumer loans have not risen as much as mortgage rates have, and their rise has lagged behind the Fed's moves by months. Rates on home equity loans, which were higher than fixed-rate mortgages in the spring, are now lower.



At the high end of the rate picture, rates on unsecured consumer credit, which did not follow other rates down very much last year, have not followed them up this year, either. Rates on credit cards have for the most part ignored the Fed's moves.

Source: Bank Rate Monitor

Patrick J. Lyons/The New York Times

Clinton Aide Criticizes G.O.P. Plans for Tax Cuts

Voices Fear of Increase in Budget Deficits

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Nov. 15 — President Clinton's budget director said today that it was nonsense for Republicans to suggest that tax cuts would pay for themselves by stimulating economic activity. The director insisted that such cuts had to be offset by reductions in Federal spending.

The director, Alice M. Rivlin, said she feared that the Republicans taking charge of Congress would lead the nation into "a tax-cutting frenzy" that would increase the Federal budget deficit. She thus attacked an economic theory that has been an article of faith for many Republicans, including those who orchestrated the Republican takeover of the House.

Those Republicans contend that tax cuts will rejuvenate the economy and generate large amounts of new revenue.

Ms. Rivlin's comments, at a breakfast meeting with journalists, were the first sign of a political counterattack by the Administration, suggesting that the White House might actively resist a central element of the Republican agenda for the next Congress.

Ms. Rivlin said she worried that the Republicans would "throw fiscal discipline to the winds in the name of tax cutting, that we will have dishonest numbers and questionable budget scoring and that we will end up with a bigger budget deficit."

Reducing the deficit is one of the Administration's proudest achievements. For the year that ended on Sept. 30 the deficit was $203 billion, down $87 billion from the record set in 1992.

Ms. Rivlin expressed concern that the Republicans, having won control of Congress last week with promises to cut taxes for the middle class, would "give away the very hard-won fiscal discipline that we've had."

She expressed grave doubts about the merits of the tax cuts in 1981 that laid the foundation for the Reagan revolution and are regarded as a model by many Republicans who are taking power on Capitol Hill.

"I am not sounding the alarm on tax cuts per se," Ms. Rivlin said. "I am saying that tax cuts must be paid for. Tax cuts without spending cuts would increase the budget deficit and would be an irresponsible thing to do."

Republicans say they want to amend the Constitution to require a balanced budget by the year 2002, but they have not specified what programs they will cut to achieve that goal. By their own estimate, the package of Republican promises known as the "Contract With America" would cost $148 billion over five years.

Ms. Rivlin said it was a delusion to imagine that tax cuts would generate sufficient economic activity to offset the loss of Federal revenue.

"We saw attempts to do this in the 1980's," Ms. Rivlin, a former president of the American Economic Association, said. "The allegation is that tax cuts don't cost revenue, because if you cut taxes, the economy would grow so rapidly that you would get all the revenue back, and therefore tax cuts are, in a sense, free. That nonsense goes by the name of dynamic scoring, and it's a license to bust the budget."

Later today in a speech to an ecstatic conservative audience Representative Newt Gingrich, the Republican of Georgia in line to be House Speaker, defended his theory of economic and tax policy.

"There's no question that lower taxes and greater economic productivity to increase the size of the general economy do work," said Mr. Gingrich, who proudly described himself as a Reaganite. "In fact, in the Reagan years, we doubled revenue to the Federal Government while cutting taxes. We didn't lose revenue."

But Mr. Gingrich accepted Ms. Rivlin's invitation to cut Government spending along with taxes. "There's a lot of spending cuts we ought to make," he said. "We ought to make them, both to be able to have tax cuts and because we want a smaller Government."

To celebrate Republican control of Congress, Mr. Gingrich said, there will be "a very low-cost dinner on the night of Jan. 3 open to every middle-class working American" who can go to Washington. In addition, he said, in the first 100 days of the new Congress, Republicans will read their "Contract With America" at the start of each House session, and each Republican lawmaker may be given a laminated copy of the document.

Mr. Gingrich's audience, made up of people who had donated at least $1,000 to the conservative Heritage Foundation, cheered him lustily. Thomas B. MacCabe Jr., who owns a small business in Montgomeryville, Pa., said Mr. Gingrich's remarks were inspiring.

Beverly Danielson of Coral Gables, Fla., said, "It was fabulous." She particularly liked the defense of traditional middle-class values in contrast to the "liberal counterculture."

At her breakfast Ms. Rivlin focused on the arithmetic of the Republican platform. If taxes are cut without parallel cuts in Federal spending, she said, it will put "enormous upward pressure on interest rates."

"We're at full employment now or very close to it," Ms. Rivlin said, adding that this is a "singularly bad time" to cut taxes. "If you had a big tax cut right now and people were spending more, the inflationary danger would be much more real than it is now. You'd have rapid increases in interest rates and probably throw the economy into recession. In fact, something like that did happen in the 80's."

For years many Republicans have complained that the Congressional Budget Office did not take into account increases in savings, investment and productivity that might result from cuts in personal and corporate income taxes, as well as on capital gains. The Republicans have said they will revamp the estimating procedures to reflect such potential windfalls.

Ms. Rivlin said injecting such wild speculations into estimates was "a recipe for escalating the budget deficit, for busting the budget."

Mr. Gingrich said the House would probably vote on Jan. 19 on the proposed constitutional amendment to require a balanced budget. He predicted a smashing victory.

Leon E. Panetta, the White House chief of staff, met today with Republican leaders to discuss possible areas of cooperation. He and Ms. Rivlin said those included trade, welfare, regulation of lobbyists and limits on campaign contributions.

Gingrich Announces Preference

Special to The New York Times

WASHINGTON, Nov. 15 — Representative Newt Gingrich announced today that he would support a longtime ally, Representative Robert S. Walker of Pennsylvania, in a three-way contest for the No. 3 leadership position in the House.

Mr. Walker, who is beginning his 19th year in Congress, is running against Tom DeLay of Texas and Bill McCollum of Florida for majority whip. Representative Dick Armey of Texas faces no opposition in his pursuit of the No. 2 job, majority leader.

Mr. Gingrich's press secretary, Tony Blankley, said tonight that Mr. Gingrich, who is expected to become Speaker, would vote for Mr. Walker but not actively campaign for him.

David Scull/The New York Times

The Administration has counterattacked the Republicans over their proposed tax cuts. President Clinton's budget director, Alice M. Rivlin, shown in her office yesterday, said that it was nonsense for the Republicans to contend the tax cuts would pay for themselves.

Stephen Crowley/The New York Times

One of the Republican proponents of tax cuts, Newt Gingrich of Georgia, defended his theory of economic policy yesterday. Mr. Gingrich, speaking before the Heritage Foundation, also accepted the Administration's invitation to cut spending along with taxes.

THE NEW YORK TIMES, WEDNESDAY, NOVEMBER 16, 1994

CORIE BROWN

Where Does It Hurt?

Mike Ovitz *yearned to boost the Clinton health plan with TV spots . . . but the White House told him to have a seat in the waiting room.*

How close were Mike Ovitz and Steven Spielberg at the UCLA Medical School fund-raiser last October? You couldn't pass a piece of paper between them—not even the front page of the *Los Angeles Times*, which earlier that week had broken the story that Spielberg would be building a new studio with none other than the two stones in Ovitz's loafers, record-industry billionaire David Geffen and former Walt Disney studio chief Jeffrey Katzenberg. The leak to the *Times*—which foiled Katzenberg's plan to unveil his partners,' David Copperfield–like, at the Peninsula Beverly Hills press conference—had angered the troika, and Spielberg had been told by at least one associate that the leaker was Ovitz. Nevertheless, by sitting next to each other smilingly throughout the event the pair sent a message without using Western Union.

And though the troika's formation had brought a great sucking sound to Hollywood—as outside money sought to bet on the boys and thus forgo lesser, ex-moguls—Ovitz somehow wangled the $40 million sale of Beacon Communications to the presumably credulous Comsat Corporation the next week. Then came Ovitz's coup de grâce: the announcement of the formation of a consortium of three baby-Bell companies set to venture into the information age under his tutelage. Even as Hollywood's tectonic plates were shifting, the man who bestrides the town's talent continent seemed largely unshaken.

Which is why Ovitz can't understand the White House. Forget that Geffen gets to stay in the Lincoln Bedroom and Ovitz has to be satisfied with a suite at the Willard when he visits the nation's capital. For a year and a half, during President Clinton's crusade to overhaul the healthcare industry, Ovitz offered—yearned, in fact—to lend his clout to the effort. Driven by an altruistic urge or an opportunity for naked power playing (why quibble over motivations?), he held meetings with the White House, traded phone calls, and began designing a package of ads. Whenever the White House calls came through the CAA switchboard, Ovitz jumped on them, thinking his marketing mavens would finally be getting a chance to shape a message that would reorder the healthcare universe. The trouble was, no one was jumping when Ovitz called back.

So, with the president's healthcare proposal shot down in flames by his own party, why did the White House look the gift CAA horse in the mouth? Particularly in the face of a $100 million media blitzkrieg by a health industry deftly employing "Harry and Louise" to scare Middle America into staying with the status quo? White House deputy chief of staff Harold Ickes, who was supposed to marshal public support for the president's healthcare policy, says it all boiled down to clout: "These things tend to depend on the personal connections . . . to the White House." Maybe depend too much, given the Republican rout in November's elections.

It was the White House that initially called Ovitz in March of 1993 asking for help with the healthcare plan. Would CAA assist the first lady via a strategy meeting at the White House? Ovitz sent his top marketers, Shelly Hochron and Len Fink, with MCA president Sidney Sheinberg, producer Gary David Goldberg, and several other politically motivated Hollywood players. They filed into the Roosevelt Room for the Saturday meeting, ready to share ideas on mass marketing, an art by which Hollywood lives and dies. Those in attendance may have expected Hillary Rodham Clinton herself; instead they got no-nonsense Clinton aide James Carville. It was not a warm-and-fuzzy confab. Hollywood, offered Carville, is an "automatic teller machine for the Democratic party." So thank you for your support, but kindly keep your opinions to yourselves. Any questions?

At first, the group had only one, says Goldberg: "My God—what are we doing here? Within twenty minutes of meeting Carville,



you want to be on the opposite side of whatever issue he's on." When they raised other questions, "like who would pay for the ads," Carville was rudely dismissive. "The arrogance of Carville was the most frightening thing I've ever seen," Goldberg recalls. Goldberg was so offended he finally walked out of the meeting.

When Hochron and Fink reported back to their boss, Ovitz, the superagent was sanguine nonetheless. Ovitz told John Emerson, a personal assistant to the president, that he stood ready to help Clinton craft a media plan on healthcare. Just call.

It was months before Ovitz heard a word. In October, Clinton called to ask if Ovitz would meet with former Ohio governor Richard Celeste. Harry and Louise had been unleashed by the healthcare industry, and Clinton was putting Celeste in charge of the response. "Ovitz had told the White House that he was interested in helping, and no one had really responded," says Celeste. "He thought there was a challenge to really make the case for the president's program. He's got a perspective on this that isn't abstract. We had a very positive meeting." What was Ovitz offering? "Specific ideas. We didn't go into detail," Celeste says. "He wasn't offering his clients, but his internal people, who are smart about communicating."

It was early March of 1994 before Celeste got back to Ovitz on the substantive issues of healthcare, and the news wasn't good. "When I went back to the White House to identify who could begin a relationship with [Ovitz]," Celeste recalls, "I discovered I had no influence over what was happening. Media was going to be handled exclusively by Mandy Grunwald [Clinton's campaign media adviser]. . . . She sort of took the [Ovitz] information and swallowed it." Celeste called Ovitz to apologize. Within a month, Celeste resigned from the cause. He says he passed the Ovitz information on to Ickes's staff.

Ovitz, meanwhile, had not given up. During the early months of the year, he talked to several people in the White House, including healthcare policy czar Ira Magaziner. At one point, Spielberg himself volunteered to direct one of the spots. Even then, the White House didn't seem to care. In April the first lady came to breakfast at Spielberg's home to speak on behalf of the Children's Action Network. If healthcare reform was important for the nation, it was critical for the children, she told the 70 or so producers, directors, and stars in attendance. Yes, she appreciated his willingness to help, she told Ovitz. And still nothing happened.

Grunwald, reached at home, does not want to talk about the Ovitz chapter in this particular political failure: "I'm not going to discuss this. Harold Ickes will be able to discuss this. Why don't you bother Harold Ickes at home?" Reached at his office, Ickes agrees that Ovitz was indeed his responsibility. But it was a responsibility, he says, he knew nothing about until June of 1994, several months after Celeste says he passed the information on to Ickes's staff. Besides, Ickes didn't even know Ovitz. To drive home the point that this president works best with only his closest friends, Ickes says, "Harry Thomason, who, you probably know, has very close connections to the White House, volunteered to do a spot—in fact, *did* a spot, a parody of Harry and Louise. He turned it around in a week."

Still, the deputy chief of staff was not about to dismiss the potential of Ovitz's involvement. When Ovitz was in Washington for the state dinner with the emperor and empress of Japan in June, Ickes had a fifteen-minute meeting with Ovitz. By then, Ovitz had a budget and schedule mapped out for a three-ad campaign. All he needed was some hard polling information, a little direction, and he could make things happen. Ovitz was providing the CAA services gratis and had lined up some contributions on the production side as well. "It was my initial impression, a misimpression obviously, that he and his colleague were considering raising money to finance the ads [too]," says Ickes. "It turns out I was erroneously informed on that." The meeting ended with Ickes promising White House support but with a bit of a wait-and-see on producing the ads.

Then came the Fourth of July massacre: The Senate Finance Committee voted down universal coverage, the linchpin of the Clinton plan. Lulled into a false sense of security by more favorable votes in other, less important committees, Clinton had dismissed Finance chairman Daniel Patrick Moynihan's warnings that this would happen. Now only a miracle could salvage the president's healthcare initiative in this Congress. So, does Clinton call Moynihan to craft a compromise? asks Senate Finance Committee director Lawrence O'Donnell. No. Instead, Clinton had his pollster Stan Greenberg call CAA's Hochron. We need those ads in two weeks. Universal coverage, do or die. Go. Go. Go.

Well, Ovitz had what he'd been waiting for, sort of. It was just that he had his own opinions on the message. For instance, wasn't it a little late for a rally-the-troops call on a proposal that had no chance of passage? Ovitz and his marketing mavens, Hochron and Fink, thought a little something in the vein of middle-class fear mongering would be more effective. Hey, it had been working beautifully for the Republicans.

Hochron ended her conversation with Greenberg saying there just wasn't time left to create an ad that would make a difference. "Ovitz wasn't willing to do it on the fly," says Ickes. By the time Hillary Rodham Clinton gave her postmortem on the healthcare plan to *The New York Times*—"We never adequately got across to people," noting that the White House didn't have the advertising messages to explain its plan—Ovitz had moved on. ■

LETTERS *from page 14*

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AM I THE *ONLY* ONE W
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Ugly," October] in a Cou
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TENILLE LI
Onaway, Mi

Yes. —Ed.

PREMIERE *welcomes letters. Send th*
MIERE, *1990 South Bundy Drive, S*
fornia 90025. Please include your
telephone number. You may also fa
Letters may be edited for length and

nks. And he abandoned Perot's economic nationalism, backing off from trade clashes with China and Japan and acquiescing when high officials left to become lobbyists. He did retain fragments of the original programs—from public investment to health care to national service—but they were deprived of their wider political justification.

Clinton's failure was most evident in his health care bill. During the campaign, he had presented it as a means of stopping spiraling health care costs. He skewered both the drug and insurance companies for taking advantage of consumers. But as president, he offered his bill mainly as a way to assure coverage to the uninsured. As a result, the opponents of health care reform were able to paint Clinton's bill (unfairly) as an attempt to get the middle class to pay for the poor's insurance. It was another liberal welfare measure that ignored the middle class.

Clinton equally rejected advice from the DLC that he first seek Republican and moderate Democrat support for a health care initiative. Instead, he devised his own bill and then let the Democratic House and Senate leadership try to pass some version of it. The result was no bill at all and perhaps no health care reform for the rest of the decade. What could Clinton have done instead? He could have made his case for universal health care reform in populist terms, but in recognition of the issue's complexity, appointed a bipartisan committee to come up with a program by September 1993. With twenty-three Republicans initially supporting John Chafee's proposal for universal coverage, Clinton might well have gotten a bill that phased in universal coverage and provided a foundation for further reform.

In the 1994 elections, some of the DLC Democrats fared poorly. Both McCurdy and Jim Cooper got drubbed in Senate races. At the same time, some of the seemingly vulnerable "old Democrats" like Sander Levin in suburban Detroit and Edward Kennedy in Massachusetts did surprisingly well. Robb survived by running a race that pandered to exactly those constituencies that the DLC had initially scorned—upper-middle-class feminists, labor unions and blacks.

It is probably unfair to blame McCurdy's and Cooper's poor showings on their version of New Democrat politics. But their poor showing does suggest that as Republicans gain a foothold in the South and as the parties polarize along racial lines, DLC new Democrats will have trouble holding their seats. To survive at all, Southern Democrats may be forced, as Robb was, to combine a multiracial class politics with an appeal to suburban baby boomers alienated by the religious right.

In the North, Democrats won who were able to evoke the class differences between the parties while avoiding the stigmas of liberal fundamentalism. Kennedy defused challenger Mitt Romney in Massachusetts not by countering Romney's welfare program with a New Democrat-style program, but by dramatizing the callous practices of businesses to which Romney was linked. The only DLC-ite to do really well was Connecticut Senator Joseph Lieberman, who got 60 percent of the vote. But Lieberman does not really fit the From-McCurdy mold. He inoculated himself on the major social issues, but he was also strongly pro-labor, and can evoke economic populism as well as Kennedy.

Since the November 8 election, Clinton has been presented with a choice between DLC "New Democrats" and "populists." The "populists"—Begala, George Stephanopoulos, et al.—want Clinton to adopt the Harry Truman strategy, after he lost the Congress in 1946. They want him to attack the Republicans aggressively, vetoing measures that he thinks favor the wealthy, while making proposals to improve the economic lot of the middle class. Part of this strategy makes perfect sense: Clinton shouldn't miss a chance to veto Republican legislation that favors the wealthy. But the populists overlook how tenuous Clinton's hold on the presidency really is.

Clinton's situation is not Truman's. Truman sat atop a very powerful political base in labor unions and city machines. He could veto the Republican Taft-Hartley bill with the expectation that the AFL and CIO, which then represented almost 40 percent of American workers, would rally to his presidency. Clinton's situation is far more similar to Jimmy Carter's after the Republican surge in the 1978 elections or Ronald Reagan's after the Democrats won back the Senate in 1986. If he simply defies the Republican Congress, he will appear to be frustrating the popular will and contributing to gridlock and petty factionalism.

The "New Democrats"—Al Gore, Rahm Emmanuel, et al.—don't ignore economics, but they want Clinton to concentrate on issues on which he shares common ground with the Republicans. From has suggested again that Clinton appoint some Republicans to his Cabinet. He should probably go further and fashion a kind of coalition government by appointing Republicans and by proposing bipartisan committees to come up with common solutions to health care, welfare and campaign reform. If the Republicans balk at this approach, then they will have to bear the weight of gridlock.

While the New Democrats are right about coalition strategy, however, they are mistaken in pressing Clinton to concentrate on free trade zones, welfare reform and reinventing government. Joining Republican efforts to make the world safe for American multinationals will not endear Clinton to downwardly mobile middle-class voters; moreover, it will signal to workers a lack of concern about their job security. If anything, the Democrats have to move in the opposite direction, getting tougher in trade talks with Japan and China, evoking the legitimate concerns of economic nationalism in order to defuse the more xenophobic, the power of which was sadly evident in California Governor Pete Wilson's successful re-election campaign. And while Clinton cannot renege on his promise to reform welfare, he would be far better off if the issue were to get caught up in Republican gridlock between the House and Senate or disappear in a bipartisan committee. Clinton stands no chance in this Congress of getting the generous bill he and the DLC initially favored. Most likely, the Republi-

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To: Peggy Girshman

4 29

Fedex
395-3339

KING WILL AND THE FOUL HUMOURS:
A FABLE FOR REFORM

Report of the President

48th Interim Meeting
House of Delegates
American Medical Association

Hilton Hawaiian Village
Honolulu, Hawaii
Sunday, December 4, 1994

Robert E. McAfee, MD
President
American Medical Association

start
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(marantz)

Ladies and gentlemen, over the course of the last two years, we've been asked to believe several fairy tales in the name of health system reform. So today, I'd ask your indulgence as I tell one last fairy tale.

I'd like to tell you the story of King Will and the Foul Humours.

Once upon a time, there were a King and Queen who lived in a big, white castle, surrounded by a big, black fence, that was regularly patrolled by knights wearing dark visors.

107 Before King Will had become King, he lived in the forest, where he took from the rich and gave to the poor. This made him quite popular -- especially with the poor -- but he mistook his popularity for wisdom, and no sooner had he moved into the white castle than he began searching throughout the Kingdom for problems to solve. :22

laughter 4:06

He said to the Queen: "Queen (for he always addressed her in this manner), do you perceive any problems in the Kingdom that criest out for solutions?" :18

stand

The Queen replied: "Are you kidding? The knighthood could use a little more diversity. The plague is making a comeback. And every time you take your exercise, you can't stay away from the butcher shop."

Now, the King ignored this last comment, but the problem of the plague seized his mind.

124 He knew that many of his subjects were unable to see the Wizards -- those Doctors of Physic who ministered to the ill. And he knew that the tithe for having their humours checked was rising faster than the Consumer Price Index.

129 But the King also knew that the magic of the Wizards was unsurpassed. Citizens from neighboring kingdoms would travel many leagues just to see them. And the vast majority of his subjects were well contented with their system of care, and could see a Wizard almost whenever they wanted to. (:18)

his Wizards

The King mulled over his dilemma -- he was famous for mulling and wonking -- and finally, he came to a decision. So he said to the Queen: "It is up to us to give the people the health care they deserve."

Now a strange thing happened. The Queen might well have turned to the Wizards, who themselves had been discussing this problem and recommended remedies for many years. But instead, she summoned a noted sorcerer from a far away land, Ira of the Unruly Hair. And Ira gathered a legion of fellow sorcerers, and convened them in a secret Star Chamber, a place so dank and dark no light could enter or escape.

They labored while the Spring blossoms scented the trees. And they labored while the sun ripened the fruit on those trees. And they labored while the leaves on those trees began to fall to the earth. Then, one day the Queen sent a crier throughout the Kingdom to announce that Ira of the Unruly Hair had indeed produced a mighty plan and it would be wondrous to behold.

Then they gathered every beast of burden in the Kingdom, all the oxen and horses and mules, and they hitched them to the machine on which they had placed the great plan -- for the plan was not only great in inspiration but great in size -- and they hauled it to the big, white castle and presented it to King Will.

And King Will, who was chewing on the drumstick of a great wonk, placed his seal upon the plan.

Now, on a hill looking down on the white castle was a great hallowed hall with a round dome. And in that hall were knights of renown from every other castle in the Kingdom. They were divided roughly into two camps, and the shields of one camp bore the sign of the donkey, and the shields of the other the sign of the elephant.

It was these knights' job to decide the laws of the land, but in truth, most of their days were spent in their favorite sport, which was jousting. The leader of the donkeys, Sir George of the Land of Lobster, was one of the most feared jousters. He said: "Let them bring us the plan of King Will, so we can make it the law of the land."

And the oxen and horses and mules began to haul the mighty plan from the white castle to the hall on the hill. But a hew and cry went up throughout the hall almost as great as during the debate over where the knights could tie up their horses.

And the leader of the elephants, Sir Bobdole of the Land of Corn, who was famous for his skill with the lance, spoke: "Not so fast," said Sir Bobdole. "That plan has more fat than a roasted boar."

For it so happened that the donkeys and the elephants had opposing views on the health care of the people. The donkeys believed that the King and the knights should design the system, and decide what kind of training should be given to the Wizards and which Wizards the people could see. And the donkeys believed if the subjects would pay their tithe to them -- they could fix the system.

But the elephants said the people were tithed too much and the money was wasted on things like midnight falconry. And they said the King and the great hall should stay out of it. And they accused the donkeys of being beholden to a knight of yore, Sir Franklin of the New Deal.

So the knights of the donkeys and the knights of the elephants devised their own plans: Sir George of the Land of Lobster, Sir Chafee of Rhodes, Sir Stark of Fortney, Sir Teddy of Camelot and others. But the champion of one plan, Sir Rosty of the Windy City, was injured when he was out delivering a gift to a subject and fell into a moat.

But these plans, too -- five in all -- were also placed on great machines and hauled out to be viewed by the people. And the knights returned to their jousting.

And now thick fog hid the sun, and thunder rent the air, and torrents of rain turned the land into mud, and the plans of King Will and all the plans of the great Hall got bogged down.

All the while the Wizards offered advice and counsel on the health of the people. And the people heard them and gave the Wizards their confidence. But the King and Queen and many in the Great Hall gave the people only the cold shoulder and the deaf ear.

Now there arose in the land a new evil that further threatened the health care of the people.

One day, five great dragons from the Kingdom of Insurers appeared in the sky, and encamped in every corner of the Kingdom. And on their wide wings were markings sinister and strange. One had what looked like the giant rock of Gibraltar. Another had what looked like a great umbrella of crimson. Still a third was marked with a small cartoon beagle.

People began to call them the Big Five, and they breathed fire, and made a bellowing that was terrible to hear, and were in general unmannerly. And they began making forays across the land, swooping down upon unsuspecting subjects and herding them into their own regions.

They swallowed up entire villages. And they plucked up select Wizards, and demanded that they tend only to the citizens they had corralled, and none other. And the citizens raised up a cry because they could no longer see the Wizards who had so carefully watched over them.

But as the dragons' plunder continued, their appetites, rather than be sated, grew only more ravenous. It was rumored that some dragons even tried to eat some of the others. And clouds darkened the sky and a great indigestion struck the bowels of the people, and they were sore afraid.

Ladies and gentlemen, most fairy tales end with everyone living happily ever after.

And for that to happen here, you might expect that a white knight would appear to slay the dragons and knock some sense into the King, the Queen and the knights of the hall on the hill.

But the ending to this story has yet to be written.

The great plans of the King and Queen and all the knights of the Hall got bogged down under their own weight. The wheels came off the machines, and all the King's horses and all the King's men . . . well, you're already familiar with that verse.

242

And as a result, many knights lost their shields and left the great hall forever – although most went on to join the newly-formed Guild of Lobbyists. Some who remained were hoping to fix the Kingdom's health system by mixing up a special magic potion. Its main ingredient was Eye of Newt.

Most of the knights, however, just went back to their jousting.

252 As for King Will and his Queen, the whole experience was enough to make them wish they were back in their forest, in their house surrounded by rushing white water. :47

The King has recently taken to traveling to foreign lands. But he never misses a chance to remind the Queen that you just can't trust a sorcerer.

What remains are the Wizards and the people -- the true heart and soul of any health care system.

The people will continue to receive the best care on Earth when they demand nothing less.

We Wizards must never forget that we can deliver that care only if we're united in our vision, our voice and our leadership.

And, I believe we can write a Fairy Tale ending if we never forget that the true power of our magic is not what's under our hats, but what's in our hearts.

And for allowing me the privilege to be your chief wizard for a year -- I thank you very much.

204

standing ovation
cheers

:45

279

BURT SOLOMON

A DEBILITATING DOSE OF DÉJÀ VU

An onslaught of Cuban refugees. An ambitious, unfocused agenda. Nervous explanations that the public doesn't properly appreciate the chief executive's accomplishments because he hasn't communicated them right. A perception by a lot of voters that he's somehow culturally unright.

President Clinton can be excused if he sometimes thinks that he's in a time warp—that he's back in his first term as governor of Arkansas, not as President. A spate of political mistakes and of mismatches in temperament transformed Clinton in 1980 from the nation's youngest governor into its youngest ex-governor. He supposedly learned—and in some cases, overlearned—a lot of lessons from the failures of his first two-year term; when he regained the office in 1982, he became a different sort of governor. Instead of alienating powerful constituencies, he became conciliatory to a fault. He listened better. Instead of seeming scattershot in his policy ambitions, he focused on a single issue—education and, later, economic development.

But a lot of his old faults seem to have resurfaced during his first term in the White House. "I don't think he's changed much," Frank White, the Republican banker who defeated Clinton in 1980, said in an interview.

It wasn't that Clinton got nothing accomplished in his first term as governor. He did a lot of middling-sized things that, opinion polls showed, voters didn't remember. He raised the pay of teachers, spent money on kindergartens, revoked the sales tax on prescription drugs and the like. "He had not one or two priorities but scores of them, encompassing virtually every area of public policy," Meredith L. Oakley, an Arkansas political columnist, wrote in *On the Make: The Rise of Bill Clinton* (Regnery Publishing Inc., 1994).

When he entered the White House, as when he'd entered the statehouse, Clinton "came in and became a policy wonk" who was "in a hurry—got to get things done," an Arkansan who's watched him in both capacities said. But how much impact—politically or substantively—will, say, Clinton's "Americorps" have? The program of community service to subsidize college tuition, unveiled on the White House lawn on Sept. 12, may be as big as the Peace Corps was at its peak. But it evidently bored most of the press and, presumably, most Americans.



One of the lessons that Clinton learned during his first term as governor was that he "had to communicate what he was doing in a fairly consistent way," according to Phyllis L. Anderson, a longtime gubernatorial aide to Clinton who's now the principal deputy director of public affairs at the Energy Department. That's just what White House aides have been murmuring for months, to no obvious effect. "I think he will communicate" his accomplishments as President, Anderson said, insisting that she sees no comparison between a 32-year-old governor and a 48-year-old President.

A politically deadlier dose of déjà vu arises out of the accusations of arrogance. "I think he was arrogant and he wouldn't listen to people," White said, in explaining his astonishing victory in 1980 as a political neophyte in an overwhelmingly Democratic state. "They thought they were smarter than everybody else." The "they" he's referring to were Clinton's three top aides—bearded, assertively liberal, publicly visible and often rude young men who sought to change the world.

Probably Clinton's worst mistake in his first term as governor was his willingness to finance his highway program by roughly doubling the state's automobile registration fees and levying them on weight instead of value. Ernest C. Dumas, a veteran Arkansas journalist, remembers that in every month during the year before Clinton's bid for reelection, a 12th of the voters stood in long lines at a state office to fork over more of their hard-earned money, especially if they owned clunkers. It was "good public policy [but] bad politics," Anderson said. "A lot of politicians start out trying to be scientific, rational and comprehensive . . . [and] usually evolve into being incremental and responsive to political input." In his later terms as governor, Clinton and his advisers were ordinarily content with half a loaf and cozied up to the business interests they had earlier given the cold shoulder.

But the earlier Clinton has emerged again in the White House. "There is certainly a common arrogance," according to Gloria Cabe, a longtime gubernatorial aide to Clinton, in how the public saw him and his coterie in 1978-80 and again in the White House.

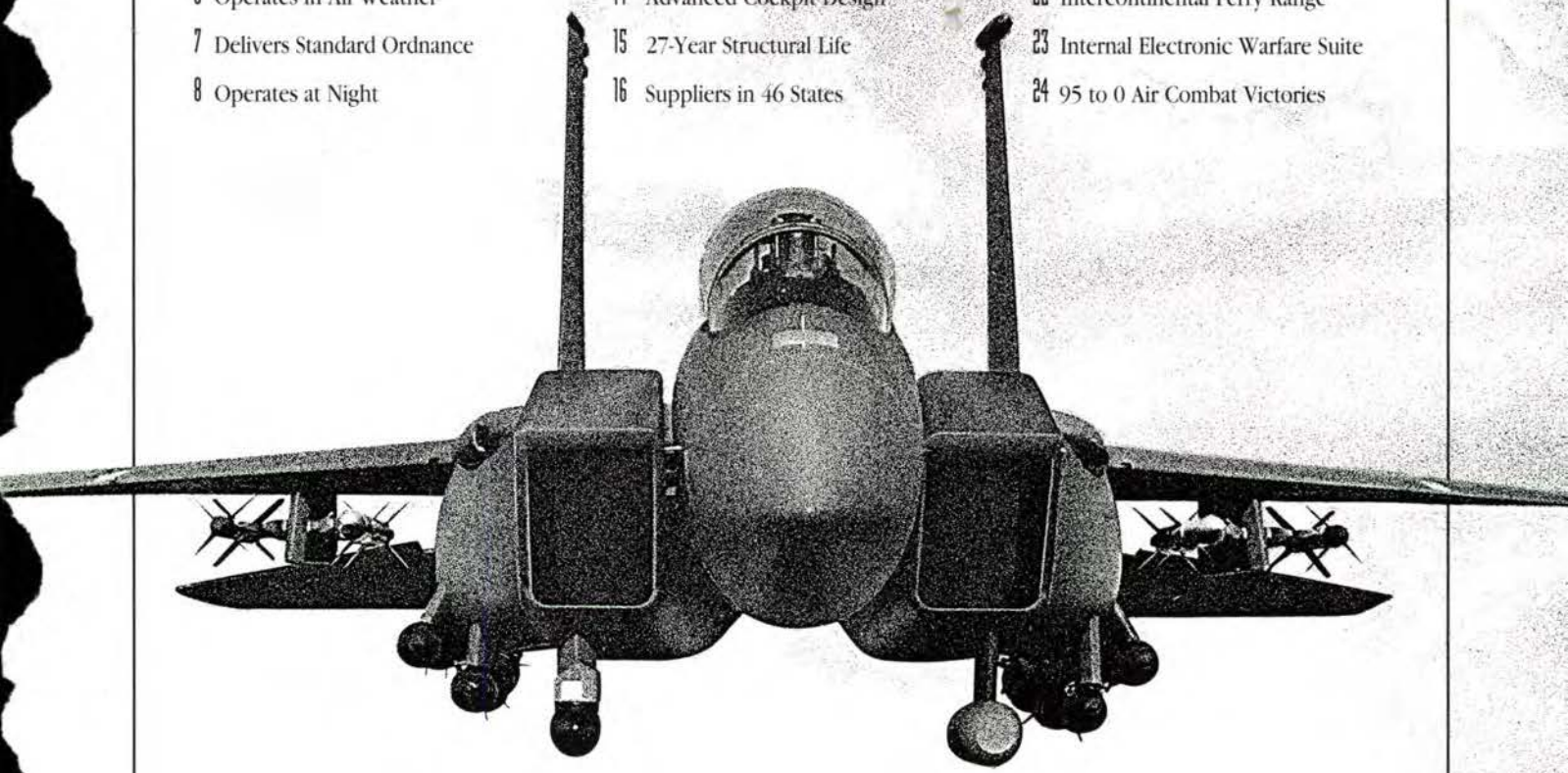
Consider health care reform. What was to be the centerpiece of Clinton's presidency—and may prove to be the cornerstone of his political failure—was pervaded by a wish to remake the world that ultimately frightened the public. Ira C. Magaziner, the big-thinking adviser who ran the policy making on health care, designed a humdinger of a grand construct for reform, in isolation from the legislators who had to enact it. If Hillary Rodham Clinton urged her husband to stand tough against a timely compromise with moderate Republicans on health care, she as well as Magaziner may stand as the White House incarnation of the we-know-best triumvirate in the statehouse.

Clinton's penchant for grandiose policy making has aggravated the cultural discomfort that much of the public has felt toward him as President, as it did when he was first governor. He dampened such feelings by 1982 after his wife took his last name and he joined a theologically conservative Baptist church. But they've revived while he's been in the White House, fanned by such issues as gays in the military and by his history of draft dodging and alleged philandering. "He's not connecting to middle America," a Clinton partisan from Arkansas bemoaned.

Clinton lost his job in 1980 for a grab bag of reasons. Some of them, such as a riot of refugees from the Mariel boatlift, were beyond his control. But even more, that's the essence of being President. He has to pray that making the same sorts of mistakes won't lead him to the same electoral fate. ■

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High-Level Dispute On Who Will Redo Health Care Policy

A1

By ROBERT PEAR
Special to The New York Times

WASHINGTON, Oct. 12 — As the White House regroups to devise health care proposals for the next Congress, a dispute has broken out within the Administration over the future role of Ira C. Magaziner, the chief architect of President Clinton's ill-fated health plan.

Leon E. Panetta, the White House chief of staff, has been discussing ideas for a new policy-making process in which Mr. Magaziner's responsibilities would be reduced. But Administration officials said Mr. Magaziner was lobbying to keep a major role, with some support from one extremely influential patron, Hillary Rodham Clinton.

Mr. Magaziner supervised a beehive of more than 500 people who developed Mr. Clinton's health plan last year. And as the battle over health care played out, he puzzled many Washingtonians. In public speeches, Mr. Magaziner, a soft-spoken Rhodes scholar, seemed diffident and self-effacing. But co-workers, members of Congress and lobbyists said he could also be intellectually arrogant. He anguished over criticism of his work, but did not seem to know how to rebut it.

A business-strategy consultant in Rhode Island before he joined the White House staff in January 1993, Mr. Magaziner often described himself as an outsider with no experience in Washington. Many people agreed with him after seeing the complex health plan he drew up. Indeed, he was said to lack a sense of what was politically possible in a process that was deeply political.

Under the most likely new arrangements, White House officials said, health care proposals will be developed through a more conventional process managed by the National Economic Council and the Domestic Policy Council, with a larger role for people who have more experience in Washington.

Mr. Magaziner will be involved in the process, White House officials said, but will not necessarily be in charge. Lorrie McHugh, a White House spokeswoman, said today that Mr. Magaziner, a member of the Domestic Policy Council, would "still be part of the health care effort." Another White House official said, "Ira's role will be different, but he will be integrally involved."

A third official, who is eager to reduce Mr. Magaziner's role, said: "He's a symbol of what went wrong. That may be unfair, but it's a fact."

Mr. Clinton said on Friday that he intended to "come back full force" with fresh proposals to control health costs and make health insurance available to more people next year. By all accounts, Republicans are expected to gain seats in the midterm elections, so the political challenge for the President will be formidable. Lawmakers and lobbyists predict that the next Congress will take an incremental approach to health care, pursuing changes much more modest than those initially proposed by the President.

