

Time is ripe for health-care reform



Dan Deitch

Professor Paul Krugman

Paul Krugman is a professor of economics and international affairs at Princeton University, a columnist for the *New York Times* and the winner of this year's Nobel economics prize, that recognized his work on international trade and finance, and globalization. The author or editor of 20 books, including his latest title, *Conscience of a liberal*, and more than 200 journal articles, he has taught at Yale and Stanford Universities, and was the senior international economist for the US President's Council of Economic Advisers under Ronald Reagan.

The global financial crisis has created an environment that is more favourable to government intervention, social protection and health reform in the United States of America (USA) than in recent years. Paul Krugman, this year's Nobel economics laureate, talks to the *Bulletin* about the challenges of pushing through health reform and the shape this could take after the 4 November presidential election.

Q: About 45 million Americans have no health insurance and cover health costs out of their pockets or not at all. Does mandatory health insurance challenge core American values of self-reliance, hard work and merit?

A: There's a lot of exaggeration on the extent to which those are core American values. After all, we have a universal retirement system, and we have a social security system in some ways more comprehensive than in many European countries. We also have universal health insurance for the elderly, Medicare, which is immensely popular. If we could have some kind of guaranteed coverage for all, it would become a universal, accepted feature of American life and the public would find it inconceivable we would do away with it. Most younger Americans are covered by employer schemes. If you listen to right-wing talk radio, you may find people railing against this, but it's not widespread.

Q: Is universal health care in the form of mandatory health insurance feasible given the federal system and autonomy of the states?

A: A strong majority thinks everyone should have health insurance, though that support erodes once you talk about costs. At the state-level there is currently an attempt in Massachusetts to provide this, and though the programme is

having teething problems, it bodes well for providing something like this to the population as a whole. Mandatory individual insurance alone is a clumsy solution, but a lot of people will argue we already have centralized national programmes.

Q: California has also tried to provide universal care has it not?

A: That proposal, for a mandatory system, unfortunately has not made it through the legislature. Massachusetts started with very low rates of health insurance. With a more thoroughly covered population, there will always be the problem of limited state fiscal resources. States have little ability to run deficits, even in recessions, which means state-level health programmes are vulnerable to a downturn. The Massachusetts programme could be in danger, owing to the state of the US economy, even though these kind of economic stresses come at a time when universal, guaranteed health care is needed.

Q: Why did the Hillary Clinton-led taskforce fail to deliver universal health care and coverage in the 1990s during her husband's term in office, and how can we be sure the next US president will not face the same obstacles?

A: The next president *will* run into the same obstacles. The question is whether they can jump the hurdles better. In

1993, the political fundamentals were weaker. The Democrats had the White House, but their majority in Congress was not cohesive and did not have the necessary broad, progressive outlook. Second, Hillary and Bill Clinton mishandled their plan. They were slow in moving. President Lyndon Johnson signed Medicare in July of 1965, little more than six months after he was sworn in. Bill Clinton didn't give his first major speech on health care until September 1993 – six months after he came to power. Third, the Clintons were confused about what they were trying to do and tried to do too many things at once. Universal coverage was not the central focus.

Q: Do you think part of the battle is ensuring the public are properly informed about the options available to those in power?

A: There will be deliberate misinformation out there but you have to counter that. There were the infamous but very effective ads against the Clinton plan in 1993, paid for by the insurance lobby, about an imaginary couple called Harry and Louise, who complained they couldn't get the health coverage they needed under the Clinton plan. There will no doubt be something similar here. You need to have very careful and simple explanations.

Q: If Barack Obama were to win the presidential election, what kind of health plan would you expect from the Democrats?

A: There's broad agreement on the outline of the plan unlike in 1993, when President Bill Clinton was elected with no clear mandate or vision [for health-care reform]. All the pieces are in place for a quick decision. Legislation could be drafted within weeks, though this would not come into force until 2010 or 2011. There are four pieces to this plan: a community rating, to prevent 'cherry-picking' by private insurers; subsidies to help lower-income people afford insurance; a form of mandatory insurance for children; and government-run plans so people can opt out of private insurance. Many people think such a federal health insurance system would eventually merge with Medicare and Medicaid to form a larger national system. ■