

Programme OPERA – ENTRETIENS

Entretien – santé n°6

Pour citer cet entretien : Beaussier, Anne-Laure, Entretien santé n°6, Programme OPERA (*Operationalizing Programmatic Elite Research in America*), dirigé par W. Genieys (ANR-08-BLAN-0032) (*insérer hyperlien*).

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Responder: So, we have not one, but, obviously, two legislatures, and then, of course, we have two-- what we've just seen with the election, a totally independent executive branch, and, of course, legislation must be passed by all three.

Interviewer: (inaudible)

You know, with the exception of the (inaudible) override. And so, essentially, what we've seen is (inaudible) generally, over the last, well, you can go all the way back to Nixon, in which we've had a divided government.

Okay.

Essentially, if you go back to '68, and we actually-- we had a brief period of unified government here with the Johnson landslide, after the Kennedy assassination, in '65, '66, but after that, even in '67, '68, with Vietnam, you got anti-Johnson, and then with '68, we had a Republican President, a Democrat House and Senate, so in '68 and then '72, and then in '76, we have Democrats on both sides for four years, and then, starting in '80, we have Reagan, '80, '84, '88, with Bush I.

Of course.

And here we have the Senate is Republican and the House is Democrat and the Senate Republican, then starting in '86, you only had Democrats and Democrats, Democrats and Democrats, in '92, you get a Democrat leader and Democrats and Democrats for two years, and then, of course, the Republicans take over.

Yes. So, yeah, in '92, it was Democratic unified government.

Right, for two years.

During the first (inaudible) of President Clinton.

For two years, and so what I think other countries would call coalition government, we've mostly had, I mean, for my time perspective, really starting here, we had 12 years of Republican presidents, and then here we have two years of Democrat and Democrat, and then we have 12 years of Republican Congress.

Yes.

So, if we go back before this year, you'll see 24 of the 26 years, the Republicans control either the executive branch or the Congress.

Okay.

So, in terms of winning elections and having the mandate to do something, we've-- the government is split up, so it's difficult to do that, and certainly in recent history, we haven't had that.

Yeah, it's difficult. Okay.

And then even-- you get beyond that, and this is the next level of detail, even here in this two year window, Johnson after the '64 landslide and Clinton down here after '92, it's-- the general observation is you'd say that they win, and then they get two years until the next election, and the general-- and this is really to tie it to Johnson, who was our great Senate leader-- I guess you know the (inaudible)?

Sorry?

The Robert Caro book?

No? Robert Caro? Not yet.

Caro. He's the-- C-a-r-o, Caro. Robert Caro, and he's got a three-part, of which he's published two, volumes of his 3000-page Johnson biography, but the second volume of that is called Master of the Senate, and--

I'm sorry, what--

Master of the Senate.

Master of the Senate.

And the point is that he came close to being chosen as the Kennedy Vice President in '60, from being majority-- a very powerful majority leader in the Senate. He then becomes the President, but even as President, he realizes that-- and this was a landslide win against Goldwater, but he tells his staff-- they say, "Oh, we have two years," he says, "Oh no, we have one year.

One year?

Which is really what we saw back down here in-- with Clinton in healthcare.

Yeah, it took--

Is that there was one year-- people were (inaudible), looking back, but the minute you get to-- and there's usually a recess from after Christmas up to the end of February, and by the time you get to the end of February, all the members of Congress, instead of looking back, are now looking forward, to November, and they're worried about getting re-elected and there are various changes in the economy, changes in war, and so that the political momentum in this country-- you know, once you get these divisions, and then you overlay that with these various short time periods, and you contrast that with, certainly the British system, where you elect basically the entire government and it's mostly there for five years.

And so that's the-- and it does (inaudible) because the Founding Fathers wanted it this way, and then the way it's evolved, the legislature has become very strong, because all policy positions that originate in the Executive Branch must, obviously, be adopted by the Congress.

Yes. Would you say that there is a conservative bias, not in the sense of the conservative party, the Republican Party, but--

Oh, there-- and if you look back over this era, you would have to say there is a very conservative bias, again, which goes all the way back to the Founding Fathers. That's what they wanted. I mean, I've ended all my sort of presentations on healthcare and why we don't have universal coverage, my last slide is, you know, the Founding Fathers would be pleased. They never intended for major policy changes to be easy, and so that's what I put up at the end for students to really understand about why-- why we have in healthcare, and other areas, but particularly healthcare, the situation that we have. That it really is the Founding Fathers and the way the government, you know, was and is structured.

Okay. And do you think that this situation is changing now because of the reinforcement of political parties? They change some-- they had some institutional rules, reform? And-- oh yeah, I've heard about this book.

It's very good.

Yes?

And it explains (inaudible) more than anything. But-- you can have that.

Oh, really? Thank you very much.

I keep a stack of those at home.

It's one of your favorites?

It's a dissertation, so it's a little dense, but it really explains kind of what the current kind of state of affairs are, both sort of electorally, externally, and then internally, the way that Congress operates, so it's very-- it's a Stanford dissertation, he's now on the faculty at the University of Texas.

Okay.

But-- and, of course, there's all the ways this pattern-- but, again, back to your conservative point, that we had one election here in '80, where we elected Reagan, and then we elected Reagan twice, and Bush I, so we had 12 years where, even when there was a Democratic Congress over here, which there was for the last six years, everything had to be signed by Reagan and by Bush, and they wouldn't sign much of anything.

Yeah, okay.

