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The US and Universal Health Care: Can President Obama complete the 'New Deal'?

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'…the greatest threat to America's fiscal health is not Social Security […]. It's not the investments that we've made to rescue our economy during this crisis. By a wide margin, the biggest threat to our nation's balance sheet is the skyrocketing cost of health care. It's not even close. That's why we cannot delay this discussion any longer'

– US President Obama March 2009

1. Introduction

The United States of America is the vanguard of liberal democracy and the world's premier proponent of liberalism, both politically and economically. But ever since the Second World War, shards of social democratic values and slivers of the welfare state have crept into American society as well. The main schism in American politics is the divide between Republicans representing fiscal discipline and personal liberty on the one side, and Democrats representing social liberal values and state involvement on the other. A power struggle for reforming the system of public good provision has been going on for decades. The system experiences marked changes whenever the White House is captured by the opposing ideology; Democrats tend to expand public schemes, while Republicans tend to roll them back. From a political philosophical point of view, Democrats in general adheres to the Egalitarian tradition, while Republicans draws more from the Libertarian platform. Health care provision lies at the heart of this debate, and has over the years resulted in a highly inefficient and complex system, where inequalities serve as the most obvious indicators.

With the election of President Obama in November 2008, the trumpets of establishing a national health care scheme were once again sounded. The new president was inaugurated amongst an aura of change, and the expectations of achieving what has eluded democrats for the last 80 years –universal health care – has never been greater. As the single Western country without national coverage for its citizens, one could wonder why the US lacks such a service, why nothing has been done about it, and why it seems so difficult to obtain. These questions are sought answered in this paper.

1.1 Context and research question

The United States is the only wealthy, industrialized country that does not provide its citizens with universal health care. Instead, health care is built around several different and separate providers. The scheme is a hybrid system consisting of both private and public coverage. In general, many Americans are covered with medical care either from their employers or from their universities, while the

government covers people above retirement age through '*Medicare'*, and poor people through '*Medicaid'*. However, there are today an estimated 50 million people in the US who do not qualify for any of these measures (WorkingAmerica 2009). Any such estimate of unmet needs is likely to be a severe underestimate because of the large bloc of people that are underinsured, and thereby vulnerable as well (Churchill 1994: 47). Furthermore, every year somewhere between 18 000 and 100 000 Americans die preventable deaths, depending on what gauge is used (Navarro 2008). Exacerbating this is the phenomenon of 'job lock', whereas workers dare not change jobs because of the fear of giving up on their health care insurance benefits. Finally, the White House spent approximately $2,2 trillion on health care in 2007 – or $7,421 per person – nearly twice the amount of other developed countries (WhiteHouse.gov 2009). All this coupled together might give the impression of a system in dire need of reform. As we will come to see, history and ideology has played a pivotal role in shaping the current status quo, and also in keeping it this way. Nevertheless, President Obama has promised to come full circle this time around, making the following research question timely:

Is it reasonable to believe that President Obama will succeed with health care reform, when other attempts have failed in the past?

2. Deep determinants

To best explain the absence of a national health care system in the US, and the problems connected to establishing one, this paper will distinguish between *deep* and *interim* determinants. Starting with the deep determinants, these are the pillars of the current system and explain how the status quo has come about. History and ideology will be shown to have played the most important roles in shaping the trajectory from the 1930s until this day.

2.1 Historical narrative

2.1.1 The New Deal (1930s-1950s)

The welfare state of the United States was established as part of the 'New Deal', President Franklin Roosevelt recovery plan for the economy after the Great Depression. However, it failed to include a comprehensive national health care system. The Great Depression presented a unique opportunity for implementation of universal health care in American society (Mayes 2004). President Roosevelt, on the other hand, was preoccupied with the introduction of the Social Security Act, and feared that a proposition of both social security and health care would jeopardize the former. So when prominent members of Congress and of the American Medical Association (AMA) opposed national health care (Mayes 2004), President Roosevelt excluded health insurance coverage from the Social Security Act in order to secure its passage through Congress. Hence, he prioritized old age insurance over health insurance (Boyle 2008). Even though the 'New Deal' lacked comprehensive health care plans, the idea of universal health care coverage was born.

President Roosevelt was succeeded by President Truman, who was a strong enthusiast for the development of national health care (Achenbaum 1988). However, it soon became evident for President Truman that health care was not easy to incorporate into the social security program. Despite strong public support, Truman was not able to pass a bill. The opposition from the AMA and parts of the Congress, hereunder the Republicans and conservative Democrats, made wide-ranging reforms impossible. Oberlander (2003) observes that AMA's branding of any potential National Health Service as "socialized medicine", made the American people associate health care with socialism, in a time where the US was stuck in a feverish state of McCarthyism. The organization launched the most expensive lobbying campaign in US history with the goal of raising public anxieties, and promoting private health care as the "American way".