Mr. Magaziner, a longtime friend of the Clintons, has told people inside and outside the Government that he expects to play a role in shaping any scaled-back proposals for health care that might emerge from the White House next year. But Ms. McHugh said Mr. Magaziner was not available to discuss his role in policy making.

An aide to Mrs. Clinton said: "Some people think we should start anew, get rid of Ira and make a clean start. But the President and the First Lady still respect his judgment and have trust in his policy sense. That doesn't mean he would lead, initiate or direct the process, but I don't think they have any intention of asking him to step aside. You don't throw the baby out with the bath water."

Other officials at the White House, the Treasury and the Department of Health and Human Services, Democrats in Congress, Congressional aides and outside experts on health policy are lobbying for the selection of someone else to run the Administration's health-policy operation.

"They ought to make Ira Magaziner the Ambassador to Kazakhstan," said Alain C. Enthoven, a professor at Stanford University who has occasionally advised the Administration on health policy.

A friend of Mrs. Clinton, who has worked with her for years on social policy questions, said the First Lady "wants Ira to press the effort on health care reform again." But the friend, who has worked inside the Administration, said she herself had received calls from White House officials asking her to intercede and emphasize the need for new faces.

Republican members of Congress and candidates for Congress are less diplomatic. They invoke Mr. Magaziner's name as a political epithet when disparaging what they describe as "Clinton care." Senator Judd Gregg, a conservative Republican from New Hampshire, said "utopian elitism" ran through the work of Mr. Magaziner and Mrs. Clinton.

Representative Jim McDermott, the Washington State Democrat who advocated a "single payer" health plan financed with taxes, said: "The Administration should search for a new leader of its health care reform effort. Ira had a good shot, a full shot. He had two years. I have no doubt of his intellectual capacity. But he simply doesn't have what it takes to put this effort together and get it done. Once you have failed and everybody has seen you fail, it will be harder to get people to follow you in the future."

Representative Pete Stark, the California Democrat who heads the Ways and Means Subcommittee on Health, said: "We have heard that Mr. Magaziner is trying to resurrect himself as the chief policy guru in the health area over there. In response to inquiries from my staff, that has not been denied by people in the Administration."

While Mr. Magaziner is closely identified with the Clinton plan, some people say it is unfair to hold him responsible. They say Mr. Magaziner has become a scapegoat because Democrats find it easier to criticize him than to criticize the President or Mrs. Clinton.

Lawrence O'Donnell Jr., who worked with the White House as staff director of the Senate Finance Committee, said: "Ira came up with a construction that would not work in the real world. But that's never been ground for condemnation in Washington. All his ideas were approved by the President and Mrs. Clinton. There's no way Ira could just ram his ideas through the White House and the Administration."

While acknowledging some mistakes, Mr. Magaziner has defended his work on the President's health plan. "Conventional wisdom is that the President and his Administration overreached, proposing a radical, big-Government, grandiose plan hatched by policy wonks with political tin ears," he wrote recently. In fact, he said, important elements of the Clinton plan were also found in bills offered by moderate Democrats and Republicans.

In 1984, Mr. Magaziner was the chief architect of a $248 million industrial development plan for Rhode Island. He wanted to use state policies and subsidies to nurture promising industries. The plan was overwhelmingly rejected by voters in a referendum that, in ways, foreshadowed the debate over the Government's role in health care.

V6

NIGHTLINE TRANSCRIPT
APRIL 19, 1994

BODY: ANNOUNCER: This is a special edition of Nightline. Reporting from Des Moines, Iowa, Ted Koppel.

TED KOPPEL: We come to you tonight from the campus of Drake University in Des Moines, Iowa. Good evening. Visiting Iowa is what eastern journalists do when they're trying to refurbish their mantles of respectability. We take a pilgrimage to the 'heartland.' Washington, D.C., as many of you know, is surrounded by this circular highway, Route 495, which is known as the Beltway. Most ideas hatched and exchanged inside the Beltway are believed to be incestuous, foolish and totally devoid of common sense. The only people who outdo us in this regard are the folks 270 miles up the road, in New York. Iowa, meanwhile, has acquired the heavy burden of being perceived as a national repository of common sense, its principal advantage appearing to be that it is nowhere near Washington, New York, or Los Angeles.

So we have come here from New York and Washington to expose our thoughts on the Whitewater story and how we've covered it to the acid test: what do people in Iowa think of the job we've done?

KEVIN McKILLIP, Student: My personal opinion about the way the media is handling it right now is I think it's a little bit of overkill.

ALFREDO PARRISH, Attorney: But I do think that the public should have some knowledge of what happened. Whether it should be covered to the extent that the media's covering it, I have serious questions about.

LISA DEATON, Sales Coordinator: Like coverage is good up to a certain point, and I think that the information, the pertinent information came out that was needed, and that's the time to drop it. You need to make the decision to not carry it anymore, or at least not to that extent.

ROD FOWLER, Anchorman: I think that we are covering Whitewater to the best of our ability, and when I say that, I mean as the media overall. I, myself, I tend to say that I don't think we're covering it probably as much as we could be.

Lt. COLIN McBEE, Policeman: The national media has done a good job of covering the story. There is obviously something there. If the media doesn't cover it, people aren't going to know about it.
LIZ NEUMANN, Housewife: People out here aren't as concerned, you know. They- it's- there's other issues we care about. But it's become sort of a feeding frenzy, I think, within the Beltway.

JERRY RYERSON, Farmer: You sometimes wonder if the effort put into things like Whitewater and Tonya Harding and those kinds of

things would be put into social efforts that would really do us some good, you wonder what the outcome would be.

INTERVIEWER: Say I'm Mr. Bigtime Media. What would you tell me?

LISA DEATON: I'd tell you to move on. I'd tell you to go on to the other subjects at hand that really have an impact on society, that have been sliding for 12-plus years, and to move on to issues that people are concerned about.

ANNOUNCER: From ABC News, this is Viewpoint, Whitewater: Overplayed, Underplayed? Now reporting live from the campus of Drake University in Des Moines, Iowa, Ted Koppel.

TED KOPPEL: We've assembled a formidable panel here. Before I introduce you to the rest of them, however, I would just like to let two of them have at one another for a couple of minutes. Joining us live via satellite from New York is the author, radio, television talk show host and all-around conservative gadfly, Rush Limbaugh, and here by my side is the chief strategist of the successful 1992 Clinton/Gore presidential/vice presidential campaign, James Carville.

James, we are here, in large measure, because you and others who support the President feel we've been too hard on him. Why don't you give it your best shot?

JAMES CARVILLE, Clinton Political Adviser: Well, now, look, I'm a Shiite [?] Clintonite. I'm going to tell you exactly, I'm going to defend the President no matter what happens. Now, let's see what other people have said. Let's say, oh, for instance, Walter Cronkite. He said that it has been definitely overheated. Let's take Marvin Kalb of Harvard University. He says, without any significant legal evidence linking the President to any criminal activity, everyone and his uncle in the press is onboard this train and they're riding to a destination utterly unknown to them. There's a rushing to judgment that is, quote, '...unprofessional and distasteful.' Let's take Howie Kurtz, the media critic in The Washington Post. Don't take my word. These are observers.

TED KOPPEL: Actually, I was about to observe that I'd rather have your word than theirs.

JAMES CARVILLE: Well, my word is- my word is, is this is an overblown story. It is not a very good time for the media. The American people are turning, the story is turning in favor of the President, and it's time to get off of it and move to something else, or if you've got something, you want to say there's some wrongdoing, come forward with it. But there is an onslaught of opinion that the mainstream media has overplayed its hand on this story.

My favorite is, is the former- is the outgoing president of the

American Newspaper Editors Association, called it '...a cancer of meanspiritedness festering in the journalistic gut today. Is our future mortgaged to grotesque one-upsmanship, where news stories begin and end with an empty headline? This gentleman is the editor of The Oregonian in Portland. This is how far it has gone in this sort of 'got you' kind of journalism, and I think it is a shame, and I think it's a shame it's gone on in the mainstream press, and many other people share my view.

TED KOPPEL: Rush, I'm not bringing you in as a journalist, because you do not pretend to be a journalist, you are a talk show host, but you are exceedingly influential, in terms of the number of people who listen to you and the attention with which they listen to you. Is James Carville right? Are we over this thing? Is it done? Is it finished?

RUSH LIMBAUGH, Radio & TV Talk Show Host: No, I don't- I don't think it's finished, Ted, and I- I'll tell you, I'd like to respond to your- to your opening set-up piece. Everybody- the theme, I think, of that piece was everybody says, or a lot of the critics said, 'We've got to get on to other issues,' and I think Whitewater is about health care, Whitewater is about Bosnia, Whitewater is about crime and welfare reform, and I'll tell you why. Character- the issue of character was put on hold during the 1992 campaign. Nobody cared about it because so many people were upset with the economic situation they wanted a change, and it's now coming home to roost. Most people think that health care is a good idea, but they haven't read the plan. They're taking the President's word for it. Now, I think if the President's word is what we're going to rely on for his policies - this isn't a debate in the arena of ideas, and this is the man setting the agenda - and if people are going to base their support for the plan on whether or not they can take his word, I think it's fair to examine whether or not he keeps his word. So it's not about getting rid of the President. This is about people who would like to stop health care, in a legitimate democratic sense, trying to compete for the minds and hearts of the American people on the basis that maybe what the President is saying isn't true, maybe what the President's agenda as announced isn't really factual. And that's all this is about. The cattle futures business, all of these things that people are curious about, are simply a window into whether or not the integrity [unintelligible] happened 16 years ago and 10 years ago, why are we doing it, well, they're telling falsehoods today, they're telling falsehoods yesterday.

TED KOPPEL: All right, my-

RUSH LIMBAUGH: And so I think it's relevant.

TED KOPPEL: -Rush, my Shiite friend here is twitching, but he will have to twitch a little longer, because we are going to take a break. When we come back, I'll introduce the rest of the panel, and we will also have a set-up piece from my friend and colleague Jeff Greenfield, and then we'll really get at it. Back in a

moment.

[Commercial break]

ANNOUNCER: This ABC News Nightline Special, Viewpoint, Whitewater: Overplayed, Underplayed? continues. Once again, from the campus of Drake University in Des Moines, Iowa, Ted Koppel.

TED KOPPEL: You have already met Rush Limbaugh and you've met James Carville. To his immediate right is Robert Bartley. He's the editor of The Wall Street Journal. To his right, my colleague Brit Hume, who is senior White House correspondent for ABC News. To my immediate left, Geneva Overholser, she is the editor of The Wall Street Journal-

ROBERT BARTLEY, Editor, 'The Wall Street Journal': No.

TED KOPPEL: He's the editor of The Wall Street Journal. The Des Moines Register, forgive me, Geneva. Would you like to be the editor of The Wall Street Journal?

GENEVA OVERHOLSER, 'Des Moines Register': No, thank you. I like being editor of The Des Moines Register.

TED KOPPEL: And so you shall be, at least for the next 90 minutes. Then Floyd Abrams, who is a distinguished First Amendment lawyer, and indeed, I believe, the attorney for The New York Times, of which Max Frankel is still, for the next couple of months, the executive editor. But before we come to all of our guests here and give them a chance to exchange some views, I'm going to turn to my colleague, Jeff Greenfield, who has what we call a set-up piece for this discussion.

JEFF GREENFIELD: It's springtime here in Washington, but for political journalists, this is the winter of our discontent, again. Just listen to what some members of the press, the press, mind you, are saying about the coverage of Whitewater.

MURRAY FROMSON, former CBS Correspondent: The coverage is highly exaggerated, overblown, and unfortunately, I think the people in Washington ought to get out of their mahogany foxholes and get out there and see what the rest of the country is talking about, and it isn't Whitewater.

LINDA WRIGHT-MOORE, 'Philadelphia Daily News': I don't think that there's been anything up to this point that indicates that the frenzy that we went on was warranted.

BOB ZALISBERG, 'Bloomington Herald-Times': The characterization of it would be quite- maybe overdone.

JEFF GREENFIELD: You may ask yourself, well, how did we get here? For one thing, we always wind up here, sooner or later. It's the journalists' equivalent of the morning after question. Was what

we just did really such a good idea?

MICHAEL KINSLEY, 'The New Republic': You're going 'Whitewater is a big deal, Whitewater is a big deal, Whitewater is a big deal.' Inevitably the press, at some point, is going to turn around and say, 'Oh, my God, we've overplayed it, oh, my God, we've overplayed it.'

JEFF GREENFIELD: [voice-over] But the story of the Whitewater story can't be understood fully without beginning here, in the middle of the 1992 campaign, when Bill Clinton's march for the Democratic nomination was almost derailed by charges of marital infidelity and by relentless questions about the draft. So when The New York Times's Jeff Gerth first raised questions about a complicated Arkansas land deal in March of 1992, those sensational, easy-to-understand charges drowned out Whitewater, yet, ironically, the questions they raised helped fuel the Whitewater story later.

MARA LIASSON, National Public Radio: One of the things that has been President Clinton's Achilles' heel and one of the things that attributes for a lot of his underlying weakness is questions about his character. That's what a lot of this Whitewater stuff goes to.

JEFF GREENFIELD: [voice-over] Which is why the story blew sky-high last December, when The Washington Times first reported that Whitewater files had been removed from the office of deputy White House counsel Vince Foster shortly after he'd killed himself. Now the issue wasn't about a 15-year-old land deal anymore.

PAUL GIGOT, 'The Wall Street Journal': That was a defining event, because it caught them in a lie. When you get caught in a lie, you create skepticism among reporters, and they're going to redouble their efforts to ask questions.

JEFF GREENFIELD: [voice-over] It was also an exquisite case of bad timing for the White House. Another story had broken last December, Troopergate, the seamy stories of Bill Clinton's alleged extramarital escapades back in Arkansas, a story that most reporters didn't want to touch.

SUZANNE GARMENT, Author, 'Scandal': Then we saw there, simmering on the horizon, Whitewater, a good scandal, a financial scandal, a clean scandal, one that was suitable for a family newspaper, and we all- and we all jumped.

JEFF GREENFIELD: [voice-over] Some jumped with both hands and feet. The New York Post, for example, repeatedly raised suggestions that Vince Foster's suicide may have been something else. One day last March, a newsletter faxed to Wall Street brokers hinted that Foster's body had been moved. A garbled version of that rumor, reporting that Foster had been murdered in

an apartment owned by Hillary Clinton, reached radio commentator Rush Limbaugh, who broadcast the rumor as an example of the more wild stories circulating, and the stock and bond markets plunged. Others in the press, the New York Daily News and ABC, for example, said that Foster's suicide was just that.

PETER JENNINGS, ABC News: We have been investigating to see if there is any truth to the rumors.

MARA LIASSON: The press doesn't do one thing or another. There has been some reporting that's been inaccurate, irresponsible, overblown. Then there have been other people who have merely laid out the facts, again and again, because they think it's important in this very complicated story to try to do that.

JEFF GREENFIELD: [voice-over] There's another key factor in all this. If Whitewater was a brush fire, then the White House has repeatedly poured gasoline all over it. Whitewater documents were shielded from public view by request of the President's personal attorney. The Clinton tax returns from key years were not released to the public, on grounds of privacy. And the administration treated the whole subject as nothing more than politics.

Vice Pres. AL GORE: ['Face the Nation,' CBS] I think there's a little bit of political panic about the fact that everything's going so well, and so they're unleashing these attacks on him.

JEFF GREENFIELD: [voice-over] During his summit earlier this year, the President reacted to questions about Whitewater this way.

[NBC]

Pres. BILL CLINTON: You've had your two questions.

REPORTER: Okay.

Pres. BILL CLINTON: You had your two questions.

REPORTER: All righty.

Pres. BILL CLINTON: I'm sorry you're not interested in the trip.

JEFF GREENFIELD: [voice-over] And when the Clintons finally did release their tax returns for 1978 and 1979, new contradictions became an almost daily occurrence. The Clintons' Whitewater losses were much less than the $69,000 claimed during the 1992 campaign. The President recalled a loan to his mother when he was reading the galleys of her memoirs.

Pres. BILL CLINTON: We, in fact, lost some $27,700 less.

JEFF GREENFIELD: [voice-over] We were told that Mrs. Clinton had directed all the trading in the commodities speculation that earned her a 10,000 percent profit in a year; then it turned out she hadn't. The Clintons said she'd stopped trading because she was about to give birth; then it turned out she hadn't. The White House said that Mrs. Clinton had losses in a second trading account; then it turned out she hadn't.

MICHAEL KRAMER, 'Time' Magazine: The way in which you handle these kind of events, or any policy, is often as important as the substance of the policy itself, and sometimes more so. If the facts had been put out forthrightly originally, initially, by the Clintons, we wouldn't be in this position today.

JEFF GREENFIELD: [voice-over] Indeed, each week seemed to bring new information or accusations that fit Whitewater into the scandal model. Treasury aides had met with White House aides. Subpoenas were issued. Charges of document-shredding were aired. High officials were seen surrounded by the press on courthouse steps.

SUZANNE GARMENT: You are there, you don't want to answer questions, they want you to answer questions, you are, of course, guilty of coverup, and that's the image that's projected.

JEFF GREENFIELD: [voice-over] All this has led to the charge that Whitewater has driven more important news off the radar screen. For instance, during the March 7th press conference with the president of the Georgia republic, Mr. Shevardnadze was asked about nuclear weapons and the prospects for peace, and President Clinton?

Pres. BILL CLINTON: Go ahead.

REPORTER: Mr. President, there were at least three occasions where White House officials were briefed by federal regulators about the status of the Whitewater investigation.

JEFF GREENFIELD: [voice-over] At the peak of the story in mid-March, according to the Los Angeles Times, the seven biggest newspapers published 92 Whitewater stories in one week. During the month of March, the three major networks aired 126 Whitewater stories.

LARS ERIK NELSON, 'Newsday': The real problems of this country is, can my kid get a job? Can I afford to get sick? Will I lose my house if I get sick? The fact that Hillary Clinton might be hypocritical when she condemns the greed of the '80s, that's not a problem. That's a political point.

JEFF GREENFIELD: [voice-over] But did the press ignore other important stories while it was covering Whitewater? By one count,

between January and March the three major news networks aired 107 stories on Bosnia, 56 stories on the Middle East, 42 stories on the health care debate. Besides, say some journalists, since we don't konw what the end of Whitewater will be, we have no choice, even if the public ultimately decides that the story is no big deal.

MICHAEL KRAMER: It's not our place to make this judgment for them. It is our job, our role, to put the facts out there.

JEFF GREENFIELD: Since the press first began demanding answers about Whitewater, we've learned that many things the White House once said were not so, but did the public learn important things about our leaders, or did the coverage just make it harder for them to lead? I'm Jeff Greenfield for Viewpoint, in Washington.

TED KOPPEL: And I would like to begin with Floyd Abrams. Floyd, I want to begin with you, because normally your role is that of a great defender of the press, and you are known not only as one of the great experts on the First Amendment, but also one of its most adamant defenders, and yet you are critical of the media now. Why?

FLOYD ABRAMS, Attorney: Well, look, I think Whitewater ought to be covered. It's a story, it's worth covering, and a lot of the stories are worth doing. But when we sit, as we just have, and listen to the reality of how much coverage and about what, then I think there are some real questions raised about the level of emphasis, the intensity of the focus on Whitewater, as opposed to other things. I did my own numerical check, for example, of newspaper stories, March, April. More stories on Whitewater than the combination of health care, crime legislation and welfare legislation. Now, that's a lot. I mean, that's really a lot of focus on Whitewater, and when I watch it, and read it - and again, I think a lot of it made a real contribution, so far as it went - I ask myself, at the end of the day, where we are now, what do we know about any misconduct by the President? And as far as I'm concerned, on reading everything I have and whatever, I don't find any credible charges so far of any quid pro quo, anything- any wrongdoing by the President or Mrs. Clinton to pay anybody back, to launder any money. The press ought to check that out and they ought to be in Little Rock, and they ought to be in Washington, and they are. But I think at some point it's fair to say, 'Look, we've been going on like this for a long time.

Let's take stock. Let's ask where are we, what's been developed?' I think Mr. Limbaugh's answer to your question earlier gives away part of the problem here. If Whitewater is, for some people - not some of the journalists on this panel - if Whitewater is going to be a proxy for health care, if Whitewater is going to be the answer to President Clinton's health plan, then the answer is they should answer the health plan. That's what they should focus on.

TED KOPPEL: Let me just jump in for a moment, because I really would like just to get to each of you quickly once. Max, why are we covering this in as much detail as we are? Why such volume on this subject?

MAX FRANKEL, 'The New York Times': In all of 1992, we who started this particular string going, we had one story on Whitewater.

TED KOPPEL: That was Jeff Gerth's story.

MAX FRANKEL: Jeff Gerth's story, the one you just referred to. We were confronted by a massive blockade, detectives, public relations experts, lawyers, no more answers, no more documents. We met a stone door, and for us this became unfinished business. We have had one or two, at the height of it, I think, three reporters on this, out of 350, 400. The charges that this is overtaking our coverage is patently ridiculous. Our front page is clear to the world every day. But we have pulled on this string, and what could have been a three-day story, if it was really innocent, has become now a three-month story because every day a new fact is dribbled out, only to be contradicted the next day, and documents that are sitting on people's desks when we ask them a question before we print, 'No, you can't see it.' Two days later, suddenly the documents come out.

They have dragged this out. It is not criminal activity, as far as I can see so far, but it is unfinished business from a campaign when, I beg you to remember, a half a dozen candidates came out of nowhere with the putative possibility of becoming President of the United States. We had to start investigating these fellows, who were they, what's their character, what baggage do they bring, who's going to sleep in the White House, what business dealings have they had? All of that was part of our function in a great big hurry. We got very little help on this particular strand of the Clintons' background, and the chickens are coming home to roost.

TED KOPPEL: Geneva Overholser, do you feel that too much attention has been devoted to this story? And I'm speaking now of the mainstream media. Let's set aside, for example, those who have gone, you know, too wild on the story. The mainstream media, your own, paper, for example. How much time have you devoted to it, how much space?

GENEVA OVERHOLSER: I really feel that it's a mistake even to say that there is a mainstream medium and that you can group everyone under that kind of a rubric. It seems to me the question that each of us in the media must ask, in each story that comes before us, is what sort of play does this deserve? I mean, throughout Whitewater, the different chapters of it. I surely share some discomfort that there becomes- that any one story seizes the media and we mindlessly follow it when perhaps it isn't as large

on one day as it is on another, but I personally feel absolutely comfortable with the way we have covered it. It has had significant pieces of real interest to Iowans. Perhaps the President's primary questioner, Jim Leach, is a congressman from Iowa. I think that Iowans want to know and need to know, as does the nation, what he's been asking. And I don't feel comfortable saying what I think the mainstream media have done, because I don't- I'm not a good judge of that.

TED KOPPEL: Let me just tell you - and we'll take a break in a moment and then come back to our remaining guests in the next segment - we invited Congressman Leach to come out here today. It seemed appropriate, the subject, he's from this state, after all. Didn't want to come, and I am inferring that the reason he didn't want to come is he thinks he went a little bit too far and he sort of wants to withdraw from this now.

GENEVA OVERHOLSER: Well, that's an interesting speculation. He more precisely said just a couple of days ago at a speech in Washington where I introduced him that he felt that it might be time to give Whitewater something of a break until more information comes out. It could be that he felt his presence here would contribute to the opposite direction tonight.

TED KOPPEL: So it's a paradox, isn't it? I mean, it ought to wait until more information comes out, but who gets the information, if not the press?

GENEVA OVERHOLSER: Well, not only that, but his own position has been that we should await the arrival of more information in the hearings, but meanwhile he and others have raised questions. It is a bit of a paradox.

TED KOPPEL: All right. Let me point out- we are going to take a break now. When we come back, we'll meet our remaining guests, and then very shortly thereafter we will start to entertain some questions and comments from our audience here in Des Moines, Iowa. We'll be back with all of that, in a moment.

ANNOUNCER: This ABC News Viewpoint, Whitewater: Overplayed, Underplayed? will continue in a moment.

[Nightline poll, April 17: Whitewater: Is it an important issue? Yes, 42%; No, 53%]

[Commercial break]

ANNOUNCER: Live from the campus of Drake University in Des Moines, Iowa, this is a special edition of ABC News Nightline, Viewpoint, Whitewater: Overplayed, Underplayed? Once again, Ted Koppel.

TED KOPPEL: And I would like first of all just to introduce you to our two remaining guests, Bob Bartley, editor of The Wall

Street Journal, you are probably seen of something of a bete noir in the White House, if there is any-

ROBERT BARTLEY: I sometimes get that feeling.

TED KOPPEL: Yeah. Why do you think that is?

ROBERT BARTLEY: Well, we are a conservative editorial page, I run the editorial page at The Wall Street Journal, and kind of fall naturally into the position of opposition to a Democratic administration. That's one reason.

TED KOPPEL: Be specific in terms of Whitewater and what your paper has [crosstalk].

ROBERT BARTLEY: Well, the other major reason is that we were, very early on, critical of the Rose law firm members of the administration, Mr. Hubbell, Mr. Foster, Mr. Kennedy and Mrs. Clinton, suggesting that there might be a lot of cornercutting coming out of these people, and sure enough, we had Mr. Hubbell intervening in a Justice Department case, we had Mr. Kennedy in Travelgate, we had Mr. Foster signing some papers and trying to keep secret the health care deliberations, and then we kind of got beat on the head, though, after he committed suicide, and a lot of people wanted to blame that on us, and now we see Kennedy demoted, Hubbell resigning, and I think we've gained a little credibility that maybe we were onto something.

TED KOPPEL: Does all of that- well, I'm not sure if you have. I mean, I think that's one of the questions that's being debated here, not just with regard to The Wall Street Journal, but with regard to all of us. How much credibility have we gained when the bottom-line question is asked, and that is, what is the 'there' there?

ROBERT BARTLEY: Well, you know, I'm not a prosecutor, you know, I'm not even a lawyer. I'm a journalist. I don't put people in jail, I just put them in the newspaper, and whether or not there-there- something criminal is involved is for somebody else to discern, and it seems to me quite clear the Clintons have been behaving like people with something to cover up, and a journalist naturally gets curious about what. Now, maybe it's criminal, maybe it's just embarrassing. If we'd known about these flaming cattle trades back during the campaign, a lot of this nonsense about the '80s never would have flown. Maybe the tax bill never would have passed. It only passed by one vote. I think if the press has anything to answer for, it's why surprise us with this stuff now? Why didn't you tell us before we voted for the guy?

TED KOPPEL: All right, I know that Rush is trying to get in, but I'd like to go to Brit Hume first. Folks, if I may, with any luck, enough people will be saying things that you either want to boo or applaud, but it'll take up valuable time, and if I could ask you just to restrain yourself on that.

Brit, just the numbers of stories, the amount of minutes, the amount of time that we have devoted on the three evening newscasts on the networks, and I suppose on Nightline also, to this program- I mean, to the subject of Whitewater, how do you justify it when it is compared to what clearly seemed to be, from the public's point of view, more important stories like the health plan, the crime bill, things like that?

BRIT HUME, ABC News: Well, part of that, Ted, has to do with what we call news, and news is made every day in ways that have to do with serious issues and have to do with weighty matters and have to do with what polls would show the public is concerned about, but it also gets made in many other ways, and it often has to do with whether there was a development that significantly advanced the state of play on a story. The health care story is often cited as one that we're slighting during all of this, despite the fact that there's been quite a lot of coverage. As anybody who has ever watched legislation of that dimension move through Congress can tell you, there isn't a development every day that is worthy of the front page or the relatively small amount of time we have on the air at night for the evening newscast on health care, however devoted we may be to the story.

In the past couple of months, however, there have been a series of developments on one thread of the Whitewater story which have had to do with disclosures made and the questions asked of the Clintons about them, answers given, further disclosures which have, as Jeff Greenfield noted, in a number of cases repeatedly contradicted what was said before. That quickly becomes a running story that relates to the issue of the President's credibility, the First Lady's credibility, the White House's handling and so forth, and it is the kind of thing that a journalist covering the White House on a day-by-day basis is really obligated to cover. There's really no way around it. You can't say, 'Well, I'm more deeply interested in health care.'

I must tell you, the Whitewater story struck me as utterly uninteresting for the longest time, and my familiarity with it largely comes from covering these developments day by day that have occurred over the last six weeks or so, and the story has become more interesting to me over that period of time, but- but I don't think there's any way around covering a story like that in that way, under those circumstances.

TED KOPPEL: Rush, I know you were trying to get in. Go ahead, and then we're going to go to the gentleman out there.

RUSH LIMBAUGH: Well, Ted, I think I want to be bold here. People have touched on this slightly. The reason why that there is a coverage of this that doesn't go away is that the Clintons are lying. They are confronted with information which contradicts a previous statement they made, and then they say, 'Well, that's inoperative.' The cattle futures, all of this, it's- it's- it

raises questions of character, it raises questions of whether or not we can trust this President. And we can't investigate it because we've got one-party rule in Washington. The Democrats own all branches of the government, and as such, we can't get hearings. But yet, when Bush was president and they thought that they had something on this mythical October surprise where Bush apparently met with the Iranians before the 1980 election, there was no evidence whatsoever, and Tom Foley said, 'There's no evidence, there's no evidence, no evidence, and because of that we've got to investigate.' There's a lot of evidence here and they're bottling up an investigation, and that's just making people even more and more curious.

TED KOPPEL: Max?

MAX FRANKEL: Could I please make clear, though, you don't have to be Rush Limbaugh to be interested in Whitewater. He's scoring a political point with this story that goes far beyond the interests of the average reporter who, in fact, has been doing the digging on this story. Bob Bartley has a right to draw his political conclusions, but there again, he's coming at this with an opinion. The people who've been digging this up and running it in our paper and, I think, in Geneva's, I speak fairly for her as well, we're doing a job of news coverage that has very little to do with some kind of a hidden agenda about prosecuting the President.

TED KOPPEL: Except I think- I think James Carville would argue, and Lord knows he doesn't need me to make the point for him, that there is- what was the line you used the other day? 'A food chain,' right?

JAMES CARVILLE: Yeah.

TED KOPPEL: You think-

JAMES CARVILLE: Well, surely. Look-

TED KOPPEL: -you think we're being fed, don't you?

JAMES CARVILLE: Well, of course. Here's Rush- I mean, here's Rush Limbaugh saying that the Democrats are holding up investigations. The Democrats said do it. Jim Leach went back and said maybe we don't need them. So he can say what he wants, but this is about-

RUSH LIMBAUGH: [crosstalk] never heard of Henry G. Gonzalez?

JAMES CARVILLE: Rush, you spend three hours a day beating up on the President. Please let me have a chance to defend him here for about 30 seconds. I think it's only fair. Now, what happened is, is Rush, who's a good guy and a great entertainer, and Mr. Bartley and all those, told all of these people, 'If the President's plan passes, the economy is going to go in the tank.

It's going to be terrible, all these things are going to be terrible, there won't be any cuts and nothing will happen to the deficit.' Well, of course, the President's plan passed. Guess what? The deficit's been reduced in half as a percentage of the GDP. Iowa's unemployment rate is down, the national unemployment rate is down. Personal income was up 6 percent in March alone. Consumer confidence is up. Clintonism's ideas are supreme now, Clintonism is triumphant, but after they've gone out and told everybody this, they were caught. So I understand that. They're partisan guys, they've got to feed the story. But Mr. Frankel says-

MAX FRANKEL: Or change the subject.

JAMES CARVILLE: -or change- whatever- whatever you want to do. Mr. Frankel, I have a problem with the Times. Let's take the shredding story. How many of you have heard the great shredding story about the documents are the Rose law firm? The New York Times on March 4th says that these people were shredding documents, front-page story. Then again, on March 10th, they run the story again. And then they run a paragraph saying that it is a federal crime if these documents have anything to do with Whitewater. Two front-page stories. This is a story right here, on April 6th, in The Des Moines Register, this is the exact size of it, the exact size of the story. It says, 'The two couriers who shredded the documents in Hillary Rodham Clinton's former law firm say they don't believe the files had anything to do with the Whitewater investigation.' Okay? This is what- and by the way, the two people, these two couriers, the interviews for them were arranged by one Floyd Brown, who is the guy that brought you Willie Horton, who has a $3-million budget to do nothing but oppose the President. So if a reporter wants to see the couriers, call Floyd Brown, he'll arrange the interview.

MAX FRANKEL: No, the interviews had-

TED KOPPEL: James-

MAX FRANKEL: No, those interviews had nothing to do with Floyd Brown, and when the special prosecutor reports on the shredding incident, you will see that those documents had- bore the initials of Mr. Foster.

JAMES CARVILLE: Well, Mr. Frankel, why didn't your paper report what the Des Moines paper said?

GENEVA OVERHOLSER: You talked about-

MAX FRANKEL: Because I don't-

JAMES CARVILLE: That the couriers said that it had nothing- that they don't believe it had anything to do with it? After you put-

MAX FRANKEL: Our story was right.

JAMES CARVILLE: -let me finish. After you put two front-page stories implying, of which Rush had- he was, every day, my wife listens to him, he said, 'Look,' I don't blame Rush for doing that. I don't blame him. He's got to- he can't go back and tell people that Clintonism is working, because he said it wouldn't and it is, and I mean, he's got to shift the subject.

RUSH LIMBAUGH: Hey, hey, James.

JAMES CARVILLE: I understand that. Hey, Ted, Ted, hang on, just a minute-

TED KOPPEL: Hold on just one second, I just want to make sure that James thinks he got his 30 seconds. [crosstalk] All right. Now, Rush, go ahead and jump in.

RUSH LIMBAUGH: Well, let's look at the economy. Now, James and the President have both said that as a result of the Clinton economic plan, that interest rates fell. If you look, interest rates today are higher than when President Clinton took office. Now, if the Clinton economic plan brought interest rates down, how come they're up? And this is a classic example of what I mean. These people go out and say things, take credit for things they've had nothing to do with like this economy, and now come forth and try to snow people. Every day they get up and say, 'How can we fool 'em today?' And this is another example of it. I think these- the economic plan elements have not had a chance here yet to take hold, but the interest rates are coming up, and- and I think it's- it's clear that the Clinton economic plan had nothing to do with them one way or the other. Maybe deleteriously, but certainly not positively. And that's the example.

JAMES CARVILLE: If the economy was bad, Rush was would say, 'Clinton has nothing to do with it, folks, I know that for a fact.'

TED KOPPEL: All right. Much as I would like to do a 90-minute program on the economy, tonight ain't the night.

RUSH LIMBAUGH: Ted, that's- but my point- see, it's not about the economy, it is about how they say one thing and another happens, and that's- with- health care is an attempt by the federal government to take control of one-seventh of the U.S. economy, and some people don't want that to happen, and this is simply a way to battle for the hearts and the minds of the American people. We may lose, but it's simply a way to try to convince them that maybe they ought to think about this rather than just blanketly [sic] accept this President's good intentions.

TED KOPPEL: All right, folks, when we come back, I'm going to try to drag us all, kicking and screaming, back to the subject of Whitewater, how we cover it, whether we're doing a good job at it or not. Back in a moment.

ANNOUNCER: This ABC New Viewpoint, Whitewater: Overplayed, Underplayed? will continue in a moment.

[Nightline poll, April 17: Whitewater, the President's handling of the situation: Approve, 50%; Disapprove, 43%]

[Commercial break]

ANNOUNCER: This ABC News Nightline special, Viewpoint, Whitewater: Overplayed, Underplayed? continues. Once again, from the campus of Drake University in Des Moines, Iowa, Ted Koppel.

TED KOPPEL: And I would like right away to get into a few of the questions or comments. Go ahead, sir, if you would begin for us.

1st MALE AUDIENCE MEMBER: Good evening, Mr. Koppel and guests. My question is, the role of the press is often referred to be as the public watchdog. If this is indeed the case, which I sometimes doubt, will there not be times when the press has a duty to investigate issues such as why Vince Foster's suicide note has not been released, and why the autopsy report has not been released, even when issues related to Whitewater may not be popular in the latest public opinion polls?

TED KOPPEL: All right. So what you're suggesting, if I may presume to interpret, is that, if anything, you think we're not going after some of these aspects, some aspects of this story hard enough?

1st MALE AUDIENCE MEMBER: That, and the point is, is that you have a duty to investigate these issues, even if the majority of the public is saying in the public opinion polls that they're not interested in this and that they're more interested in health care or they're more interested in welfare.

TED KOPPEL: Fair point.

1st MALE AUDIENCE MEMBER: But your duty as public watchdogs.

TED KOPPEL: Geneva, to what degree are we in any way bound by what the public would like us to be covering? I mean, should we be holding our fingers up in the air to test the wind of popular opinion?

GENEVA OVERHOLSER: I think that that's the central argument that any of us in the media would use to explain why we pursue a story like this. I don't think, for one thing, that the public- we can

always get an accurate read from day to day on what 'the public' thinks, because the story changes quickly. But yeah, of course, you have to publish or edit a newspaper with the sense that you're putting in it what you think is information that a democracy needs. You can't- I disagree with your assumption that if there failures to report, they stem from an editor's worry that he or she won't be popular. I just don't see that happening.

BRIT HUME: Ted, I do hear in some of the deliberations about this story repeated references to public opinion polls, suggesting that the way that we should make up the composition of our broadcasts and publications is to find out what people are talking about and react to that. Of course, what people are talking about is very often a function of what we have been reporting over a period of time, assuming it captures the public's imagination, as things do. It may be that this story, over a long period of time, simply will not do that, in which case it is likely to fade away if it is not fed by information.

TED KOPPEL: I think there is-

BRIT HUME: But the process, I think, is one- it would be quite upside down to have us trying to determine by public opinion poll what news we ought to cover.

TED KOPPEL: James?