Then, you elect Clinton, you have two years, and then, among other things, they screw up healthcare, and so Gingrich comes in, takes over Congress for the next 12 years. So, you've got-- you almost-- here, you had a Republican President and Democratic Congress, now you've got a Democratic President and a Republican Congress.

So, in our-- basically President, House, Senate, they all have a veto. So, in this ear, with a Republican administration, a Republican President has a veto, literally, and over here, the Republican Congress vetoes. So, it's-- if you want to do something, it's conservative. Now, it's conservative two ways.

That generally, Republican Presidents, Republican Congress, don't want to deal with social problems, social equality, whatever, but it's also conservative in that it's very difficult to change in either direction. And then finally, (inaudible) and I think it's conservative in the change sense, is the Senate, and the Senate-- first of all, the Senate is elected by states, so we have, I think Los Angeles county, I think we counted, has more population than 16 states.

Oh, yes, they have, like, 50 representatives?

Yeah, it's about 8 million people. California as a whole-- that's just Los Angeles County, California as a whole has 52 members of the House. But, anyway, first of all, you've got the membership of the Senate, which represents, as I said, (inaudible) not equal, so you've got Wyoming, which has, in the Senate, has two of 100. In the House, it has one for 435.

You've got Montana, two and one, and then down at the other extreme, you've got California, which has two out of 100, or 52 out of 435.

Yes.

So, you've got lots and lots of little states, if you think about the West and the South. And so one is, they're small, so in that sense, I always say the Senate-- the United States Senate is the least-democratic effective legislative body certainly in the (inaudible)-- but probably in the world. The House of Lords is undemocratic, but they can't do anything.

So, that's the first point. The second point would be, many of these small states, by nature of being rural, are in fact conservative--

More conservative?

So it starts out as being undemocratic, and then it slides toward being conservative, although you can say, “now wait, Rhode Island is small and Democrat, New Hampshire is small and Democrat, Maine is small and Democrat,” so you'll find, you know, it's just-- it's easy to list the states out and say, “Oh, look, they're small, rural, Republican and conservative,” but you can also point to states, Rhode Island would be most notable, which is small, geographically, but being very urban and (inaudible).

So--

So, it (inaudible). And then the other thing is, the Senate is, of course, you've got all the 60 votes.

Yes, and the filibuster.

And the filibuster. I feel that is the most conservative feature, probably, of all of this, President, House, Senate, again, all three bodies have a veto, but over here in the Senate, the veto is really not even the majority of this already undemocratic Senate.

But it's 40. Now, again, the sort of general view is, you live by the filibuster, you die by the filibuster, and, of course, during Bush, where you (inaudible) that Republican president, Republican House and Republican Senate, for, let's say five of the eight years, the thing that allowed the Democrats to stop, you know, a lot of what had been created all the way back to Kennedy was, in fact, the filibuster in the Senate.

So, you can say, “Why couldn't the Democrats do anything under Clinton? Why are the Democrats having difficulty doing anything now?” Well, because you've got to pass all three, and then you've got to have 60 votes here.

On the other hand, why couldn't Bush and the conservatives pass what they wanted to?

They were 60 at that period?

They didn't have 60.

No, so--

The high water mark, I think, was maybe 56. They never got to 60.

Yes, but they passed some very strong legislation. They had, like, (inaudible) in the Democrat side, like, moderate or conservative Democrats, so that helped them to pass--

Yeah. So, what you'll see here, and the other is-- (inaudible) national journal, and this is the February 28th edition, what they do here, and this really shows, it's kind of a little more, is-- this is voting records of members of the House and the Senate.

But what they show here is the overlap, and the point of this is that, starting with Reagan, that basically, we used to have Southern Democrats and Northern Republicans. And what's happened is, the South became almost solidly Republican, and then in turn, the Democrat-- the North became almost always Democrat. And he talks about how people used to be

conservative and vote Democrat and liberal to moderate and vote Republican, and he talks-- he shows the timeframe.

So, what you'll see here-- this is-- and there used to be a lot of overlap. So, if you start here at the conservative end, that-- go to the liberal end, you would have a lot of Republicans who would be down here toward the moderate end, and you would have a lot of Democrats, and here, my point is, that if you take the most liberal Republican who actually lost, so, he's now gone, so Chris Smith, you'll see there's only three Democrats who are more conservative than the most liberal Republican.

And if you take the most liberal-- the most conservative Democrat, he's gone, he's gone, he's both-- he retired, and he lost, so you now have only one, two-- one, two, three, you only have three Republicans who are more liberal than most conservative Democrats.

So the point is, instead of having this kind of broad middle, it's really shifted. So, the-- all the Democrats are moderate to liberal, or even-- or the liberal end of moderate to liberal, and all the conservatives are-- (inaudible) to the agenda are conservative. And that's a more recent trend, and that's what this book is about.

It sort of documents the trend and then explains it.

And from your (inaudible) during the time when you worked as the Director of the Ways and Means, did you live with these kind of trends, and did you-- how did it change your day-to-day work?

We were still (inaudible), and if I could (inaudible) a critical example, this was up until Clinton was elected, which was '92, that the subcommittee had 11 members, and it had seven Democrats and four Republicans, but what it really had, if you want to divide it, it had five liberal Democrats, two Southern Democrats, so, five and two, and then you had the four Republicans.

Okay.

And one of the Republicans was a very moderate Republican, who was the senior guy, was a guy named Gradison.

Yeah, Bill Gradison.

Bill Gradison, and he had actually-- had a term for some decade for a lot of Republicans, the Rockefeller Republicans, and he had finished business school and literally become the special assistant to Nelson Rockefeller, and he genuinely was a Rockefeller Republican.

