

The Right-Wing Health Agenda

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A GROWING right-wing movement in the United States has moved from the fringes to the center of political life. This movement has captured the Republican Party and has made major inroads into the Democratic Party. Even “moderate” political leaders of both parties are embracing many right-wing ideas. In the health care sector, these ideas are taking on increasing importance, and currently threaten the entire Medicare program.

How have right-wing ideas become so prominent and what is the nature of the right-wing health agenda?

RIGHT WING VS. TRADITIONAL CONSERVATIVES

The powerful forces in society can be divided into two tendencies: the traditional conservatives and the right wing. In the 1970s, these tendencies were called such names as Eastern Establishment vs. Sunbelt; old money (Wall Street) vs. new money; or—most popularly—Yankees vs. Cowboys (1).

The traditional conservatives include such Northeastern industrial and financial families as the Mellons, Carnegies, Rockefellers, Morgans, Fords and their political supporters. They dominated the economic and political life of the nation from 1870 to 1970. During the Great Depression they were forced to adapt to a Keynesian welfare state and to labor unions, and with the post-World War II economic boom they found that they could prosper in collaboration with these institutions. The right wing based its rise on the new economic prowess of the South and West, and accepted neither the welfare state nor labor unions as part of their political outlook.

The world-views of these two groupings are not distinct boxes, but overlapping circles. Their relationship can be hostile or friendly

depending on the times and the issues. Sometimes a strong populist movement erupts in opposition to both these tendencies. The 1930s, with the movements of the unemployed and the rise of industrial trade unionism, was one such time, and the 1960s, with the civil rights and anti-war movements was another.

After World War II, the traditional conservatives supported containment toward the USSR—preventing it from expanding. The right wing wanted rollback: to “nuke” the USSR and China out of existence (2). The two tendencies had some nasty fights with each other, notably Truman’s firing of General Douglas MacArthur over the issue of extending the Korean War into China, and the Iran-Contra investigation during the Reagan administration. Yet on the policy of suppressing most third-world revolutions the two tendencies were in agreement. Both supported the Vietnam War until it became clear that it could not be won.

In the 1960s and ’70s, an immense power shift took place, away from the Eastern Establishment toward the Sunbelt (1). The population declined in the Northeast and flocked to the Sunbelt of Florida, Texas and Southern California. Industry shifted from auto and steel in the Northeast to the military industrial complex, aerospace, agribusiness, oil and gas extraction, real estate and tourism, all primarily in the Sunbelt. President Kennedy was perhaps the last Yankee president. Presidents Johnson, Nixon, Carter, and Reagan were not of the Eastern Establishment. George Bush was a Connecticut Yankee turned Texas cowboy. (His son is now a Texas cowboy trying to turn Yankee.)

The Republican Party has been a battleground between the Eastern Establishment and the right wing. Right-wing ascendancy began with the Goldwater victory over Nelson Rockefeller in the 1964 Republican primary (3). Nixon tried to bridge the Yankee-Cowboy Republican split: he moved from Southern California to New York, and made a major compromise with the Eastern Establishment in his detente policy toward China and the USSR. But Nixon was never accepted by the Yankee Establishment and he never accepted them. Watergate was an attempt of the Yankees to reassert power. Commenting on Watergate, Nixon said: “The Establishment is dying, and . . . this is the last gasp” (4). Nixon was right. When Reagan came in six short years later, the tables were turned. The Eastern Establishment had to come begging to the Sunbelt crowd because they owned

the Republican Party (5). Was the fall of Newt Gingrich the reassertion of the Eastern Establishment in the Republican Party? No. It was the right wing that ousted Gingrich because they felt he was betraying them. Thus far, the right wing still dominates the Republicans; even Republican moderates hold to right-wing economic policies.

The economy of the early 1970s—stagflation and a major downturn in corporate profits—led to the hegemony of the right-wing political agenda in the United States. The Eastern Establishment's view had been: give the working class some benefits so that they will have money to buy consumer goods. The right-wing philosophy, in contrast, was to bust unions, reduce wages, and cut government spending in order to reduce taxes on the wealthy. As corporate profits dropped, Wall Street adopted the right-wing domestic agenda. Since the 1970s, real wages have fallen, and the gap between rich and poor has widened astronomically.

Right-wing ideas also entered the Democratic Party: tax breaks for the rich, domestic spending cuts, and privatization of social programs (3,5). In the 1980s, the Democratic Leadership Council (led by Bill Clinton and based on southern and western Democratic governors and senators) moved the Democrats away from the New Deal coalition of labor, minorities and women toward a white middle-class and business base. As President, Clinton has supported spending cuts, tax cuts to the wealthy, and an end to welfare.

THE RIGHT WING AND HEALTH CARE

The health care sector offers its own version of Yankees and Cowboys. The names may have changed, and geographically the tendencies cannot be located exclusively in the Sun Belt or the Northeast. But the principles are not so different.

In the 1970s, the new Sunbelt industries funded a series of New Right organizations, the most influential being the Heritage Foundation. In 1980, Heritage wrote *Mandate For Leadership*, which became the bible for Reagan's policies (6). The key elements of the Heritage program were and are: increase the military budget, reduce domestic spending, reduce taxes for business and the wealthy to stimulate investment, privatize the federal budget through voucher programs, and change social security into private retirement accounts rather than a public trust fund.