JAMES CARVILLE: I want to make a [unintelligible] on something. According to The Wall Street Journal, around May 1st, the special counsel, who has every document, who has the power of subpoena, who has investigators, has lawyers, is going to issue a report about Vince Foster's suicide. If that report says that he was murdered or something like that, then I think we'll owe a debt of gratitude to people like Mr. Bartley and Mr. Limbaugh about they've been pushing this story, no matter what. If that special prosecutor says that this man committed suicide, was a depressed person, and there was nothing untold, then a lot of people are going to owe the Foster family a huge, a huge apology. And we're going to see what happens, because this is going to be the first test of credibility when Mr. Fiske comes with that, and all you people are going to be interested to see, and we're going to see if any of these wild rumors are true. He has total subpoena power, total cooperation, he has every document. And again, if I believe what I read in The Wall Street Journal, in two weeks we're going to know the answer. So let's just find out.

TED KOPPEL: See, James, I-

ROBERT BARTLEY: Now, now, just a minute.

TED KOPPEL: Go ahead, Bob.

ROBERT BARTLEY: Just a minute, just a minute, I'm at- the big

suspicion about the suicide is not whether it happened in Fort Marcy Park and so on. The big suspicion is what happened afterward. Now, what happened to the Whitewater documents in Vince Foster's office, why was this note discovered in a briefcase-

JAMES CARVILLE: The special counsel is going to make all that public.

ROBERT BARTLEY: Now, well, if the special counsel makes that public on-

JAMES CARVILLE: He will, he will.

ROBERT BARTLEY: -March 1st, or May 1st-

JAMES CARVILLE: May 1st.

ROBERT BARTLEY: -I will be very surprised. Now, let me tell you something about special prosecutors. This special prosecutor is appointed under the Justice Department, and he is bound by rules 6E of the federal rules of criminal procedure, which you as a lawyer know-

JAMES CARVILLE: Sure, sure, [crosstalk]. Don't forget old 6E, man, right.

ROBERT BARTLEY: Yeah, 6E. That means-

JAMES CARVILLE: Bob, what is that?

ROBERT BARTLEY: Okay, I'll tell you- I'll tell you what it is. It says if you don't indict, shut up.

JAMES CARVILLE: Well, I-

ROBERT BARTLEY: Okay, and that means that he's going to have all this subpoena power, all these documents, and you and, for that matter, Mr. Frankel, are waiting for him to have a complete report, but he can't.

JAMES CARVILLE: Why did Mr. Walsh have a complete report at the end of the time that he did his, and he didn't indict? I'll tell you what, it is going to come out, and it is going to come out that these so-called documents have all been made public- well, let's just wait till May 1st, and we'll see-

ROBERT BARTLEY: Could we have at least an acknowledgment that there'd be no special prosecutor if it weren't for the press?

JAMES CARVILLE: Fine.

ROBERT BARTLEY: Thank you.

JAMES CARVILLE: There would be- and I don't think one's really necessary, but if you want to take credit for the fact that we're going to spend $45 million to investigate no wrongdoing, take it, I'll give it all to you. You can have it. I'll be glad to give it to you. And I say on May 1st we're going to find out. We're going to find the truth, and let's see what it is, and if all this is there, I'll be the first person to say if they found out that somebody drug his body from the [crosstalk] Park [crosstalk].

ROBERT BARTLEY: Now, you're-

TED KOPPEL: Now, you see, hold on, this is just-

ROBERT BARTLEY: A red herring.

TED KOPPEL: No, it's actually called a straw man, I think. I mean, you're setting up a straw man here, James.

JAMES CARVILLE: No, I'm setting up- no, no-

TED KOPPEL: Wait- wait one second. In terms of people who are represented on this panel here, and Rush, who is in New York, when he presented that story, as I recall - Rush, you can come in and speak for yourself - you didn't present it as accurate, did you? You represented it as one of the rumors that was going around.

RUSH LIMBAUGH: Yeah, I got a fax from- I don't even know which house it was from, it was a brokerage house, I think, in San Francisco, a branch of a Wall Street brokerage house, and this thing was part of a market newsletter. This was one little paragraph of a whole lot of market and commodity news. And it cited this Smick [sp?] Johnson or Johnson Smick newsletter that was going to come out that afternoon, and it did use the word murder, and I said- I just- I said, 'Folks, here is an example of how far-ranging this has all gotten,' and I- no, never- never have I suggested that this was murder or that this- this whole thing was accurately portraying murder. It was- I just presented here's a rumor, and all of the reasons, many reasons, why these questions keep popping up is because there hasn't been, there have not been, answers to very simple questions that have been raised here tonight about the suicide note and the missing files and all that kind of thing-

GENEVA OVERHOLSER: The only thing-

RUSH LIMBAUGH: -all this has been brought on by their own reaction.

TED KOPPEL: Rush, hold on for a second. Floyd Abrams.

FLOYD ABRAMS: The rumor that was published in that brokerage

house report, which, in my view, was unworthy of repeating in the first place, was that high-up people in the Clinton administration had an apartment over in Virginia, and that Mr. Foster had committed suicide in that apartment, and the body moved to the park. It was Mr. Limbaugh who broadcast for the first time that it wasn't suicide, but murder, that that was what the rumor was, and that the apartment was owned, you said the rumor was, by Hillary Clinton.

RUSH LIMBAUGH: Well, that's what the fax on that said.

FLOYD ABRAMS: Now, that's raising the ante quite a lot-

RUSH LIMBAUGH: Well, that's what the fax said.

FLOYD ABRAMS: -and you bear a good deal of responsibility for doing that.

RUSH LIMBAUGH: Wait just a- Mr. Abrams, just a moment, that's- the second half-hour of the program, we got- we tried to get hold of Johnson Smick. They weren't answering calls. We got hold of somebody who'd read the newsletter, told us what the newsletter said, and within 10 minutes of reporting this, gave the accurate information in Johnson Smick. This didn't stand. This was not something that was put out as the result of any kind of agenda.

FLOYD ABRAMS: We had a whole market crack, Mr. Limbaugh, because of you, and I've yet to hear-

RUSH LIMBAUGH: Oh, I wish I- you know, I wish I had-

FLOYD ABRAMS: -and I've yet to hear an apology from you about attributing the apartment, which doesn't exist, to Mrs. Clinton.

RUSH LIMBAUGH: I- I simply said what this market newsletter, which had been circulating since 9:40 that morning, Mr. Abrams, I wish I had the power to affect the market, I would see to it that we haven't lost so much in stocks lately. I don't have that power. This thing had been circulating throughout Wall Street long before I ever saw it.

MAX FRANKEL: Could we answer- could we [crosstalk] the questioner, though?

TED KOPPEL: Max, go ahead.

MAX FRANKEL: The question was, on this Foster story, I don't think there's any responsible evidence that would cause a responsible newspaper now to question the police investigations that have been made of this, and I think that part of the story is not worthy of further investigation at this time.

TED KOPPEL: And-

MAX FRANKEL: But I would say that we are paid, as editors and journalists, with no- those of us who have no particular political axe to grind, we are paid to sniff out a degree of public interest and public- whether a story is interesting or important, after all, is the definition of news, and we do have our ear to the ground. But you can't take a poll on these things. First of all, the readers can't know what they want if they haven't yet got it. So you put- you follow a strand, you use your professional judgment, and you put the story out. Now, if there is no resonance, if there is no follow-up, if it doesn't work, it falls like a- it falls dead. I could give you two dozen wonderful stories that have had no impact. But this thing gained legs, and it gained legs, in part, because of the way the White House failed to treat it properly, and maybe because there's a lot more there than even I know.

TED KOPPEL: Let me just move on to another questioner, go ahead, sir, up in the balcony.

2nd MALE AUDIENCE MEMBER: Yes. First of all, I'd like to wish Rush a mega-mega-dittos [sp?] from the Iowa Federation of College Republicans. It's a pleasure to have you here tonight.

RUSH LIMBAUGH: Thank you, sir. Thank you.

2nd MALE AUDIENCE MEMBER: And as much as I hate to give him more time, I have a very simple question for Mr. Carville. Given that many important issues in the upcoming debates rest on President Clinton's credibility, I want to address your opening remarks. In your opening statement, you stated that the Whitewater story was turning in favor of the President. Now, if that's the case, why are you and your colleagues in the Clinton administration tonight so eager to push the issue under the rug?

JAMES CARVILLE: I think I'm sitting here. I'm not- I'm not under the rug, I'm sitting- I'm sitting right here. Wait, I didn't answer the question. It's Jim Leach, who's a Republican, that's back in Washington. I'm here. I'm here. See, you've got to quit listening to the radio, man, and stick your head in a book, find out what's going on. Let's talk about the President's credibility. The President said if you passed his plan, the budget deficit would go down. You know what? He gave you the figure, he was wrong. It actually went down more than he said it would. In Iowa, you have more people on April 15th that got a tax cut than got a tax increase. I think this President's performance in office has been more than credible, in fact, it has been the most successful first year that any president has had since 1953. You can look that up.

3rd MALE AUDIENCE MEMBER: How about [unintelligible]?

JAMES CARVILLE: Who?

TED KOPPEL: Mogadishu, he's talking about Somalia.

JAMES CARVILLE: Okay. We had an orderly withdrawal from Somalia.

2nd MALE AUDIENCE MEMBER: In answer to the question- [crosstalk]-

JAMES CARVILLE: Go ahead. I'm not trying to calm anything down.

2nd MALE AUDIENCE MEMBER: I didn't ask you about tax cuts. I asked you-

JAMES CARVILLE: You asked me about why I'm trying to kill the story, and I'm saying I'm sitting right here answering questions on Nightline. There must be 30 million people looking at it.

2nd MALE AUDIENCE MEMBER: But the question was, if this is in favor-

TED KOPPEL: All right, hold-

2nd MALE AUDIENCE MEMBER: -if this story is turning in favor of the President, why do you want to run away from it so bad?

JAMES CARVILLE: I don't want to run away from it.

2nd MALE AUDIENCE MEMBER: I mean, you're here because you want the press-

JAMES CARVILLE: Son, I'm sitting here, right here. I don't want to run away from it. I ran 1,500 miles here to be a part of it.

TED KOPPEL: I'll tell you what, Lord knows, there are enough things that James Carville and I disagree about, but you can't accuse the man of hiding when he's sitting right here and taking everybody's questions, all right? And folks, what I asked you before, I really did mean. Whether it's- whether you're applauding, you know, someone from the left or the right, or pro-Clinton or anti-Clinton I don't think makes any difference, it just takes time away from the rest of the guests here, and if you would, I'd appreciate it. We're going to take a break, we'll be back in a moment.

ANNOUNCER: This ABC News Viewpoint, Whitewater: Overplayed, Underplayed? will continue in a moment.

[Nightline poll, April 17: Whom do you believe? Clinton administration, 34%; The Media, 50%]

[Commercial break]

ANNOUNCER: Live from the campus of Drake University in Des Moines, Iowa, this is a special edition of ABC News Nightline, Viewpoint, Whitewater: Overplayed, Underplayed? Once again, Ted Koppel.

TED KOPPEL: All right, we're going to go to another question from our audience in just a moment, but Geneva Overholser and I were talking just during the break, and you made a very succinct and, I think, important point. Would you make it again, please?

GENEVA OVERHOLSER: Well, I hope I can. I think that the debate we were hearing between Rush Limbaugh and James Carville does give us a sense of what's going on in the nation now, as we look at this question of whether we're covering or under- overplaying or undercovering Whitewater. You tend to split. If you really like Clinton, you think we're overcovering it. If you don't like him, you know, you think we're underplaying it. And what I think is incumbent on us is to attempt to just give the facts and see what falls out. But the trouble is that this very kind of debate is an indication of the amount of interest, or at least in the amount of, as Max said, legs for the story, and in the end, the critics tend to come from their own emotional judgments about Clinton, it seems to me.

TED KOPPEL: All right. Let's go to another question. Go ahead, sir.

4th MALE AUDIENCE MEMBER: Good evening. I'm David Terry, a third-year law student here at Drake. President and Mrs. Clinton routinely deny that there is anything to the Whitewater story, yet every day we hear more about Hillary's involvement in the scandal. And I was wondering whether you in the media believed that your bias has not been shown by not demanding more disclosure from Hillary or- in a press conference or in some other sort of situation.

TED KOPPEL: Let me- let me just ask you, if I may, to be a little more specific. I have a sense, and maybe I'm doing your question an injustice, that you're talking about some of the commodity trading. What recent evidence are you talking about that Mrs. Clinton was involved in the Whitewater scandal? What specific are you- what specifically are you referring to?

4th MALE AUDIENCE MEMBER: Well, the things like what Jeff Greenfield had in his opening piece, about the commodities trading. She was trading, and then all of a sudden she was actually having someone else trade for her.

TED KOPPEL: All right. So you're using Whitewater as a very broad- a very broad headline for everything, then, right?

4th MALE AUDIENCE MEMBER: Exactly.

TED KOPPEL: Okay. Brit, do you want to pick up on that?

BRIT HUME: Well, the question of whether Mrs. Clinton should hold a news conference has been raised, and has been raised with the President. I know that because I did it, and there has been little reason, by virtue of his response or that of any other White House official, to believe that anybody thinks that that's a good idea, anybody inside the administration. And indeed, there has been this repeated suggestion that perhaps what's in order here is a Geraldine Ferraro-style 'let-it-all-hang-out,' ask questions until there are no more questions, with as many documents as could be made available, that that might put the matter to rest. That suggestion, so far as we can tell, has met with no approval either. So the issue has been raised. There have been questions not only asked of the President, but also to his press secretary and others. Her statement, Dee Dee Myers said one day that she had- that Mrs. Clinton had been available on a regular basis, and we all piped up and said, 'What do you mean, regular? It has been irregular at best, only occasional, on the fly, during her travel and so forth.' That appears to be a non-starter, as far as the administration is concerned, and after you've asked something two or three times and gotten the same answer, there's just not much more you can do about it.

TED KOPPEL: Let me- since we have James Carville here and you do advise, certainly, the President, on this kind of an issue, can you shed any light on why it is that Mrs. Clinton has not come out and-

JAMES CARVILLE: Well, firsts of all, is the President's the President, he's been out there, and I think what you've got is something that happened in 1978, and who in the heck- I don't even know where my tax return in 1978, I can hardly remember 1978. And so everybody goes and somebody says one thing, and they say respond to this. Well, you don't remember everything just right. I mean, this, you know, this is 1994. Bill Clinton has been president since January 20th, 1993. Why don't we spend some time on his record in office and what he's done? I mean that's-

BRIT HUME: Well, are you saying, James, that it's not a good idea for Mrs. Clinton to come out and be accountable on these matters because it happened too long ago?

JAMES CARVILLE: I don't see anything- look, Mrs. Clinton, the Clintons said that Whitewater is a real estate deal that lost money. Period. That is the truth. There has been nothing to contradict that. The Clintons are fully cooperating with the special counsel, have turned over every document, 14,000 documents, have waived the attorney-client privilege, have waived the accountant privilege, have waived the attorney-client work product privilege. Let the man go on and be President, let Mr. Fiske go on and do his job, and let's go. Let's pick it up.

TED KOPPEL: Go ahead, Rush.

RUSH LIMBAUGH: Yeah, Ted, this is- this, again, gets back to the point that I've been trying to stay focused on all night, and that is deception. Here we have a generational change in our society, where a first lady is now involved in policy implementation, but she didn't run for office, the country was not told what she would be involved in, and now she is the architect of health care, and she assembled a team in secret, came up with a plan without any experts involved, and it just- it's all part of the deception that seems to me, anyway, to be the hallmark of this administration. And now she's unaccountable, so we- we can't demand that she come forth and speak. She's not a government employee or anything, she didn't testify or be confirmed before the Senate or any other congressional body.

TED KOPPEL: Rush, let me ask you to respond, though, specifically to the point that James made, and that is - and it's a point that's been made frequently - it happened 15, 16 years ago.

RUSH LIMBAUGH: No, it's happening today.

TED KOPPEL: No, no, no, I mean, we're talking now about the commodities- the commodities trading.

RUSH LIMBAUGH: Well, I- you know, I'm in a tough position here because I- none of this, with me, is personal. I don't know the Clintons, and I have no personal animus [sic]. This is about ideas, as far as I'm concerned, and- and it's clear that this cattle futures, I mean, there are a lot of farmers in Iowa watching this tonight, and I'll guarantee you that all those farmers know that what she did, as explained, is very tough to do, almost impossible, and the man that gave her the tip lost $3 million himself in all of this. There are legitimate questions to be asked here about how these people comport themselves in governance, and that's all this is about.

TED KOPPEL: This is a question, though, and this program tonight has been primarily constituted to raise questions about what we do and how we do it. Max?

MAX FRANKEL: The reason this is of interest and is important is because where money comes from and what the tax returns show has become part of the tradition by which politicians explain themselves and, as I said before, with whom they have consorted, and who are their friends, and who are their supporters. There was- there seemed to have been a significant act of political patronage that involved the building up of the Clinton family's nest egg. I don't think it's important, it's for them to decide which one of them is going to speak to this affair, but yes, it happened long ago, but they spoke to it during the campaign and they failed to explain, and they failed to show the tax returns that covered this, and therefore they aroused curiosity, and it's become a little more and more curiouser. Now, as far as their- if corners were cut then, Zoe Baird and Kimba Wood were dragged through the mud in this country for things that happened long

ago. Ethical standards don't just die overnight, and this issue is of interest because it was the moment at which the Clintons built up their little family nest egg and for some reason, decided that they were going to withhold that during the campaign. Now we know what happened.

TED KOPPEL: Floyd?

FLOYD ABRAMS: I think Max is right that it's of interest. My view is, it's of rather mild interest, but it's of genuine interest. It ought to be checked out. If Mrs. Clinton has done anything wrong she ought to be criticized. But it seems to me that the underplaying of the story, the more I listen to everybody and the more I think about it, is not in not asking a few more questions here and there. I guess what I'd like a little more of, in general, from the press, my friends in the press, in general, is a little more stopping after reporting about these things, and saying now, let's talk about what this all means. Now, Mr. Limbaugh believes it really means something about character. That's a serious view. I don't agree with it. That's a serious view. Another serious view, in my view, is that at the end of the day, what it all means is not much, and what it all tells us is not much. That at the end of the day, it's a long time ago, it doesn't deal with health care, it doesn't deal with policy, and so long as it does not involve any favors done improperly by the Clintons, then - not just legally, but morally - there's no case proven.

MAX FRANKEL: In today's terms, it was a case of-

TED KOPPEL: Mr. [crosstalk], quickly, please.

MAX FRANKEL: -in today's dollars, somebody coming along and saying, 'Give me $10,000 and I'll get you a million in one year.' And the people who got it happened to represent a major industry in the state and they were buying with favor and with help into the governorship of the state. That is probably not criminal, it's probably not a scandal, but it is an interesting piece of history in the Clintons' background. [crosstalk]

TED KOPPEL: All right, hold on just a second. James, go ahead quickly, if you would, please, because we've got to take a break.

JAMES CARVILLE: Somebody's got some wild stuff here. I have a statement here by Mr. Leo Melamud [sp?], who is the former chairman of the Chicago Merc, who's written two books on commodities, who is an acknowledged expert on it, is a chairman and CEO of [unintelligible]. He concludes, quote, you never see this in the press, 'Mrs. Clinton's profit, while substantial in everyday life, was minuscule when measured against a background of that market era. Overall, my conclusion from reviewing Mrs. Clinton's futures trading records available to date is that she did extremely well in the markets, received some valuable market

advice and assistance, and violated no rules in the course of these transactions.' Now, do you want to stop the government for this? Do we want to stop health care? Do we want to use all of this an excuse-

ROBERT BARTLEY: I'd like to stop you-

JAMES CARVILLE: -let me finish. We want to stop all of this for this?

ROBERT BARTLEY: -you for a minute. Ah, you've been talking all night.

JAMES CARVILLE: You know? Stop the whole thing.

ROBERT BARTLEY: Listen. Listen. Listen.

TED KOPPEL: Go ahead, Bob.

ROBERT BARTLEY: She- she- I don't know, maybe it'll only be of mild interest to Floyd, but I've got to tell you, it's of extreme interest to our readers in the financial community when you get a story that this woman turned $1,000 into $100,000 into a year. And everybody wants to know how'd it happen? And I know Leo Melamud thinks it's okay, I wonder how many times he's done it, but there aren't- you know, there aren't very many people in the financial community who believe that that- you know, happened the way it's been told.

TED KOPPEL: I'll tell you what, hold on a moment, James. While you're finding your next quote there-

JAMES CARVILLE: I've got his statement, that's all. You don't report that in the editorial page.

TED KOPPEL: James, I'm living in fear because you've got a whole mountain of papers under your chair there. We're going to take another quick break. We'll be back in a moment. I hope we can get some more questions in.

ANNOUNCER: This ABC News Viewpoint, Whitewater: Overplayed, Underplayed? will continue in a moment.

[Nightline poll, April 17: Whitewater, Diverts the government from important work? Yes, 66%; No, 32%]

[Commercial break]

ANNOUNCER: This ABC News Nightline special, Viewpoint, Whitewater: Overplayed, Underplayed? continues. Once again from the campus of Drake University in Des Moines, Iowa, Ted Koppel.

TED KOPPEL: And we are in the waning moments of this program already. I'd like to get in as many questions as possible. Go

ahead, sir.

5th MALE AUDIENCE MEMBER: Considering that the media industry is dispersing information for profit, I'd like to hear your panel's opinion on the very fact that they've actually set up a special Viewpoint edition of Nightline, and in essence, they're covering the coverage of Whitewater, and doesn't this answer the question of overplay? TED KOPPEL: Well, let me- let me be the one to try and respond to you. If- if you had even half of an idea - and I'm not going to give it to you now, but I will tell you it's a lot - how much it costs ABC to put on a program like this and to carry it live, you wouldn't think it was being done for profit. It's a lot cheaper for us to stay home in Washington and just do the program there. And I must also tell you, I don't know what my colleagues in the press have found, and I don't even know if they can see any direct result in terms of circulation or people buying newspapers off the stands, when we do Whitewater stories on Nightline the ratings tend to go in the tank. We are not doing it to make money or because there is a huge public interest in this story. And if you'd like to follow up, please do.

5th MALE AUDIENCE MEMBER: No, I think you've covered that succinctly.

TED KOPPEL: All right, good. Thanks very much. Go ahead, sir.

6th MALE AUDIENCE MEMBER: My question is about the blurred line between entertainment and journalism, and also between what is news and editorial comment. When Jesse Jackson was running for president, Mr. Koppel, you said that he should be judged by a higher standard. Earlier tonight Mr. Bartley said to the effect that he sees himself as the opposition to the Democratic administration. My question is, by what standard and responsibility should the press help to- these lines to be clearer?

TED KOPPEL: Well, I'll tell you what, I don't remember the context of my comment, so I will defer to Mr. Bartley, in terms of responding to what was said. I don't recall your saying that exactly, but-

ROBERT BARTLEY: Well, I said- I said that we are a conservative editorial page and tend to be the opposition to a Democratic administration. Now, on some things we support- we gave the Clinton administration a lot of support on NAFTA, and we go by- by principles, by beliefs, and not by partisan affiliation when we do our commen- commen- our commentary, but it tends to work out that we're likely to be in- opposed to a lot of things that the Democrats stand for.

TED KOPPEL: But the question of this fuzzy line between news and entertainment, and I'll be happy to take it if you don't want to, because we're probably more guilty of that on Nightline than

you are on World News Tonight, but do you want to-

BRIT HUME: Well-

TED KOPPEL: -you want to explain the degree to which we are concerned about at least maintaining viewer interest?

BRIT HUME: -I think it's an ancient problem that we have to deal with. I've always thought that the- that the toughest thing about being a television news correspondent is the obligation to be interesting and yet be fair. The easiest way to be interesting is always to take a dig at somebody, because you can make a piece punchy, and you can add what's called edge to it, and people like that, or some people claim to like it. The most pungent comments made on this panel tonight have been made by Mr. Carville and by Rush Limbaugh, liberated as they are from the restraints that govern people like Max Frankel and myself, who must be more judicious in our observations, and more cautious. And I think that we're trying very hard to observe the line, not only between entertainment and news, but also between entertainment- I mean, between news reporting and editorial comment.

Obviously, it's a subjective matter, and sometimes you may slop over, but if you do, you ought to regret it, and if I do, I regret it.

TED KOPPEL: And frankly, I think you make a fair point, and Rush and James, I hope you'll forgive me for noting that, in addition to being interested in your views, one of the reasons we invited you both on is we knew you would give a little pizzazz to this program. And when you're asking people, as we are on the East Coast, to stay up and, you know, from 11:30 until 1:00 in the morning, pizzazz is definitely needed. Let's go to the question. Go ahead.

7th MALE AUDIENCE MEMBER: Hi, I'm Dustin Shaver, I'm a sophomore at Iowa State. I would be the first here to wish Mr. Carville mega-dittoes, but I'm a Democrat, so I can think and talk for myself. The first- the first thing I'd like to say is I turn on my radio every day and I hear Rush Limbaugh pounding away three hours a day. I'm getting sick and tired of the substance over- the symbolism over substance, he says. Well- [crosstalk]. He says symbolism over substance.

TED KOPPEL: I'll tell you what, if I may, (A), Rush Limbaugh is not here to have to respond to what he does, and (B), if you would just get to an observation or a question a little more quickly.

7th MALE AUDIENCE MEMBER: Okay. I would like to see Mr. Limbaugh's substance on the issue. I'm tired of innuendo and I'm tired of symbolism. Please get to the substance, or be quiet.

TED KOPPEL: Rush, I think I know which- which you're going to opt

to do here.

RUSH LIMBAUGH: No, I'm flattered that- I'm flattered that a self-professed independent thinker does indeed listen to my show enough to think that there is no substance. I think quite the opposite. And if you're not listening, sir, I think you should. The substance - and I've got 17 and a half hours a week on the air, combined radio and TV, it's not fluff, I mean, it's substance - now, you may disagree with it. I make no bones about the fact that I'm an advocate and that I have opinions and that I try to substantiate them, and I that I didn't try to persuade people like you to agree with me. Sometimes that's not going to happen. But like Mr. Bartley said, this is about principle, it's about being rooted in what you believe, and I think Brit was talking about the- the objective is to be fair. That clearly is true, but I think the objective also is to be accurate, as best you can be, relentless pursuit of the truth. And when there are people standing in the way of that, you get suspicious, and that's what's driving this whole thing.

TED KOPPEL: All right. Let's go to another question. Go ahead, and I'll bring you in a moment. Yes, ma'am.

1st FEMALE AUDIENCE MEMBER: I'm not much of a public speaker, but anyway, I've tried to teach my kids that it's not what they do that will get them into trouble, it's when they try to lie about it. That's when they're in big trouble. I guess I have a problem with just one- one question. The President and Mrs. Clinton said that they sold out of the commodities or stopped trading because she was pregnant and concerned about her health. Now we find out that that's not true, and I'd like to know why she felt the need to say that.

TED KOPPEL: James, I guess that most appropriately comes to you.

JAMES CARVILLE: Well, I can't tell you for sure, but I think most all of the trading was done prior to when Chelsea was born. I think there was one trade post. And again, when something happened 16, 17 years ago, there's going to be sort of faulty memories. But the truth of the matter is, this has been examined by experts, and they've said that there's no rules that have been broken. I want to go back to something about the young man's question. I do- I listen to Rush more often than not because my wife always has the radio on, and I think- I mean, I think Rush is a tremendous entertainer, he has a lot of things say. But he and I agree on one thing. This is ideological. This is about health care. This is about the- and this is about people like Rush, who have every right to say it, say there's no health care crisis, we don't need reform in health care, and they are using this issue to try to obfuscate and to try to stop health care.

Understand what is going on. Understand that this is a debate that other people are being drawn in. This is an ideological

debate. The President says there is a crisis in health care, and that we must do something. Rush and Mr. Bartley and people like that say there is no crisis, let the system work as it is. So anything that they can do, they can take Mr. Frankel's stories, Mr. Hume's stories, anything that they can, and this is a political war between people like Mr. Bartley and Mr. Limbaugh and the President.

TED KOPPEL: Go ahead.

JAMES CARVILLE: And we're all big people and we can defend and fight each other.

BRIT HUME: James, James-

TED KOPPEL: Very quickly, and then this lady with-

BRIT HUME: -James, you're absolutely right about that, in this sense. Every one of these cases that we can all look back on over the last 20 years or so in Washington, when there's been a scandal brewing and a president is caught up in the middle of it, is always, on one level, a partisan fight, and it is a struggle by his partisans to save the day and pull his chestnuts out of the fire, and it is a struggle by the opposition party to make the most of it. But that's not all it is. It is also - and this case is a perfect example of it - now a running news story that, apart from the fact that it happened 16 years ago, the lady's question goes to it almost perfectly. She's not- gives no sign of preoccupation with what happened 16 or 17 years ago other than how it affects what he- she hears from someone whom presumably she came to trust or want to believe in, in the person of Mrs. Clinton-

TED KOPPEL: Brit- let me-

BRIT HUME: -and feels disappointed about that-

TED KOPPEL: -let me stop you just for a moment.

BRIT HUME: -and that's the story we're pursuing.

TED KOPPEL: Because the lady wanted to get back in again and we've only got a couple of minutes left.

1st FEMALE AUDIENCE MEMBER: No, I just wanted to stick on the question that I asked. So you're doing it.

JAMES CARVILLE: And I gave you an answer to that. It was $6,000- I think it was like $6,000 after. Who's got a perfect memory 17 years ago?

1st FEMALE AUDIENCE MEMBER: But she was only pregnant once.

JAMES CARVILLE: I understand.

TED KOPPEL: All right.

1st FEMALE AUDIENCE MEMBER: So she knew the date-

JAMES CARVILLE: You can- you can draw whatever- whatever inference that you want. I think she made one trade after that. I mean, who's got a perfect memory? And if you want to draw what inference you can, I mean, I can't stop you from drawing it.

TED KOPPEL: Except- except, James, the argument was made so clearly that, you know, she dropped out because she was pregnant. She couldn't stand the pressure anymore.

JAMES CARVILLE: Well, I guess sometimes-

TED KOPPEL: And then it turns out that it wasn't true.

JAMES CARVILLE: -you know, let me tell you, sometimes you might say I'm not going to place another bet, and you stop, and then who knows, you go by the window and you place another bet. I mean, I can't sort of go to it, but I hardly think that one trade after she said that is like some kind of great catastrophic thing. But if this lady thinks that it is, I think she's sincere in her belief. I don't doubt her sincerity. I just don't think- to me, it's not that big a deal.

TED KOPPEL: Geneva, let me come to you, because we are literally down to our last 40 seconds here. You got any closing thoughts you want to add here? You've been a quiet, sensible voice, which is why we came here in the first place.

GENEVA OVERHOLSER: Huh. What you mean is I'm dull and you got those guys for pizzazz. No, I'm just struck by how, even in a program that was directed at coverage of Whitewater, we have ended up discussing Whitewater, and I think maybe that offers further evidence that it's here, you know, and the idea that it's bringing down the government meanwhile, and that we can't do anything else, that will only be true if it really amounts to something, and I think it's overstated.

TED KOPPEL: All right. On that note, we're going to take another short break, then I'll come back and say thank you to everyone, and good night, but we'll be back in a moment. [Commercial break]

TED KOPPEL: It's always dangerous to try to ad-lib some closing comment, but let me make one observation about the nature of the press and scandals, and that is rarely do scandals just spring full-blown from the womb. Usually what happens is, you get a little piece of a story over here, and a little piece of a story over there, and gradually, over a period of many, many months and

sometimes years - think back to Watergate - these scandals begin to come together. It is also true that sometimes nothing happens, but when there is resistance on the part of those who have the information to releasing that information, the one inevitable result is it extends the process.

I would like to thank very much the ladies and gentlemen here who have welcomed us so graciously, and the panelists who gave so generously of their time, Rush Limbaugh in New York, Brit Hume, Bob Bartley, James Carville, Geneva Overholser, Floyd Abrams and Max Frankel. To all of you, good night, and thank you very much.

THE WHITE HOUSE

WASHINGTON

August 31, 1994

MEMORANDUM FOR MELANNE VERVEER

FROM: HAROLD ICKES

SUBJECT: Health Care Press Wednesday 24 August - Friday 26 August

Melanne, in my view, White House sources, reported in the press beginning Wednesday 24 August to Friday 26 August, certainly contributed to Senator Mitchell's statements on Friday that comprehensive health care reform was not in reach this year. He must have read these three days of press from White House sources and concluded that the White House had given up on achieving comprehensive health care reform this year and that he, therefore, was not going to be the last one standing.

The first White House sources to this effect appeared in The Wall Street Journal of 24 August. That was followed by The Los Angeles Times article of 25 August, a copy of which is attached. Then came the press interpretation of Leon Panetta's remarks before the Sperling Breakfast (actually lunch that day). Based on what I know, Leon's comments were taken out of context by the press, but gave a basis for continued press speculation that the White House had given up on comprehensive health care reform. Attached is a copy of the Gannett New Service wire copy of Friday 26 August recording Leon's remarks.

Also attached is the Washington Associated Press story of 26 August 1994, filed 17:54 EDT, another Washington Associated Press story of 26 August, filed 11:54 EDT and a Washington, D.C. UPI story of 26 August 1994 filed 18:17 EDT.

THE WHITE HOUSE

WASHINGTON

25 August 1994

MEMORANDUM TO LEON PANETTA

From Harold Ickes

Subject Today's Los Angeles Times (25 August)

Leon, the attached Los Angeles Times' article of today (Thursday) is extremely disconcerting in that it refers to Administration sources saying that the White House is nearing the conclusion that action on meaningful healthcare reform is all but impossible this year and has begun laying the groundwork for moving the debate into the next session of Congress.

According to the article, "Clinton has discussed the prospect of suspending the healthcare debate until next year with several influential Senators....". It goes on to state that "aides are already planning how to present to the public the defeat of Clinton's central political promise and to contain the damage to the Clinton presidency."

This article follows the unfortunate comments attributed to White House aides in yesterday's Wall Street Journal.

Continual leaks of this nature severely handicap us in discussing strategy inside the White House and, as importantly, undercut Senator Mitchell and our other supporters on the Hill. They also have an extremely adverse impact on the outside support groups.

cc: Mark Gearan
Melanne Verveer
John Angell
Barry Toiv

WASHINGTON EDITION

Los Angeles Times

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1994

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White House Sees Chances Fading for Action on Health

■ **Legislation:** Administration takes measures to revive debate in next Congress, sources say. Clinton remains determined not to settle for half steps on reform.

By JOHN M. BRODER and EDWIN CHEN, TIMES STAFF WRITERS

WASHINGTON—The White House is nearing the conclusion that action on meaningful health care reform is all but impossible this year and has begun laying the groundwork for moving the debate into the next session of Congress, according to Administration and congressional sources.

Even though officials continue to voice hope that Senate leaders can craft a workable compromise from two competing health care reform plans, time and tempers are growing short on Capitol Hill. The House already has left town after its rancorous debate on the crime bill, which is now stalled in the Senate, and there has been virtually no progress in recent weeks toward consensus on health care.

President Clinton remains determined not to settle for half steps on health care, which he believes may do more harm than good and doom chances for the sweeping reformation of the American health care system that he wants.

Unless the Senate can surmount numerous obstacles in the next few days and produce a bipartisan plan that makes significant progress toward universal health care coverage, the White House is prepared reluctantly to call it quits for this year, officials said.

Clinton has discussed the prospect of suspending the health care debate until next year with several influential senators who share his concern about the chances of passing an even minimally acceptable bill this year.

And if Clinton's push for health care reform fails this year, aides are already planning how to present to the public the defeat of Clinton's central political promise and to contain the damage to the Clinton presidency.

The White House is expected to argue that health reform is not

Please see HEALTH, A5

HEALTH: White House Sees Debate Ending for Year

Continued from A1

dead and that it will be revived when the next Congress convenes in January. Although the new Congress likely will have considerably more Republicans in both chambers than the current one, officials said that any health plan will require bipartisan support and fresh Republican minds may make the task easier rather than more difficult.

Clinton has repeatedly made the point in public that the "Brady bill" handgun-control measure took seven years to enact. anti-crime legislation has been pending for six years and the Americans With Disabilities Act required five years for passage.

An initiative as ambitious as the reform of one-seventh of the American economy cannot be expected to be implemented overnight, Clinton has said.

The White House is expected to attack congressional Republicans for blocking the Administration's health care plan and to challenge House and Senate GOP leaders to come up with a plan for providing health coverage for all Americans—or explain why they are against it.

The Administration pitch will also cite substantial progress toward its goal: Health reform is now on the national front burner and the public expects action, the chief problems have been identified and countless hours have been spent drafting legislation and analyzing the benefits and liabilities of various proposals.

Clinton has said that, in all the debate over the various health plans now before Congress, his basic position has not changed. He is for comprehensive health benefits for all Americans, provided by private insurers and paid for through employer and worker contributions and savings from the existing system.

Anything less will not satisfy him and he would rather continue the debate next year than sign a bill that falls short of his fundamental goals, he insisted again Wednesday.

"If you are asking me where I am, I am still where I always was," Clinton told the international convention of B'nai B'rith in Chicago in a satellite hookup. "The main thing we must do is we must do something that will work and it will be better not to do anything at all than to adopt a program that would actually increase costs of health care and reduce coverage. That's what we don't want to do," Clinton said.

White House officials concede that the prospects for action this year are growing dimmer by the day. Even upbeat public pronouncements are qualified now.

Asked whether Clinton expects an acceptable bill this year, White House Press Secretary Dee Dee Myers said Wednesday, "Well, I think he's hopeful as he has been throughout this process. Certainly it's difficult. He knew from the beginning it would be very, very difficult."

Harold M. Ickes, the White House deputy chief of staff who is overseeing health care strategy, insisted in an interview with wire service reporters that "health care is alive and well," despite the assertion Tuesday by House Speaker Thomas S. Foley (D-Wash.) that Congress was unlikely to enact anything beyond incremental health insurance reforms this year.

"I think the predictions that this is going to be shut down are—there's no basis for that," Ickes said. But, he acknowledged, "there's no question that the clock is running against us."

In the Senate, members of the bipartisan "mainstream" coalition and their aides continued meeting throughout the day, putting the finishing touches on a plan that they intend to be an alternative to the bill proposed by Majority Leader George J. Mitchell (D-Me.).