I am sorry, so, Rockefeller is really literal?

He was the Governor of New York who challenged Goldwater for the nomination in '64. He was sort of the leader of the moderate and Northeastern Republicans sort of from that-- from the '50s and '60s.

I am confusing with Senator Rockefeller.

Senator Rockefeller is his nephew. Senator Rockefeller is from West Virginia. His (inaudible) is Nelson.

And Bill Gradison-- I had heard that he was the head of the Wednesday Club?

Yes, the Wednesday Club. He was a very moderate Republican. And so, in that era, the easiest thing, which (inaudible) there, we worked very closely with Gradison.

Okay. At that period, the Republican leadership was really organizing itself, it was making task forces and (inaudible) like that, to stop the health reform?

Well, that was sort of the transition-- this was before Clinton was President, sort of up to when Clinton was President, and then part of the point-- and then, actually, this is the transition, because this was the leadership, and it was really-- Clinton was elected in '92, and it was really the organization by (inaudible) of the Republicans in '93 and, mostly, '94, that then led to the Republican takeover, and is sort of, again, the polarizing event.

That's-- the transition point, what do you mean by before, the leadership didn't organize as well, for instance? In the Reagan era? There was-- some of them were very conservative.

They were conservative, but there were also others, like Gradison, who were very moderate.

Okay.

And so people could and did work together. When I-- I worked in the Senate for Senator Ted Kennedy, and at that point, the leadership of the-- what is (inaudible) chairs, was Kennedy in Massachusetts and Williams of New Jersey, who were the Democrats, but Javits, in New York, and Schweiker of Pennsylvania were the Republicans, and I don't think we ever sent out a letter that wasn't signed by all four of them.

It was just understood that--

When did you work for Senator Kennedy? Was it after your work in the Ways and Means Committee--

Before. I started in '71.

You worked with Mr. Nixon at that point?

Well, I came here with a Congressman, I'm a doctor, so I came here with a Congressman who was a doctor from Kansas named Bill Roy.

William Roy, okay.

And actually, this is-- by chance, he used this, but this shows the polarization of the Republican House-- of the Kansas House Delegation, and what he shows, it moves over-- I

mean, just about thirty years, from having basically moderate Republicans and moderate Democrats to much more polarized Republicans.

(inaudible)

So, anyway, I started with-- he was a Democrat, he-- in that district, in 100 years, there had been one Democrat elected in that district, and so you might guess he was pretty moderate, and he was-- this would have been '71, '72, which was obviously three years after Bobby Kennedy had been shot, and he goes to (inaudible).

Okay.

And the staff said, "How can you do this?" And he said, "If you want me to be here and work on the things you guys are working on, you know, don't give me any grief on being bad on gun control. I'm from Kansas."

Okay.

They didn't much like him-- Kansas had not elected-- has elected-- the recollection of Senators began in the-- just before-- just after World War I. During that time, Kansas has elected one Democrat to the United States Senate ever.

So, it was a pretty conservative--

Yes, it's a conservative state, and then he got elected, but he was a moderate, and worked with, you know, in that era, there were moderate-- a guy named Johnny Hines who eventually got elected to the Senate was on the (inaudible) Committee, there was a moderate Republican from western New York State.

But, anyway, so the point was, he was a moderate Democrat, and there were moderate Republicans, and they could work on healthcare issues. Again, but we're at a point where, you know, where there are almost no moderate Democrats at this end, and there almost no more moderate or liberal Republicans on that end.

You come there-- it's become very polarized.

So, at the moment you worked for the Ways and Means, you were used to working with the staff on the other side?

Yes, very collectively. The Republican majority leaders, you know, Chip Kahn--

Yes, he was one of the first who gave me your name, with Mrs. King, also.

Yes. Chip had his-- it must have been his 50th birthday party, his wife had a questionnaire about his life, about obscure facts in his life, and I won the--

The contest?

Because I sat next to him at so many meetings waiting for them to get to healthcare. So, I mean, we just spent hours and hours and hours together.

That must have been so different.

Yeah, so I went back up there last -- in '07, I went back up there and did a year on sabbatical up there, and Pete-- it was just after (inaudible) took over, but Pete Stark gets to talking to me and, anyway, blows up and (inaudible)-- do you want us to leave?

Do you want us to leave?

Unidentified Speaker:No, you're fine.

Anyway. But, at that point, he took over again, and he had not been the chair for twelve years, he was (inaudible) the chair, so, he remembered how he worked with Gradison, and he went back and said to the Republicans, "Well, you know, we used to work together. Let's see what we can do," and the agenda was to expand health insurance for kids and do it through Medicaid, through the states, (inaudible) and the states basically contract with (inaudible), and there were a lot of Republican elements to what the Democrats wanted to do.

And the current Republicans said, "No, we will never vote on what you guys want to do." Yeah.

But they-- didn't they do that in '97?

No, this is in--

The SCHIP?

Well, but, remember, that was Bill Clinton, and it was part of a huge, huge bill, and part of that would have been, you really started with Kennedy and Hatch is where all that started, and Kennedy and Hatch had worked together for the years, but when you got to, again, you got up to 2007 in the Gingrich House, Stark genuinely went to these people and said, "Let's work together," and they said "No, no, we cannot, will not do that."

And so what happens then is, they went off, essentially, on the Democratic side and did everything in a closed room, and then, you know, this is the-- previously, everything in the (inaudible) back in the Gradison, the '80s, we had an idea, the first person we called was Chip Kahn.

Yes.