The Heritage Foundation's health policy has been and still is

espoused by Stuart Butler, for a long time Heritage's director of domestic policy. The right-wing health program was introduced in *Mandate for Leadership*, edited by Butler. It was restated in Butler's 1985 book *Privatizing Federal Spending* (7), then published by Butler in the *Journal of the American Medical Association* in 1991 (8), and again in *Health Affairs* in 1995 (9).

What is the right-wing health agenda?

1. End employer-based health insurance. Health insurance should be purchased by individuals, who should receive tax credits or vouchers to pay for it.

2. There should be large deductibles and copayments to make consumers cost-conscious. Insurance, including Medicare, should be for catastrophic costs, not for comprehensive coverage.

3. Medicare should be turned into a voucher system.

4. Social security and Medicare should be privatized. Public trust funds should be transformed into individual retirement and medical savings accounts that individuals can invest in for their future retirement income and for medical care insurance.

This agenda was a fringe philosophy just fifteen years ago. Now it has become mainstream.

Who supports the right-wing health agenda?

The American Medical Association calls for medical savings accounts, opposes employer-based health insurance, and favors individually-bought health insurance with high deductibles. Why? With high deductibles, physicians will be paid for many services in cash rather than by an insurance company or the government. This allows physicians to be paid what they charge, getting around the discounted fees received from third-party payers. In addition, these policies would reduce the power of HMOs.

The non-HMO insurance industry, which is losing ground, would again flourish if everyone, including Medicare recipients, had vouchers to buy private insurance.

The pharmaceutical industry does not like HMOs, which attempt to use generic drugs and receive large discounts for bulk drug purchasing.

Some small employers wish to get off the hook of having to insure their employees.

Younger, higher-income baby boomers are the mass base of the right-wing health agenda. They jog, take their antioxidants, bash HMOs, think they will never get sick, and do not believe that Medicare will be there when they retire. Individual retirement and medical savings accounts appeal to them.

Who opposes the right-wing health agenda?

Big business still wants to control the health care arrangements of its employees, and is doing so more and more through regional purchasing coalitions. However, as HMOs are less and less able to contain employers' health care costs, business could be attracted to right-wing policies.

Large insurers owning HMOs want to continue their alliance with the large businesses who stimulated the growth of HMOs.

MEDICARE AND THE RIGHT WING

It is important to make a distinction between health care policies for the employed population and policies for Medicare. As noted above, the interests of the right wing and of the conservative elite are sometimes at odds and sometimes in agreement. On employer-based health insurance, they are in disagreement; business wants to control employee health care, whereas the right wing hopes to remove health insurance from the aegis of employers. On Medicare, in contrast, big business and HMOs may both support a right-wing program, especially the transformation of Medicare into a voucher program. Large employers feel that Medicare vouchers could reduce the federal budget and hold down their social security taxes. HMOs suspect that they can enroll more patients and suffer less regulation than they do now in Medicare.

The upcoming Congressional debate on Medicare is critical to the entire health care system. Senator John Breaux (Democrat) and Representative Bill Thomas (Republican), co-chairs of the National Bipartisan Commission on the Future of Medicare, will introduce a voucher proposal into Congress. Because a voucher system may express the united beliefs of the traditional conservatives and the right wing, it will require a major popular protest to prevent the transformation of Medicare into a private marketplace.

Currently, Medicare guarantees a defined set of services: hospital care, physician care, ancillary services and some home care. A

voucher program does not guarantee a defined set of services: it guarantees a defined money contribution. Rather than receive a red white and blue Medicare card, Medicare beneficiaries would be given a voucher to help purchase a health insurance plan (10).

Why may the right wing and traditional conservatives both support a voucher program? Because both tendencies want to reduce the federal budget, and vouchers give the government total control over the Medicare budget. The budget is the number of people on Medicare multiplied by the amount of each voucher. 40 million people times \$5,000 per person = \$200 billion, the approximate size of the Medicare budget. If Congress wishes to increase the budget by just 3% per year, it can do so by limiting the increase in the value of the voucher to 3% annually.

Vouchers may be good for budget balancers, but are potentially disastrous for Medicare beneficiaries. Health insurance premiums are expected to rise by 8% annually during the first few years of the 21st century. A yearly increase in the value of the voucher by only 3% would markedly shift health care costs to the elderly. Here's how it works. If 2001 were the first year of a voucher plan, the average health plan premium is expected to be \$5,700, the basic voucher is worth \$5,000, and Medicare beneficiaries pay \$700. If the average health plan premium rises by 8% per year, it would cost \$8,375 in year 2006. But if the voucher increases by only 3% per year, the voucher would be worth only \$5,800 in year 2006. $\$8375 - \$5800 = \$2575$. So in 2006, Medicare beneficiaries would have to pay \$2,575 to enroll in an average-cost health plan. Added to the yearly deductible, the copayments for covered services, and the costs of prescription drugs, long-term care, and other expenditures not covered under Medicare, \$2,575 would be an intolerable burden on the elderly and disabled.

CONCLUSION

Since 1980, right-wing ideas have taken over the Republican Party and have a strong following among Democrats. The traditional conservatives agree with many right-wing ideas. In the health care field, the two tendencies disagree on employer-sponsored health insurance, and the future of that basic health care institution is unclear. But on transforming Medicare into a private marketplace, the two tendencies may agree, placing that program in serious peril.

When a strong popular movement is active, the traditional conservatives are forced toward the left. Witness social security in the 1930s and the passage of Medicare itself in the 1960s. When no popular movement exists, the traditional conservatives move closer to the right wing. Only strong resistance from the public can rescue the Medicare program.

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