> **'The main thing we must do is we must do something that will work and it will be better not to do anything at all than to adopt a program that would actually increase costs of health care and reduce coverage. That's what we don't want to do.'**
>
> PRESIDENT CLINTON

One coalition member, Sen. David L. Boren (D-Okla.), said late Wednesday afternoon that the group expected to finish its work Wednesday night in time to send the proposal to the Congressional Budget Office for analysis.

As the group of about 20 senators and their staffs worked in a stuffy room just off the Capitol Rotunda, members were grimly aware that the window of opportunity for enacting health reform was closing.

"It's getting late," said Sen. Nancy Landon Kassebaum (R-Kan.).

Sen. Bob Kerrey (D-Neb.) added: "I think we're within a few days of just putting the whole health care issue to bed for the year."

Separately, Minority Leader Bob Dole (R-Kan.) agreed with that assessment. "Time is ticking away," he told reporters.

Aside from substantive differences between the "mainstream" coalition plan and Mitchell's, another potential obstacle toward some compromise is that most of the bipartisan group members are insisting that their plan be, in Kassebaum's words, "a separate package."

By that, they mean that they want their proposal to be considered as an alternative to Mitchell's.

Mitchell's bill, backed by the White House, aims to attain 95% coverage by the year 2000, relying on voluntary measures and a variety of insurance reforms and subsidies to the needy. It would trigger an employer mandate by 2002 in states that do not achieve 95% coverage, requiring large businesses to pay at least 50% of a worker's premiums.

The "mainstream" coalition's plan, unveiled Friday evening, eliminates the employer mandate altogether and would trim $400 billion from future growth of Medicare and Medicaid over 10 years to generate funds to help poor people buy health insurance. It aims for about 91% coverage by the year 2002.

Both plans call for a number of insurance market reforms, barring insurers from denying or canceling coverage on the basis of a customer's health. All health plans would be available to all applicants and policy renewals would be guaranteed.

The discussion over the next few days will hinge on whether the coalition bill can be combined in some way with the Mitchell plan into a coherent package acceptable to a majority in the Senate and to Clinton. On that effort hangs the fate of health reform this year.

"It's all a judgment call by the Democratic leadership," said Sen. Dave Durenberger (R-Minn.).

Times staff writer Karen Tumulty contributed to this story.

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bc-panetta
WHITE HOUSE SOFTENING
STANCE ON HEALTH CARE REFORM
By RICHARD BENEDETTO=
Gannett News Service=
WASHINGTON White House Chief of Staff Leon Panetta indicated Friday that President Clinton's position is softening considerably on health care reform.

Friday 8/26/94

Faced with the prospect of either a sharply scaled-down health care package this year or none at all, Panetta signaled that Clinton might support specific, targeted fixes so long as they are not billed as ``comprehensive reform.''

``If they try to push something that carries the title of `health-care reform' but doesn't achieve health-care reform ... then that's not good enough,'' Panetta said.

``But if they decide to can health-care reform, if they basically decide they can't do it, and they fall back to perhaps trying to do some minimal approach to health care (such as insurance reform), then obviously that's a different ballgame.''

When he introduced his health care reform plan last fall, Clinton vowed to veto any legislation that did not achieve universal coverage. But analysts said that by employing some semantic gyrations not calling piecemeal reform ``comprehensive'' he can sign a bill and save face.

However, Panetta said the battle for health care reform is not over, even though Congress recessed until after Labor Day without taking action.

``We are going to fight back on health care just as we fought back on crime,'' he said, referring to final passage Thursday night of the embattled $30.2 billion crime bill.

**** filed by:GN-F(--) on 08/26/94 at 16:38EDT ****
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5/26/94 Fmly

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Senate Leader Abandons Major Reform Effort This Year

Eds: SUBS 10th graf, Proponents claim ... to CORRECT that 39 million, not 39 million families, are uninsured

By JILL LAWRENCE= Associated Press Writer=

WASHINGTON (AP) Senate Majority Leader George Mitchell abandoned his quest for sweeping health care reform Friday and President Clinton hinted he, too, might settle for less.

Laying the groundwork for a limited bill when Congress returns after Labor Day, Mitchell conceded comprehensive reform was not in the cards this year.

Clinton, asked three times whether he was standing by a threat to veto any bill that didn't guarantee universal insurance coverage, refused three times to answer.

A relatively modest bipartisan Senate plan, meanwhile, gathered steam in a negotiating session between Mitchell and three of its authors. Clinton, who sharply criticized the plan earlier this week, sounded more receptive Friday.

``I certainly don't want to embrace an approach that will do more harm than good and that won't achieve our objectives. But let's see what they're doing,'' Clinton said. ``I'm not prepared to make a final judgment ... at this time.''

White House chief of staff Leon Panetta indicated the veto threat was eroding. Insurance reforms and other limited steps are ``something obviously the president would look at,'' Panetta said at a lunch with reporters. He added hastily, however, ``It isn't health reform. No one should be misled.''

In a significant move, Mitchell agreed to scrap his own comprehensive reform measure and use the mainstream group's narrower blueprint as the basis of a compromise.

``He's going to work from the language of our bill,'' said Sen. David Durenberger, R-Minn., a participant in the meeting. ``We don't start with anything of the Mitchell bill.''

The so-called mainstream plan centers on deficit reduction, extensive insurance reforms and subsidies for low-income families to buy health insurance.

Proponents claim it would cover half the country's 39 million uninsured while reducing the deficit by $100 billion over 10 years. Financing would come from a cigarette tax increase and Medicare cuts. Cost control would hinge largely on tax incentives.

Major objections center on the plan's several hundred billion dollars in planned Medicare savings, lack of prescription drug and long-term care benefits, a failsafe deficit reduction mechanism that could cut subsidies, and the potential it will encourage employers to drop worker insurance and let the government pick up the slack.

The end product ``clearly will not be a bill as comprehensive as I would prefer, but there's much that can be done that would represent progress,'' Mitchell said before the negotiating session started.

Later, after talking with Clinton at the White House, Mitchell said ``incremental, like the word beauty, is in the eye of the beholder.''

He said Congress could accomplish a lot by changing unfair insurance practices and reversing the ``tragic downward trend'' in coverage, particularly among children and pregnant women.

Senate Minority Leader Bob Dole issued a conciliatory statement urging Democrats to move in his direction if they want health reform this year.

Dole's bill, a mini-version of the mainstream plan, contains subsidies and insurance reforms designed to help those who can't afford coverage or can't get it because of pre-existing medical conditions.

``I believe we can still reach agreement on this kind of reform package that can help millions of people,'' said the Kansas Republican, setting himself apart from GOP conservatives who want to block all action this year.

Mitchell, D-Maine, made a watershed decision this week to let senators go home after an acrimonious week of debate on the crime bill. He said the time

would be used for staff-level health negotiations with the mainstream group.

The bipartisan trio that met with Mitchell on Friday described him as determined to conclude a workable deal.

``I was really more encouraged by the tone of this meeting and the willingness of the leader to engage in serious discussions,'' said Sen. John Breaux, D-La.

Added Sen. John Chafee, R-R.I.: ``When our approach first came out, many people dismissed it as not doing enough. Now I think many of those folks are seeing that in the brief time we have, that looks pretty good.''

Many Democrats had favored keeping the Senate in session until it completed health reform on the theory that opposition would have a chance to build during a recess. But Chafee said he was confident his plan would weather such assaults.

``There are people out there, and indeed many, who think we ought to do something,'' Chafee said.

He said governors are very anxious for a bill this year and predicted interstate corporations will be, too, as they realize that without a national reform plan, ``they're going to be driven crazy'' by different moves in every state.

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8/26/94 Friday

PM Health Reform, 1st Ld-Writethru, a0441,790 Clinton Doesn't Think Congressional Recess Will Kill Health Reform

EDS: Leads with 13 grafs Mitchell conceding comprehensive reform won't pass this year; picks up 12th graf pvs, With legislators

By NANCY BENAC= Associated Press Writer=

WASHINGTON (AP) Senate Majority Leader George Mitchell joined other key Democrats today in conceding that comprehensive health reform is not possible this year. But he said Congress still may pass a worthwhile bill.

``It clearly will not be a bill as comprehensive as I would prefer, but there's much that can be done that would represent progress,'' Mitchell said today before meeting with leaders of a self-styled ``mainstream'' group pushing a modest package of subsidies and insurance reforms.

The majority leader, who was scheduled to meet with President Clinton later today, rejected contentions by Sen. Phil Gramm., R-Texas, that health reform is dead for the year.

``He said that about the crime bill. And he said that about the president's economic plan last year,'' Mitchell said with a grin. ``On two for two he's been wrong, and I hope that it will be three for three.''

The White House is hoping a two-week break in Congress' work on health care will help cool tempers strained by the rancorous crime debate and foster a better climate for compromise.

``I don't think the recess will kill it,'' Clinton said Thursday. ``I think we just have to let this thing develop a little bit and see what happens.''

Chief of Staff Leon Panetta acknowledged that the White House would have preferred that Congress work straight through August to rescue the centerpiece of Clinton's domestic agenda.

But as the Senate made plans Thursday to beat a quick retreat after finishing work on the crime bill, Panetta jokingly admitted he ``wouldn't want to stand at the exit door'' blocking their escape.

``It's been a long, hard summer,'' he said. ``They're exhausted and, frankly, I think all of us are not sure that the best product would be produced in that atmosphere.''

With the House already in recess, the White House believes the two-week break will give the bipartisan ``mainstream'' group more time to negotiate toward a compromise with Democratic leaders.

Clinton said he wanted to see how the senators' talks progress and added that in the meantime, ``I think the less I say about it, the better.''

Earlier this week House Speaker Thomas Foley said he could live with a bill that made at least initial progress toward goals of insurance reform, cost controls and universal coverage. But conservative Republicans saw the Senate break as the death knell for even narrow health reform in 1994.

``This is a dead body that they've been dragging around for the last two weeks,'' said Gramm.

With legislators hoping to adjourn for the year in early October, there is little time left to find common ground in a Congress that is deeply divided.

And there is still a considerable gap between Clinton's call for guaranteed health insurance for all Americans and the mainstream group's work on a plan that would provide coverage for about 92 percent of the population.

As Election Day approaches, most legislators are anxious to get out of Washington to go home and campaign. But at the same time, they don't want to leave without being able to point to some action on health reform.

Polls show Americans are wrestling with conflicting emotions as well.

Many are eager for health reform but worried about how it will affect them personally. A Gallup survey for CNN and USA Today found 39 percent of Americans would be angry if health reform did not pass this year, while 47 percent said they would be relieved.

Paul Begala, a political consultant who advises the White House, predicted legislators would get an earful from voters while they're home and come back motivated to find a compromise.

``What they'll hear more and more is `I don't want partisan posturing, I want a solution,''' Begala said.

Many of those still holding out hope for action on health care in 1994 believe Congress will come up with something considerably short of the president's call for universal coverage. But the White House is doing its best to dispel the notion that Clinton will grudgingly settle for less than he's demanded.

Panetta warned legislators against getting so caught up in the long health-care battle that ``you ultimately just want to try to get something through the process that has `health reform' in the title, that you lose sight of what this whole effort is about.''

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Clinton faces clock on health care 8/26/94 - Friday

By PAUL BASKEN=

WASHINGTON, Aug. 26 (UPI) President Clinton, staring into a congressional clock all but mandating major compromises on health care reform legislation, declined Friday to restate his demand for a program of universal coverage.

Clinton, pressed by reporters for his strategy entering a two-week congressional recess that would leave barely more than a month for final legislative action, said lawmakers told him to keep quiet while they continue their behind-the-scenes work on a compromise health care plan.

``I think the less I say right now the better,'' the president told reporters in the Oval Office. The comments came after he spoke by telephone with the mayors of several large cities to thank them for their support in the administration's largely partisan victory Thursday night on the $30 billion crime bill.

``This debate is now going on in the Congress,'' Clinton said of a health care struggle also snarled in partisan posturing. ``It depends on what the Congress is capable of producing, and I think we need to wait on that.''

Both the House and Senate, which remained in session beyond the scheduled start Aug. 12 of their summer recess, left Friday on an abbreviated two-week break after Democrats spent much of the extended session battling for the crime bill rather than making up lost time on health care legislation.

Clinton, elected in 1992 after a campaign that focused on health care, began this year by proposing a sweeping reform plan and vowing to veto anything Congress offers that falls short of providing guaranteed coverage to all Americans.

But months of fierce conservative opposition have left Congress veering toward a package that, at its most ambitious, would resemble the proposal by Senate Democratic leader George Mitchell for leaving only 5 percent of all Americans or some 13 million people without coverage by the year 2000.

Mitchell had vowed to counter an admitted Republican strategy of parliamentary foot-dragging by keeping the Senate in session throughout the recess if necessary to pass a health care reform plan. But after Republicans managed to eat up two more weeks of the legislative calendar by also stalling action on the crime bill, he agreed Thursday to call the two-week break.

The recess means Congress, among its several other remaining priorities, would have little more than a month for the House and Senate to debate and pass their health care plans, let a conference committee consolidate them into a single plan, debate and vote again on the final product, and then adjourn with enough time for lawmakers to spend at least a couple weeks campaigning for their Nov. 8 elections.

Republican leader Bob Dole, near to realizing the fruits of his party's delaying strategy, said Friday the remaining timetable would force Democrats to meet their demands.

``The fact is, unless we sacrifice congressional action on everything else, there is no way we can pass health care reform this year unless we can agree on targeted reform efforts such as the Dole-Packwood plan or the bipartisan Rowland-Bilirakis plan,'' said Dole, citing two GOP- favored plans that would fail to extend health coverage to large portions of the nation's uninsured.

Mitchell said he would spend the recess in negotiations with Sens. John Chafee, R-R.I., and John Breaux, D-La., the leaders of a bipartisan coalition of senators pushing a reform plan that only would whittle the uninsured nationwide to about 8 percent from the current figure of about 15 percent.

Clinton, who has insisted over the grumbling of some supporters that Mitchell's plan would meet his demand for universal coverage by proposing a government commission to study ways of covering the remaining 5 percent, declined Friday to say whether he would compromise further.

[illegible] instead hosted Mitchell at the White House and said he would [illegible] ressional allies for presidential silence.

[illegible] comprehensive reform told him they

``think that we ought to give this break a few days to occur and give Senator Mitchell and Senator Chafee and a couple of others a chance to talk before we make any decisions.

``I certainly don't want to embrace an approach that will do more harm than good, and that won't achieve our objectives,'' he said.

Clinton specifically refused to state his new bottom line. ``I'm not prepared to make a final judgment on that at this point,'' he said.

White House spokeswoman Dee Dee Myers, briefing reporters earlier in the day, also tried to walk the line between Clinton's January promise and his November realities. ``His bottom line has not changed,'' Myers said. ``But,'' she quickly added, ``the process is ongoing.''

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For Health Care, Time Was a Killer

This article was reported and written by Adam Clymer, Robert Pear and Robin Toner.

Special to The New York Times

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WASHINGTON, Aug. 28 — In March 1993, two months after his inauguration, President Clinton appealed to Robert C. Byrd, the presiding officer of the Senate, to let national health insurance legislation be considered as part of that summer's budget bill.

It was, at first glance, a move of remarkable hubris, a President elected with 43 percent of the vote expecting Congress to allow him to rearrange one-seventh of the American economy under the streamlined, fast-track procedures of a budget bill.

But it reflected the concern of the President and his allies that his power would never be greater than it was in his first months in office, that what was hard then would be supremely difficult a year later, and that a window was open, perhaps only fleetingly, to pass a major health care bill.

Senator Byrd, ever the parliamentarian, demurred — the rules could not be bent, he said, that way and that far. And Mr. Clinton, before long, was distracted by economic struggles, the North American Free Trade Agreement, Whitewater and foreign crises, and the window began to close.

The Clinton health care plan became the captive of events, and politics, and an enormously complicated process headed by two figures making their debuts in national policy making — Hillary Rodham Clinton, the impassioned First Lady, and Ira C. Magaziner, the cerebral policy guru and friend of Bill Clinton.

As the Administration and its Congressional allies take a brief vacation and try to gather strength for one last push on health care, some reflect on that moment in the spring of 1993 and see it as emblematic of lost time, lost opportunities, lost confidence.

There were many mistakes and misjudgments that surrounded the campaign to achieve universal coverage: The Administration assumed that a 43 percent electoral plurality was a mandate for a tremendously complicated overhaul of a system as sensitive as health care. It showed a continuing uncertainty about how to deal with Republicans, and an overly combative political approach. It even assumed that when the public said it favored fundamental change in health care that it meant the kind of change the policy analysts wanted.

But on all sides, from Clinton allies like John Rother of the American Association of Retired Persons to foes like John Motley of the National Federation of Independent Business, to sometime allies and sometime foes like Senator John H. Chafee, Republican of Rhode Island, there is agreement on one thing:

What Went Wrong

How the Health Care Campaign Collapsed

A special report.

Delay was a fundamental error, the crucial stumbling block to passing legislation.

Consensus stops there. Even now there are disputes over whether some slight chance for a broad bill remains, or whether the realistic choice ahead is between slim change and none.

Though unfinished, the history of health care legislation is a striking measure of the complexity of legislating major change in an era of intense partisanship, with a public that distrusts Washington as never before, a campaign technology applied to whipping around voters' opinions, and news reports that emphasize conflict, not explanation.

The simplest measure of partisanship is that just

Continued on Page A12, Column 1

PHOTOCOPY
PRESERVATION

Continued From Page A1

one Republican in Congress, Senator James M. Jeffords of Vermont, ever backed Mr. Clinton's bill. In the House, moderates were told bluntly by Republican leaders not to offer amendments that might make legislation easier to pass.

Bob Blendon, a public opinion scholar at the Harvard School of Public Health, said of the Administration: "They misread the mandate, read it much too broadly. Since people are very cynical about government and the President only had 43 percent of the vote, they wanted reform, but they wanted something easy to understand, something that did not look as threatening as the Clinton plan. The Clinton White House read it as much too broad in terms of trust in President and Mrs Clinton."

Whatever trust there [illegible] under tremendous assault. Lobby [illegible] every conceivable interest that cou[illegible] affected by any version of legislation swarmed over the Capitol. And to influence the public, more than $50 million was thrown into advertising, most by opponents and much of it simply false.

And newspapers and television failed to cut through the din and educate people, said Kathleen Hall Jamieson, dean of the Annenberg School at the University of Pennsylvania. Instead, they merely elevated public skepticism.

"Everything the press did appeared to engender cynicism," she said, citing a study that she and a colleague, Joseph N. Cappella, plan to present next Saturday to an American Political Science Association convention in New York. When the news emphasized controversy, she said, "That undermined the public sense that there was any agreement on what the problem is."

But only two or three years ago, it seemed there was a vast, historic consensus bubbling up from the grass roots, a hunger for sweeping change in the nation's health care system.

The Campaign

Did the Democrats Misread the Signs?

Throughout the 1980's, business, labor, economists and a wide array of public policy analysts had grown increasingly alarmed over the rising costs and the expanding gaps in the health care system. But in the rough recessionary politics that brought the Democrats victory in 1991 and 1992, the issue became a populist crusade.

In 1991, the Democrat Harris Wofford won the bellwether Senate race in Pennsylvania with a promise of health care reform, signaling the power of the issue with an economically anxious middle class.

A year later, Senator Bob Kerrey of Nebraska built his campaign for the Democratic Presidential nomination around the promise of universal coverage. (Two years later, he was among the Senators arguing for an incremental approach.) Former Senator Paul E. Tsongas of Massachusetts, another candidate for the nomination, began talking in New Hampshire meeting halls about restructuring the health care marketplace.

Gov. Bill Clinton of Arkansas did not campaign on the issue as hard as some of his rivals did, but it fit neatly with his overarching campaign promise: to look after the forgotten middle class and use the Government to improve the economy and ease their lot. By the summer of 1992, Atul A. Gawande, a young Harvard medical student who had previously worked on health issues for Representative Jim Cooper, Democrat of Tennessee, came on board the Clinton campaign. His task was to help flesh out Mr. Clinton's health plan and defend it from Republican attacks.

Mr. Clinton and his allies were trying hard to redefine the Democratic Party away from traditionally liberal approaches to domestic policy; they were almost inevitably drawn to the ideas of managed competition. Though still largely theoretical, the concept relies on market forces, not government, to hold down costs and expand access to health insurance. Mr. Gawande, now back in medical school, recalled on Saturday that in a series of meetings in the summer of 1992, "Clinton was very clear about his interest in managed competition and that he had no interest in a broad-based tax."

Vagueness is often a virtue in the politics of health care, and there were some who argued that Mr. Clinton should keep it vague. But by the end of the summer, he was being accused by the Bush campaign of being just another tax-and-spend, big-government Democrat when it came to health care in an eerie precursor of the Republican attacks to come.

"We had to repel it by saying here's the details of our plan," Mr. Gawande recalled. So the Clinton campaign prepared a major health care speech for the fall campaign.

Commitment to Universal Coverage

Delivered in Rahway, N.J., at the offices of Merck & Company, the pharmaceutical giant, the speech committed Mr. Clinton to universal coverage, achieved by requiring employers to pay for their workers insurance.

This was enough for a Presidential campaign; Mr. Clinton enjoyed the benefits of being for health care reform without the downside of explaining how, exactly, it would be paid for, without the Congressional Budget Office passing judgment on financing, without a fully engaged [illegible] all the contentious specifics of [illegible] health care system. But with [illegible] the Clinton forces may have [illegible] miscalculation. They came a [illegible] conviction that the public wa[illegible] message in this campaign: do some[illegible] about health care.

But were they?

Bill McInturff, a Republican pollster who also works for the Health Insurance Association of America, said on Saturday, "People overread the data in 1992. Almost half of Americans said they wanted a radical change in the health care system, but in Washington that was interpreted to mean something these people did not mean."

Mr. McInturff said that when he followed up in focus groups, asking people exactly what they meant by radical change, "they said: 'If I lose my job, I don't want to lose my coverage. I don't want it to cost so much.'"

The pollster added: "What they were really talking about was portability. So what in Washington was considered incremental change, was to people out in the country radical."

But to the first Democratic Administration in 12 years, and to its euphoric allies, remaking one-seventh of the American economy was just the kind of challenge they craved.

Early Days

From a Promise To Deep Secrecy

In the Presidential campaign, Mr. Clinton had promised to guarantee health insurance for all Americans while cutting the Federal budget deficit in half within four years. In the transition from his election on Nov. 3, 1992, to his inauguration on Jan. 20, 1993, he received unwelcome news suggesting that those goals might be irreconcilable.

His transition team told him that it would be nearly impossible to expand health insurance coverage in his first term without big tax increases or Draconian controls on

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Health Care Became Victim of Time

health costs.

Mr. Clinton's advisers took his campaign speeches as the starting point for a new health policy. They fought among themselves over whether deficit reduction or universal health insurance had higher priority.

At her confirmation hearing, Donna E. Shalala, then the nominee for Secretary of Health and Human Services, said that money saved through cuts in the growth of Medicare and Medicaid would be used to finance coverage for the uninsured, not to reduce the Federal budget deficit. In fact, Mr. Clinton and Congress decided that deficit reduction should come first.

Recalling the period between Election Day and Inauguration Day, Stuart H. Altman, an economist at Brandeis University who advised the President-elect, said this weekend: "During the transition, Clinton's total preoccupation was either with his economic program or putting his Cabinet together. Health care took a back seat. We got no guidance. It was a vacuum."

On Jan. 20, 1993, Americans heard the sparkling poetry of Maya Angelou, celebrating "the pulse of this new day." Later that day rumors began to circulate in Washington: Hillary Rodham Clinton was going to take charge of the Administration's biggest project, overhauling the nation's health care system.

Five days later it became official. The President appointed his wife to head a Task Force on National Health Care Reform with a clear mission: writing legislation "to be submitted to Congress within 100 days of our taking office," that is, by April 30.

'A Highly Formalized Process'

It soon became clear that this was no ordinary process for developing policy. "We're in this big time," Secretary Shalala, a member of the task force, said in an interview on Jan. 25. She declared that the Administration would "corner the market" for health policy experts by recruiting the best ones to work in Washington.

Dr. Shalala was immediately upstaged by Ira C. Magaziner, the coordinator of the task force, who designed the policy-making process with a zealous attention to detail and a deaf ear for politics and public relations. In his first public appearance, on Jan. 28, he told the Washington Business Group on Health that the 12-member task force would do its work through "a highly structured process, a highly formalized process."

The real work was done by the staff of the task force, which grew larger every week. Ultimately, with more than 500 people, the staff was bigger than 99 percent of all businesses in the United States. The staff was organized in 15 "cluster groups" studying such issues as cost controls, coverage, benefits, long-term care and ethical foundations of the new health care system.

To check on the progress of the cluster groups, to synthesize their work and to narrow the options, Mr. Magaziner scheduled a series of seven "tollgate" meetings from Feb. 10 to May 3. Confidential working papers from the task force show that "decisions on key issues" were to be made by the end of March, but the panel fell far behind schedule as talks went on and on with no resolution.

In an interview over the weekend, Mr. Gawande, the leader of one cluster group, recalled: "The tollgate meetings were open, free-for-all sessions. We sometimes went till 2 in the morning, and still felt that we were shortchanging each issue."

Mr. Gawande's recollections help explain why the proposals that emerged from the task force ran into a political buzzsaw.

"Politics was not a major part of our task," he said. "That was what the President and the First Lady and their political advisers were supposed to be dealing with. We were there to pull together options for them.

"The options were more difficult to narrow than people realized. The tradeoffs over who will pay and how generous the benefits should be. These are ultimately political decisions. It wasn't the role of the task force to make political decisions."

Health care experts in the Government and in private industry said, half in jest, that the task force was a huge seminar to educate Mr. Magaziner.

"Ira was the dominant player," Walter A. Zelman, a senior White House health policy adviser, said Saturday. "I never knew the extent to which the decisions he made were a result of conversations he had with others," like the President or Mrs. Clinton, "or whether he was making the decisions on his own."

Insiders say Mr. Magaziner and Mrs. Clinton reinforced each other's tendencies to seek grand, idealistic solutions. They shared a sense of mission, a perception that, as Mrs. Clinton said in a speech in May 1993, "too many people have made too much money" providing health care and health insurance.

In hindsight, people who worked for the task force say its organization and secrecy planted the seeds of trouble for the President.

The policy experts developing proposals for universal coverage, a comprehensive package of health benefits and Federal subsidies for poor people, rarely spoke to the fiscal experts who were supposed to figure out how to pay for it all. The task force deferred the discussion of costs and segregated it from the discussion of policy options. Experts on mental health and long-term care argued for a richer and richer package of benefits without knowing how much it would cost.

Meeting, but Not Listening

Mrs. Clinton and Mr. Magaziner met with many outside groups, but did not confide in them. After one such meeting, in March 1993, Dr. Quentin D. Young, chairman of Physicians for a National Health Program, which represents 6,000 doctors, said, "It was a magnificent exercise in pseudo openness."

In the crucial months from January to September 1993, Administration officials, especially Mr. Magaziner, alienated potential allies in Congress. Representative Pete Stark, a California Democrat who heads the Ways and Means Subcommittee on Health, said: "They came over and saw us all the time, but ignored what we said. It wasn't regular order. It was disconcerting."

Some lawmakers had urged the President to submit only a statement of principles; others wanted details. In the absence of a detailed proposal from the White House, Mr. Stark said, "we were paralyzed."

Last month, long after the task force went out of business, the Clinton Administration was still defending the secrecy of its operations in Federal District Court here. In retrospect, Mr. Zelman said, "it probably wasn't worth the secrecy."

The Strategy

Planning Falters As Crises Appear

Last Sept. 22, President Clinton went before a joint session of Congress. Overcoming a malfunctioning Teleprompter, he gave a compelling speech.

"Tonight we come together to write a new chapter in the American story," he declared. "This health care system is badly broken and we need to fix it.

"At long last, after decades of false starts, we must make this our most urgent priority: giving every American health security, health care that can never be taken away, health care that is always there."

The speech, and the succeeding weeks, had been planned like a long political campaign. There were interviews with television anchors and newspaper columnists by the President and the First Lady, "Health Care That is Always There" buttons, different "messages" for different weeks and an immense commitment of Presidential time — a promise of five weeks on this issue.

At first the signs seemed favorable. Senator Bob Dole of Kansas, the Republican leader, offered hope for bipartisanship and played host to Mrs. Clinton. Senator Chafee, with 23 Republican co-sponsors for a different approach to universal coverage, requiring individuals to insure themselves, basked in her tributes.

And Mrs. Clinton captivated and dominated her audience when she testified before five Congressional committees starting on Sept. 28, recalling heart-rending stories of health care problems, praising members of Congress for their insight and deflecting the rare episodes of hostility. The Clinton program had been smoothly launched.

But, like a new battleship that slides down the ways, it still wasn't ready for action. The bill itself was not ready to be introduced until Oct. 27. Lloyd Bentsen, the Secretary of the Treasury, refused to testify on Capitol Hill before he was surer of the numbers. Four days before the President's speech, Senator Daniel Patrick Moynihan, the New York Democrat who heads the Senate Finance Committee, foreshadowed the obstacles he would present later when he called the Administration's numbers "fantasy."

Dubious about the Clinton proposal or even whether there was a health care crisis, Mr. Moynihan would emerge from time to time. His hearings were a fascinating intellectual excursion into health care and related issues, but it was late June before he was ready to write legislation.

The Big Delay

But the most immediate problem was not in Washington, or even in the United States. On Oct. 3, 12 American soldiers on a peacekeeping operation in Somalia were killed and scores were wounded or missing in an exchange with a Somali faction. Americans were horrified to see pictures of a dead soldier dragged through the streets of Mogadishu.

The President turned back from a health care trip to California and turned his focus abroad. Other foreign policy problems erupted in Haiti and Bosnia, the North American Free Trade Agreement was in trouble and it was December before Mr. Clinton was again heavily focused on health care.

Bill McInturff, who was polling for the already hostile Health Insurance Association of America, said this weekend: "We were doing daily tracking from Sept. 22 on, and awareness of his plan was going up. Support for the plan was going up." But on Oct. 3, Mr. McInturff said, it stopped.

Administration officials see that diversion as critical to the selling campaign. But the dream of five weeks of uninterrupted Presidential time was just another unrealistic hope, another imperfect translation from the campaign mode to governing.

Moreover, the Administration's likely allies were not out cheering. They expressed only qualified approval, or said they had to wait. It was in this period that Washington first began to notice the insurance association's television commercials of a couple named "Harry and Louise" who voiced doubts about the details of the Clinton program, starting with requiring people and employers to join health insurance purchasing alliances. The audience was never national, and Professor Jamieson of the University of Pennsylvania has cast some doubt on the ads' effectiveness, but they rubbed a nerve here.

Shifting Focus

In a campaign posture, the Clinton Administration resisted inquiries about how the alliances would work. Instead it wanted to talk about what it called the six principles of the President's program: "security, simplicity and savings; choice, quality and responsibility." In Mr. Clinton's Sept. 22 speech, it had taken longest to explain "simplicity."

For all the talk of conducting this effort like a campaign, which put Republicans on

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their guard about the depth of the commitment to cooperation, there was often only feeble follow-through. In September, Mrs. Clinton promised Congressional leaders that the Administration or the Democratic National Committee would find small businessmen in every Congressional district who supported required payments by employers. It was months before that effort was even begun, after the other side's argument was firmly planted.

The Lobbyists

Strong Foes, Uneasy Allies

In the beginning, almost nobody wanted to be cast as an opponent of health care restructuring. But by the end of 1993, when the vague promise of a health care overhaul had been turned into the 1,342 pages of the Clinton plan, it was difficult to find out-and-out supporters of the President's proposal.

In February of this year, the Business Roundtable, representing about 200 of the nation's largest companies, rebuffed the Clintons and threw its support to a more modest rival plan. This was devastating to the Administration, which had counted on such companies to offset the opposition of the small-business lobby.

"You are not going to reform one-seventh of the American economy without business support and Republican support," Tom Downey, a former Congressman who is now a Washington lobbyist, said in an interview this weekend.

Many advocates of health care restructuring were perplexed by the position taken by big business. After all, they had reasoned, big corporations generally paid for their workers' insurance — and what they paid also subsidized health care for millions of people who were uninsured. For years, business executives had complained about the soaring cost of health care.

But many corporate executives had a visceral reaction against the complexity of the Clinton plan and the expansion of Federal authority that Mr. Clinton was proposing. They said they could control costs much better than the Government could, and they feared that under the Clinton plan they would lose the right to tailor health benefits to their employees' needs.

With big business sidelined, the National Federation of Independent Business had a clear field. Mr. Motley, chief lobbyist for the 600,000-member federation, said his organization made two early strategic decisions about how to block Mr. Clinton's proposal to require employers to help buy health insurance for their workers.

First, the federation decided that the best way to fight the "employer mandate" was not to seek public sympathy for small business, but to play on public fears that jobs would be lost if employers had to absorb added insurance costs.

"We did everything we possibly could do from a grass-roots standpoint," said Mr. Motley.

The Administration's biggest tormentor, after small-business lobbyists, was probably the Health Insurance Association of America, which began running television advertisements ridiculing the Clinton plan in September 1993. The "Harry and Louise" commercials featured a couple agonizing over details of the Clinton plan in exchanges like this one:

Louise: This plan forces us to buy our insurance through these new mandatory Government health alliances.

Harry: Run by tens of thousands of new bureaucrats.

Louise: Another billion-dollar bureaucracy.

Professor Jamieson of the University of Pennsylvania said the available evidence suggests that "the ads had a negligible impact on the public" and were intended primarily to influence opinion makers in Washington and New York. But Mr McInturff, the pollster who analyzed the commercials for the insurance industry, says they did influence the public.

In any event, when the Clintons attacked the advertisements, that provoked far more public interest in them than Harry and Louise would ever have commanded on their own.

Qualified Support

The supporters of Clinton-style health care legislation proved no match for the groups opposing Mr. Clinton. Citizen Action, a consumer group, says that political action committees formed by insurance companies, doctors, hospitals, drug companies and others in the health care industry contributed more $26 million to members of Congress from January 1993 to last May.

The core of support for universal health insurance was a broad coalition known as the Health Care Reform Project, founded in September 1993 by groups like the A.F.L.-C.I.O., the American Academy of Pediatrics, the Catholic Health Association and the American Association of Retired Persons.

These groups staunchly supported the principles and goals of Mr. Clinton's plan, but expressed varying degrees of enthusiasm for its details. Many groups, including the A.F.L.-C.I.O., said they supported both the Clinton plan and proposals for a Canadian-style "single payer" system of national health insurance financed by the Government. Those two proposals are very different and, in many ways, contradictory.

Moreover, Mr. Clinton's allies continually qualified their support by expressing concern about specific parts of his plan. Labor unions worried that Mr. Clinton was going to tax some of the benefits they had won in collective bargaining. Doctors specializing in internal medicine supported much of Mr. Clinton's plan, but objected to the proposed cutbacks in Medicare and to the idea of Federal limits on private health insurance premiums.

In view of these reservations, Mrs. Clinton said, the Administration's allies, the proponents of universal coverage, "cannot possibly have the intensity that the negative forces have."

The Committees

An Issue Is Lost In the Labyrinth

In his State of the Union Message on Jan. 25, 1994, President Clinton waved a pen before Congress and threatened to veto any health legislation that did not guarantee insurance coverage for all Americans.

By then, health care reform had made its way from a vague buzzword on the campaign trail to a scholarly treatise to a sprawling piece of legislation scattered over five major Congressional committees. It was in those committees that the most byzantine stage of the health care struggle began, a stage that lasted until the Fourth of July weekend — long past all the self-imposed deadlines, long past the time when anyone expected a grand health care compromise to come out of the committees.

The struggle for universal coverage began to collapse in the committees. Again and again, members tried to reach consensus on how to cover everybody without antagonizing the small-business lobby. But they always ran up against the same problem: without an employer mandate or a broad-based tax increase, how could they pay for it?

Robert D. Reischauer, the director of the Congressional Budget Office, was usually the man who delivered the bad news — to committees, to rump groups, to the ad hoc gatherings that wrestled one after another with the same insoluble issues.

"Each individual group would think they'd discovered a new route to China," said Representative Jim McDermott, Democrat of Washington and a member of the Ways and Means Committee, in an interview this weekend. "And they'd go down to Bob Reischauer, and he'd say, 'No, boys, you can't go that way. It's all ice up there.' "

Most of the "old bulls" at the head of the committees tried hard to muscle a bill through. Representative John D. Dingell, Democrat of Michigan, the chairman of the Energy and Commerce Committee, offered one compromise after another to soften the burden of an employer mandate. But his committee deadlocked.

Mr. Motley of the National Federation of Independent Business said that Energy and Commerce was ripe for his lobbying — heavy with members from rural states that are dependent on small business. "We can reach out and touch them a lot easier," Mr. Motley said. "States like Kansas are set up perfectly to maximize the impact of business owners."

Representative Cooper, who had his own health care plan that relied on market forces to expand coverage instead of an employer mandate, said in an interview on Saturday that the issue may have been destined to stall in the committees.

"I think you had committee chairmen who were for the Canadian health care system who were to the left of Clinton," he said, alluding to a taxpayer-financed health care system. "And you had the average House member who was way to the right of Clinton, and the President's proposal — the Ira Magaziner proposal — satisfied no one."

The two most liberal of the five committees — Education and Labor in the House, Labor and Human Resources in the Senate — reported out versions of the Clinton plan. But despite a quarter-century of determined advocacy by Senator Edward M. Kennedy of

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Massachusetts, chairman of the Labor and Human Resources Committee, nobody expected those committees to produce the vehicles for floor debate. The committee that most prides itself on this kind of "heavy lifting," the House Ways and Means Committee, was hindered by the loss of its chairman, Dan Rostenkowski of Illinois, who gave up the chair when he was indicted in May on corruption charges.

"He is the strongest member of the House of Representatives in terms of driving a consensus," Mr. McDermott said this weekend. "I don't think it would have been a consensus I would have liked every piece of, but there would have been a consensus reached that would have been ready for the floor."

Ways and Means soldiered on under the acting chairman, Sam M. Gibbons of Florida, producing a bill that attained the necessary 20 Democratic votes on the committee to keep the process going. But by that point, the Republicans were essentially opting out of the process and Democrats were beginning to wonder where it was headed.