And Chip Kahn would say, "That's a dumb idea, we've got to work on it." But here, everything was done strictly on the Democrat side, and then the first time the Republicans saw it, they literally-- there is a 36-hour rule. They posted it on a website at 10:00 on Monday night, and (inaudible) hand copy-- hand-delivered a hard copy to the members' offices and then gavelled the committee meeting to order at 10:00 on Wednesday.

Okay.

And the Republicans offered, I don't know, 30 amendments, and they were literally all voted down on straight party lines. I don't think there was a single Democrat that voted for a single one of the amendments.

Okay. And were the Democrats willing to work with the Republicans, or was it--

I mean, it's kind of, up to a point. You know, obviously, even in the old days, the Democrats were here to here, and the Republicans were here to there, and so there was a big area here where the Democrats got some things and the Republicans got some things, or, you could say the Democrats got some things they wanted but didn't get other things they wanted.

But now, what happened is, you've got, you know, really like this, and so the Democrats sort out what they want here, and the Republicans on this side of the line, they're all going to vote against it.

Now, that's (inaudible). Now, the problem is, the Senate, you've got to get at least 60 votes.

So, that requires more bipartisan?

It's more bipartisan, although he makes the point that the pattern in the House is in fact followed in the Senate.

Yes, but not from internal factors, it's much more due to external factors?

Yeah, yeah. I can see why (inaudible). Here's the House (inaudible) at 435, here's the Senate, and, again, what you see on voting records here, is you've only got one, two-- one, two, three Democrats who are more conservative than the most liberal Republican, and over here, you've got two, which is an interesting part-- two from three, who are more liberal than the most conservative Democrat.

So, again, even if this is the big list, and this is the short list, but it shows pretty much the same thing.

This is really a (inaudible) change?

Yeah, it's (inaudible). Now, part of the (inaudible), it goes back to Nixon, with the Southern Strategy, and then particularly reinforced by Reagan. I mean, Reagan started his presidential campaign in Philadelphia, Mississippi, which is where three civil rights workers had been killed-- (inaudible) and then (inaudible), Birmingham. So, a very well-known event, and of all the places, Reagan goes there to begin his campaign.

And, so, following from that, the Republicans become more and more conservative, then, and (inaudible) to Main Street, not spending money, to abortion, gay rights, (inaudible) and so on and so forth.

And so the Republicans become more and more, and then the moderate Southerners who voted for Democrats so far, the so-called "Yellow Dog Democrats," voted for (inaudible). So, that was the first thing that happened, and it was very specific, and (inaudible) everybody

knew it, and what happened much more gradually was the (inaudible) between more and more (inaudible).

Okay.

And in this last election, which was-- Chris Hayes, who, in England, was-- I'm sorry, kind of like this, he had the absolute last seat-- the furthest west and the furthest south in Connecticut, and lost. So, all of New England, just now, as all of Alabama and Mississippi and Georgia is Republican, so, now, all of New England is all Democrat, and the exception to that comment is that in the big cities in the South, there are now these inner-city (inaudible) which are black seats which, obviously, now, are won by black Southern leaders, and the black Democrats are now (inaudible) previously moderate to conservative, the black Southern Democrats now are as liberal or, often, more liberal, than the Northern Democrats, because they are elected by a completely black constituency.

Yeah, sure.

But, anyway, so, this is what you see. Now, I don't know how that helps you with your broad picture of legislature.

Yes, that's helped me a lot, because there's-- from your point, you have a lot of experience, and you have (inaudible) Congress to the external (inaudible), and I-- with what I see, I would say that it's all to-- it's due to internal and (inaudible) impact, the importance of extra money (inaudible).

Well, this is-- and he kind of does this, but I think the importance of this-- you know, other people have done this, but he has sort of taken the two and put them together, and he has used-- sometimes (inaudible), sometimes qualitative and descriptive--

Qualitative?

Very quantitative, and if you think about it, he's got elections on one hand, very easy to quantify in a study, and then he's got votes in the House and the Senate on the other, so he's got huge, multi-year, you know, century-long databases, which he's run, and then he finds others who have run.

So, it's really-- what he's done is more of a synthesis. Now, I don't know what that tells you about the French Parliament.

We are not that kind of program. There is a lot of loyalty, too--

Well, and then-- part of this, again, is we all of this single-member kind of pass-the-post sort of elections.

I wanted you to talk about -- to describe me your experience with-- what was your day-to-day work at the (inaudible) and the Ways and Means, and also when you were Deputy Assistant for the Secretary of Health, what kind of work did you do, and what were your relations with Congress during that period?

Well, part of it, and you're in the era now, I mean, really, and this is the Democrats, I would have said, when I was Ways and Means, and generally, in the Congress, this would have been from '70 up to '92, we dealt relatively little with the executive branch. I mean, this was a Democratic-majority Congress, and we did what we did.

Okay.

In particular, and (inaudible) comes out of Nixon and Vietnam, where you've got, you know, after Johnson, you had Nixon, and it turns out in retrospect he was very much the moderate, but because of his Vietnam policy, he was viewed as very much the enemy.

So, I would have said we were-- two things. One is, we worked with financial experts all over the country, and I suppose subsequently, (inaudible), and we would work with the interest group leaders directly. So, that's the first step.

The second thing that has happened is that Congress has created its own basically technical staff, which initially, looking at the building, the Congressional Research Service. Beyond that, the Congressional Budget Office, which dates from '74, and then, in the Health area, the - what was previously two commissions now is one medpay, and that really makes (inaudible), and probably the second was '86.

Okay.

