

BILL CLINTON ON STUDENT LOANS AND HEALTH CARE

✘ I told you all that I was going to cover Bill Clinton's Clinton Global Initiative this week. What I didn't tell you is that I was invited to attend a meeting between Clinton and a group of about 15 bloggers. On the eve of his big shindig, Clinton generously spent an hour and a half with us last night, answering at least one question from each of us.

I'll talk about what he said about CGI last night as I cover the event itself. For now, I want to point out an inconsistency between what Clinton said about student loans and what he said about a public option for health care.

In response to a question on education, Clinton hailed the House's recent action to give Federally-guaranteed loans directly to college students rather than via private loan companies. Clinton noted that under his Administration, he provided this as an option, as opposed to the required change now before Congress. Even with just the optional program, students who took their loans directly from the Federal government saved \$9 billion in loan repayments. And the Federal government saved \$4 billion because fewer people defaulted on the loans held by the Federal government than defaulted on private loans (this was partly because the Federal government could build in flexibility to keep loan payments affordable). If the Senate succeeds in passing this bill, Clinton noted, it would make college more accessible and affordable for the middle class, and would be a crucial element in keeping America competitive internationally.

In short, Clinton argued that by bypassing the private sector in supporting a critical service to taxpayers, both the users of that service and the government could save money and achieve

better outcomes.

Clinton was much less insistent on bypassing the private sector with health care, though. While Clinton made it clear that he personally supports the public option, he suggested that those insisting health care reform must have a public option were being unreasonable. "If it's not a net negative," Clinton said, "we ought to pass it," repeating a sentiment he voiced at Netroots Nation. Of note, Clinton also pointed out that the public option had been largely gutted by limiting access to it to those who buy their own insurance, suggesting that that made it more expendable in the bill itself.

To explain his stance, Clinton invoked an op-ed Paul Begala wrote last month. In it Begala spoke with regret of being a purist during the health care debate in 1994 and, by insisting on perfection, losing the opportunity to pass anything. The history of Social Security, Begala explained, suggested that an imperfect program would evolve over time to become a great one.

If that version of Social Security were introduced today, progressives like me would call it cramped, parsimonious, mean-spirited and even racist. Perhaps it was all those things. But it was also a start. And for 74 years we have built on that start. We added more people to the winner's circle: farmworkers and domestic workers and government workers. We extended benefits to the children of working men and women who died. We granted benefits to the disabled. We mandated annual cost-of-living adjustments. And today Social Security is the bedrock of our progressive vision of the common good.

Health care may follow that same trajectory. It would be a bitter disappointment if health reform did not include a public option. A public plan that keeps the insurance companies honest is, I believe, the right policy

and the right politics. I believe subsidies should extend to as many Americans as need help and that the hard-earned health benefits of middle-class Americans should not be taxed. I believe insurer abuses like the preexisting-condition rule should be outlawed. The question is not whether I or other progressives will support a health-reform bill that includes everything we want but, rather, whether we will support a bill that doesn't.

Baucus and the others working on health care have earned the right to take their best shot, and we progressives should hold them to a high standard. I carry a heavy burden of regret from my role in setting the bar too high the last time we tried fundamental health reform. I was one of the people who advised President Bill Clinton to wave his pen at Congress in 1994 and declare: "If you send me legislation that does not guarantee every American private health insurance that can never be taken away, you will force me to take this pen, veto the legislation, and we'll come right back here and start all over again." I helped set the bar at 100 percent – "guarantee every American" – and after our failure it's taken us 15 years to start all over again.

Clinton made a similar argument. He argued that if we just get something that embraces universal coverage, even if it doesn't achieve that, it would lead to similar fixes of the program over time. He projected that once people got health care, it would be impossible to take it away. So Congress would be forced to implement changes to bring cost savings to the government, otherwise those increasing health care costs will bankrupt America. Once people have the presumption of health care, he argued, it'll succeed in bringing enough countervailing pressure on

interest groups (the industry) to make it politically possible to pass the necessary fixes to health care to bring cost savings to the government and businesses.

Now, whether or not this scenario would work as planned, I challenge whether we can bring countervailing pressure quickly enough to solve the urgent health care problem. For example, another of Clinton's key points is that the US needs to deal with climate change at least partially because the investments in new technology to fix climate change will drive job growth. I pointed out that health care costs today would prevent us from seeing the benefits he promised. Even though the Volt is a great car, it won't be able to compete with Chinese-built electric cars partly because GM's health care costs are so great. We don't have the manufacturing capacity to build wind turbines, largely because our lack of competitiveness (partly driven by health care) has driven that capacity overseas. Clinton didn't have a convincing response to my challenge on this point.

But put aside the urgency of health care reform and go back to the analogy Clinton and Begala are making with social security—and the analogy I'm making between health care and student loans.

First, the analogy between social security and health care—at least as described in the Max Tax—is not directly on point. That's because the people who would be getting a new **government** benefit (aside from subsidies) would be those added to Medicaid—those up to 133% of the poverty level. I'm skeptical, first of all, that conservatives couldn't succeed in cutting this benefit in the future. After all, that's one of the things states are doing as they try to deal with budget crises, cutting back on access to Medicaid. So it's clear that it is politically possible to take Medicaid benefits away from poor people. And subsidies—not to mention mandates that require middle class families to

spend up to 13% of their income—would seem to be much vulnerable to political attack in the guise of deficit control.

And then there's the lesson of direct loans to students, where I started this post. Clinton's optional direct loan program did save money and it was a valuable benefit for students. But then Bush came in and moved away from that program, channeling the money instead through private loan companies, in spite of the fact that it was worse on many levels for the taxpayers. Sure, we may succeed in reversing Bush's work and further expanding the direct loan program (though the loan industry is gearing up for a frontal assault on the bill in the Senate). But the direct student loan program shows that sound government benefits are not unassailable and do not necessarily progress towards greater access. And this is particularly true where a powerful industry stands to gain captive customers, as is the case with health care as well.

We're going to have to fight to fix health care regardless of what bill passes. But this goes back to why including a public option—no matter how circumscribed—is so important. If Clinton and Begala are so sure that an imperfect program can be perfected and expanded through time, isn't it crucial to start with the program in the first place? That is, if we're going to eventually get to the point where the middle class can buy health care through the government, rather than through private companies, don't we need to start with that program in place in the first place?

I want to reiterate that Clinton himself supports a public option—he just assigns it less importance than many of us do in the overall bill. But it seems that two of the examples that Clinton himself raised demonstrate the need for a public option now to ensure that some day—hopefully, before it's too late to make the US competitive internationally—an imperfect health care plan does evolve into a more effective one.