In the Senate Finance Committee, another place where a grand compromise might have emerged, there was instead weeks of false starts, confusing signals and jabs at the Administration from Senator Moynihan, the committee chairman.

"This issue got away from everybody," said Representative Benjamin L. Cardin, Democrat of Maryland, a member of the Ways and Means Committee. "It got away from all of us. And I don't think anybody anticipated the amount of resources that would be marshaled against it."

Summer

The Mitchell Plan Runs Into a Snag

Universal coverage was undergoing redefinition when Congress came back to work on July 11. The 95 percent figure was in the air, and soon it was to be in the bill the Administration supported, the plan put forward on Aug. 2 by Senator George J. Mitchell of Maine, the majority leader.

His plan was to use subsidies for the working poor, and especially their children, to push coverage rates up. But if it did not rise to 95 percent, from the current 85 percent, by the year 2000, a fall-back plan would go into effect, requiring employers to pay half the cost of their workers' premiums unless Congress found a better way.

Mr. Mitchell assembled the bill from the work of the Senate Finance Committee and Labor and Human Resources Committee, as well as from his own ever-shrinking idea of what would pass. But his narrowed hopes of what the Senate might adopt alarmed House Democrats.

Three days earlier, their leaders proposed a bill requiring employers to start paying 80 percent of workers' premiums, beginning in 1997, and expanding Medicare to cover the unemployed and others without a paycheck in the household. But with Mr. Mitchell apparently retreating, House Democrats were even more reluctant to go out on a limb and take the political risks in voting for something the Senate might undo.

The Senate started debating the bill on Aug. 9, and Mr. Mitchell promised six-day-a-week sessions until it was finished. But in two five-day weeks, Republican stalling tactics prevented any important votes. The majority leader was not sure he had the votes, but the opposition was not sure he did not.

Senator Dole and Senator Phil Gramm of Texas, both 1996 Presidential hopefuls, led the attack. Mr. Gramm's zeal in proclaiming Mr. Clinton's hopes "a dead body," was predictable, but Mr. Dole's partisan antagonism was not, for he had worked closely with Senator Chafee in drafting his universal coverage bill. Now he was opposing any taxes and offering slim subsidies, and insisting that the President move in his direction.

Nor was that the only distraction Mr. Clinton's allies faced. Senator Chafee was now leading a bipartisan band of about 20 senators that called itself the "mainstream coalition." It proposed more coverage than the Dole bill and more deficit reduction than the Mitchell bill. Some members of the coalition insisted that it had to be their plan or nothing; others were more willing to bargain.

But Mr. Mitchell had no time for bargaining as the bitter partisanship of the House debate on crime legislation sloshed over to the Senate last week, and he had a four-day fight to pass what is normally a politician's dream, a $30.2 billion anti-crime bill in an election year.

But between that problem and waiting for the Congressional Budget Office to analyze the leadership bill and rival approaches, the House never even took up the health care measure, which it had first planned to finish by Aug. 12, and then by Aug. 19.

Finally, hoping that a cooling-off period might help, Mr. Mitchell sent the Senate home last Thursday night, insisting he would be earnestly negotiating with the mainstream group for two weeks and promising that the Senate would go back to the health care debate on Sept. 12.

Two Degrees of Optimism

Mr. Chafee expressed optimism this morning, but he conceded that if anything passed it would not provide universal coverage — "not if by 'universal' you mean 100 percent or 95 percent."

Mr. Mitchell, who is retiring from the Senate this year and who passed up a Supreme Court seat to achieve a last legislative triumph in health care, took a longer view. "I really believe that we will get this done, if not all this year, in time, if for no other reason than it is so necessary," he said in an interview on Friday. "Democracies tend to respond to crises afterwards more so than before them."

To Mr. Chafee, the hope for insuring another 15 million or so Americans and making other changes in health insurance practices that were once scorned as "incremental" rests on the willingness of the President and his allies "to abandon 'mammoth steps' and recognize that "we had better be cautious."

There is general agreement that Mr. Clinton would have got closer to his goal if he had acted faster, before the opposition had mobilized and his own standing had weakened. But beyond that, even perfect hindsight produces no consensus on what could have been done to bring the nation closer to the universal health care it seemed to want 11 months ago.

Dr. Drew Altman, president of the Henry J. Kaiser Family Foundation and an advocate of universal insurance, said on Saturday: "You were always dealing with a fundamental underlying dynamic: the American people want change as long as it doesn't cost them too much or affect them too much personally. The problem wasn't Harry and Louise. The problem was us."

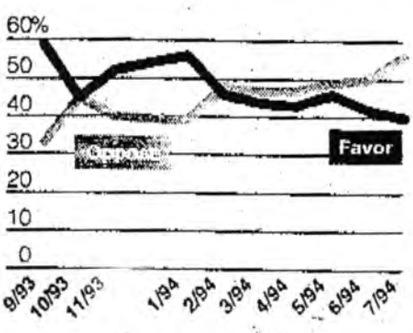
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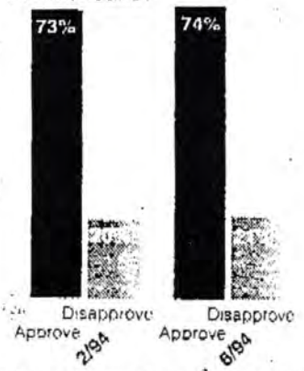
PUBLIC OPINION

Assessing Health Care

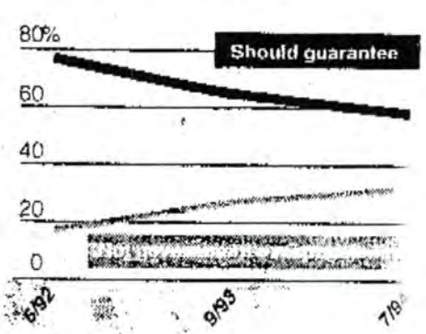
From everything you have heard or read about the plan so far, do you favor or oppose President Clinton's plan to reform health care?



Do you approve or disapprove of the health care reform proposal of universal health insurance for all Americans?



Should the government in Washington guarantee medical care for all people without health insurance, or isn't this the government's responsibility?



Sources: The Gallup Organization for CNN/USA Today, Princeton Survey Research Associates for Newsweek, The New York Times/CBS News Poll

The New York Times

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Senate Gives Up on Health Care, Passes Crime Bill

$30.2 Billion Package Approved, 61 to 38, Despite GOP Assault

By Helen Dewar
Washington Post Staff Writer

The Senate last night approved and sent to President Clinton the fiercely contested $30.2 billion crime bill after a half-dozen Republican moderates joined Democrats in beating back a GOP-led effort to block passage of the election-year measure.

With only one vote to spare, the Senate voted 61 to 39 to reject a procedural challenge supported by most Republicans that could have derailed the measure a second time—less than a week after it had been brought back to life by a similar bipartisan rescue effort in the House.

Then, after clearing another procedural hurdle by a similar margin, the bill was given final approval, 61 to 38, and sent to Clinton, who had lobbied hard for its passage. The Senate then went home for a two-week recess, scaled back from four weeks because of disputes over crime and health care.

The vote gave a big boost to Clinton at a time when his health care bill was slipping away from him, enabling the president to claim credit for the biggest crime bill in history at a time when polls show that few issues energize voters more than fear of violent crime—even though only about 5 percent of violent crime falls under federal jurisdiction.

But the ferocity and near-solidarity of the Republicans' attack seemed to signal that they see a lot to gain—and little to lose—in challenging the president, even on an issue such as crime.

Republicans also were looking to the November congressional elections, hoping, as part of their effort to regain control of the

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Senate, to trap Democrats into damaging votes that could be characterized as soft on crime. "We're going to focus the American people on all the ludicrous, ridiculous items in this bill . . . we'll have some examples in the 30-second spots," said Minority Leader Robert J. Dole (R-Kan.) in a scathing speech shortly before the final votes.

In an impassioned rejoinder, Majority Leader George J. Mitchell (D-Maine) chided Republicans for voting for the bill last November and against it yesterday and noted that Congress has been working on crime legislation since 1988. "Six years is long enough to consider any bill," he said.

Clinton, in a Rose Garden appearance early last evening and in a statement issued after final passage last night, portrayed the votes as a signal to the country that Washington can get something done. "This crime bill is going to make every neighborhood in America safer," Clinton said in the statement. "And the bipartisan spirit that produced it should give every American hope that we can come together to do the job they sent us here to do."

The bill—which provides more money for police and prisons, toughens some criminal penalties and imposes a partial ban on assault weapons—had strong support among Republicans when it first passed the Senate last November by a vote of 95 to 4. But Republicans contended it was weakened and fattened with "social pork" by House-Senate conferees and threatened to block it unless changes were made, including restoration of mandatory minimum sentences for gun crimes and drug transactions involving minors.

The Democrats' victory was not assured until early yesterday when Mitchell and Judiciary Committee Chairman Joseph R. Biden Jr. (D-Del.) devised what turned out to be a successful strategy to beat the Republicans at their own procedural game.

To counter Republican demands for votes on 10 amendments to cut spending for prevention programs and toughen penalty provisions, Mitchell and Biden, after consulting with Republicans on what it would take to break the impasse, offered a single amendment to cut the spending.

The amendment would have failed, and Republicans knew it. So Dole rejected it on behalf of his party, setting in motion the showdown vote.

With the earlier support of Republicans James M. Jeffords (Vt.), William V. Roth Jr. (Del.) and Arlen Specter (Pa.), the Democrats began the day with 58 votes, or two short. But Dole's rejection of the Democratic offer had the ironic effect of giving Sen. Nancy Landon Kassebaum, his Kansas colleague, cause to bolt and vote with the Democrats. She was "disappointed that a majority of the Republican Party rejected [the offer] as inadequate," she said in a written statement shortly after the Republican decision was announced.

In the critical procedural vote, Jeffords, Roth, Specter and Kassebaum were joined by Republican Sens. John H. Chafee (R.I.) and John C. Danforth (Mo.). On the final vote, the six were joined by William S. Cohen (R-Maine). Among Democrats, only Richard C. Shelby (Ala.) voted with the Republicans on the procedural vote; Russell Feingold (D-Wis.), a foe of capital punishment, joined Shelby in voting against the bill.

To show the administration's colors during the earlier vote, Vice President Gore was on hand to preside, with his foot—in a cast following surgery for a torn Achilles' tendon—propped up on pillows under his desk.

After the procedural vote, Mitchell and Biden praised the "courageousness" of the six Republicans and credited Clinton's steadfastness on the assault weapons provision as a key factor in keeping the bill alive despite its several near-collapses. Despite Republican claims to the contrary, the issue was "guns, guns, guns, guns and guns," said Biden.

But, despite the National Rifle Association's defeat on the issue, Mitchell was not ready to claim it had lost its clout. "An organization that can wield such enormous power with such an unpopular issue [defending assault weapons] cannot be discounted," he said.

Conservative Republicans expressed a sense of betrayal at the outcome. "We had the votes at 10 a.m. but not at 11 a.m." after the Democrats came out with their final proposal to win over the moderates, said Sen. Trent Lott (R-Miss.). "The leader [Dole] felt betrayed."

The centerpiece of the bill is a six-year $30.2 billion trust fund that is designed to help local governments hire 100,000 police officers, assist states in building new prisons and launch a variety of crime prevention programs.

The legislation also would vastly expand the number of federal crimes subject to the death penalty, impose life imprisonment on repeat violent offenders (the so-called three-strikes-and-you're-out rule) and allow notification of residents when violent sexual offenders are released into a community.

In a major defeat for the NRA, the bill also would ban 19 models of semiautomatic assault weapons and

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copycat versions, along with large gun clips. The NRA fought to defeat the bill because of the provision.

Although viewed at the start as a "must-pass" bill for an election year dominated by widespread anxiety over violent crime, the final House-Senate compromise faltered several times as it faced its final hurdles—largely because of the political stakes involved.

It was blocked earlier this month by a procedural move in the House, setting off 10 days of grueling negotiations that culminated in a 235 to 195 vote Sunday to pass the bill and send it to the Senate for final approval.

Even though the bill was saved in the House by a rare bipartisan agreement to cut prevention funding while adding money for prisons and police, it immediately ran into Republican demands for more changes when it hit the Senate floor Monday.

Insisting on stronger punishment provisions as well as elimination of nearly all the spending for prevention programs, which they labeled "social pork," Senate Republicans raised a procedural challenge aimed at opening the bill to amendment.

The challenge, which required 60 votes to overcome, was based on the fact that the trust fund to finance the new anti-crime programs had not gone through the Senate Budget Committee, as technically required by Senate rules.

Democrats said the challenge was potentially lethal to the crime bill because the legislation, if amended by the Senate, would have to go back to the House, where even the smallest change could shatter last weekend's fragile compromise and doom the whole measure.

Faced with the prospect of 41 Republican votes to sustain the challenge, Democrats began a frantic scramble to find a way to peel off at least some GOP moderates, who clearly were uncomfortable with the idea of voting against an anti-crime bill with an assault weapons ban.

By yesterday morning, the Democrats had it.

After a brief caucus, they offered the Republicans a chance to vote on one of their proposed amendments: to strip out all prevention programs except those involving domestic violence and anti-drug programs in prisons.

Claiming foul and demanding to vote as well on stronger penalty provisions, Republican leaders summarily rejected the offer.

COMPROMISE SIX-YEAR CRIME BILL

The bill agreed to by the House and Senate totals $30.2 billion over six years.

■ CRIME TRUST FUND: $30.2 billion
Savings from a cut of 252,000 federal jobs put in new trust fund for bill's programs. An additional $3.3 billion that would have been appropriated from other sources was eliminated. The fund targets four areas:

Police, $13.4 billion: Grants for localities to hire 100,000 officers for community policing, other law enforcement programs, more Border Patrol guards and other federal police agents. The version blocked by the House on Aug. 11 would have appropriated $13.2 billion.

Prisons, $9.9 billion: State grants, tied to tougher sentencing, to build prisons to house violent criminals and establish "boot camps" for young offenders. The original version would have appropriated $8.3 billion.

Prevention, $5.5 billion: Local grants for recreation, education, anti-gang and other programs to steer youth away from crime. Shelters to fight violence against women. The original version would have appropriated $7 billion.

Anti-drug efforts, $1.4 billion: Special courts to provide treatment and close monitoring of first-time, nonviolent drug offenders. Drug treatment for federal and state inmates. The original version would have appropriated $1.7 billion.

■ ASSAULT WEAPONS
Bans 19 semiautomatic weapons and copycat models. Exempts 650 sporting rifles. Gun clips limited to 10 bullets.

■ DEATH PENALTY
Increases from two to 60 the number of federal crimes punishable by death, such as fatal carjackings and drive-by shootings. Establishes procedures to resume federal executions.

■ REPEAT OFFENDERS
Life in prison for three-time felons with last conviction for violent or drug-related federal crime.

■ SEX OFFENDERS
Allows notification of residents when violent sexual offenders are released into a community. Such offenders must register quarterly with authorities for the remainder of their lives.

■ JUVENILES
Federal prosecutions of 13- and 14-year-olds as adults allowed for some violent crimes. Ban on sale of handguns to juveniles.

■ MANDATORY SENTENCING
Limited early releases from federal prison permitted for first-time, nonviolent drug offenders serving mandatory minimum sentences.

■ VIOLENCE AGAINST WOMEN
Sex-based violence becomes a civil rights violation. Grants to encourage domestic violence arrests without consent of abuse victim. Federal penalties for interstate stalking or spouse abuse.

SOURCE: House-Senate conference committee

THE WASHINGTON POST

But, as Democrats planned, the offer had its desired effect on wavering Republicans.

Within a couple of hours, Kassebaum issued a statement saying she supported the GOP efforts to change the bill but was disappointed that Republicans had rejected the offer.

"I believe a vote on social spending in the crime bill would have clearly delineated the differences in the two parties, and I think it is unfortunate that my Republican colleagues chose not to accept this offer," she said in a written statement.

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Major Reform Unlikely in '94; Modest Measures Are Still Alive

PHOTOCOPY PRESERVATION

By Ann Devroy and Dana Priest
Washington Post Staff Writers

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Senate Majority Leader George J. Mitchell (D-Maine) said yesterday that the Senate will recess without enacting health care legislation, effectively ending any chance of fulfilling President Clinton's hopes for comprehensive reform this year.

Both Mitchell and Clinton yesterday said the recess until after Labor Day does not mean the end of health care reform. But Democrats and Republicans across the political spectrum, including some of the president's strong defenders and many White House officials, said the epic legislative battle that began last fall when Clinton delivered to Congress his ambitious reform plan is now effectively over.

Most agreed that the only remaining hope is for modest regulatory measures and perhaps low-income subsidies when Congress reconvenes Sept. 12.

"There's a growing consensus that an incremental approach is all we can do," said Sen. Christopher J. Dodd (D-Conn.), who has supported Clinton-style change. "A very legitimate question is, can you even do that? The clock is the 101st senator and has tremendous power around here, with elections" just eight weeks after Congress is scheduled to return.

"The moment of truth, when you have to face facts, has come this week," said Sen. Harris Wofford (D-Pa.), whose 1991 upset victory propelled the health care issue into the national political arena. A supporter of broad-based reform, including the universal coverage sought by Clinton, Wofford said yesterday he believes a much scaled-back bill

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could pass and would be a "historic first installment . . . that the president should sign."

Part of what strangled the White House hopes was the drawn-out combat this month over the crime bill, which dragged Clinton and many of his aides into a two-week battle, first in the House and this week in the Senate. Their vacation eaten away, senators on both sides of the aisle pressed hard to go home once the crime bill was dealt with.

Asked whether health care reform is now officially dead, Clinton said yesterday, "I wouldn't say that." In deference to Mitchell's efforts to continue informal discussions over the Labor Day recess, he added, "I think the less I say the better."

But privately, several officials involved in the effort at the White House acknowledged that whatever may emerge from here on will be so far from what the president once envisioned as to leave him with no choice but to opt for "strangling it at birth and calling for . . . a new Congress with a fresh outlook."

A senior official said this week that Clinton and his top aides have been "politically gaming" what to do about their lost hopes for major reform, with Clinton opposed to what he calls "half-steps" that do more harm to the health care system than good. The president and his aides have had several discussions about formally calling for a suspension of any further debate on health care in this session of Congress, but have opted in deference to Mitchell to avoid making the decision to totally throw in the towel until after the recess.

Time has always been the major problem. Two weeks ago, with the House at an impasse and waiting for the Senate to act, Mitchell had said he would keep senators in six days a week with no vacation as long as progress could be made on forging a compromise bill. With both bodies now stalled, the clock has started running toward the Nov. 8 elections, with House and Senate members wondering how early leaders will let them go home in October to campaign.

Democrats and Republicans said yesterday the only health care bill that could win passage in the likely space of a month available to them after Labor Day is one that would only impose new rules on the insurance industry and provide modest insurance subsidies for low-income people from a cigarette tax and from multibillion-dollar cuts in Medicare and Medicaid.

Mitchell said he plans to use the two-week recess to negotiate with leaders of a self-described "mainstream coalition" of 20 senators. The loose-knit group, with an equal number of Democrats and Republicans, has proposed a plan that falls far short of Clinton's original plan and the scaled-back version of the president's plan proposed by Mitchell.

Clinton on Wednesday sharply criticized the direction that group was taking and said its refusal to support the cost controls and employer mandates he proposes was "the nub of all our other problems."

Although liberals had hoped to make significant changes to the bipartisan group's bill—adding an employer mandate, dropping a proposed tax on some health benefits and adding new subsidies for the poor—many members of the group threatened to walk away from any kind of health care reform if their proposal is not kept more or less intact.

That stance has left liberals and others to decide whether to accept a bill that is far different from the one Clinton and Mitchell proposed or to fight on, knowing there is not a majority for a more substantial measure.

"Everyone, including liberals, agrees an incremental approach is better than nothing," said Sen. Max Baucus (D-Mont.). Over the recess, "the mainstreamers, Mitchell and nonmainstreamers are going to try to all swim together with the idea of helping each other rather than drowning."

White House Chief of Staff Leon E. Panetta and Deputy Chief of Staff Harold Ickes yesterday both tried to leave open hope that Mitchell and his group could produce something. Panetta said, "I think it may be healthier for everyone to be able to take this break and to have the key parties continue to negotiate in what I think will be a quieter atmosphere."

Ickes said, "We are close to the edge" of concluding there is no possibility for significant reform, "but not at the edge."

Others, however, described Ickes as arguing privately, along with most others in the White House, that nothing the mainstream group is likely to do, considering its distance from Clinton, is close to acceptable to a president who in January, wielding a pen, said he would veto anything that did not provide universal coverage for all Americans.

Senior officials said that the only health care legislation that still is possible and that the president could sign is "minimalist . . . and not reform, only health care steps that would aid some part of the population." Such legislation, for example, could include insurance industry reform, guaranteed coverage for children under a certain age, expanded prescription drug coverage and at least temporary subsidies for some coverage for workers who lose their jobs. But deciding how to pay for that expansion would be likely to cause major debate.

"The fact of the matter is there is no time to pick up any pieces anymore," said a senior official. "When Congress comes back, you have at best a month. There is no conceivable way to put together anything, probably anything even modest, and it is now time for us to frame this issue as a fight for the next Congress and a president who won't give up rather than have it just ooze away."

Sixteen Democrats committed to a universal coverage bill painted yesterday's developments as a positive step. "It really is a breakthrough for all of us," said Sen. Thomas A. Daschle (D-S.D.). The recess, he said, would give Democratic leaders and the mainstream group time to work out their differences.

Several Republicans said yesterday that they would be willing to accept an incremental approach close to the mainstream proposal. But others readied for a fight. "These guys have got to accept the fact that for two weeks they've been dragging a dead body around," said Sen. Phil Gramm (R-Tex.). ". . . Mitchell held up a small flag today, but it was a white flag" of surrender.

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PRESERVATION

legislation. In part, this is a defense against the likelihood that Congress will not act on his health care plan this year.

Clinton now says he wants his presidency to be about ideas, not bills. He has expressed those ''new Democrat" ideas making government work for people, renewing a sense of community, fostering personal responsibility in countless speeches as candidate and president. But he despairs that he has not been heard above the din.

And yet, even as he talks about rising above the daily grind of governing, Clinton cannot escape himself a person willing to talk endlessly and act only reluctantly, a policy addict who revels in details but often forgets first principles and a politician who can charm virtually anyone but is unable, finally, to convince a nation of his trustworthiness.

Clinton is intent on entering the fall political season by speaking less and saying more, picking ''moments" that define his presidency, an aide said.

(End optional trim)

Another problem weighing heavily on Clinton is the continuing character issue revolving around Whitewater and the plethora of conspiracy theories it has spawned, as well as Paula Corbin Jones' civil suit alleging sexual misconduct. The president is saddled with two sets of very expensive defense lawyers one for Whitewater and the other for the sexual harassment suit.

The White House is convinced that the president and the first lady lost four precious months at the beginning of the year as Congress and the media were transfixed by the Whitewater real estate scandal.

(Optional add end)

Presidential scholar Stephen Ambrose of the Eisenhower Center at the University of New Orleans said that most of Clinton's problems are of his own making.

''There's obviously been a lot of floundering," Ambrose said. ''He complains that he can't get his message out, but with all the attention we give to the presidency, you've got to wonder why. And the answer seems to be that with all the flip-flops, there is no consistent message."

But one of Clinton's central problems is beyond his control, Ambrose added. Without a major domestic or international crisis, the American people don't seek a man on horseback in the Oval Office. And despite his best efforts, Clinton cannot create a sense of crisis merely through words.

''Clinton wants to be a bold and courageous leader," Ambrose concluded, ''but this is not a time when the people are looking for bold and courageous leadership."

Health Reform Advocates Scale Back Goals (Washn)
By Edwin Chen=
(c) 1994, Los Angeles Times=

WASHINGTON In a stunning retreat, Senate champions of President Clinton's ambitious health reform agenda regrouped Thursday and began pushing privately for a modest proposal that they and the White House can call a small but vital first step toward comprehensive reform.

''We've got to deal with the reality of trying to get the very most we can," said John D. Rockefeller IV, D-W.Va., a new convert to the go-slow approach.

Added Sen. Thomas A. Daschle, D-S.D., another die-hard Clinton ally: ''We ought to go as far as we can and recognize that there was always the expectation all along that we'd be right back here next year to do more."

The shift came as the Senate decided to postpone consideration of health care reform until returning in September from a shortened summer recess.

The unexpected concession by Clinton's allies substantially raises the likelihood that Congress will adopt insurance market reforms but forego until next year any attempt at broader change. The insurance reforms, which enjoy widespread support, would enable consumers to buy or retain affordable coverage even if they have existing illnesses or when they change jobs.

Despite President Clinton's vows to veto legislation that did not make significant progress toward covering all Americans, the sentiment for compromise and taking what can be had seemed infectious Thursday on Capitol Hill.

Another convert to incremental reform was Sen. Harris Wofford, D-Penn., whose upset victory in 1991 galvanized the reform movement because he made health care reform the centerpiece of his campaign.

''We must concentrate now on what this Congress can do this year," Wofford said. He said a ''strong dose of practical realism is necessary" after two weeks of desultory Senate debate that he called ''a classic case of Washington gridlock."

During the two-week recess, Senate Majority Leader George J. Mitchell, D-Maine, whose own health reform proposal is all but dead, intends to continue negotiations with Sen. John H. Chafee, R-R.I., co-leader of a bipartisan ''mainstream coalition" of about 20 senators who have advanced their own proposal as an alternative to Mitchell's.

There are numerous unresolved issues between Mitchell and the ''mainstream" group, and whether compromises can be forged was far from certain.

In the meantime, Sens. Rockefeller, Wofford and Tom Harkin, D-Iowa, are preparing a counterproposal to the ''mainstream" alternative that would make insurance more accessible to small businesses, individuals, and especially women and children a far cry from their long-held goal of universal coverage.

''We have many miles to travel," Wofford conceded.

The Rockefeller-Woffard-Harkin proposal may represent a last-ditch effort to salvage what's left of a movement that set out nearly three years ago to overhaul what is one-seventh of of the U.S. economy.

''A lot of people here are pretty discouraged," said one top Senate aide. ''But nobody's willing to throw in the towel yet."

The president, asked if he thought the recess would leave Congress with too little time to enact health care reform before adjournment in early October, replied: ''I wouldn't say that, no. I don't think you can say that and I don't think the recess will kill it."

Clinton also told a news conference that he retains hope for health care legislation so long as senators were meeting to negotiate.

''I think the less I say the better right now as long as Sen. Mitchell and Sen. Chafee and Sen. (John B.) Breaux (D-La.) and others are doing their best to continue this dialogue," the president said. ''I think we just have to let this thing develop a little bit."

(Begin optional trim)

Mitchell's plan aims to cover 95 percent of Americans by 2000, relying on voluntary measures and insurance reforms and subsidies to the needy. The legislation stipulates that in states where the 95 percent coverage level is not achieved by 2002, large businesses would be required to provide insurance and pay at least 50 percent

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of worker premiums.

Mitchell's plan has been criticized for its reliance on such an employer mandate and on government to oversee a redesigned health care system.

The ''mainstream'' plan relies on insurance reforms but eliminates any provisions for an employer mandate. It aims to trim $400 billion from future growth of Medicare and Medicaid over 10 years to generate funds to help poor people buy insurance. It seeks to cover about 92 percent of the population by 2000.

(End optional trim)

But critics say the ''mainstream'' plan would lead to excessive litigation, lacks sufficient cost-containment measures and could cause employers to drop coverage for their workers.

The Rockefeller-Wofford-Harkin proposal, according to Senate staffers, would allow small businesses, individuals, women and children access to the Federal Employees Health Benefits Plan, which now offers 9 million subscribers a large choice of health plans at relatively low cost.

It also would cut the rate of growth in Medicare and use savings to provide the elderly with coverage for outpatient prescription drugs and long-term home care.

''This is a very decent start. And it's very much worth doing,'' said one senior Senate staffer. ''The things that don't get done this year can be done next year.''

Clinton Rejects Castro Demand for Talks (Washn)

By Norman Kempster=

(c) 1994, Los Angeles Times=

WASHINGTON President Clinton rejected Fidel Castro's demand for high-level negotiations Thursday, brushing aside pleas from some of his political allies to begin talking to the Cuban leadership about ways to contain the growing refugee crisis in the Florida Straits.

Asked during a late afternoon session with reporters in the White House Rose Garden why the administration negotiates with North Korea while refusing to talk to Castro, Clinton said, ''We have a different policy of 30 years' standing'' which precludes direct contacts with Cuba.

The weather in Cuba and through the straits turned nasty Thursday and is expected to become much more hazardous this weekend for the Cubans' make-shift rafts. While the rain and high winds clearly discouraged refugees from beginning the difficult voyage, the rough conditions almost certainly will result in the deaths of some rafters already at sea.

News agency reports from Havana said the beach at nearby Cojimar, the departure point for many of the thousands of refugees in the past week, was empty of rafters for the first time in days. Nevertheless, U.S. Navy and Coast Guard ships continued to pick up Cubans who had departed earlier.

Coast Guard officials said the weather was deteriorating rapidly in the straits Thursday night, with squalls of between 20 knots and 40 knots and waves of between six and 10 feet rough enough to swamp all of the rafts and many of the small boats being used by the refugees.

Full-fledged storms are expected over the weekend.

''This is not a tropical storm,'' said forecaster Lixion Avila of the National Hurricane Center. ''But if you have rafters in this situation, it is very dangerous.''

Clinton said he is ready to resume low-level talks on Cuban refugee status and immigration, which have been going on occasionally since 1984. But he ruled out discussing other subjects and said he will not upgrade the negotiations by assigning senior officials to conduct them.

He said Castro ''needs to be in consultation with his own folks. ... The people of Cuba want democracy and free markets.''

Earlier in the day, Attorney General Janet Reno and Undersecretary of State Peter Tarnoff said the administration is determined not to give Castro the Washington-Havana dialogue he has long sought.

Both officials said Castro deliberately caused the crisis by throwing open the island's long-barred exit in an effort to force a dialogue with the United States and it is up to him to end it. But that response ignores the immediate effect of the 3,000-a-day influx of refugees on the U.S. Navy and Coast Guard and the impact of the well-watched humanitarian disaster on the American public.

In a 2&1/2-hour late-night speech Wednesday, Castro called for negotiations not only over immigration and refugees issues but also the longstanding U.S. economic embargo and Washington's control of Guantanamo Bay Naval Base under a lease that was signed long before Castro seized power.

(Optional Add End)

Clinton's refusal to talk to Castro continues a policy that was followed by eight previous presidents starting with Dwight D. Eisenhower. Republicans generally praised the president for holding firm against negotiations even though many of them were sharply critical of other elements of his policy. But a growing number of Democrats on Capitol Hill, joined by some outside experts, called for a new dialogue with Cuba.

Sen. Christopher Dodd, D-Conn., a member of the Senate Foreign Relations Committee, said that ''some open negotiations with Castro makes sense. It's anachronistic not to do it.''

President-elect Ernesto Zadillo of Mexico also called for talks between Washington and Havana. He offered to mediate.

Guantanamo Refugee Camp Raises Danger of Violence (Washn)

By Art Pine=(c) 1994, Los Angeles Times=

WASHINGTON The Clinton administration is facing a daunting and politically risky challenge as it prepares to expand the refugee detention centers at Guantanamo Bay naval base: how to hold Cuban and Haitian refugees there indefinitely without inviting violence and riots.

A series of disturbances already has erupted among Haitians at the base on Cuba's southeast shore. Although U.S. security forces have quelled them successfully, both Haitians and Marines were injured in one fray last Saturday and military experts concede that more such incidents are almost inevitable.

Furthermore, U.S. officials are mindful that the incidents occurred among a refugee population of only 14,000 people who had been in U.S. custody only a few days or weeks. Current plans call for expanding the camps to hold up to 60,000 people and to keep the Cubans there for months, allowing them little freedom of movement.

Top administration planners worry that serious violence on Guantanamo with the predictable nightly TV footage of rioting refugees and near-daily casualties among Cubans and U.S. security troops would be politically damaging to

Health Bill Is Put in Limbo by Senate Democrats As They Now Plan Recess Until Mid-September

By David Rogers
Staff Reporter of The Wall Street Journal

WASHINGTON – Senate Democrats, admitting they lack the votes to enact health-care reform, agreed to allow a recess until mid-September while the party leadership keeps trying to reach a compromise with Republican moderates.

The abrupt shift contradicted Majority Leader George Mitchell's oft-repeated vow to keep the Senate in session through the summer if needed to pass a health bill. While still holding out hope of enacting incremental reform legislation this year, Democrats admit the delay leaves little time for Congress to reach agreement before the November elections.

Small Businesses' Plans
Small-business owners are following their big brothers into managed health-care plans. Enterprise, page B2.

"Fewer people can stop more, as time grows shorter," said Sen. Christopher Dodd (D., Conn.). Perhaps as important, the delay now takes the health issue off the Senate floor and into a nether world of negotiations from which some expect it will never re-emerge this year.

"I believe we can get a good bill," Mr. Mitchell insisted after a party luncheon yesterday. But these hopes rest on the Clinton administration and Democrats accepting a much more scaled-back version of health reform than previously proposed.

An Easy Exit?

In fact, the altered schedule and promise of negotiations could prove to be an exit strategy for both sides, which want to avoid being seen as killing reform outright. The expected return date for the Senate is Sept. 12. And the House leadership indicated yesterday that it would extend its recess correspondingly.

That leaves less than a month before lawmakers expect to go home again in October to campaign for re-election. As a practical matter, it would require an immense effort to enact even a scaled-back reform bill in this period.

Mr. Mitchell, who is retiring this year, has made the issue a personal crusade of sorts. But he must overcome divisions in his own party and an increasingly partisan Republican minority, which has shown no sign of relenting, as demonstrated by its record of opposition on the anticrime bill.

Bitter Remarks by Dole

Many of the same GOP moderates with whom Mr. Mitchell is dealing sided with the administration yesterday in a pivotal vote on the anticrime legislation. Sharp, even bitter remarks by Minority Leader Robert Dole (R., Kan.) before the roll call were hardly encouraging that he would help to enact whatever compromise the moderates can reach on health care.

Chief among this group is Sen. John Chafee (R., R.I.), the Republican leader of the bipartisan "mainstream coalition," which represents up to 20 swing votes on health care. Mr. Chafee has ties to Mr. Mitchell through their years on the Senate Environment and Public Works Committee. The fate of the reform effort rests very much on the ability of these two men, who will meet today, to bring together colleagues on each side. "I still have some optimism," said Mr. Chafee, who argued the delay could be a boon if all sides cool off and allow some constructive talks.

In remarks yesterday, President Clinton sought to play down the impact of the Senate delay. He faces major decisions himself as to how far he is willing to depart from his initial reform plan. His best hope is to get some combination of insurance reforms and subsidies designed to move toward the goal of universal coverage. But no one expects Congress to approve comprehensive health-care reform on the scale the president once envisioned, and even the reduced subsidies backed by Mr. Chafee are in question.

"I don't think doing nothing is a choice," said Sen. Thomas Daschle (D., S.D.), who hopes next year to succeed Mr. Mitchell and who has been a close ally of the majority leader in the reform effort. "I think it would be a big mistake to come halfway and say this is not enough."

Governors Make a Point

Much the same view was taken by Vermont Gov. Howard Dean, who has been a leader among the nation's governors on health-care issues. To accommodate the governors, the mainstream group agreed in a meeting yesterday to modify its plan to better integrate Medicaid into a system of vouchers for lower-income families. "As a Democrat and very strong supporter of the president, this bill doesn't go far enough," said Gov. Dean of the moderates' plan. "As an American, we have to have a bill this year, and this is probably the vehicle to get it done."

The decision to incorporate much of Medicaid into the mainstream group's plan will enlarge the subsidies included in it.

The moderates' discussions with governors also relate to provisions governing what contributions states must continue to make to Washington, just as they currently share in the financing for Medicaid today. These so-called maintenance-of-effort payments are extremely sensitive for governors. Rather than impose a fixed formula, the moderates agreed to a provision that would tend to favor states whose medical costs rise slower than the national average.

By the same token, the mainstream proposal would achieve large savings by cutting payments to help hospitals that carry a disproportionate number of patients without insurance. The assumption is that these payments won't be needed as subsidies are extended to many poor families. But in fact, the proposed voucher system will be implemented only slowly from 1997 to 2004, and even then, only households with incomes below 150% to 175% of the poverty line would be assured of any significant subsidy.

Agriculture Agency Develops a Method To Speed Testing of Meat for Bacteria

By Albert R. Karr
Staff Reporter of The Wall Street Journal

WASHINGTON – The Agriculture Department said it has perfected a fast, scientific method for detecting possibly harmful bacteria on meat going through commercial processing plants.

The new, five-minute "microbial" test will enable inspectors to do a better job of determining when beef, pork and poultry carcasses have toxic bacteria, officials said, and will help inspectors to act quickly to correct a problem. The department has said for many months that such a test was in the works.

Currently, inspectors must rely on less-effective visual detection of fecal contamination on meat carcasses – or on so-called biologic detection, which involves analysis of plate cultures after 48 hours. But meat has long passed through a slaughterhouse's processing line before the results of a biologic test are available.

Agriculture Secretary Mike Espy said he told his department's Food Safety and Inspection Service and its Agricultural Research Service to work up a plan for using the new test method in regular meat inspections. Michael Taylor, the new administrator of the inspection service, promised rule-making that could lead in a year to a requirement to use the new test.

Officials said the test has been tried in 12 commercial processing plants and on more than 1,000 beef, pork and poultry

Gift Investigation

Mr. Espy's announcement comes as he is under fire for letting outside interests pay for personal trips and tickets to sporting events. Attorney General Janet Reno early this month asked a federal appeals court here to name an independent counsel to investigate charges that Mr. Espy illegally accepted gifts from poultry giant Tyson Foods Inc. and others with business before the department.

This week it was disclosed that Mr. Espy charged the government $849 for a trip to the Super Bowl in January, where his department's Smokey the Bear was honored in two halftime videos. An Atlanta museum that is promoting Smokey's 50th birthday paid $900 for four game tickets that it gave the secretary.