So, that's technical--, and, again, both staff and members, Pete Stark could deal directly with the Democrat labor or with the AMA or the AHA or, you know, so he didn't need the administration and I think certainly with the healthcare, you have a great area in which certainly the Democratic side was in '93, when Clinton (inaudible) he was from Arkansas (inaudible) Washington, and said "We're going to write the bill," and is--

I assume you've seen he (inaudible) book? The system?

Yes.

Have you seen-- it's a very good description of that. But he came in, didn't know much about the (inaudible), and said they were going to write a, you know, a bill, and the Congressional leaders begged him to send out a 25-page white paper in March, and they said, "No, no, no," and they screwed around and screwed around and wrote a 1300-page bill which nobody in Congress understood or supported.

So, that would have been the year in which the administration tried to do the technical work and then tell the Congress what to do, and I get-- my piece of it over there was graduate medical education and then trainee physicians and primary care in rural areas.

Okay. That's (inaudible) today, physicians in rural areas? They're working on that in the Congress.

Well, compared to what we used to do in the old days? And part of it is political, and after 12 years of Reagan, two years of Democrats, 12 years of Gingrich, basically, the country was so

conservative, the things people talked about and proposed and some of which were even enacted and implemented in the early '70s cannot even be mentioned today.

So, in terms of the stuff we talked about, you know, we actually passed in the House and the Senate a provision regulating medical graduate education, and requiring 50% of new doctors to be trained in primary care.

Okay.

And that-- you can't even mention that almost (inaudible) government, and so it's, again, the Reagan era and then the Gingrich era have just demonized government to the point the stuff that was discussed here earlier, and everybody else in the world does, literally can't even be mentioned.

Yes. With the kind of issue, with the evaluation of the medicine and drugs?

Yeah, yeah, comparative effectiveness.

Comparative effectiveness. That's the kind of strong regulatory power?

Well, and in my sense, it's silly, because what's being discussed I mean, again, is, in terms of being effective. The notion that somebody is going to write an article and put it in the New England Journal and 700,000 physicians all over America are going to voluntarily read the article and change what they do, it's just not going to happen.

So, the fact that-- the Democrats talk about something that is so gentle and unlikely to be effective, and then the Republicans and the drug companies, and part of this is the various (inaudible), attack it so strongly.

I see.

You know, and what we know of Canada, and I don't know France, but (inaudible), is basically, people set budgets. And so there is a budget. And so the question is sort of "how many cardiac bypass units do we need, how many CAT scans, PET scans do we need? How many places that do hip or knee replacements do we need?"

And so it's all done by dollars, and then the thing that we know is that if you spend money on capital, when you open the CAT scan unit, you have to staff it, and so the dollars for capital, which is kind of a one-time, then increase your overall budget year after year after year, so you have to control your budgets, and then you have to control your capital spending.

And everybody else in the world knows that and does it, and we don't. You know, we say, "Every hospital in America can decide whether they want a CAT scan," and Siemens or GE, whoever makes CAT scans, goes over and sells one here, so they've got an interest. The doctors have an interest, and there's nothing here that limits either what they can buy nor than what their annual budgets are.

And the fact that we don't even talk about that is an example.

But the AHA would never agree to--

And actually if you go all the way back to the early '70s, the AHA actually endorsed this at one point.

Oh.

But after that, then they didn't, and it's all gone (inaudible). But, you know, and that's why, as you know, in France it's probably 10% or 12% of GDP.

Yes, something like that, yes.

Maybe 9%.

I think it's around 10%. And here it's around 14%?

No, last year we hit 17%, and we're on our way to 20%. Now, this is pretty static (inaudible).

French must be a little more, it must be like 14%, because we spend a lot.

No, it's-- you're 10%. The Canadians-- I think the next highest may be the Germans, but anyway, the answer is, everybody else is down here and we're way off, and we continue to increase. You know, one of the things I tell my students is, welcome to America's great, ever-growing recession-proof industry, and the point of time when healthcare in the US jumps up as a percent of GDP, is sort of that healthcare keeps going like this, and the GDP, (inaudible) is up here, it goes like this, except there's a recession.

But when there's a recession, healthcare never goes down, it just keeps going. So, healthcare jumps up as a percent of the GDP mostly due to the-- either the actual reduction or the low rate of increase of the whole GDP during a recession. So, we're going to see a big jump here when we see the numbers for 2009. We'll see healthcare probably jump as half a percentage of GDP.

And this is going to be used by some people who want to cut programs, or this can be a good and--

What it does-- it doesn't make any difference at the hospital or the physician level. It does two things. One is, it obviously adds to the cost of insurance, and one of the points in the United States is that, by and large, for the last 30 years, with the exception of (inaudible) decline, price and adjusted wages have been flat, and part of the reason is that while cash wages are flat, health benefits go up and up and up.

So, we pay our workers more in health benefits rather than cash take-home wages. That's one thing that's happened, and yet, unfortunately, in terms of government programs, Medicare has gone up, and you do see some of this come up in the Congressional Budget Office, they've projected stuff out for 50 and 75 years.

Yes, that's a very important issue, and that's senseless. Like, the primary Democratic issue, now they are working on the reform, talking about cuts, not just talking about--

Yes, but I guess the point-- they're not really doing anything. They see this stuff from Obama about, "Oh, people are not concerned about coverage, they're really concerned about cost," and then you say, "Well, what are they talking about?" Are they talking about doing budgets? Are they talking about limiting capital expenditure? Are they talking about training 50% of doctors in primary care?

All of the things that you would do, and the answer is no. It's-- not only aren't they talking about it, they're totally-- they're not even talking about it. They're talking about, "Let's do this voluntary comparing of effectiveness." "Let's talk about health IT." "Let's talk about quality." "Let's talk about medical home, and primary care, although we're only training 22% of our new physicians."