2.1.2 Incremental changes (1960s-1970s)

The failure of both Roosevelt and Truman to transfer health care coverage into public hands had two implications for the future. First, private insurance

companies were established all over the US to fill the gap created by the absence of a national health care system. Second, because of the obstacles encountered in previous failed attempts by previous presidents, new reformers chose an incremental approach in developing the health care system further (Boyle 2008). Throughout the 1950s, fewer and less comprehensive reforms were proposed and labor unions started to press employers to provide health care for their workers (Achenbaum 1988). The latter came as a response to the lack of progress made in national health care provision.

Examples of the incremental approach taken by later presidents are evident in President Lyndon B. Johnson's attempts to restructure the health care system in the 1960s (Boyle 2008). President Johnson did indeed succeed in creating some health policies, but they were not as comprehensive as earlier attempts. With the democratic landslide victory in the 1964 election, the Congressional composition shifted ideologically to the left. President Johnson capitalized on the favorable conditions and passed two bills, Medicare and Medicaid, which provided health insurance for the elderly and the poor, respectively (Achenbaum 1988). Oberlander states that "*the narrowing of the Truman national health insurance proposal into Medicare reflected an incrementalist strategy of "consensus-mongering*" (2003). The aim was to identify less controversial problems and more politically feasible solutions.

The end of President Johnson's presidency marked the beginning of an era with Republican dominance in the White House. Through the applied political philosophy that constitutes their ideological platform, Republicans are less prone to initiate government reforms, due to their belief of market driven solutions as derived from Libertarian ideals of limiting state intervention. In the period 1968 to 1992, only one democratic president was elected, namely President Carter in 1976. Carter had as previous Democratic presidents a clear goal regarding health care when appointed; "*To establish a comprehensive national health program which will make adequate health care a right for all people, be uniform in scope, and preserve the private relationship between doctor and patient"* (Carter 1976). However, there is a common interpretation that President Carter did and achieved little on health care during his presidency (Boyle 2008), making progress in the health sphere slow down considerably in this period of time.

2.1.3 Hillarycare (1990s)

When President Clinton took office in 1993, he appointed his wife, Hillary Clinton to take charge over a new reform effort. There appeared to be a historic opportunity to complete what Democrats regard as the unfinished business of the 'New Deal'. Exceptional political forces aligned in support of reform and strong pressures to move ahead with an accelerated timetable amounted (Starr 2007a). Public opinion surveys showed the leniency from both business executives and the public at large towards fundamental health care reform. In addition, Democrats had control over both the House of Representatives and the Senate. Republicans, on the other hand, saw health reform as an ideological threat because its success might resurrect 'New Deal' beliefs in the efficacy of government, while defeating reform was an attractive proposition as it could set liberalism back for years (Starr 2007a).

However, Congressional Democrats could not agree on how it should be done. The left wing of the party favored a single-payer plan, while conservative Democrats favored market-oriented reforms without any commitment to universal coverage or caps on spending. Centrist liberals, including some key Democrats in Congress favored an approach called "pay or play" (which would give employers a choice of providing health coverage or paying a tax into a public program). Managed competition within a budget was also just beginning to get serious attention as well (Starr 2007a). President Clinton ended up choosing the latter. Managed competition, meant health insurance plans intended to reduce unnecessary health care costs by providing physicians and patients with economic incentives to select less costly forms of care[1]. This proposal was actively promoted by the White House Task Force (who were in charge of formulating the Clinton health care plan), as well by the insurance companies and large

[1] The plan proposed to; review the medical necessity of specific services; increase beneficiary cost sharing; set up controls on inpatient admissions and lengths of stay; establish cost-sharing incentives for outpatient surgery; conduct selective contracting with health care providers; and intensify management of high-cost health care cases. The programs would be provided in a variety of settings, such as through Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (MESH 2009; Starr 1982).

employees. The scheme was however, *not* favored by the health care providers or the grassroots of the Democratic Party – labor unions and social movements (Navarro 2008). They rather preferred a single-payer system, meaning that payment of doctors, hospitals, and other health care providers should come from a single fund (the government).