At a news conference called to announce the new meat-testing approach, Mr. Espy refused to answer a question about the Super Bowl tickets, saying the briefing was on a "technical" issue. According to Reuters news service, he told reporters after the session that the report about the Super Bowl trip "is replete with inaccuracies" and that after an independent counsel is named, "I will begin to answer and tell and speak and refute" the allegations.

Status of New Test

The new, rapid-test method isn't yet capable of singling out specific pathogens such as salmonella or E.coli, which are produced by fecal contamination and can be deadly for consumers. But Mr. Espy said that if his department hadn't moved ahead with yesterday's announcement, "there could be another accusation" that it was dragging its heels. Critics have said that the department has gone slower on "zero tolerance" for poultry fecal contamination than it has for other meat. The secretary said that when he took office, existing rules for red-meat contamination weren't being enforced and rules for poultry hadn't even been developed.

As for the new test, officials said that by detecting high levels of any bacterium, the test will enable inspectors to take steps to reduce bacteria – harmful or otherwise – from meat on processing lines. The test involves swabbing part of all of the meat carcass with a sponge, removing the bacteria from the sponge and then analyzing the amount of those bacteria.

The new meat-inspection test adapts technology that the beer and pharmaceutical industries are already using to detect bacterial contamination on processing equipment.

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PRESERVATION

Senate will go on vacation without passing health-care reform

By Peter G. Gosselin
Boston Globe

WASHINGTON Senate Majority Leader George Mitchell, bowing to lawmakers' restiveness and a lack of votes, announced Thursday that the Senate would leave for its summer vacation without passing a health-care overhaul bill.

Mitchell's decision does not mean revision of the health system is dead for the year, but it leaves the issue's fate in the hands of a tiny circle of legislators, who must strike a deal with Republican-led Senate moderates before mid-September or watch health revision's chance fade to black.

Conservative Republicans immediately gloried in the delay as divided Democrats struggled to put the best face on the move.

''This is a dead body that they've been dragging around for the last two weeks," said Sen. Phil Gramm, R-Texas.

On the other hand, Sen. Thomas Daschle, D-S.D., who only days ago had argued against a recess and said it would hurt, not help, the health cause, said the delay ''really is breakthrough for all of us. Our belief is that this gives us an opportunity" to reach a health compromise on which the Senate can vote when it returns.

Until Thursday, Mitchell, a Maine Democrat, also had opposed a recess and had threatened to keep the Senate in session despite many lawmakers' desperation to make it home in order to begin re-election campaigns. Mitchell said Thursday that the Senate would not return until the week of Sept. 12.

What happens now, according to congressional aides, is that Mitchell and his staff will begin meeting with Sen. John Chafee, R-R.I., and Sen. John Breaux, D-La., the twin leaders of the so-called ''mainstream" coalition, in an effort to bridge differences between the mainstream group's scaled-back health proposal and Mitchell's more ambitious measure.

If the sessions go as White House and congressional Democratic leaders hope, Mitchell will emerge with a compromise that retains some elements of President Clinton's original health plan and with the votes of the mainstream group's 20-or-so members.

But the odds against Mitchell succeeding are substantial. Each side in the talks is suspicious of the other and is being pulled away by its more extreme members. Each also faces a host of technical and legal problems in devising compromises that satisfy its members and could actually work, given the nation's present health-care system.

Democratic leaders from Clinton on down have sought to keep their spirits up in recent days with appeals to history, arguing that after a year of effort, they are closer to passing major legislation than at any time in decades, and that success is only a matter of a few more compromises.

The president sounded the theme Thursday during a Rose Garden appearance to praise the Senate vote on crime legislation. Asked whether health overhaul was dead for the year, Clinton answered, ''I wouldn't say that, no," and added ''I told you all ... that (health) was a very complicated issue; that it's no accident that presidents of both parties for 60 years have tried to find a way to solve the health-care crisis and have never been able to do it."

Sen. John Glenn, D-Ohio, took a similar tack in an afternoon press conference of 14 senators saying: ''Before everybody goes out and hangs crepe over everything that was not accomplished ... I'd challenge anybody in this room to say when there's been this serious a discussion of health-care reform in your lifetime. Never since Harry Truman has there been this thorough a discussion of it."

Discussion, however, does not make law, and independent observers warn that Mitchell's decision to let lawmakers go home and face constituents ultimately could hurt the health cause. Polls show many voters are concerned they could pay more for fewer services under health overhaul, and they want Congress to delay acting. Congressional support for major legislation has appeared to drop each time lawmakers have gone home on breaks this year.

The House already is on vacation, having left Sunday after passing a crime bill and giving up hopes of voting quickly on health. Although House leaders assert they will act when lawmakers return Sept. 8, most observers doubt it. Undecided House members have said they want to see what the Senate does before they vote, and senators do not even return until the following week.

(EDITORS: STORY CAN TRIM HERE)

The mainstream group's health proposal won a potentially important endorsement Thursday when Vermont Gov. Howard Dean, who is chairman of the National Governors Association, called it ''very friendly" to states because it gives them flexibility and a considerable fraction of the expected savings from proposed Medicaid cuts.

''As a Democrat and a very strong supporter of the president, this bill does not go far enough," Dean said of the mainstream measure. But he added that he and other governors want some health legislation this year and ''this is probably the vehicle to get it done."

Although both the mainstream and Mitchell proposals represent substantial retreats from Clinton's original goal of universal health insurance coverage, the mainstream group's plan is especially unappealing to the president because it includes provisions that strike at important constituencies such as organized labor and the elderly.

The mainstream group dropped expensive new prescription drug and long-term-care benefits proposed by Clinton, concluding that the country can not afford them, but also called for hundreds of billions of dollars in cuts in Medicare, the government health insurance program for the elderly. Advocates for the elderly have warned that the combination is intolerable.

The mainstream proposal also calls for restricting companies' rights to deduct health insurance costs from their taxes, a move unions adamantly oppose for fear it will discourage employers from continuing to provide health benefits.

Despite such political dynamite, Chafee and other mainstream leaders have spent most of the week saying they will accept only minor changes in their proposal and, according to Democratic leaders, suggesting Mitchell and the president must take it or leave it.

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THE NEW YORK TIMES, FRIDAY, AUGUST 26, 1994

Clinton's Smiles on the Crime Bill Mask the Pain Over Health Care

A1

By R. W. APPLE Jr.
Special to The New York Times

WASHINGTON, Aug. 25 — As the Senate tottered toward a two-week recess tonight, even a big victory on the crime bill did relatively little to lift flagging spirits in the White House about health care legislation, which President Clinton has made the centerpiece of his Administration.

Mr. Clinton said this afternoon that he did not consider the legislation dead, and added that he did not think the recess would kill it.

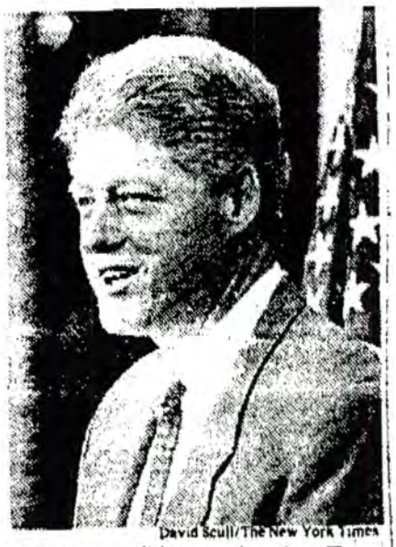
But it is very sick, and there is no effort to hide that fact among the people who have labored for two years to fashion a new health care system.

In fact, the President and his advisers have decided to rethink their situation while Congress, and many of them, are on vacation. Having scaled back his bottom-line demand from a system that would provide universal care to one that makes decisive progress in that direction, the President must now consider whether he would accept an incremental bill achieving much less or whether, as he promised not too long ago, he would veto it.

On Tuesday, Speaker Thomas S. Foley said he could settle for a bill providing progress on insurance-law changes — something, as he said, "that can pass and make significant, if initial, steps toward the goals of coverage, avoidance of cost-shifting, maintenance of all quality, all those things." A number of senators, both Republican and Democratic, tend to agree with him.

Mr. Clinton does not appear to have

Continued on Page A18, Column 1



David Scull/The New York Times

President Clinton, in the Rose Garden yesterday, said he hopes Congress will act on health care.

THE WHITE HOUSE

Where the Smiles Help Mask the Pain

Continued From Page A1

reached that point yet. But in discussions in recent days, he and his aides are reported to have been asking one another questions about some of the measures that might be attainable in September, if indeed anything can be attained. Among them: Does this do more harm than good? Is it a genuine step toward universal coverage, even if modest? Who bears the burden of the changes? What groups? What individuals?

A senior White House official, echoing such discussions, said today that it was impossible yet to decide what kind of health care compromise might be acceptable — saying, in effect, that a new bottom line remains to be drawn. "You can't make that decision in a vacuum," he said.

The Voices Back Home

Paul Begala, a Democratic strategist who provides advice to the White House, said the pause might give the whole health care debate a second wind. He suggested that it might be useful for everyone involved "to step back and cool down."

Mr. Begala predicted that members of Congress returning to their constituencies would encounter people telling them to "get back to work" on health care. He added, "At some point even the most obstructionist politician is going to hear from voters who say, 'I know what you're against, but what are you for?'"

But if the latest polls are to be believed, most are also likely to hear from a different kind of voter, the one who thinks the whole idea has become too complicated, too full of traps and too expensive for quick action. Already, that view has gained considerable ground on Capitol Hill.

Health legislation may not be dead for this year, but it is very sick indeed.

In all of this, there is a good deal of political positioning. No one wants to seem to kill off the last chances of health care legislation for this session, especially with midterm elections approaching. So everyone wants to seem as flexible as possible.

The Lingering Hope

There is still some small hope at the White House that a few Senate Republicans might be persuaded to vote for a fairly substantive bill. Inevitably, that hope was supported by Mr. Clinton's success, on the vital procedural vote today in the Senate on the crime bill, in persuading Senators John C. Danforth of Missouri, Nancy Landon Kassebaum of Kansas and John H. Chafee of Rhode Island, all Republicans, to side with him.

Mr. Chafee and Mr. Danforth have been part of the so-called "mainstream coalition" of Democrats and Republicans who have been looking for the elusive middle ground on health. In addition, Mr. Danforth is retiring, along with Senator Dave Durenberger, Republican of Minnesota, another coalition member, and White House strategists believe that this might give them a greater incentive to go all out for the passage of something that could stand as a final achievement.

A few Republican votes might make it easier for moderate and centrist Democrats, several from the South, like Mr. Clinton, to move.

But the situations involving the two bills are different. The crime measure began with bipartisan support, turned into a partisan bill as it passed through the legislative process, partly because of the addition of the ban on assault weapons, then was revised sufficiently to attract a measure of bipartisanship once again.

Although more than a dozen Republican senators once said they favored universal health care, no bipartisan bill was ever drafted. The Republicans always planned to propose measures of their own in both houses, and they did so. So bipartisanship, in the White House view, may be considerably harder to achieve next time.

Still, Administration officials say, a large number of senators — including Mr. Chafee; Barbara Boxer, a liberal Democrat from California, and George J. Mitchell of Maine, the Democratic leader — have all told Mr. Clinton in the last few days that he should not give up. A way forward, they have said, may be clearer in a couple of weeks.

The risk, of course, is that what little momentum the Administration now has will be dissipated. But the President really had no choice but to talk today about throwing off "the bonds of politics as usual" and then wait, see and (especially) hope.

Gore: U.S. Does Not Seek Worldwide Abortion Right

PHOTOCOPY
PRESERVATION

By Boyce Rensberger
Washington Post Staff Writer

A1

Vice President Gore said yesterday that the United States wants to modify the plan of action to be debated at next month's world population conference in Cairo in order to refute "outrageous allegations" that the document attempts to establish a worldwide right to abortion.

"The United States has not sought, does not seek and will not seek an international right to abortion," Gore said emphatically in a news conference at the National Press Club.

In recent weeks, various religious and political groups have waged an increasingly vociferous campaign against the United Nations-sponsored meeting because they fear it will lead to abortion services becoming more widely available around the world. As Gore noted, 173 countries permit abortion under at least limited circumstances.

Gore said the proposed alterations to the plan's language represent no change in the administration's policy. But some critics, including a member of the Vatican's delegation to the Cairo conference, interpreted it as a move toward compromise.

Gore also took the opportunity to praise Pope John Paul II and the Roman Catholic Church for their longtime work on behalf of economic development, education and health in developing countries, all areas of widespread agreement in the document being prepared for the International Conference on Population and Development, which is scheduled to begin Sept. 5.

The draft plan of action, which would not be binding in any case, already said, "Women should have ready access to quality health care services that include reliable information, counseling and medical care to enable them to terminate pregnancies in those cases where it is allowed by law, if they so decide."

Despite the plan's recognition that abortion laws differ among countries, critics long have claimed that the Clinton administration had been trying to push the Cairo document toward a more aggressive position on abortion.

See GORE, A18, Col. 2

GORE, From A1

Some, for example, cited a cable that the State Department sent to its ambassadors in March that said, "The United States believes that access to safe, legal, and voluntary abortion is a fundamental right of all women."

Gore said that although the administration believes that safe and legal abortion should be part of a broad range of health services available to women, the provision of such services should never violate laws of countries where it is restricted. Nor, he said, should women ever be coerced, even through social or psychological pressure, to have abortions.

Gore, who will lead the U.S. delegation to the Cairo conference, said he will work to add language to the plan of action making these points clear.

"The incidence of abortion must be reduced," he said. "We do not promote abortion." Citing the administration's formulation that abortion should be "safe, legal and rare," the vice president said the best way to make it rare is to make contraception easily available to couples.

Gore cited Russia as an example of a country where birth control services are rare and, as a result, the abortion rate is high. He said Russian women have an average of seven to eight abortions each over a lifetime. "Abortion should not be a method of family planning," he said, adding that abortion "should not be regarded as morally equivalent to contraception."

That position appears to "amount to a shift in U.S. policy," said the Rev. James McHugh, the Roman Catholic bishop of Camden, N.J., and a member of the Holy See's delegation to Cairo. "Maybe this is a good thing for the United States."

McHugh, who was present at preparatory conferences earlier this year that hammered out language for the draft plan of action, said that at that time the U.S. delegation was "determined and intransigent" in refusing to add language that would have said abortion should not be promoted as a method of family planning. A spokesman for the Southern Baptist Convention, one of the larger groups that has criticized the U.S. position in Cairo, called Gore's remarks "disingenuous." James A. Smith, director of government relations for the convention's Christian Life Commission, said the new statements clashed with what the administration has said previously. He cited the State Department cable.

"I'll be delighted if, in fact, [the administration really means what Gore said]," Smith said, "but I'll believe it when I see it. Let's see the actual language they're proposing."

A draft of the language to be added to the abortion section of the plan, already said to be winning approval by European countries, says the implementation of population policies "is the sovereign right of each nation, consistent with national laws and in conformity with international human rights standards" that forbid coercion.

Gore acknowledged that emotions in the abortion debate run too deep to achieve agreement among all parties. "We do not imagine we will ever put the abortion debate to rest," he said. "But we believe that our approach maximizes the range of possible consensus and reduces the remaining disagreements to manageable proportions."

"The incidence of abortion must be reduced. We do not promote abortion. ... Abortion should not be a method of family planning."

— Vice President Gore

E. J. Dionne Jr.

Lost Threads of a Presidency

If you talk these days to President Clinton's supporters—including some officials of his administration—you discover that their mood ranges from depressed (those are the optimists) to despondent.

Something has gone terribly wrong. Here is an articulate, activist president presiding over one of the most vigorous economic recoveries in years. Yet his ratings go down as the economic numbers move up. The principles of his health care plan—universal coverage paid for mostly by employers—are broadly popular. Yet as soon as you stick the "Clinton" label on the proposal, support falls through the floor. This seems the only case in recent history where stamping "Made by the U.S. Congress" on a program might make it *more* popular.

If you want to know how beleaguered the administration feels, consider this: When some horrible event happens—most recently, the murders for which O. J. Simpson faces trial—many Clintonites experience a grim sense of relief. They figure that at least for a couple of weeks, the media will lay off attacks on the president because there is something more interesting to cover.

There are some immediate explanations for why the administration has come to this turn. It's worth remembering that last December, the president was very popular, coming off his budget and NAFTA victories and the initial cheers for his speech on health care. Then came new speculation on the president's love life and the rebirth of the Whitewater story.

It doesn't matter that most Americans aren't really sure what Whitewater is all about. The story was a killer because for month after month, every television viewer in America knew that "new questions" were being raised about Clinton's integrity. At some point, people get tired of this. Initially, they might blame the media for being so negative. But then they start blaming their president. They just don't want their chief executive to be the subject of so many doubts, questions, rumors and jokes.

Whitewater also engulfed the White House itself. It hit at the very moment when a new strategy was badly needed to get the health care plan moving. The White House's short-term, campaign mentality sent everyone scurrying to beat back this one story, and much else—including a rethinking on health care—dropped by the wayside. Allies turned on allies as the administration was gripped by the Great Fear that scandals produce these days. Nobody wants to be the scapegoat or to end up on trial for perjury or to be the victim of a nasty campaign of leaks. Trust, essential among people who work together, begins to evaporate.

It must also be said that all these problems have been aggravated by the extraordinary level of personal attack against Clinton. Many presidents have been vilified by their foes, but no one has gotten it as much as Clinton has—and on so many fronts. John Kennedy's love life and Lyndon Johnson's past business dealings never got a going over comparable to what Clinton is going through. Franklin Roosevelt could be at least as cagy as Clinton in getting partisans on all sides of an issue to believe he empathized with them. But this was seen as "flexibility," not "slickness." Ronald Reagan compromised much more than people remember, yet few accused him of selling out.

All true enough. But the real question is why the administration was not better immunized against all this, knowing it is governing in a hostile, cynical environment. The central problem is that somewhere along the line, in the midst of all the spin and the messages-of-the-week, voters have lost sight of Clinton's purposes for being president. Take three areas.

The Lost Campaign: It's forgotten that the 1992 Clinton campaign was built around a straightforward theme. Clinton spoke incessantly about economic pressures on "the forgotten middle class" and government's need to respond to fears of middle class collapse. Clinton talked about programs to retrain the work force, to educate kids for a more competitive environment, to ease the transition from old jobs to new jobs.

Clinton still loves this rhetoric, and a variety of programs have been launched. But mostly, they aren't very big or very visible, having been ground into small pieces by budget pressures. The fact that what was so essential to the campaign has been a sideshow to the presidency feeds the sense that President Clinton is a different man from Candidate Clinton.

The Lost Task Force: In retrospect, it's easy to see that having a health care task force largely divorced from the normal workings of administration and congressional politics was a mistake. Much of the compromising and retooling now going on at the last minute could and should have been done much earlier. The task force should have served as staff to a joint administration-congressional effort. Hillary Rodham Clinton could have played the popular role of chief broker and conciliator, short-circuiting some of the vicious attacks she came under. Most important, the whole process would have looked less technocratic, focused on principles and purposes rather than on esoteric details.

The Lost Values: Clinton's single most effective speech as president was his address to a convention of black ministers in Memphis. He spoke movingly about racism and also about personal responsibility, family breakup, the moral costs of unemployment and crime. He argued that government had a role to play in solving problems, but that only individuals and communities could solve the country's moral crisis. Instead of looking slippery, he looked gutsy. And he did so while saying things that most Americans felt they needed to hear. Why was this emphasis lost?

Clinton says so many things to so many audiences that administration officials can no doubt point to instances when he's done riffs on job training, the middle class, values and the like. And health care has now been boiled down to one popular theme—cover everybody.

Still, the central threads of this presidency have disappeared. Clinton's best defense against all the personal charges always has been that he was in politics to do big things. When voters can no longer see what those large purposes are, the personal overwhelms the political.

Mayor Kelly's Budget Catch-Up

SPURRED BY congressional insistence that the city's proposed $3.4 billion budget can and must be cut by at least $100 million right away, Mayor Kelly has come up with a serious set of proposals to get there. Some are familiar and years overdue. Others are untried and less certain to bring relief. All are being dropped in the laps of the council and Congress for action—and deserve swift but thorough consideration.

The most welcome aspect of the mayor's formula is that it goes beyond mere quick-fix efforts to proposals for consolidation of services, more privatization of municipal functions, further cutting of the payroll through employee buyouts and changes in benefit programs, including public assistance, Medicaid and disability compensation. At best, however, it is still only a partial response to a financial emergency that has intensified by alarming proportions every year and that still threatens to drown the city government in billions of dollars of red ink: unfunded pension liability.

The bulk of the mayor's proposed spending reductions—$76.9 million of a $112 million total—would come from consolidations and other changes in the bureaucracy. Can all of these changes be approved and effected in time for a fiscal year that begins in two months?

Certainly the council should gather its committees, hold hearings, review the math and move quickly. There is no reason to delay consolidations of economic development functions, for example, because these have been suggested by various council members for years. If the council has other proposals for consolidations, this is the occasion to put them on the table. It is also time for the council to stop blocking worthy efforts to save money, such as closing the law school and loosening the restrictions on contracting services. These are, as Mayor Kelly described them, the big-ticket items.

There are other "big-ticket" proposals that Mayor Kelly did not offer, including eliminating scheduled pay raises; this alone could save more than $100 million. That may be politically sensitive, but it's an option.

This and other decisions by the council will also offer voters important political insights. Mrs. Kelly's main challengers for mayor—Mr. Barry and Mr. Ray—will be on the spot. The budget emergency offers a fair test of their seriousness in treating the fiscal health of the District—a central issue of this campaign.

COLMAN McCARTHY

Happily Hunting for New Killing Grounds

Some gun-toting Californians are seeking to set aside 1.5 million acres of public land in the East Mojave Desert as their happy hunting grounds. Other Californians—well more than a majority, according to polls—are agreeing with their two senators that the acreage should be established as a national park, a designation that would prohibit the slaughter of wildlife by human predators.

The division among Californians reflects a division in Congress. In April, during votes on amendments to the California Desert Protection Act—a major environmental bill this year—the Senate rejected a proposal to open the 1.5 million acres to hunting. On July 12, the House went the other way, voting 239 to 183 for an amendment to make the area—twice the size of Rhode Island—a national preserve, a status created by Congress in the 1970s that today permits gunning on 22 million acres of the public's land.

On one level—the political one—the square-off is the familiar pitting of the National Rifle Association and similar pro-hunting groups against citizens who believe public property means bullet-free property open and safe for all.

In recent years, politicians in the NRA pocket have advanced the fiction that people who are armed with guns and who pump lead into animals are the persecuted and defenseless ones. They have persuaded legislatures to pass "hunter harassment" laws, which prevent animal rights advocates from nonviolently assembling in public woodlands as gunners stalk animals with lethal harassment in mind.

This argument took a demented twist in the House floor debate. To vote against hunting in the Mojave Desert is to assault family values, according to Rep. Duncan Hunter (R-Calif.), who said it's just ordinary folk—not elites—who want access to the 1.5 million acres of desert.

"Very few of them are wealthy people," Hunter said. "They like the idea of being able to take their families out into what used to be the great open spaces of the West and spend some time with their sons, spend some time with their daughters, teach them how to shoot, talk to them a little bit about their values, a little bit about their heritage in the West and have kind of an enjoyable time."

Hunter the hunter overlooked a few facts while singing his touching hymn to family values and heritage. Hunting is—and will continue to be—allowed on some 10 million acres of federal land adjacent to the proposed Mojave National Park. In 1992 the sons and daughters of animal killers could hear Dad and Mom rhapsodize about values as they devalued and slaughtered more than 100,000 quail, 37,000 chukar partridge, 88,000 doves, 31,000 jack rabbits and 25,000 cottontails.

It's considered impolitic to use such words as slaughter or refer to hunters as animal killers. Accurate language is sacrificed to code words. In the House debate, predictable euphemisms were spouted by NRA apologists: animals are not animals, they're game; they're harvested, not killed; hunters are conservationists, not nature's serial killers.

Lest they be seen as getting overly serious in protecting wildlife, House members who opposed hunting in the 1.5 million Mojave acres strained to emphasize that they had nothing—by God's word, nothing—against hunting in general. With no spine, Rep. Bill Richardson (D-N.M.) prefaced his opposition: "I rise as a strong supporter of hunting." An equally obsequious Bruce F. Vento (D-Minn.) declared himself "an active hunter."

This political gutlessness—only 6 percent of the public hunts—reveals the residual power of the NRA. Such minor setbacks as the Brady bill have not diluted its hold on Congress.

At no time in either the Senate or House debate did Richardson, Vento or any others who want the Mojave land to be a no-hunting park come close to the candor of Joseph Wood Krutch, the desert naturalist who wrote in "The Great Chain of Life" that the "wanton killing of animals out of no necessity and not even for the sake of a minor need is at least a small murder—not an innocent game."

No one cited one of the world's true spiritual masters, the Dalai Lama: "Killing animals for sport, for pleasure, for adventures, and for hides and furs is a phenomenon which is at once disgusting and distressing. There is no justification in indulging in such acts of brutality."

In congressional debates on hunting and the need for candid language, straight shooters vanish.

The B-2 Sales Pitch

Paul Nitze ["To B-2 or Not to B-2?," Outlook, July 17] and Northrop Grumman want to recast the B-2 bomber—designed to penetrate Soviet air defenses during a nuclear war—as the centerpiece of our post-Cold War forces [news story, July 17]. They are asking for an extra $150 million for bombers the Pentagon doesn't want. Congress should resist this pitch.

B-2 supporters claim that the B-2 will be effective delivering conventional weapons in regional conflicts. They say that we should maintain the B-2 "industrial base" to increase our forces quickly in a crisis. The $150 million they seek this year is an infinitesimal down payment on projected costs of $12 billion to $19 billion for building 20 additional bombers through the next decade.

Beyond budget constraints, it is far from clear that the B-2 should be the backbone of our bomber forces—a role the Air Force has assigned to another plane, the B-1B. B-2 supporters claim that two stealth bombers alone will be as effective as 32 strike aircraft supported by several dozen more escorts, tankers and surveillance aircraft. But in 1992 Air Force officials admitted that the source of this claim—an analysis of the performance of F-117 stealth fighters in Operation Desert Storm—was misleading and omitted important data about how the fighters were supported in operations against Iraq.

The military does not think it needs more than 20 B-2s, along with existing fleets of B-1B and B-52 bombers, to achieve its goal of fighting and winning two near-simultaneous major regional conflicts. Adm. Henry Chiles, head of the Strategic Command, testified in May that from a strategic nuclear standpoint he could not make a compelling argument for buying more planes.

Moreover, a 1992 General Accounting Office review of the nuclear triad stated that converting the B-2 to a conventional role would be lengthy, complex and expensive, and that its capability to perform a conventional mission remained unproven.

Unable to make a strategic case, B-2 supporters fall back on the industrial base argument, justifying $150 million to preserve tools, production facilities and manpower skills.

Various House and Senate committees have added more than half a billion dollars to the 1995 defense budget to preserve the industrial bases for such programs as tank engines, munitions, rifles and military rations.

This rationale begs several questions in the case of the B-2:

- Would more B-2s really provide more security? Deputy Defense Secretary John Deutch doesn't think so: In his words, "Funds for additional aircraft would have to be taken from higher-priority defense needs that support the readiness and modernization of our forces."
- Do we have to keep building B-2s to be able to produce bombers at all? Or can the same know-how that builds modern jet fighters and other aircraft be used to build future bombers?
- If we were to need a new bomber down the road, would it be the B-2? The B-2 was designed to overcome advanced Soviet air defenses that were never built. No comparable threat exists in arenas such as Bosnia. Investing more money in the B-2 may tie the United States to a plane that is overbuilt for future missions.

JENNIFER WEEKS
Washington Representative for Arms Control
And International Security
Union of Concerned Scientists
Washington

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FRANK 8/3/94

IRA - YOU KNOW THEY COULDN'T PASS UP THE CHANCE TO TAKE A SWING AT YOU VIA S. GRADY. — CLF

Who lost health care reform?

WASHINGTON.

SANDY GRADY

WHO LOST HEALTH CARE reform? Sometime this autumn, while leaves are falling and the World Series isn't being played, that may become a bitter, taunting question.

Sure, if you believe Washington rhetoric about plans X, Y and Z, Congress is chugging toward revolutionary reform that will insure almost everybody, cut your doctor bills and cure the common cold. In truth, there's better than a 50-50 shot that gridlocked honorables won't be able to pass *any* health reform bill this year. Nothing. Zilch. Nada.

This would be semi-disastrous for Bill Clinton, though he fights on gamely. Never mind that the "Clinton Plan" has vanished. It is now the Mitchell-Gephardt-Kennedy-Moynihan (And a Draft Choice To Be Named Later) Plan. Any congressman voting for it probably gets his name on it.

Failure would be a sour reward for Sen. George Mitchell, D-Maine, the Senate majority leader who nobly gave up a Supreme Court nomination to struggle desperately through summer dog days for a health bill. Under his new plan, if 95 percent of Americans aren't covered by the turn of the century, thanks to subsidies for poor kids and a voluntary system, employees would kick in 50 percent.

Mitchell's dreaming. "It's not going to happen," said Sen. Phil Gramm, R-Texas. "A blind man can see there's no consensus on health care in Washington, D.C." Few Democrats are rah-rah enthusiasts either. "The results are preordained," sniffed Sen. John Breaux, D-La., quarterback of a Senate pack opposing mandates. And Rep. Jim Cooper, D-Tenn., who leads House moderates, grumps: "The employer mandate is dead. It just hasn't been buried."

So, who should we blame if health care goes down in flames?

Start with White House wonks. Boss architects Hillary Clinton and Ira Magaziner invented a 3,000-page Rube Goldberg gizmo that nobody understood. (Magaziner, when I asked about the complexity, said, "If we made it simple, it wouldn't work.") Clinton would have fared better telling Congress, "I want universal health insurance — you work it out."

There is no public groundswell to force Congress off the dime. Opponents have slicker resources, more money and emotion than people who want health care reform. Their clout stretches from the insurance lobby's "Harry and Louise" ads to small-business groups to anti-abortion zealots heckling Clinton.

Paradoxically, fear of losing jobs and health coverage, apparent in Pennsylvania Sen. Harris Wofford's '91 win, are eased by the stronger economy. But Clinton's approval ratings keep fading. House leaders, obviously afraid his name is poison, insist, "This isn't the Clinton plan."

Shamelessly, the health care fight will be a cynical fight for political points. To career pols, midterm elections loom bigger than health reform. Republicans will sit this one out, leaving Bob Dole as villain if he isn't nimble. Sure, you'd think Democrats, realizing the '96 White House could be at stake, would pull together. Forget it. Conservatives who hate employer mandates, single-payer purists, Southerners who detest tobacco taxes — Democrats are as cooperative as Bosnians and Serbs.

For Mitchell to craft a Senate majority or Rep. Dick Gephardt, D-Mo., to get 218 House votes will take hairbreadth miracles.

The end game will be a mess. The House plan announced by Gephardt is grandiose — universal coverage by 1999, either by employers paying 80 percent or a massive expansion of Medicare to cover the poor. Bet that congressfolk will wait to see if the Senate passes the dreaded mandates first. Then comes the House-Senate conference squabble, a black hole into which health care could disappear.

A watered-down version of health care, without universal coverage, could send costs and premiums higher. That would haunt Clinton and Democrats. Polls show Americans, by 2 to 1, want Congress to "come back next year, do it right." But Clinton aides, foreseeing lost seats in 1995-1996, know their chances will dwindle.

If the scenario turns out bleakly, it won't be hard to figure who lost health care reform. To quote Pogo Possum: "We have met the enemy and he is us."

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800 268 9411

Hillary warms to the role of First Bully

The first lady went to Hartford, Conn., last week, a city where insurance companies employ many men and women, to denounce insurance workers who do nothing but push paper around. "Wouldn't it be better to get more nurses, health care assistants, more doctors and more hospital workers who are taking care of people?" she asked.

An insurance administrator, father of two boys, 5 and 7, called a radio talk show to denounce Hillary Rodham Clinton for making him a villain.



Suzanne Fields

The man is proud of what he does, making a life for his family, and is offended that the first lady would demean his work as "paper pushing," at the same time she dismisses jobs lost in the insurance industry as of no consequence to her. The man is proud that when someone asked his son what his father does, the boy replied: "He helps people."

Hillary's remarks go to the heart of her rude policy-making style. It's easy to find abuses in most any kind of business, beginning with the first lady business, and Hillary Clinton's agenda requires that she demonize careers and occupations that don't fit into the kind of government-run health care she seeks. She plays on crude sentiment and raw prejudice rather than argue with facts.

Who ever said that money saved for laid-off insurance administrators would be turned over to doctors and nurses, anyway? It takes considerable chutzpah, it seems to me, for Hillary to attack "paper pushers" in the insurance industry when George Mitchell's 1,410 page health care scheme multiplies government paper pushers exponentially.

In fact, the Clinton-Mitchell approach to health care would "create 166 new boards, agencies, councils, commissions and new bureaucratic responsibilities for 46 existing agencies," according to Sen. Arlen Specter, Pennsylvania Republican. Talk about paper pushers.

It takes considerable chutzpah for Hillary to attack "paper pushers" in the insurance industry.

In a similar way, Hillary demonizes the pharmaceutical companies by dismissing their accomplishments and scorning the complexities and expense of developing new drugs. With Americans worried about the cost of health care it's a cheap shot to indiscriminately "put down" workers who play by the current health care rules. It's unfair to vilify drug companies whose high prices often cover extraordinary sums for research and development into cures for diseases, many of which will never make any profit.

Hillary's heated rhetoric of a wife trying to throw her husband's weight around demeans the office of the presidency, reducing her husband's power to persuade. She may want to emulate Eleanor Roosevelt but as one Washington pundit put it, "she sounds more like she's married to Forrest Gump."

Ironically, her health care plan would create more paper-pushers than medical experts. She wants to limit the number of physicians in the various specialties. Rationing is a nasty word, which is why the Clintons flinch from it, but when the government decides how many doctors it will let train for a particular specialty, that's rationing.

Democrats attack Bob Dole, the leader of the Senate Republicans as "obstructionist," but he's slowing things down, slowing the pell-mell rush away from a free market system that provides the best medical care in the world to a system whose consequences sound more frightening the more we learn about it.

The most dramatic difference between conservative and liberal approaches to health care in the Senate has been articulated by Sen. Bob Packwood, Oregon Republican: "In essence, every one of [the Democrats'] opening statements was that little Nellie is tied to the railroad tracks and the train is coming down the track, and the train is going to cut off her legs when she does not have any insurance coverage. And the solution of the Democrats is to make sure she is insured. I think the solution of the Republicans would be to try to stop the train."

Reform is necessary. We nearly all agree on that. Health insurance must be portable for those who change jobs, cover those with existing conditions, and we should find ways to cover the uninsured. But before we destroy the best medical system in the world by chasing rainbow fixes, let's remind ourselves that this is still the best country in the world to be in if you're seriously ill. No small thing. Why should we let the first lady intimidate us to bargain away a birthright?

Suzanne Fields, a columnist for The Washington Times, is nationally syndicated. Her column appears here Monday and Thursday.

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This crime bill is an insult

By F. James Sensenbrenner, Jr.

President Clinton has misled the American people about the Republican position in crime. Maybe you saw him on Friday, standing in front of a wall of police officers. He seemed to say that Republicans oppose money for police. That is false. It is an insult to the Republicans in Congress, and a distraction from our real area of disagreement — the $9 billion in social welfare spending that the President wants.

This crime bill has three major parts: police, prisons and social welfare spending. Almost unanimously, Republicans support spending more money on police and prisons. But overwhelmingly we oppose the social welfare programs.

If the president sent a simple bill to Congress, one that spent money on police and prisons, it would have passed a long time ago. But he didn't do that. He is, in effect, holding police and prisons hostage to the demands of the big city mayors and the left wing of his party.

Let me state this one more time: If the president wants to pass those parts of the crime bill that fund police and prisons, it can be done this week, and with a lot of Republican support. But, if the president insists on $9 billion in social welfare spending, Republicans cannot in good conscience support the bill.

Republicans feel an obligation to protect the taxpayers from more wasteful spending. And, the $9 billion in social welfare programs is as wasteful and counter-productive as any programs I've seen in my 15 years in Congress.

Midnight basketball, arts and crafts lessons, dance lessons. We can't ask taxpayers to pay for that. Then there's a $1.3 billion program that finds jobs and housing for criminals and gives them health care. And, I don't mean jobs, housing and health care in jail. No, this keeps the criminals out of jail and then gives them a hand.

Meanwhile, honest people who are unemployed have to wait in line and take care of themselves. If the president gets his way, the unemployed will be better off if they become criminals.

If the president wants to pass those parts of the crime bill that fund police and prisons, it can be done this week, and with a lot of Republican support. But, if the president insists on $9 billion in social welfare spending, Republicans cannot support the bill.

Then there's a $630 million section that funds children's programs. The money can be spent on virtually anything, and, I'm not making this up, it can be spent on the Joycelyn Elders agenda of clean needles for drug addicts, condoms for teenagers, abortion counseling and safe-sex classes.

I've heard the president call this bill "tough and smart." And, I will say one thing: You've got to be pretty smart to figure out what some of these programs will do. Let me give you an example of the goobledygook that supposedly defines the $9 billion in social welfare spending. Think to yourself if you really understand it. The programs would "mobilize resources," "provide meaningful and lasting alternatives," "institute a collaborative structure that trains and coordinates," create "outreach programs," and "increase self-esteem and provide life skills."

What? How do you design a program to increase self-esteem or provide life skills? Does this really belong in a crime bill? And what do they mean by life skills? Do we need a separate bureaucracy to tell us what life skills means?

I don't see how anyone can vote to spend $9 billion on these programs. That's $9 billion earned by the working people of America. They send the money to Washington. We're entrusted with spending it. We have a duty to spend it wisely. We shouldn't waste it on programs that are so vague they can't even be described.