But anything that, again, the Canadians and the British and you would do, they're saying, "No, we're just going to limit."

So, they restrain the scope of the reform just to make it happen?

Yeah. In fact, back to the Clinton, they did some things that were serious and got attacked, and so there's a bit of that to lessons-- one of the lessons is, don't let the (inaudible) go, you know, this 1300 page bill, they went and found every problem in healthcare and solved it, and the lesson is, you know, and for every problem you solve, you probably gain an opponent.

Okay.

And so they're trying to keep their focus, and part of this is a juggling act, is they're trying to keep their focus on the coverage, but they keep talking about, "Oh, we're going to reduce cost," because that's what the polls show the American people want, but they also know that controlling cost-- is that if they actually did it, that the Republicans and the health technology people and the specialists would all start running ads, and the American people would say, "Oh, we're for it," and then when they got (inaudible) to buy all these ads, they say, "Oh, we didn't understand. Now, we're not for that."

So, what they're doing is, they're saying, "This is about covering the 47 million. Our polls show they want to talk about cost, okay, we'll talk about cost. We'll give this nice soft, oh-- we're going to study, oh, we're going to have better medical records, oh, we're going to have better quality, oh, we hope that everybody will have a medical home and primary care.

We'll talk about it, but we're not going to go to your medical school and say, "Stop training cardiac surgeons," because cardiac surgeons really pack the whole package. We're not going to go over here in new technology and say every hospital can't buy new CAT scans, because then the hospitals and the CAT scan firms would attack.

So, they're trying to learn the lesson of Clinton, and they're learning the lesson. Actually, the better lesson is Medicare. When they enacted Medicare, and Medicare had actually been discussed for 20 years, all the way back soon after World War I-- World War II, and LBJ said, "We're going to cover the elderly," and went to the hospitals and said, "How do you want to be paid?" And they said, "Well, we're paid by Blue Cross, which the hospitals then owned," and they passed Cost Plus, so these plans cost plus.

That's right.

And then they said, "Oh, by the way, we don't want the government dealing directly with hospitals, why don't you hire Blue Cross, that you own, and you give the money to Blue Cross and let the Blue Cross give the money to us?" And LBJ said, "Okay." So it passed, and it took from-- this passed in '65. It took until '92-- sorry, '82, before we got a prospective payment fraud bill, and it took from '65 up to '89 before we got prospective payment for the business.

The end of the check, the open-ended commitments?

Yeah, so I think that's the lesson. I mean, maybe, the famous American (inaudible) is "Talk softly and carry a big stick." I think this is "Talk loudly and carry a small stick."

Do you think about the amendment-- I mean, we saw, in 2003, it was exactly the same, it was like an open-ended commitment for drug companies, and so it is going to be exactly the same as the prospective payment, like, more control in the future?

Eventually. I mean, part of the-- one of the general comments-- if something can't go on forever, it won't. Have you run into Uwe Reinhardt's stuff?

Oh, can you--

U-w-e, you'll recognize that as a German name, Uwe.

U--

U-w-e is the first name.

Oh, yes, Uwe (inaudible)

Uwe Reinhardt. He's at Princeton, and he's both very strong, very liberal, and he's also-- tends to be very acerbic, and one of his test questions which (inaudible) was, "How many years is it until healthcare is 100% of the economy." Obviously, if you're going this fast and the economy is going this fast, and you were 8% and then you were 12% and 16% and on the way to 20%, then it's 80-some years before healthcare is 100% of the economy.

Now, is healthcare going to be 100% of the economy? No. And so the question is, although, again, people notice (inaudible), who was involved all the way back in the early '70s with the Nixon people, and he says, you know, "Can you remember when we thought it would be the end of the world if healthcare is 8% of the US economy?"

Yes.

And then it got to 8%, and then it got to 12%, and then it got to 16%, and it's going to be 20%, and is it going to be 24%? Is it going to be 32%? I don't know. But at some point, somebody-- and maybe the point is that we deal with the 47 million uninsured without scaring anybody, and then at some point in the future, because of budget reasons or whatever, then,

just as eventually, here, in '82 and '89, we came back and did the prospective, we will come back and do some sort of-- and people will say, you know, "Oh, it's like Canada," or "Oh, it's like Germany," or "Oh, it's like France."

Yeah, but we are quite bad at that, though, keeping our costs low. We have a (inaudible) that is everyday (inaudible), and that is supposed to set a budget, but it's never respected. Everywhere, like, today, this year, we are going to have a 3% increase in (inaudible), and it's always 4%.

4%. Yeah, it clearly is a problem everywhere, but our problem is so much, I think, so much worse. So, I don't know whether this helps you with--

Yes, oh, it's helped me a lot.

With your lesson. I don't know what the lesson is for, again, (inaudible) legislature, or--

Yeah.

Now, the (inaudible), I guess the answer is, members of the Sarkozy Cabinet are members of Parliament?

No, they are not. But in Great Britain.

In Great Britain they are, but not in France, okay.

Yes. Sarkozy is like-- it's kind of a mix of semi-presidential regimes. They are trying to, I don't know, to reinforce the Parliament to make it more democratic, but we have this President that is elected through (inaudible), by the people, directly, and he just builds his government with the people they wanted, and they have a really strong role. They write bills, they write all the bills, and--

Right, and does the legislature then pass them?

Yes, always. Maybe they are going to be more independent, but they are so weak, they just pass it.