The crime bill suffered a defeat last week because of $9 billion in social welfare spending. And, that's what the president is fighting to save. He could have his police and his prisons tomorrow, if that's what he really wanted. But he would rather play politics and mislead the American people about Republicans.

Last week, the House Republican Leadership offered to work with the president on a bipartisan bill — one that emphasizes police and prisons. I hope he accepts the offer, instead of breaking Democratic arms to pass the same misguided bill that failed last week.

Oh, and by the way, did I mention the 10,000 drug criminals now in jail who would be released early under this bill? It's right there in Title VIII called (euphemistically) "Applicability of Mandatory Minimum Penalties in certain Cases."

Tough on crime? Not really.

F. James Sensenbrenner, Jr. is the ranking Republican member on the House Subcommittee on Crime and Criminal Justice.

Another Whitewater casualty

Deputy Treasury Secretary Roger Altman, who announced his resignation yesterday, joins former White House Counsel Bernard Nussbaum and former Associate Attorney General Webster Hubbell as casualties of Whitewater. Mr Altman wrote to the president that he hoped his departure would allow the administration to move on. Up to a point, it will. But Whitewater shows no sign of receding as an issue, and the White House is mistaken if it thinks otherwise.

It is Mr. Altman's great good fortune that Robert B. Fiske, Jr., the original Whitewater special counsel now replaced by Kenneth Starr, was not quite so fanatical in his pursuit of wrongdoing as Lawrence Walsh, the Iran-Contra independent counsel. Mr. Fiske found no indictable wrongdoing, but Mr. Altman did indeed mislead Congress (a felony in Mr. Walsh's book) in testimony before the Senate Banking Committee in February. He was asked about contacts between Treasury Department officials and the White House in connection with a Resolution Trust Corp. probe into the failure of Madison Guaranty Savings and Loan, the financial institution at the center of Whitewater. He minimized the extent of contacts he personally had or knew about. And in response to press reports of additional contacts, he wrote the committee to amend his testimony while still failing to fully disclose all contacts.

This was clear to anyone who watched the Senate Whitewater hearings, senators of both parties included. Mr. Altman's dodges by way of explanation were wholly unpersuasive — even if they were typical of the strategy of non-responsiveness pursued by many administration officials in their testimony.

But numerous issues remain, and congressional hearings — the very thing that led to the consensus that Mr. Altman's had to go — are by no means complete. If the White House really wants to get past Whitewater, officials there should insist that full-scale hearings go forward as quickly as possible. Mr. Fiske opposed hearings in areas of ongoing investigations, and he did nothing to protest when Democrats in Congress seized on that opposition to delay even partial hearings as long as they did, in the apparent hope of avoiding political embarrassment.

Mr. Altman's departure shows that they failed to avoid the embarrassment. They just caused it to be protracted. The embarrassment is apt only to be prolonged further if Congress doesn't move forward with hearings. Mr. Starr should make it clear that his office will not be used by anyone to thwart scrutiny, and the White House and Congress should recognize that the only way to get past legitimate demands for scrutiny is to allow it.

The other jackals

Headlines screamed, profilers profiled and commentators commented this week about the capture of international terrorist Illich Ramirez Sanchez, otherwise known as Carlos the Jackal, in Sudan and his return to France to face charges in a 1982 bombing attack there. All the old stories about Carlos resurfaced — his privileged childhood as the son of a wealthy Marxist lawyer in Venezuela, his teenage years in Cuba and at the KGB's Patrice Lumumba University in Moscow, his joining up with the Popular Front For the Liberation of Palestine, his romance and marriage with Magdalena Kopp of Germany's Baader Meinhof gang, and the numerous terrorist attacks and 80 some-odd deaths he was responsible for.

Appalling as Carlos' cold-blooded acts of murder and terror were, and grave as the charges against him will be, his arrest has afforded some amusing moments. Such as, the revelation of a handwriting analysis done for French intelligence in 1977 which determined, among other things, that the Jackal's light-hearted manner masked a "deeper seriousness." And then there was Illich's dear old rich communist dad, Altagracia Ramirez Navas, boasting to the press that his son had read Trotsky's "Life of Lenin" twice before he was ten, and affirming that "Illich is radical, but my boy is also so sweet."

Most knee-slappingly hilarious of all, perhaps, was the jackal's indignation over the manner of his transfer from Sudan to France. Proper extradition procedures, he insists, simply were not followed by either the Sudanese or the French authorities. And his lawyers will be sure to file suit over this breach of international law, charging France with kidnapping!

Such amusements aside, the world is left with some serious questions. Most notable is what precisely Iran, Syria and Sudan — all of which reportedly participated in the betrayal of Carlos — are getting in the deal. There has been much talk — of France forgiving hundreds of millions of Iranian debt and sharing aerial photos of rebel forces with Sudan; of Syria and Sudan hoping to be removed from the U.S. State Department's list of countries that sponsor terrorism. They would be foolish indeed to hope that turning in one aging, washed-up, and by some accounts alcoholic terrorist who hasn't been heard from in almost a decade could effect that; and, indeed, the State Department has already announced that it will do no such thing. As to any other inducements, we will have to wait and see. But we can be sure there were such inducements. Which leads to the next serious question: Not that it isn't a pleasure to see Carlos behind bars, but couldn't Iran, Syria and Sudan have managed to "capture" him before he became a washed-up drunk? And how about all the active terrorists these countries continue to train, bankroll and harbor? Are we going to have to wait until they, too, are candidates for the Betty Ford Clinic before they're brought to justice?

Clinton is down but not out yet



The Republicans say they would like to reach a bipartisan agreement with Bill Clinton on the crime bill and health care reform.

I don't believe them.

Bill Clinton says he would like to make a bipartisan agreement with the Republicans on the crime bill and health care reform.

I don't believe him, either.

What both sides are doing is treating crime and health care like cheap political footballs, to be kicked around and then discarded after the game is over.

The game is the November general election. Republicans see a chance for regaining control of the Senate and of reaching a working majority in the House with the help of boll weevil Democrats.

If the Republican vision comes to pass, gridlock is back in Washington, not that it ever really left. Clinton's program of aggressive change would be dead and his chances of re-election would be nil.

Up until now, the Republicans are the big winners in between-elections jousting. They have won every major special election held since 43 percent of the people nudged Clinton into the White House in 1992. In the political maneuvering in Congress, they are winning the public relations battle. Their victory is witnessed by the steady erosion of Clinton's poll numbers. More [illegible] approve of his job performance. Even his staunchest friends in the media are reluctant to praise his position on an issue for fear he will make them look like fools by changing his mind.

I don't blame Clinton for spurning the hand of Republican friendship as he did last week when he hied off to Minneapolis for another of his endless (and increasingly boring) dog-and-pony shows when Republicans had offered to meet with him to discuss reworking the crime bill. When a Republican extends his hand to someone he hates as much as he hates Clinton, it is likely that the other hand, hidden behind the back, grips a dagger.

Clinton doesn't want to rework the crime bill. He and his congressional cronies on the conference committee put together a bill much more oriented to social solutions to crime problems at the expense of punishment. The conference committee bill included $11 billion more for social spending than was provided in the Senate bill and $5 billion more than the House originally wanted to spend. A provision for early release from prison of up to 15,000 drug dealers was sneaked into the bill.

Clinton accuses those who did not support the crime bill of misrepresenting the facts. There is misrepresentation on both sides. Clinton himself misrepresents when he contends that the crime bill was short-circuited by a parliamentary trick and when he says the bill would put 100,000 new policemen on the streets.

Democrats and Republicans agree that the parliamentary maneuver that temporarily derailed the crime bill is a legitimate device quite frequently employed by Democrats.

The bill won't put 100,000 new policemen on the streets unless local governments, which may not be able to afford it, pay three-fourths of the cost.

Clinton's insistence on labeling anyone who opposes him as anti-middle class and a tool of special interests isn't winning him the friends he needs if he is going to try to steamroller the Republicans, who, he must remember, can stop just about anything they want to in the Senate with a filibuster.

At the mid-point of the Clinton term the Republicans have him just about where they want him, but to win in 1996 they are going to have to be smart enough to pick as their presidential nominee someone like Dick Cheney or Jack Kemp or Colin Powell whom Clinton cannot label as a congressional obstructionist.

Bob Dole and Phil Gramm must see him up, but someone else is going to have to knock him over.

John R. Starr is the former managing editor of the Arkansas Democrat-Gazette. His column appears every Mon

The Hillary Blunders, Part III



Sixteen months ago, U.S. Sen. David Pryor offered a visitor to his office a perfectly reasonable assessment of health care reform. It could only pass, he explained, if sold to the American public on the basis of cost control and long-term deficit reduction. It would be doomed, he said, if presented or defined as a massive social program.

So where are we today?

Simply ask yourself what defines the the Clintons' health plan. What have the president and first lady talked about?

The answer is universal coverage, extending assurances of health insurance to those without.

What are middle-class people saying in response?

That the Clintons propose a social program founded in *passe* liberalism that would make government bigger while running the risk of lessening benefits and raising costs for responsible Americans to provide a handout for the irresponsible ones.

The health reform plan designed under Hillary's supervision and championed by her husband is therefore dead. Worse than that, two acceptably scaled-back versions, the Gephardt and Mitchell bills, probably can't pass in current form.

The only hope of bipartisan support rests with negotiations by more than a dozen senators, moderate Democrats and Republicans, who want a modest, incremental, market-oriented bill that Bill Clinton, if he kept his word, would have to veto because it wouldn't provide universal coverage.

That dramatic, pen-waving veto threat defined the debate.

It has been weeks, maybe months, since anyone heard anything about cost controls or simplified insurance forms or that health reform is essential for long-term deficit reduction.

Many in the White House, and many Clinton supporters in Congress, did not want him to vow a veto for anything less than universal coverage. When I asked one of those persons why Clinton made the veto vow, and how and why he attacked health care from the left, rather than building outward from the more palatable political center, I was told, not surprisingly, that Hillary influenced him to do it.

It can be a complication when a key adviser on policy and strategy is your wife. For example, in 1990 Clinton met with a committee of supporters to plot his general election campaign for governor. One local lawyer worked up the nerve to say he thought Hillary's broadside on Tom McRae in the primary had been ill-advised and shouldn't be repealed. The silence was deafening and uncomfortable before Clinton said he thought Hillary's attack on McRae was the high point of the primary campaign. End of discussion.

Her qualities that many tout as superior to her husband's (focus, decisiveness, an uncompromising nature) led her to recommend and practice a rigid, partisan, unyielding sales campaign that not only didn't persuade the American people, but scared them.

Those qualities were well suited for a meticulous lawyer's appraisal of the health care issue. But they weren't well suited for the political sales job.

Please understand that there are sound financial reasons for insisting on universal coverage.

One sound financial argument is that other popular market reforms — portability of insurance, guaranteed accessibility for persons with pre-existing condition — would run the costs up for everyone unless the pool of insured Americans was extended. Another is that all of us already pay for the care of the uninsured, who aren't denied medical attention when ill or injured. Covering everybody would eliminate that kind of unfair cost-shifting.

But neither of those arguments is what Americans have been hearing, at least with resonant clarity. What they're hearing instead is a Clinton sales pitch about personal health security for everyone — the biggest domestic initiative since Social Security — based on horror stories about people facing catastrophic illnesses without insurance. And that employers must pay.

Polls show that Americans are willing to assume personal responsibility — participate in shared sacrifice — for a clearly defined reason. But have you heard anything about a mandate on individuals to pay 20 percent of their health insurance? No. All the talk is about mandates on employers to pay 80 percent, signaling an anti-business administration.

What if Clinton could be negotiating up rather than down to 95 percent coverage, unburdened by an ill-advised "read-my-lips" veto threat? He'd be much better off, liberated by wiggle room to work toward progress, not painted into a corner by his and his wife's rhetoric.

John Brummett's column appears every Sunday, Tuesday, Thursday and Saturday.

Arkansas Democrat Gazette

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8-16-94

Crime victims' families aid Clinton's push for crime bill
By Kathy Lewis and Steve McGonigle
Dallas Morning News

WASHINGTON President Clinton, trying to turn up the heat on Congress on Monday, gave families of murder victims a White House forum to demand that the House pass the anti-crime bill.

``It's too late for my daughter, Polly. However, it's not too late for your children," said Marc Klaas, whose 12-year-old daughter was abducted during a slumber party at her California home last year and murdered. A twice-convicted kidnapper who was on parole at the time of the abduction has been ordered to stand trial in the killing.

The Rose Garden event came as Republicans continued to charge that the $33 billion crime-control bill contains ``$6 billion in social pork" and as House Speaker Thomas S. Foley of Washington signaled that he would consider compromising on some crime-prevention programs.

White House officials also sounded more willing to consider changes. But it was unclear Monday how and where the White House and Democratic leaders would find the handful of votes needed to bring the bill up for a second House vote.

In a 225-210 vote Thursday, the House rejected a rule that would have brought the crime bill up for final consideration.

(EDITORS: BEGIN LOCAL TRIM)

Three Democratic House members from Texas who voted to block the anti-crime bill from reaching the floor said they had been contacted by the White House but had not changed their minds.

All three Pete Geren of Fort Worth, Jim Chapman of Sulphur Springs and Greg Laughlin of West Columbia cited the bill's ban on military assault-style weapons and level of social spending as reasons for their opposition.

(END LOCAL TRIM)

While Democratic leaders worked on a legislative strategy, Clinton continued to appeal directly to the public.

The morning after the House acted, Clinton launched an aggressive campaign to reverse the vote. And Monday, the families of three crime victims were invited to the White House.

``The fact is the NRA doesn't give a damn that my wife, Jody, is dead," Steven Sposato said of the National Rifle Association. ``The fact is the NRA doesn't give a damn if my daughter, Meghan, will grow up never knowing her mother."

Responding, NRA spokesman George Walker said the organization was ``deeply concerned" about the rising levels of violence and the victims of any crime. ``But we feel that only through meaningful criminal justice reform and not meaningless gun bans can we reduce crime," he said.

Jody Sposato was one of eight killed in July 1993 when a gunman opened fire in a San Francisco law office.

Janice Payne of New Orleans, who also spoke at the White House, said she intended to see that her 9-year-old son, James, had not died in vain.

He was shot while walking home from a Mother's Day picnic last May. Nine days earlier, he had written Clinton, asking him to stop the killing and telling how he feared for his own life.

Clinton said the House had ``walked away" from these families.

White House Press Secretary Dee Dee Myers said Clinton wants the ``principles" of the bill protected but doesn't rule out any ``reasonable compromises."

But House Republican Whip Newt Gingrich of Georgia said

BY GLORIA BORGER

The land of lost opportunity

In the beginning, there were two votes: Hillary Rodham Clinton and Ira Magaziner. Magaziner was the health care guru, the man who invented a complex process that produced a complex health care bill. The first lady was his most devoted student. After endless (secret) health care seminars, they delivered a grand thesis on reform, as if to prove it all worthwhile. Trouble was the politicians couldn't stomach either Magaziner's academic fervor or his plan: House Ways and Means Committee Chairman Dan Rostenkowski virtually dismissed "Gabaziner" as a useless goo-goo who had never been elected to anything. And cabinet members, including current White House Chief of Staff Leon Panetta, warned Magaziner outright that his dense product would never fly: It was all structure and no constituency.

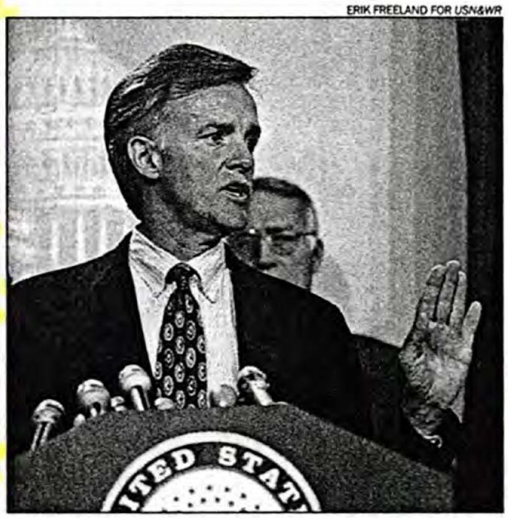
It was also too late. Hillary Clinton and Magaziner had already convinced the president of the virtue of their ideas. No one—not the economic team, not cabinet secretaries, not key Democrats—could pry the first couple out of Magaziner's orbit. And so instead of sending Congress a bunch of first principles, the White House sent an intricately carved tablet—couched as a moral matter and crafted around a flawed political strategy. Instead of starting from the center and working outward, as moderates like Louisiana Sen. John Breaux, Senate Finance Chairman Pat Moynihan and presidential Counselor David Gergen advised, there was a different notion: Start from the left, then work to the center. The White House never got there.

High-speed madness. Now congressional Democrats are running a summer salvage operation. The public says slow down, but they figure they had better finish or risk looking like incompetent fools. And so they head with high-speed madness toward the worst of all worlds: a bad bill passed with only Democratic votes. Those in the middle, who once considered Clinton a frat brother, can barely contain their disdain for a White House populated with either amateurs or fanatics. "They have not been able to see the opportunities," says Sen. Bob Kerrey of Nebraska, who opposes the crucial administration position that employers should foot much of the bill for health reform. "It's easy to blame somebody else for your own mistakes."

Unless they're obvious. For starters, there's the apparent moral crusade. Make no mistake, health reform was written to try to precook a political deal by getting the endorsements of big business, big labor and the big elderly lobby. (Even so, the hodgepodge won no early support; the American Association of Retired Persons belatedly signed on last week.) Yet the bill was rolled out as a moral project, a claim that makes Kerrey "roll my eyes." For crusaders, counterthoughts are heresy. But understand this about Congress: Moral imperatives work on civil rights and war votes but not on matters of finance.

Then comes the Bob Dole factor. Last winter, even he was gettable. That was before his right wing escalated its rhetoric and his moderates broke away, sealing the minority leader's own political safety in opposition. Yet as late as May, Dole sent Moynihan a note during a committee session. "Is it time yet?" he wrote. The chairman tucked the message in his pocket; he knew it was time, but he was being bashed by the White House as too bipartisan. While George Stephanopoulos spent hours on the telephone courting Moynihan, his interest was more in containing the voluble senator than in seeking advice. In a February cabinet room meeting, Moynihan warned the cause would come up short without Republicans. When the Senate Labor Committee produced a Clinton-like package, Democrats went to the White House for a handshake. When Moynihan's panel passed the only bipartisan bill, there was no such hospitality.

ERIK FREELAND FOR USN&WR



Bob Kerrey. *Skeptical of the moral crusade*

The Clinton health care plan was all structure and no constituency.

And what about the Republican Senate moderates? No one can argue that John Chafee of Rhode Island isn't serious. When he visited the Oval Office in June, he left with the distinct impression that Clinton was willing to consider abandoning business mandates as the only way to pay for health care. Other moderate Republicans heard similarly encouraging things. Yet when they reported back to their bipartisan comrades, the Democrats were generally dismissive. "It was as if they knew he would change his mind," says one Republican. And he did, over and over again.

So now Senate Majority Leader George Mitchell is reduced to looking for the lowest common denominator. His plan calls for 50 percent employer payment for health care to be triggered on a state-by-state basis if 95 percent coverage is not reached by 2002. Everyone knows it will be challenged by states questioning the way their residents are counted. What's worse, though, is the perverse way administration officials have sold the idea: Don't worry, they tell some senators, mandates will never happen in your state, so vote for the bill. Comes a time when even crusaders need to count noses. ■

Ghassan Bishara

Censored By Arafat

Supporters of democracy everywhere should stand up now and oppose Yasser Arafat's move against the An Nahar newspaper. They should insist that he reverse his ill-conceived deed. And this should be done regardless of the circumstances pertaining to this particular case. The hard- and long-struggling Palestinian people deserve to reap the fruit of their struggle and to begin to enjoy a democratic rule.

Whether one agrees or disagrees with the Sept. 13 arrangement between Israel and the PLO, and whether events since then do or do not serve the best interests of the Palestinian people, the crackdown on the press by Arafat this early in the process of self-government is not a good beginning at all. Worse than the silencing of An Nahar is the lack of regard the act itself shows toward the Palestinian people and toward those who have supported them. Arafat's move against the freedom of expression, one of the most elemental pillars of democracy, is a telling story. It is astounding to try to fathom the logic behind such an undertaking, particularly in light of the conclusive defeat of the Arab authoritarian order at the hands of tiny Israel.

It is widely believed that one of the main factors responsible for Israel's rout of the Arab regime is the lack of democracy on the Arab side of the Middle East conflict. Because of the authoritarian nature of these Arab regimes, the Arab people have lacked the means to hold their leaders accountable. The lack of accountability can only produce conditions such as those that exist now in the Arab world. Arafat must realize this, and he must seek to change the style of governing in the Palestinian area. The best place to start is to encourage, not hinder, free expression.

It is also astonishing to discern how little understanding there is by the PLO leaders of their people in the territories. For years, these people protested loudly against the occupation authorities' censorship of their prose. The Palestinian people—beneficiaries of a free and unhindered press—shall not acquiesce to the PLO leader's attempts to force-feed them what they have rejected from their occupiers. The closure of An Nahar will needlessly cancel criticism of Israel's role as a censor of the Palestinian press and exonerate it historically. Censorship of the press is wrong, whether decreed by Israel or the PLO.

The message from the Arab-Palestinian people is clear: Democratization is the only condition for progress. This means allowing for a free press. Without it, conditions will remain unchanged.

Even if an An Nahar newspaper has been financed by Jordan, and is sympathetic to Jordan's point of view, Arafat, by banning it in the autonomous areas, is at best sending a message of intolerance. At worst, he is signaling his intent to govern just like the others in the region. The PLO's financing of many publications in the Middle East in exchange for expressions of support for PLO objectives was precisely the rationale behind Israel's on-and-off censorship of the Palestinian press. The present irony will not escape anyone. One would hope that the Arab-Palestinian press could soon achieve full financial and editorial independence and, like the Swedish press, would accept financial assistance only as a means to preserve competition. Until then, however, Arafat would do best to stay clear of the press.

To facilitate democracy in the Palestinian areas, various important elements should be present: First is an unequivocal Palestinian belief in the value of democracy, including that of freedom of the press. Also critical is the Palestinians' willingness to fight for it and to continue to protect it with all of their might. Because the transformation to a democratic rule occurs at a cost to the order already in place, it is expected of leaders to try to slow down, or even scuttle the march, in this case the Palestinians' toward democracy.

The U.S. government could extend a hand to assist democracy in the territories. A gripe of most Arab-Palestinian activists and intellectuals has been that unlike the efforts the United States has made to promote democracy in all corners of the world, it has shown no real inclination to do so in the Arab world. And while it is easy to understand why American leaders may prefer to deal with the undemocratic Arab rulers rather than with democratically elected leaders and responsible parliaments, such policy would prove to be shortsighted and wrong. The greatest service the United States and others can offer the Palestinians would be to persuade the leaders of the necessity to democratize and to help create an environment in which the people, with a certain measure of confidence and security, can navigate their way toward the realization of their dreams. Now is the best time to do so, and the opportunity should not be allowed to slip away.

The writer, an American of Palestinian descent, is a freelance journalist in Washington.

Gender Equity: 'More Needs to Be Done'

Christina Hoff Sommers ["Capitol Hill's Girl Trouble," Outlook, July 17] suggested that the Congressional Caucus for Women's Issues was duped by a flawed 1992 American Association for University Women (AAUW) study into introducing omnibus legislation to promote gender equity in federally funded education programs. To the contrary, the caucus has been working to ensure equal educational opportunity for women since its founding in 1977.

Our most recent legislative initiative—the Gender Equity in Education Act (GEEA)—addresses issues raised by AAUW in its review of 1,300 studies documenting gender inequities in our schools.

Women remain disproportionately segregated into low-paying jobs, earning 71 cents for every dollar earned by a man. Although women make up 46 percent of the employed population in this country, they represent just 18 percent of scientists and engineers. Our aim is to ensure that women have the same career opportunities as men to improve their lifelong earning power.

Led by its women members in 1972, Congress passed Title IX of the Education Act Amendments, which prohibits sex discrimination in all federally funded education programs. Title IX is the foundation for all gender-equity-in-education programs. In 1974 Congress created the Women's Educational Equity Act to develop specific programs to address educational inequities and help schools comply with Title IX. In the past decade, the women's caucus has worked to ensure equity in federal education programs, including vocational education, higher education, nontraditional job training and school-to-work programs.

Since 1980, funding for WEEA has been cut by 80 percent. The $5 million provided in the House-passed education bill represents a mere .04 percent of the bill's total authorization.

Ms. Sommers argues that Congress needs to target more funds to needy students and efforts to remedy deficiencies in American students' test scores as compared with those of students in other countries. We agree. However, Ms. Sommers failed to note that the package we introduced included legislation to fund support services for at-risk youth of both genders.

Ms. Sommers acknowledges that Title IX opened college doors to more young women. However, GEEA was introduced out of a recognition that more needs to be and can be done. The House enthusiastically endorsed this initiative, and we believe the Senate also will act to promote the best interests of American students—both male and female.

PATRICIA SCHROEDER
U.S. Representative (D-Colo.)
OLYMPIA SNOWE
U.S. Representative (R-Maine)
Washington

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E. J. Dionne Jr.

Little Old Moderates

There are few more hallowed words in Washington than "moderate" and "bipartisan." But like all talismanic terms, they are subject to enormous abuse. They are being badly abused now in both the health care and crime debates.

Almost everybody likes to be thought of as moderate, which is the opposite of "extreme" or "dogmatic" or "unreasonable." But the definition of moderate is peculiarly relative. Moderates, aka middle-of-the-roaders, take their stand in the middle of a fight. So what is considered moderate depends on where the fight is being fought—on what options are taken seriously.

Two years ago, a reasonably objective outsider would have described the spectrum in the health care debate as running from those who favored very modest changes in the current system to advocates of a Canadian-style "single payer" system run and paid for by the government.

Within the do little vs. single payer spectrum, there were many possible definitions of moderation. A moderate might be seen as someone who rejected a government takeover of the whole health system and thought the currently insured should be taken care of roughly as they are now—in most cases through insurance bought by their employers. Since the employer-based system works pretty well, why not just extend it to everyone by making health care coverage a normal part of the compensation of all workers? Why not also include some cost controls to answer the legitimate concerns of companies about spiraling health expenses? And why not create large buying pools for smaller employers so they could get the same breaks on price that big employers get?

Those, roughly, were the principles of the original Clinton plan. They don't sound extremist, do they? But a funny thing happened to the political spectrum. First, the single payer option, favored by about 100 members of Congress, was ruled out of the discussion by fiat. It was said, correctly, that it had no chance of passing. It's also true that a wholesale government takeover of the part of the health system now run privately could have caused as many problems as it solved. What's not true is that the single payer idea was, in and of itself, kooky. Canadians, not a notoriously radical lot, generally like their system. And whatever you think of single payer, it's clearly true that if you take it out of the discussion entirely, the definition of "moderate" skitters ever closer to the status quo. Clinton's plan starts looking "extreme."

The balance at the other end of the argument changed, too—also in favor of the status quo. At the beginning of this debate, Senate Minority Leader Bob Dole and a large number of Republicans rallied to the far-reaching changes proposed by Sen. John Chafee (R-R.I.) that promised universal coverage. But as time went on, Dole and almost all of Chafee's other Republican allies simply abandoned his plan and joined with the party's right wing in saying no to almost anything.

In this new spectrum, what used to be "moderate" is now seen as daring. Take Senate Majority Leader George Mitchell's proposal. Compared with Clinton's original plan, let alone single payer, it is a moderate's dream. It postpones universal coverage until after the millennium; it tries to control costs through all those market mechanisms that "moderates" used to praise; instead of having an employer mandate upfront, it tries to help the uninsured with the sort of subsidies that certified "moderates" such as Chafee and Rep. Jim Cooper (D-Tenn.) used to push.

But now that both single payer and the Clinton plan are dead, Mitchell is out on the wing. Instead of declaring victory, alleged moderates denounce Mitchell and just keep moving yet further away from change. Cooper, who once offered a serious and sweeping alternative to the Clinton plan, now struggles to patch together something that would barely nudge the number of uninsured upward. He has abandoned his grand design in a chase for support from Republicans, most of whom keep running away whenever a Democrat moves in their direction. It's an approach that could kill health care reform entirely.

The main hope for action now rests with a handful of Republicans who still merit the label "moderate"—especially Chafee, and Sens. John Danforth and Dave Durenberger. Dole criticized the three on Sunday, the surest sign that they actually want to pass a bill. If this gang of three has the courage to deal with Mitchell, they may also bring along other Republicans, such as Maine Sen. Bill Cohen. But they should be under no illusions: Whatever they agree to will be denounced by most of their Republican colleagues as "statist," "bureaucratic" or "socialist."

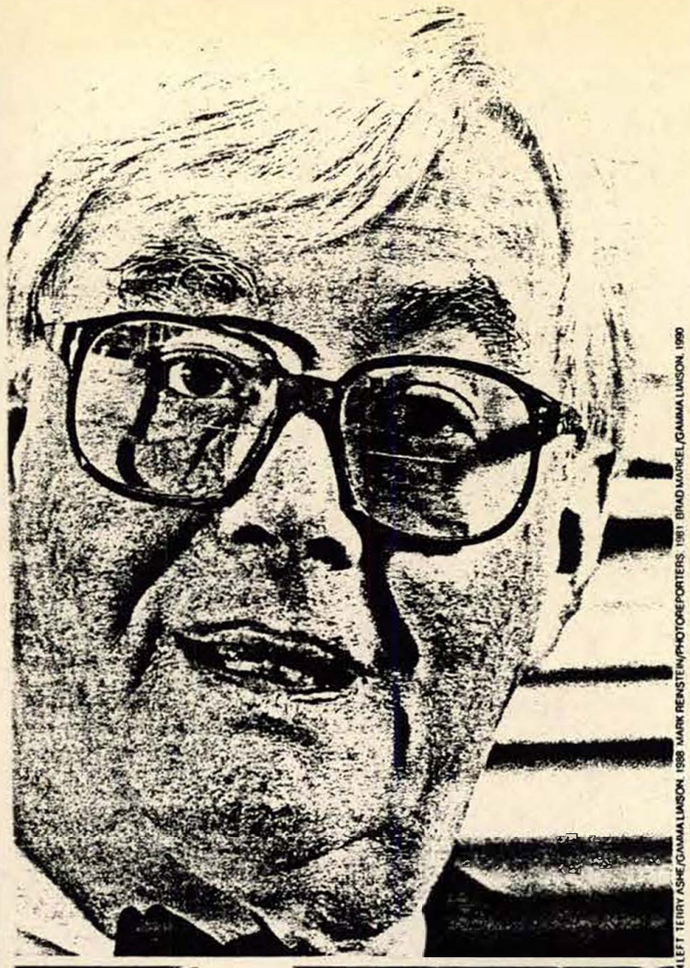
The crime bill is, if anything, a more extreme case of wacky terminology, this time involving the word "bipartisan." If ever there were a bill that gave Republicans much of what they wanted, this was it, which is why so many Republicans voted for it originally. Liberal Democrats have had to swallow 60 new death penalties. The Republicans asked for more money for prison construction, and they got it. They said that they couldn't vote for a bill that included statistical tests for whether the death penalty discriminated against African Americans. So that provision was dropped.

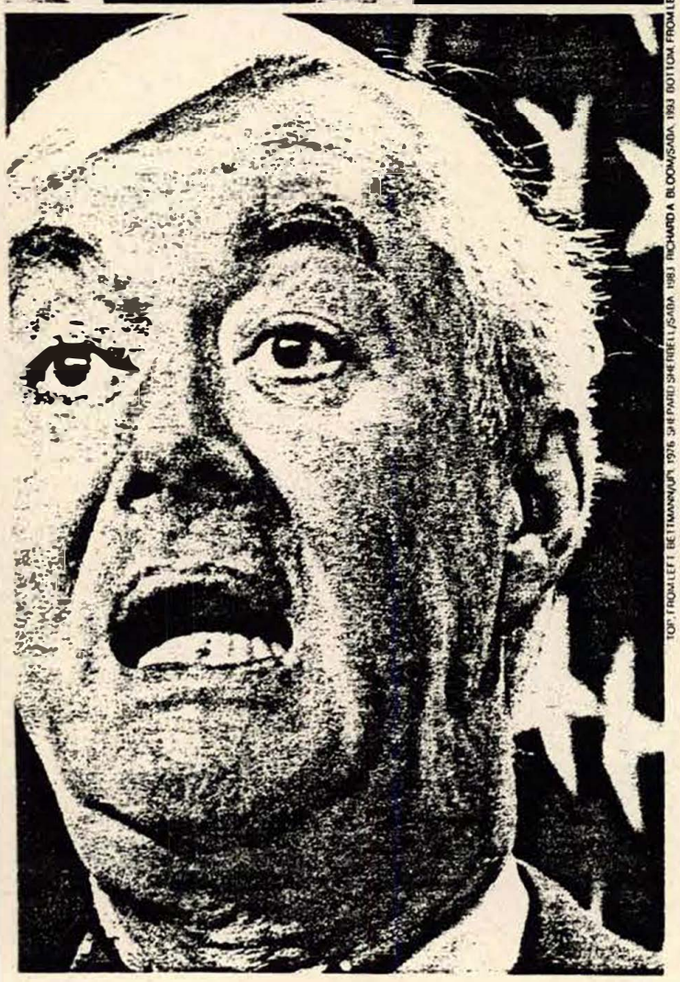
Yet when the time came came last week, all but 11 House Republicans voted to kill the bill, inventing new rationales for changing their votes. What House Republican Whip Newt Gingrich and conservative Democrats seem to be saying is that a bill is "bipartisan" only if the House leadership agrees to kill every provision in it favored by liberals, supporters of gun control or big-city mayors.

President Clinton, it is true, has brought many problems onto himself. He has not done well at influencing the health care debate or in dealing with Republicans who might be sympathetic to his agenda. But the fierce partisanship that now threatens both the crime and health care bills is rooted in more than Clinton's mistakes. It is part of a Republican strategy aimed at blocking any actions that might help Democratic candidates this fall and Clinton two years from now. The Republicans have every right to pursue this strategy; it may work. But please, Messrs Dole and Gingrich, spare us this talk about bipartisanship and moderation.

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TOP, FROM LEFT: BETTMANN/UPI, 1976; SIPA PARIS/SHE REBEL/SABA, 1983; RICHARDA BLOOM/SABA, 1982. BOTTOM, FROM LEFT: TERRY ASHE/GAMMA LIAISON, 1988; MARK REINSTEIN/PHOTOREPORTERS, 1981; BRAD MARKEL/GAMMA LIAISON, 1990

THE NEWEST MOYNIHAN

In role after role, Pat Moynihan's insights have put him ahead of his time. Now his time has finally come. Does he have the muscle to match his mouth?

BY TODD S. PURDUM

"I DON'T THINK THE AIR-CONDITIONER *ADDS* MUCH," DANIEL Patrick Moynihan says, his long, slim fingers fiddling with the vents of a rental van on the morning after Memorial Day. "I'm going to suggest we turn the air-conditioner *off*. It's a *beaut*-i-ful day. We don't *get* many. We just *open* the windows, you see, and air *comes*."

The Moyni-van is rolling out of Binghamton, an old shoemaking city in the Southern Tier of New York State, toward the Democratic State Convention in Buffalo. The candidate has just held a small rally on the courthouse lawn in front of a bronze statue of Daniel S. Dickinson, the last New Yorker before him to head the lordly Finance Committee of the United States Senate, in 1850. With that event, Moynihan has formally begun his campaign for a fourth term in an office it once seemed entirely improbable that he would win.

Kevin Ryan, his young driver and personal aide, stammers and begins a balancing act that will last all day: toying with the knobs of the air-conditioner, trying to tune it low enough to escape his boss's notice without suffocating the passengers in the rear seats. But the Senator, who simply rolls up his window the moment the noise of rushing highway makes conversation impossible, is already on to other things. He begins a running discourse on the history, geology, architecture and politics of the cities and counties he is passing through on this brilliant May day, his voice spluttering and stuttering like Jiffy Pop on a campfire.

Now he explains the depth of the Finger Lakes; now the origin of cobblestone houses; now the prevalence of towns like Homer, Marathon and Ithaca, named in a fit of 19th-century republican idealism. As the van approaches Auburn along Route 20 — the path Alexis de Tocqueville took on his survey of American prisons in the 1830's — the topic is the past, and the dangers of its casual disregard.

"I have an incom-*plete* theory," says Moynihan, who is cherished and mocked in Washington for no shortage of the same. "In the 1950's, with a progressive government and newspaper, you got into urban renewal and destroyed everything of value in your town." He is looking out the window, addressing the strip malls and gas stations that make up Auburn's

Todd S. Purdum is a correspondent in the Washington bureau of The Times.

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'I Do Solemnly Swear to, Um, Tell the Truth. . .'

By DAVID E. ROSENBAUM

WASHINGTON

ONE of the images lingering from the last two weeks of Congressional hearings on the Whitewater case is that of Phil Gramm, the caustic Republican Senator from Texas, berating Deputy Treasury Secretary Roger C. Altman.

"The issue," Senator Gramm asserted shortly after the clock struck 1 o'clock Wednesday morning, "is do we have a right to expect people who testify before our committee to answer our questions fully and honestly?"

By law, of course, the senators do have that right. Lying to Congress is a crime. So is failing to tell the whole truth — "willfully and knowingly. . .failing to answer fully and completely when asked," as the statute states.

But there was something unsettling about Senator Gramm on his moral high horse. He is chairman of the National Republican Senatorial Committee, and he is busy raising money for Oliver L. North, the Republican candidate for the Senate from Virginia.

Mr. North, of course, proudly acknowledged seven summers ago at the Iran-contra hearings that he had lied to Congress months earlier when he denied he had either solicited funds for the contras in Nicaragua or offered them military advice.

"I make no excuses for what I did," he declared.

So Mr. Gramm is working hard so that someone who not only admitted to lying to Congress but justified it as the proper course can sit beside him next year in the United States Senate. That's politics.

The fact is, lying is a staple of politics and, by extension, of the United States Congress.

Would someone really lie to Congress? Maybe not exactly, and only if it was expedient.