Now, is the majority in the Parliament from his party? I mean, was there, either in the same election or successive elections, where if he won than his party also won the members of--

That's right. We can have two configurations. One, if the party is the same party for the President, the President (inaudible). If there is a new Parliamentary election, and if the party is different, so, the majority will be--

Will be another party?

Yes, and will just create a government of another party, so the government will be a different color than the President. So, it happens sometimes. It happened a lot under the Chirac Presidency with-- we had (inaudible) Prime Minister, he was on the socialist, and-- but they just did a reform, it's called the (inaudible). It's-- I don't know,

(inaudible), they make the Presidential (inaudible) five years. Before, it was seven, so maybe it will be more the same, close. I think they did it for that, but-- they wanted to reform the French Parliament and make it stronger, but in the end, not really.

Well, part of this is all history.

Yes, a lot.

I mean, one of the points he makes is that well, sort of, we live in this cycle of polarization, because he goes back with Congressional voting records and says, "hey, look, there was polarization 80 years ago," you know, I guess he-- really in the New Deal era, in the '30s, which is (inaudible), and then he goes back and, I don't know, there was the-- so, the cycles we forget about.

Cycles, yes, that's--

Of polarization. But, I think that-- well, and I guess if you say, "Did we have a period in which the Executive Branch and Congress were very close," it really would have been this Johnson era of '65, '66, but then, again, and this might be where we have independent elections, as Johnson became unpopular for the Vietnam War, the parties diverged and again-- here you have this great landslide in '64, and then just four years later, less than years later, Johnson does not win for re-election, the Democrats lose, and the Democrats then lose again in '72.

So, we get a landslide year of unpopularity (inaudible) Republicans, and then all of a sudden, it's 12 years later before you get another Democrat.

Okay, and would you say that the situation now with Obama and the unified government is the same configuration?

(inaudible) is, we don't know. I mean, Obama seems to be leading a (inaudible). Now, again, part of this is personality, where if you think of our previous Democratic Presidents, Clinton, in '92, was basically the governor of a small state, you know, a thousand miles out there, he had never been in Washington. Eight years before that, 16 years before that, Jimmy Carter was the governor of a very rural state, he was-- sort of the outsider governor of a rural state, Georgia, and so--

That's very important.

Yeah, and so you had people coming in from outside and the people around them who weren't familiar with this President, House, Senate stuff. Didn't sometimes really respect it. Clinton didn't understand it, Carter didn't respect it.

Yes, because he must have had a lot of skillful advisors?

Yes. 1976. So, you've got, basically, a new Democratic President here every 15 years, and you go back here to 1960. So, it's only once every 16 years we get a new Democratic President, so it's almost over a lifetime, you know, this guy has been in the Senate for four

years, and never paid much attention, certainly wasn't a senior person, but at least he was in Washington.

You know, and this guy was from Little Rock, this guy was from Atlanta, and back here, you've got JFK, who had been in Congress for 12 years. He was the most Congressional.

I've heard, and I've read in the papers that Clinton's people were just back now in the White House, the people who worked from here and were involved in-house just are around Obama and trying to advise him?

There's a lot of truth to that although, actually, back to your kind of study, the thing that we saw here is the end-- the Clinton people said, "Wait for us, we are writing a 1300-page bill, let us write every detail, and then we will send it to you and you just pass it." These people now, two things have happened. One is, they're saying, "No, no, we learned our lesson. You guys work it out." And secondly, back to the LBJ 20-year cycle, instead of these guys saying "Let us do 1300 pages and we'll send it to you," as it turns out, by the second year, these guys are now saying, "One, do it in the first year, and you do it, you pick."

And beyond that, the number of people who have been hired in the Obama Administration to do health is really a handful.

A handful? Okay.

So, all the staff work is in the Congress, so you've got the Waxman Staff, the Ways and Means Staff doing it, people over in finance doing it.

Yes, they're-- I've seen in the Yellow Book, the White House Office of Health Reform, it's like ten people working there.

Yeah, ten people, because remember, they started with Daschle, and that failed, and so by the time they got Sebelius, and once she's been named, there's no head of Medicare/Medicaid, the next level down, there's one of the three, so here we are, in June, you know, January, February, March, April, May, and these people are getting bills ready to go to the floor in July and there aren't even people in the Administration who would normally be hiring technical staff to provide assistance.

In cooperation? During the Clinton era, how many people worked in this--

Well, there were certainly tens-- 50 or 100 or something like that.

5200?

50 to 100.

Okay. That makes a huge difference, I mean, just in thinking of the role of the Congress.

But now, everything is being drafted over by the Committee staff, and they are getting technical people from universities and think tanks, and they are dealing directly with the interest groups.

Okay, and what about the role of the-- CMS, and the legislative office? Do they help, or?

There's nobody there. There's no Assistant Secretary for Legislation in the CMS/HHS at this point, so that there's no-- you know, the next level down, the Deputy Assistant Secretary is (inaudible). They haven't been hired.

Okay. Do they provide, like-- I have heard that they provide technical assistance, or--

Well, again, think about who has been hired over there. If the Democrats haven't hired anybody since January, who hired all the people over there for the last eight years?

It's still Republican?

Yeah. So, if you're Democratic staff working on this important bill, are you going to call the people that George Bush hired? No.

That's a very interesting point, thank you.

So, and this actually does go back to when I first arrived in 1971, there was a book, a famous book called "The Dance of Legislation."

The Dance of Legislation?

Legislation, by Eric Redman, that was all about how Congress works, and it's basically 250 pages lamenting-- he worked for the Democratic Congress, and the Nixon Republicans wouldn't help him write a bill.