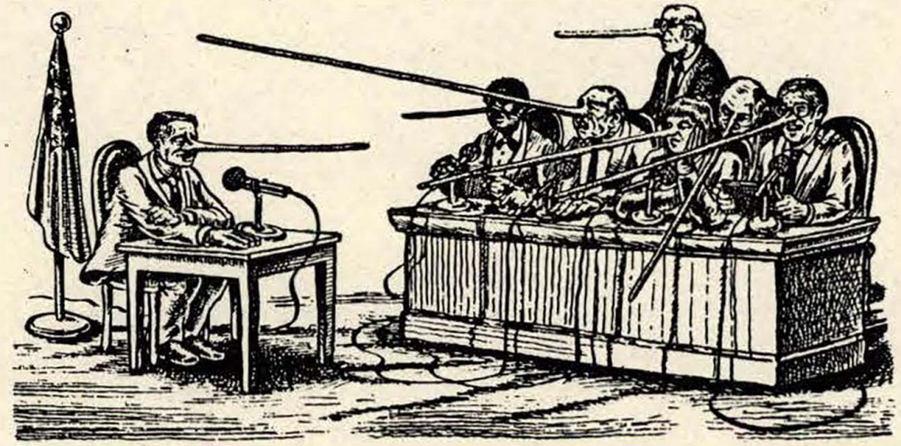
"Deception is part and parcel of many everyday decisions in government," wrote Sissela Bok in her 1978 book, "Lying."

Sometimes there are white lies. "I yield to my good friend, the distinguished gentleman from Kentucky," a Congressman will intone, when his colleague from Kentucky is neither a good friend nor distinguished.

Sometimes more serious lies are told almost as routinely. Ask almost any politician, for instance, and he or she will say that no one ever expects anything more than the politician's ear in return for a campaign contribution.

Occasionally, political lies turn out to be cataclysmic. In his 1973 book, "The Politics of Lying," David Wise wrote that while lying was a familiar phenomenon in American politics, "nothing has matched in scale and quality the grand deception in Vietnam."

Election campaigns are where dissembling is most prevalent. Mrs. Bok offered a hypothetical example of a kind of situation that arises in campaign after campaign: A big-city mayor is running for re-election. He has a report recommending that he remove rent controls. He knows it is the right thing to do and plans to do it after he is re-elected.



Thomas Kerr

But he believes he will lose the election if he says that. So when he is asked just before the election, the mayor denies knowledge of the report, lies about his intentions and proclaims his strong support for rent control.

"Voters are at a loss to know when they can and cannot believe what a candidate says in campaigning," Mrs. Bok wrote.

Given this backdrop, it is hardly surprising when a witness under interrogation by a Congressional committee tells less than the whole truth.

A committee hearing room seems ever so much more a political setting than a judicial one. As often as not, the questions posed are prefaced by partisan diatribes.

"When senators and Congressmen are posturing the way they so often do," Mr. Wise said in an interview last week, "then certainly the witness is going to defend his political turf as much as he can."

This helps explain the answers Mr. Altman gave the Senate Banking Committee in his testimony last February — whether he shaded the truth, as many senators contend, or simply "heard or understood the questions in a way that was not intended by the senator asking the question," as Mr. Altman maintained in his testimony last week.

Time and again in his February testimony, Mr. Altman said that he and his staff had made only one "substantive" contact with anyone at the White House concerning a Federal investigation into the failure of Madison Guaranty, an Arkansas savings and loan institution — an investigation in which the Clintons had a direct interest.

Now that February testimony does not seem to have met the test of a full and complete response. The Treasury Department's inspector general counted 40 contacts between the Treasury and White House staffs. But it is important to keep in mind that at the session in February, Mr. Altman was in each instance answering a question posed by a Republican senator with a sharp partisan edge.

Spilling the Beans

Still, if this explains how Mr. Altman happened to speak as he did, it does not excuse him.

"In today's environment," said Thomas C. Green, a lawyer who has often represented witnesses before Congressional committees, "you may have no practical option other than to spill the beans, especially when there's a special prosecutor and when you know, or ought to know, from the outset that your testimony is bound to be scrutinized, if not by the special prosecutor then certainly by the press."

Senator John F. Kerry, a Democrat from Massachusetts, said toward the end of Mr. Altman's marathon hearing last week that he thought Mr. Altman had probably stumbled when he tried too hard to curry favor at the White House at the same time he was trying to meet his responsibility as an independent regulator.

If Mr. Altman had agreed with Mr. Kerry's explanation, it might have gotten him off the hook. Instead, he gave a long-winded answer that left Mr. Kerry to conclude, "You're not answering my question."

The secret to preparing for Congressional testimony, Mr. Green said, is to figure out how to soften the full truth with humility, explanation and mitigation.

"Evasion," he added, "is a prescription for disaster."



Senator Moynihan and that he believes in the President's agenda. That doesn't mean there aren't tactical differences, or realities of the Senate, which he communicates very clearly."

There have been big differences. Moynihan complained that the Clintons' plan was drafted in secret, took too long to produce and ended up too complex to ever draw the bipartisan support he believes is necessary to pass and implement such a major program. From the beginning, he warned that his committee was narrowly divided, and he suggests that the Clintons adhered to a rigid party line long past the time when bipartisan compromise was possible. His own ability to deal, he suggests, was hamstrung by their inflexibility.

In a speech last month, Moynihan also complained that the health debate "has been plagued with press accounts of White House aides doubting this Senator, questioning that committee, detecting hidden motives — the while, of course, hiding themselves behind the anonymous leak." Privately, Moynihan complained that the Clinton plan's tilt against the high-cost medical specialties — the pride of New York's premier hospitals — smacked of 60's radicalism.

The White House and its most ardent Democratic allies countered, sotto voce, that the chairman was simply not on board and that for all his garrulous, accommodating affability he was not stroking his committee and could not deliver the votes. It became a dialogue of the deaf. In the end, Moynihan lost effective control of the narrow 11-to-9 Democratic majority on his committee. In the frantic hours before the July 4 recess, a bipartisan group of moderates produced a bill much less ambitious than Clinton's, one that would not guarantee the President's bottom line of universal coverage. Instead, the bill hopes to provide new subsidies for the poor, intended to cover 95 percent of all Americans by the year 2002; a commission would figure out how to deliver coverage if that percentage was not met. About the best most Democrats would say for the bill was that it kept the legislative process alive and gave the Senate majority leader, George Mitchell, a fig leaf to wrap around the other proposals on the floor.

As usual, Moynihan satisfied neither the liberals nor the conservatives. "If he really believes this was a potential danger to American medicine, there's much more he could have done to fashion a bipartisan bill," says Bill Kristol, the conservative analyst and Moynihan's former teaching assistant at Harvard. "I'm worried that Pat will have failed to influence the outcome in any meaningful way." He adds: "He's never in anybody's camp. In a way, that's admirable. It's also fair to ask, if you are going to be in real politics, don't you have to choose sides?"

Moynihan says with some heat that he was whipsawed between the White House's unrealistic expectations and unexpectedly partisan intransigence from the Republicans. But that reveals the failure of the chairman's single strategy: he had counted on cooperation from Bob Dole, his ally from the 1980's when the two joined forces to rescue the Social Security system. When the support did not materialize, he seemed to have no clear idea where to turn. In his own defense, Moynihan points with pride to his proposal for a trust fund, financed by an assessment on insurance premiums, to support the nation's great academic medical centers and teaching hospitals, which happen to be located overwhelmingly in New York.

"If anyone had a bill out of the Finance Committee four years ago with that much in the way of insurance subsidy, insurance change and commitments, you would have said, 'My goodness, what on earth has happened?' " He adds: "Down in the White House, they never could quite hear us say, you know, that nothing is 100 percent. We don't collect 100 percent of our taxes; the census doesn't count 100 percent of the population."

As staunchly as Moynihan defends the jerry-built bill, however, the fact remains that it was not truly his, merely a bill eked out by a fractious committee. Instead of laying to rest doubts about Moynihan's loyalty and legislative acumen, the bill exacerbated them. The unkind whispering on the Hill was that, by contrast, even Bentsen, the old Texas Tory, would have been a better soldier for his President: unruffled, sly, but in the end willing to twist arms and persuade wavering colleagues, whatever his private doubts. Bentsen even attended a couple of meetings with White House aides and committee members, ready to act as an informal liaison.

The liberals on the Finance Committee were deeply disappointed by Moynihan's performance, though characteristically none are eager to talk about it for attribution. "He's done more clenching of teeth than talking," says one Senate aide, explaining the reluctance of that aide's employer, a Democrat, to offend Moynihan openly.

On the topic he most cares about, welfare, Moynihan's relations with the White House have been much better, mostly because it has done what he wants: stress that welfare cannot be a permanent dependency. After brutally deriding the Secretary of Health and Human Services, Donna E. Shalala, in her confirmation hearings for appearing to back away from Clinton's campaign promises on the topic, he has goaded and prodded, all the while refusing to say exactly what changes he favors.

Indeed, when the President unveiled his welfare reform plan in June, Moynihan was so delighted at Clinton's emphasis on the danger of growing illegitimacy — a Moynihan crusade for three decades — that he said he would co-sponsor the bill, though he thinks its central tenet of ending benefits after two years may be unrealistic. In his first hearing on it last month, he dealt with Shalala like a Dutch uncle and praised her testimony as "historic."

"We've come round to recognizing it, that's the big thing," Moynihan says. "You have to do some-

The verdict remains open on whether he can move bills on issues that are not as dear to his heart as welfare.



Don't ask me about briefs or boxers. The Senator and President, above, clash on both form and substance.

Reality check. Liz Moynihan, with her husband at right, keeps him from drifting too far out of the real world.

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This worries him, and the word he picks to describe it is the physicist's term for the amount of energy unavailable for useful work: entropy. What worries him even more is the thought of making immodest promises and, as he wrote 20 years ago, "the failure of executives and legislators to understand what is *risked* when promises are made."

"He believes the function of government is to do good in society, and he's always looking for ways in which it can do good," says James Q. Wilson, the U.C.L.A. social scientist and a friend of 30 years. "But he's also prepared to admit that good intentions are not enough and that sometimes where people set out to do good, evil follows."



The van rolls westward. Moynihan peers out at another town, reading aloud a convenience store sign. "*Qwik*-Fill Mi-*ni Martt*!" he spits in contempt. "Now do we call that progress?"

OUTSIDE THE ONTARio County courthouse in Canandaigua, Moynihan is holding a short rally. "As you all *know*," he cheerily tells a blank-faced crowd, "this is the courthouse where Susan B. Anthony was tried in 1873 for *vot*-ing in the election of 1872." Like many Moynihan asides that start out seeming to have no point, this story in fact has one. He tells it to apologize for being late, having dallied too long in nearby Seneca Falls, where the Women's Rights National Historical Park opened last year, thanks in part to the sponsorship of ... Daniel Patrick Moynihan, who, he notes, won 60 percent of the vote in Ontario County six years ago and would like to again.

Moynihan starts to leave when a combo of high-school students strikes up "Danny Boy." He climbs carefully back up the steep steps, waves to quiet the small crowd and points to the saxophonist.

"Here's a young man," he says, "*prac*-ti-cing to be *Pres*-ident!" It is an affectionate reference and the crowd laughs. But its delivery tells much about his relationship with this President. The Senator likes to style himself as the only person to have served in the Cabinet or subcabinet of four Presidents — Kennedy, Johnson, Nixon and Ford — and he has lectured them and their successors for years. When Clinton was still a high-school student shaking Kennedy's hand in the Rose Garden, Moynihan was already correcting Kennedy's arithmetic in the Oval Office as an Assistant Secretary of Labor. Now, as chairman of the Finance Committee, Moynihan has power over virtually every aspect of Clinton's agenda and the public preceptorial between them has fascinated Washington for much of the last 18 months. The two are as stylistically different as it is possible to be: Clinton the ultimate flesh-presser, Moynihan skittish and shy around strangers or a crowd he can't dominate.

Back in the van, Moynihan's face pickles at the memory of Clinton confessing to a young woman on MTV that he wears briefs, not boxers. "I don't mind the question, but how *could* he have answered? He should have said: 'Young lady, I don't think that's a-*pro*-priate. Go wash your mouth out with *soap*!'" On "Meet the Press" a few Sunday mornings after the Buffalo convention, Tim Russert, a former top Moynihan aide, asked the Senator to clarify the President's position on health care. Moynihan smiled cryptically: "Ask him on. He'll come on, you know, if you had a little basketball hoop or something like that around here."

Such references bewilder the White House and even Moynihan's own aides, who profess much mutual respect and affection between the two men. "I was just saying he's a guy who's always jogging and jumping around and doing things like that," Moynihan explained later. "And he goes on television a lot, the way other Presidents have never done. You know, that's something new in Presidential politics, those, you know, *talk* shows."

In many ways, Clinton is the heir to the centrist Democratic gestalt that Moynihan worked for years to make respectable. As Governor of Arkansas in 1988, Clinton was actively involved in the passage of Moynihan's Family Support Act, which required more work training for welfare recipients along with stricter child support enforcement. Just before the 1992 election, Moynihan's newsletter to constituents pronounced a blessing: "I have to say, I like the idea of a 46-year-old Governor coming to Washington with a zest for new ideas."

But almost from the beginning, there was trouble, and not just over style. "He's cantankerous, but he couldn't obstruct us even if he wanted to," an anonymous top Administration official was quoted as saying by Time magazine, referring to Moynihan. "We'll roll right over him if we have to." Moynihan has spent a good part of the months since showing who would do the rolling. In public and private, he criticized the President's health bill as often as he supported it. Last fall, he dismissed the Administration's cost estimates for a health care bill as "accurate fantasy." When the White House signaled that it might hold off on welfare reform, Moynihan described Clinton's end-welfare-as-we-know-it campaign promise as crass "boob bait for the Bubbas." He added that there was no health crisis and threatened to hold health care "hostage." Later, when asked on live television whether a special prosecutor should look into the Whitewater affair, Moynihan's "Yep" made him the first senior Democrat to say so.

The Finance Committee's chief of staff, Lawrence O'Donnell Jr., who confesses that as a Harvard student he was too intimidated to take Moynihan's class, attributes the frictions partly to junior aides and partly to Moynihan's own candor.

"Pat Moynihan does a very simple thing that at the end of the 20th century has become the most inexplicable trait a politician can have: he says what he thinks."

"He's a brilliant and complex man who speaks his mind," says George Stephanopoulos, the senior Clinton adviser who is often on Moynihan patrol. "Washington isn't always prepared for that. I think we understand

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thing about how children are raised in our society. The specifics of a bill, how you're going to finance it or whatever, we've gotta work out."

Such persistence "drives the true believers absolutely nuts," says Moynihan's old friend Roger Kennedy, the director of the National Park Service. "He's not the vagrant, capricious spirit. They are. They focus intensively on something for three months and then move on to something else. He's consistent, slogging along for 30 years on the same thing. And then, when the cavalry runs in, he's still there, worrying about family structure."



IF FAMILY STRUCTURE HAS been Moynihan's most consistent theme, it has also been the most painful subject of his personal and professional life. In part that's because when Pat Moynihan talks of unstable families, he knows what he's talking about. As he said in a rare outburst during an interview with The New York Times nearly three decades ago: "I grew up in Hell's Kitchen. My father was a drunk. I know what this life is like."

In 1937, when Pat was 10, his father, John, an advertising copywriter for RKO Pictures, left home and never saw Pat again. Margaret Moynihan and her three children dropped out of middle-class life in the New York suburbs into an unhappy second marriage and a series of grim apartments. Pat shined shoes, graduated first in his class at Benjamin Franklin High School in East Harlem, worked as a stevedore on the Hudson River piers and ultimately found escape via City College and the Navy's V-12 program, which sent him in 1944 to train at Middlebury College. On the G.I. Bill, he went on to college at Tufts, returning on vacations to tend bar in a tavern his mother had opened near Times Square. He finally broke out for good with a Fulbright Scholarship to the London School of Economics.

Moynihan waves off any attempt to see reflections of his upbringing in his work. "Oh, don't, don't, don't, don't," he says, lightly but firmly. "We don't talk about that. I've been around the world a lot, yeah. But there's less here than meets the eye."

Perhaps, but perhaps only because Moynihan's triumph over a shattered home is one of the exceptions that proves his rule. He began his government career as an aide to Gov. W. Averell Harriman of New York in the mid-1950's, then dipped into academia at Syracuse University before joining the New Frontier in 1961. In 1965, he left Washington for an unsuccessful run for New York City Council President and a return to academia. But it was with a report that year to President Johnson entitled "The Negro Family: The Case for National Action" that he made his biggest policy splash.

In the report, Moynihan warned that rising illegitimacy rates and a "tangle of pathology" posed grave threats to the stability of black families and put at risk the gains in income and equality that blacks had managed to achieve through the civil rights movement. Moynihan saw himself as a liberal watchman on the heights, summoning his country to make whole in reality the revolution already occurring in law.

"From the wild Irish slums of the 19th-century Eastern seaboard to the riot-torn suburbs of Los Angeles," he wrote at the time in a Jesuit magazine, "there is one unmistakble lesson in American history: a community that allows a large number of young men to grow up in broken families, dominated by women, never acquiring any stable relationship to male authority, never acquiring any set of rational expectations about the future — that community asks for and gets chaos."

Instead of being praised, Moynihan was bitterly denounced as blaming the victim and fueling racism. He retreated from the fray into what friends say was the most painful period of his life. Even now, he speaks of it only with the tightest reserve. "Well, it has made for difficult weekends, you could say."

It's cold comfort that Moynihan's thesis is barely debated today. "It set a bad example to others who might have carried on that work," he says. "We took a generation to pick it up again."

And the controversy continued. In 1969, after an interlude at Harvard, Moynihan broke with his fellow Democrats and returned to Washington as Richard Nixon's chief urban affairs adviser. There, a new storm broke over a memorandum, leaked to The New York Times, in which Moynihan counseled the President to focus on the problems of other minorities and cool overheated rhetoric. "The time may have come when the issue of race could benefit from a period of 'benign neglect,' " Moynihan wrote. The memo was immediately interpreted as calling for neglect of black Americans, and Moynihan was despondent. "Moynihan in to see me, disturbed about staff leaks designed to screw him," Haldeman wrote in his diary on March 31, 1970. "Made point he's ruined in Democratic Party because of the 'benign neglect' memo. He's really distressed, mainly because he has nowhere left to go."

Moynihan moved on — back to Harvard, then to India as Ambassador for Nixon and to the United Nations as chief delegate for Ford. But the controversy never really went away. This year Moynihan's opponent in the Democratic primary for the Senate nomination is the Rev. Al Sharpton, the protean black street protester who made a surprisingly strong run for the Senate two years ago. No one gives Sharpton a chance of doing much more than annoying Moynihan, but he has used his campaign to do just that. "I represent the historic disfavor he's had in the African-American community," says Sharpton, who turned what was to have been a 2-minute speech at the Buffalo convention into a 15-minute broadside against Moynihan. "He rose to fame talking about the black family, and I'm a broken family product." Sharpton goes on to describe himself as the character that Shakespeare (had he written a play about all this) would have introduced at the peak of Moynihan's career "to bring back all the questions."

Indeed, when Gov. Mario M. Cuomo, eager to soothe Sharpton and avoid alienating black voters, went out of his way to meet with the minister in Buffalo, he thanked Sharpton for an innocuous introduction, allowing that it was "benign." The Moynihan forces hit the roof at what they saw as a deliberate dig. Since then, half a dozen meetings between the Senator and Governor to discuss the impact of health care legislation were scheduled and mysteriously canceled by Moynihan's office at the last minute.

Moynihan's relations with New York's black political establishment have always been touchy, and they were not helped last year when he made a speech recalling how much more livable *Continued on page 36*

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the city was 50 years ago. Mayor David N. Dinkins, in an uphill re-election bid, took that as a slap at his stewardship. Even Representative Charles B. Rangel of Harlem — who has endorsed Moynihan — refers to him as "Mon-a-han," in a kind of can't-be-bothered semi-slap. As the fourth-ranking Democrat of the House Ways and Means Committee (the Finance Committee's tax-writing counterpart), Rangel was often called on by its former chairman, Dan Rostenkowski, to find out what on earth Moynihan had meant by some obscure remark. Rangel inevitably returned just as puzzled.

"If he selects his audiences very carefully, those astute enough to understand the papers that he writes, he'll have no problems," Rangel said of Moynihan in a recent interview on the "MacNeil/Lehrer Newshour." "But when it's an across-the-board audience and when it appears as though he is indicting rather than providing solutions, I think the professor part of Pat Moynihan has many, many problems." When I asked Rangel to repeat the remarks, he declined, saying he had already heard complaints from Moynihan's staff.

Just last month, Moynihan stepped into controversy again. During a hearing on welfare, he noted that within the next decade half of all American children will be born out of wedlock. That prospect, Moynihan said, marked such a change in the human condition that biologists could talk of "speciation" — the creation of a new species. Sharpton promptly denounced Moynihan as a "Harvard version of Jimmy the Greek," a reference to the Las Vegas oddsmaker who lost his job as a television commentator after saying that black athletes were fleet-footed because they had been bred that way in slavery.

The bitterest pill for Moynihan may be that such criticisms enabled the insurgent Reaganauts to call the problems intractable and retreat from Government spending for the cities and the poor.

"It was the last moment of a kind of expectancy about activism in Washington," Moynihan says of his Family Assistance Plan in the Nixon years. "The problem, then as now," he wrote with typical candor in 1992, "is that no one has a clue as to what it would take for public policy to be sufficient."

ON A FRIGID FEBruary day last year, Clinton and Moynihan made a pilgrimage to the home of Franklin D. Roosevelt in Hyde Park, N.Y., where the President pressed for his economic plan. When they reboarded Air Force One, Moynihan banged a table top in the V.I.P. cabin and growled with Falstaffian flair: "Whisky! Get me a whisky!"

Nervous White House aides fluttered for a moment, unsure whether he was joking, until, one of them later recalled, "I think the assumption was, if the Senator wants a drink, bring him a drink."

Moynihan's drinking is a subject his friends and enemies raise matter-of-factly. He drinks, by all evidence, more than most public figures in this era of white wine and designer water, and reporters and Washington insiders collect Moynihan drinking stories like baseball cards. There is Moynihan, asked for a late-night comment on the death of the Irish Republican hunger striker Bobby Sands in 1981, declaiming unintellgible dialogue from "Juno and the Paycock." Moynihan burbling an air-check for the Democratic response to one of President Bush's weekly radio addresses, then snapping into clear voice when the broadcast began. Moynihan consuming, according to a tablemate, 14 glasses of wine at a recent White House dinner, asking the waiters to keep all three of his glasses — white, red and Champagne — full.

"He's a rogue," one old friend says simply. "Pat's an Irish country person. And he drinks too much. We all know him: he's the smartest guy in town, who doesn't have enough good people to talk to, who exhausts himself and those close to him and" — by drinking — "finds surcease from that enormous intellect. He's a man who could easily be a squire in the west of Ireland. But then there'd be other squires and a bishop and a community to talk to."

In his classic chapter on Irish New York in "Beyond the Melting Pot" in 1963, Moynihan mused on the curse of his race. "A dominant social fact of the Irish community is the number of good men who are destroyed by drink. In ways it is worse now than in the past: a steve-dore could drink and do his work; a lawyer, a doctor, a legislator cannot."

No one suggests that Moynihan's drinking — which friends say appears to have tapered off a bit with age — has seriously affected his work. On most mornings these days, he leads long and complicated hearings on health care, welfare or trade, perched on his dais like a lanky Jimmy Stewart on a lily pad, praising a colleague, goading a witness, recounting a favorite lesson.

Asked why people talk about his drinking so much, Moynihan says quietly: "People just always have, and there's nothing I can do about it." Asked if it's a problem, he replies, "It's not a problem for me. I'm sitting here, doing my work."

Moynihan's drinking may be the least of his eccentricities. This is a man who, if any aide tells him "the White House called," is sure to interrupt with a peremptory: "No! *Houses* don't *talk*. You spoke to a *person*. Now, who was it? Begin again."

In the Senate, he lives by his own clock. After morning hearings and the twice weekly Democratic caucus lunches, he is apt to repair to the gym and an afternoon of reading and telephoning in his hideaway just off the Senate floor. He'll visit the floor for a speech and return to his office in the late afternoon. He bunches his appointments at the end of the day, sometimes forcing constituents to scramble for the last shuttle back to La Guardia.

He avoids the Washington social circuit and generally dines quietly at home with Liz or close friends. A light sleeper, he reads into the night. Though he affects disinterest in his own press, by 8 or 8:30 A.M. he has read The Washington Post and The New York Times "more thoroughly than the owners of either of those journals," says O'Donnell, chief of staff for the Finance Committee. During the summer, in a former one-room schoolhouse on his farm in the tiny Catskills hamlet of Pindars Corners, Moynihan bangs out his books and scholarly articles.

In an era of handlers and "message" meetings, Moynihan writes his own constituent newsletters (they are as likely to review history as to tout his accomplishments) and rewrites the efforts of consultants into his own distinctive 30-second campaign commercials, with never an actor or gauzy soft-filter in the lot.

He also spends inordinate time checking his footnotes. To show the Senator's sympatico relationship with Clinton, Stephanopoulos reveals that Moynihan keeps up an active correspondence with the President. A recent note praised Clinton's speech to the French National Assembly after the D-Day commemorations, in which Clinton warned of the dangers of resurgent ethnic nationalism. Moynihan suggested that the President gather experts to review the problem, the way the Manhattan Project developed the atomic bomb for F.D.R.

But a follow-up phone call with Stephanopoulos revealed Professor Moynihan's double-edged sword. When Stephanopoulos said he guessed this would be like "Dr. Einstein" coming to the White House, Moynihan broke in.

"Doctor? I don't think he was a doctor," said the Senator. Stephanopoulos, a Rhodes Scholar, apologized for the seeming error, but a couple of days later came another letter from Moynihan, confessing *his* error and listing Einstein's curriculum vitae. "Even when I turned out to be right, I still felt dumber," Stephanopoulos laughs.

Moynihan's eclecticism has rubbed off on his three grown children. In the Nixon years, when student protesters threatened to burn down his house at Harvard, Moynihan had nothing but contempt for the sons and daughters of privilege who, in his view, had paralyzed the country and destroyed the Johnson Presidency. But Moynihan's worldly success has given his offspring the financial freedom to pursue decidedly nontraditional lives. The eldest son, Timothy, is a sculptor of papier-mâché caricatures. (A life-size Thomas Jefferson stands in Moynihan's office.) Maura

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s a sometime performer who ıow works for the Campaign or Tibet. And the youngest, ohn, is an animator. "And ıone," Moynihan says drily, 'are employed."

The gyroscope that keeps Moynihan balanced is Liz Moynihan, the handsome voman he met in 1954 on the Harriman campaign. An architectual historian and an xpert on the Mogul gardens of India, she has been his olitical alter ego, doing the und raising that bores him. he also drives — since, Tim xplains, "the old man" has a ay of spying something disracting out the window and iriving off the road.

Liz has her own back chanels to all of Washington, ncluding Hillary Rodham Clinton. A recent cartoon in The Washington Post mapping the brain of the prototypical plugged-in Washingonian included in the folds of the well-kept cortex "Liz Moynihan's phone #."

The Senator has a flash emper and a long memory, ut his colleagues agree that iz Moynihan is steelier. Sometimes he tells you ough things that you know he's told him to tell you," ne Congressman says. "But hen you hear it right from er, watch out."

MOYNIHAN'S RECORD. AS efits a wide-ranging intelct, is more a story of influence on an array of issues than authorship of a passel of big bills, though the Senator can claim his share of those. In 1983, he and Dole worked out a compromise involving higher taxes and fewer benefits to bail out the floundering Social Security system. In 1988, he shepherded his Family Support Act to passage. And in 1991, he used the occasion of a highway reauthorization bill to create the Intermodal Surface Transportation Efficiency Act, which appropriated huge new sums for transportation and gave states wide choice in whether to use the money for highways or mass transit.

Though he is often accused of disdaining parochial interests, Moynihan keeps close track of how the Federal Government parcels out revenue to New York, publishing an annual report on the way entitlement formulas favor other parts of the country. And he takes great pride in bringing physical structures — new courthouses and office buildings — to the state. In 1991, he forced the Feds to repay New York $5 billion for the cost of building the Gov. Thomas E. Dewey Thruway four decades ago.

"He's a spectacular votegetter, and I think the reason is twofold," says Raymond B. Harding, the leader of the New York State Liberal Party and a longtime supporter. "He's a marvelous pol, something he manages to hide most of the time. Secondly, he's truly an upstater, in terms of his orientation and knowledge."

After winning the Democratic nomination over a crowded, more liberal field in 1976, Moynihan won an easy victory over the Conservative incumbent, James Buckley. He has been re-elected comfortably since, running strong in Republican districts and protecting his left flank with his outspoken opposition to the Reagan administration's abandonment of the cities.

His opponent this fall is Bernadette Castro, a Republican fund-raiser from Long Island and heir to the convertible sofa business. Moynihan was edgy enough about the money she and her adviser, Edward J. Rollins Jr., might spend to attack him — or to repeat Sharpton's attacks — that he called for her to dismiss Rollins. Rollins caused a firestorm last year with his boast, later retracted, that the campaign organization for one of his clients, Christine Todd Whitman, had paid black groups to suppress turnout in the New Jersey gubernatorial election.

Polls show Moynihan with a commanding lead over all comers, but there is an undercurrent of dissatisfaction on the left.

"Frankly, when I hear a Democratic Senator from the state of New York say that there is no health care crisis in America and suggest that it's O.K. for 37 million Americans to have no health

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care coverage, that's deeply troubling to me," says Jan Pierce, a vice president of the Communications Workers of America in New York. Pierce recently told a union gathering that he personally could not support Moynihan. "I said while I don't have the courage to endorse Reverend Sharpton, I sure as hell intend to vote for him." The union, which has given money to the Senator for years, supports Moynihan again this year.

For his part, Moynihan appears to be doing his best to enjoy his moment on the mountaintop. But the verdict on what kind of chairman he will ultimately be — whether he can express his will on issues that are not as dear to his heart as welfare — remains open. Will the Senator, who long ago decided, like Henry Clay, that he would rather be right than President, rank as a Great Compromiser in the best sense of the word?

Every day brings a new test. The welfare debate is just beginning, and once again Moynihan will be called on to be a team player in steering a complex bill on a thorny topic whose subtleties and pitfalls he sees too clearly. If health care falls apart, the White House may well be less inclined to humor him. Winning this fourth term would carry him into the millennium and a quarter-century in Congress. Moynihan may yet grow more confident and adept in his command. He isn't getting any younger, though, and sometimes seems to grope harder to pluck things from that vast card catalogue in his head.

Being Moynihan, of course, he doesn't talk much about it. But in a recent twilight conversation in his Senate office, surrounded by old silver and boxed foreign editions of his books, Moynihan did pause to reflect, his voice barely audible as he dragged on a Marlboro, one of three he allows himself daily.

"The century began with *vast* expectations of what government could do and ended up with a huge amount of disappointment," he said, fending off any suggestion that his own goals are too modest. And he insists he is not as complicated as people think. "I don't find myself hard to understand. I find a lot of the things I *deal* with hard to understand. You know, there's a lot of complexity about the *world*."

When he argued for seat belts or predicted the decline of the Soviet Union, he adds, the world wasn't quite ready for him. "If you're outside a paradigm, people will think you're crazy. It is by that kind of pattern in the sciences, and what is *wanly* called social sciences, in which no argument ever gets settled in one generation. A *huge* argument breaks out, and it just goes on until another generation comes along and it has accepted one or the other views. And no one will say: '*Gosh*, oh golly-gee, I got that *wrong*! My courses for the last 25 years have been *wrong*, but I have now changed my ways.'"

It is Moynihan's singular satisfaction to have been right about some of the biggest arguments of his time. That he might be wrong this time around on health care is a criticism to be borne, not one to dwell on. As the conversation turns to the well-worn doubts about his party loyalties and legislative skill, Moynihan softens his voice until — after discussing his drinking — he stops altogether.

"May I," he begins hesitantly, "put you on a slightly different course?" He walks to a shelf where a two-foot stack of honorary degrees rest in their colored leather folders. He picks up the top one and displays it. The degree, received this year, is from the University of Rochester. The citation reads in part: "Independent to the bone, he is the vigilant guardian of the nation's well-being. We call to honor Daniel Patrick Moynihan: teacher-politician, thinker-activist, international homeboy and pride of New York." He enumerates other glories: the gold medal on the mantelpiece from Notre Dame, the gold medal of the American Philosophical Society.

"I don't think I've spent my life being *denounced*," he says. "So *why* should I go around with a *hang*-dog look?"

The act is revealing: at the peak of 30 years of accumulated power and respect, at the start of his barony as Finance Committee chairman, he still feels insecure enough to recite his honors for a visitor half his age. Moynihan picks up a clipping from The New York Post, with the latest polls showing his popularity, and turns again to his visitor.

"I get along with people in New York very well. I'm not sitting here" — his voice has now risen almost to a shout — "*I'm* not complaining! Why are you asking me?"

This Senator knows what he cares about, what is lasting and what is not, and he does not need colleagues, critics or the President of the United States to tell him. The flash of anger quickly past, his voice is silky again.

"Seriously," Daniel Patrick Moynihan says. "Why go on about being misunderstood? I mean, I'm still here."■

U.S. Warns Cuba Over Refugees

Castro Threatens Repeat of Chaotic 1980 Mariel Boatlift

By William Booth
Washington Post Staff Writer

MIAMI, Aug. 6—After threats by Cuban President Fidel Castro to unleash a mass exodus of refugees, U.S. officials today warned the communist regime they would not permit a replay of the chaotic Mariel boatlift that brought 125,000 Cuban refugees to South Florida in 1980.

The exchange follows an extraordinary few weeks in Cuba. In the past 10 days, three passenger ferries have been hijacked in Havana harbor by Cubans desperate to flee their country. And thousands of angry Cubans gathered in Havana on Thursday and Friday, some to taunt government security forces and chant "Down with Fidel."

Crowds of Cubans, estimated by some observers to have reached as many as 10,000, gathered in old Havana when rumors spread that another Mariel boatlift was beginning. Thousands of Cubans watched as a ferry hijacked by passengers Thursday headed out to sea. As of this evening, the ferry, which had run out of fuel, was back under the control of Cuban authorities, according to news reports from the island.

At one point Friday, hundreds of Cubans also tried to board Chinese and Canadian freighters in the port. Police and members of rapid response teams, many wielding guns and clubs, dispersed hundreds of rock-throwing protesters, who set trash cans afire and besieged special "dollars-only" stores, as trucks filled with police drove from hot spot to hot spot.

Cuban exiles in Florida today were urging their countrymen to continue the protests, but Havana reportedly was tense but quiet, with large numbers of police on the streets but no widespread demonstrations.

After crowds participating in the melee in Havana were dispersed Friday, Castro and other top officials toured the area.

The Cuban news agency Prensa Libre quoted Castro as saying, "Either they [the United States] take serious measure to guard their coasts, or we will stop putting obstacles in the way of people who want to leave the country and we will stop putting obstacles in the way of people who want to come and look for their relations here."

U.S. officials today said they would not allow Cuban refugees to again pour into South Florida as they did in 1980, when thousands of Cuban exiles

See CUBA, A24, Col. 1

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here chartered fishing boats to bring their relatives and friends from Mariel, Cuba, to Key West, Fla. Among the more than 125,000 refugees were thousands of mental patients and criminals that Castro released from state institutions and prisons.

"The United States has stated repeatedly that we will not permit Fidel Castro to dictate our immigration policy or to create a replay of the Mariel boatlift, a cynical move on the part of Castro," said State Department spokesman David Johnson in Washington. "We urge the Cuban government to carefully consider all the implications of such incitement. We urge the citizens of Cuba and their relatives in the U.S. to remain calm and not to participate in this ploy of the Cuban government. We call on the Cuban government to refrain from the use of force against its own people."

Cuban exile groups here reported getting hundreds of calls from anxious relatives, and some exiles said they were ready to get in boats and go to Cuba. Miami officials opened a telephone hot line to deal with the wild rumors here.

Jorge Mas Canosa, head of the Cuban American Foundation here, also appealed for calm and argued that another massive boatlift would only benefit Castro by removing his most dissatisfied and vocal critics from the island.

"The solution to the Cuban crisis is not the migration of thousands of Cubans, but the removal of one man—Fidel Castro," said Mas, who also said he supported the U.S. government's opposition to another boatlift. Mas said another Mariel could wreak havoc in South Florida and give Castro "a safety valve."

Rep. Lincoln Diaz-Balart (R-Fla.) said today that the widespread protests were a clear signal that ordinary Cubans no longer supported the Cuban regime and were prepared to openly defy the Castro government.

"It is extremely significant," Diaz-Balart said. Other exiles here called the protests the largest and most confrontational in Castro's 35-year reign.

The protests were sparked in part by anger in Cuba over the deaths of 32 passengers, including women and children, who drowned July 13 after their hijacked 115-year-old tugboat was rammed by a Cuban government vessel.

Many Cuban exiles here compare the dramatic event to shooting refugees who tried to climb the Berlin Wall. The Catholic Church in Cuba called for a complete investigation. The Cuban government called the drownings "a terrible accident" and said it was trying to save the passengers from an overcrowded and unseaworthy boat. Cuban officials blamed the United States, which grants asylum to virtually all Cuban refugees while turning away others, notably Haitians, who arrive illegally by sea, for encouraging Cubans to flee in dangerous rafts and hijacked boats.

In a speech July 26, Fidel Castro's brother, Raul, minister of Cuban Armed Forces, lashed out at the United States, saying that "anti-Cuban hysteria" was worsening the refugee situation. He charged that the U.S. government withheld legal visas for Cubans, while treating those who leave on rafts as heroes.

Cuban refugees who make it to the United States on leaky boats, or, more commonly, who are rescued by the U.S. Coast Guard, routinely are allowed to stay while Haitian refugees are refused entry into the United States. Some 16,000 Haitians fleeing their country languish in "safe haven" at the U.S. naval base in Guantanamo, Cuba.

Special correspondent Marc Frank in Havana contributed to this report.