Well, I worked for a guy running for Congress in Kansas, he ran as an anti-Vietnam Democrat, he ran against (inaudible), so when I showed up, I didn't think that Nixon was going to help people-- they were the enemy. And so the same thing would be true if you think of Congressional staff. Many of them spent the last eight years in Congress and, up until two years ago, in the minority, fighting everything the Bush people wanted.

Okay.

So, they're not likely and, like I said, there's (inaudible) HHS has 60,000 employees. Well, you've got about four or five over here, and over here you've got Nancy-Ann Mim and Mike Cash and two or three others in the White House. So, you can't call them and say, "Tell me how a connector works." You call people in Massachusetts, which, you know, you can do, and you say, "Well, you guys fly down and spend all day with me tomorrow and the next day and the next day, figuring out how a connector ought to work," and we don't care who these people are, and we don't care who these people are.

I understand.

And if we're over here in the Congress and we're dealing-- we've got the Health Insurance Association here, you know, and (inaudible) used to work in the Senate, well, we've got the Federation of American Hospitals, and Chip Kahn used to work in the House, or we've got the pharmaceutical manufacturers, and Billy Tauzin used to be the chair of the committee that Henry Waxman is now the chair of.

So, the rest-- the members of Congress and the Congressional staff can field directly here without going here and having these people.

Okay.

And that's, again, back up here to Clinton, Clinton said, "No, don't you guys write the bill, don't you deal with all these people, let me and my people do this." Month after month after month.

Okay, and was it Clinton that wanted that, or was it some of his key advisors? Do you remember? I will maybe find it in a book.

Well, (inaudible) wrote a book, the system, basically, Clinton assigned it and it's more complicated, I'm just saying, but he assigned it to a guy named Ira Magaziner, who had been a Rhodes Scholar with him in Oxford.

Okay.

But, he was writing-- the point was to develop a legislative proposal about health. Magaziner knew nothing about legislation in Washington, and he knew nothing about health. He was kind of a corporate consultant type who knew how to do a process, and so he set up this very elaborate process and, sort of back to your project, what he didn't understand was the Congress.

Yes.

And I say he set up a process that might well have worked in a Parliamentary government.

That's right, that's the way we do things.

And had the President said to the members of this party saying, "Okay, we've spent, now, six months or nine months or 12 months thinking about it, and you guys are in my party, and this is my position, it's our party position, and you guys vote for it, and, oh, by the way, we've been thinking about it for nine months to a year," and the next election isn't for four years, it might have worked.

But what this-- and, again, remember, Clinton (inaudible) really smart guy, he's a great, gregarious politician, but he'd never been to Washington.

He didn't know the people, or he didn't have--

Yeah.

And that's really, yeah, important. You talk that you knew the-- Karen Nelson from health insurance?

No, Karen Ignani. She's famous, she was in the-- I don't know, somebody wrote it up yesterday-- last-- this week, about what an important person she was, but she worked for the Senate for a Senator from Rhode Island. Again, Chip Kahn worked for Gradison. David Nexon, who was the 20-year Kennedy Staff Director now works for the medical technology people.

(inaudible) bad guys. Down here, the head of the drug committee is not just the committee staff, he was a member of Congress and he was chair of the committee. I mean, Billy Tauzin.

So, my point is that in this system, the President, House, Senate, these guys are set up so independent-- they're elected separately, most of the senior members, I mean, Henry Waxman was first elected in 1974, and the point about the members of Congress, or the senior members, they were elected before the President-- I mean, when Henry Waxman was in the House when Barack Obama wasn't even probably in college yet.

So, Henry was in the House, and they were in Congress, even years in Congress, before the President was elected, even before they were important politicians, and they intend to be in Congress after the President is gone. And, Henry Waxman represents, you know, famous-- West Beverly Hills and Malibu, you know, that's where he represents. He gets 70% of the vote every election.

What does Barack Obama or George Bush or anybody mean to him?

Right.

So, and the same thing with the Senate. Ted Kennedy was first elected in 1962. Barack Obama probably wasn't even born yet. He's 47.

50, almost 50.

So, anyway--

And do you think this is meaningful, that all the people who work at that period in the committees-- all the staffers, I mean, work now for some kind of lobby? Do you think that's helped them speaking more or working more together?

It goes both ways. I mean, you can say these guys can talk to them, but it's also these guys influence, and we can have another whole discussion about the lobbying industry. Again, the health-- the lobbying industry in Washington is and was-- yes, it's over \$1 billion, and so the registered lobbyists in healthcare is \$400 million a year. This is my policy (inaudible). Again, I say, "Welcome to Washington," and these are people-- registered lobbyists.

You've got all of the people who write newsletters, all the people who (inaudible). The total healthcare spending in Washington is \$1 billion a year, and what happens is that all the people who used to work for the Ways and Means, they all go out and become lobbyists. I mean,

you've met Chip, but there was a whole group that were actually with me, I like to think Democrats are a little better. One of them worked for HIP, which is the big insurer, and--

Yes, I have--

David Abernethy.

I have met him also.

Okay, David. The other ones we had, one of them is over at Georgetown, and the other one is at Kaiser Family.

Okay.

But the Republicans all went out, after the big bill was passed in 2003, they, the term is "cashed in," so they all went out and big firms, or some of them set up their own little firms.

Did their literature talk about the (inaudible) project?

(inaudible), yeah, where the Bush Republicans were in on (inaudible), I mean, that was very much part of the (inaudible) view of the world.

Yes, trying to influence, yes, but that's okay-- we took a lot of time.