2.1.4 The problems starts to mount

The Clinton administration's health care plan was written entirely by the executive branch without consulting Congress. This is considered of being a key factor in the downfall of Hillarycare (Klein 2008a; Navarro 2008). Even though the health plan was attempted fast-tracked to capitalize on the political climate, it became delayed when information leaks from the White House Task Force discussions started to threaten the passage of the President's newly proposed budget in the Senate. The reason for moving fast in the first place was to have the health plan incorporated into the budget in order for it to become law without the 60 votes usually needed for such comprehensive legislation to avoid the *filibuster* (where a minority of 40+ Senators can hold up legislation indefinitely). However, when this motion was refused, health legislation had to wait until after the budget passed which turned out to take longer than anyone had expected (Starr 2007a). In retrospect, President Clinton has admitted that being refused to put the health plan into the budget should have made him realize it would be impossible to pass the full health plan that year. But instead he went ahead and scheduled a vote on the bill in the Senate in August 1993. A compromise-proposal was for weeks discussed and amended on the floor in spite of Republican threats of a filibuster. However, after a month of debating, the bill was declared dead when it seemed ubnlikely to gather even a Democratic majority, much less enough votes to stop a filibuster (Rushefsky and Patel 1998:108). The next health plan was postponed until the next Congress was due to take power in January 2005 (after the mid-term elections).

President Clinton gave priority to ratifying the North American Free Trade Agreement (NAFTA) before attending to health care reform, and then opted to reject the health care proposal closest to the interest of the progressive forces in

favor of a more centrist solution. As a result large swathes of the Democratic voting bloc became disenfranchised, and chose to abstain from the 1994 November midterm elections, causing the Democrats to lose majorities in both the chambers of Congress (Navarro 2008; Economist 2001). The postponed health plan was blown out of the water by the Republican leadership when the next Congress adjourned in early 2005.

2.1.5 Path dependency

The evolution (or lack of evolution) of health care reforms in the US has been described as a process of layering where each Democratic president has tried to reformed the system, but instead of introducing comprehensive reforms, the system just keeps on growing more complex and less efficient. Critical junctures in policymaking tend to have increasing returns, which again cultivate "path dependency" (Mayes 2004). In other words, the decisions made by the political executives in one period are very likely to have deep effects on later generations. Health care reform is certainly an example of this, where incremental reforms have been a part of layering since President Roosevelt time, creating path dependency. The exclusion of a national health insurance scheme from the New Deal has led to a system of both public and private financing, which has become a determinant for later policy-makers. What is certain is that President Obama will pursue health care reform in a much more difficult and complex political landscape than his predecessors did.

2.2 The philosophical roots of health care politicization

Normatively, a health care system should have two goals; security and solidarity (Churchill 1994). Security is a person's ability to live without fear that their health care needs will go unattended, and the freedom from worrying about financial impoverishment while receiving treatment. By solidarity, one means the sense of community that emerges from acknowledging the sharing of benefits and burdens, which is a cornerstone of most European systems (Esping-Andersen 1990).

For the US system, vested interests are threatening security, while the Americans' suspicions towards government and communitarian ambitions undermines solidarity (Churchill 1994). These two aspects are intertwined; and mutually dependent on one another; security concerns the individuals, while solidarity concerns the relationships among these individuals. In order for a universal health care system to work, both security and solidarity must be provided. From a historical point of view it may seem like the US lacks both these components.

In academia there are three theoretical approaches discussing which role security and solidarity should have in society, namely Egalitarianism, Utilitarianism and Libertarianism. These Distributive Justice theories are ways of formulating rules for the allocation of benefits and burdens so that the relevant inequalities come into play (Churchill 1994). However, it is important to keep in mind that the use of these theories in the field of health care is difficult because of the complexity of the services in offering, and because of the different value people place on different services at different times.

Egalitarian theories focus on the *need* for services, not money, insurance or age. The theory is supported not only by the recognition of the equal intrinsic worth of persons, but by a common human vulnerability to disease, disability and death, as well as by the timing of healthcare needs and its importance to our dignity and self-respect. John Rawls argues that inequalities in the distribution of the primary goods of a society can be tolerated only if the inequalities are to everyone's advantage (Rawls 1971). Egalitarians commonly refer to health care as a right. The Egalitarian theories' strengths are the emphases on intrinsic worth, its high ideals and the description of things humans hold in common. Its weaknesses come through defining the word *need*; today there seems to be no natural limit to what treatments are characterized as falling within any patient's sphere of necessity. This view is in line with what mainstream Democrats view as a justification for universal health care, and the latter point also illustrates the problems of such a plan.

Utilitarian theories avoid judging policies on anything but their empirical results, and that the best solution is achieved by measuring every allocation for the greatest net happiness for the greatest number of people (Bentham 1843).

However, the theory will be left out of further analysis due to the fact that it undercuts deep-held beliefs of loyalty and fidelity when placing everyone on the same perimeter (Churchill 1994).

Libertarian thinking questions the independent existence of common or social goods, with the word noninterference being its hallmark. Only liberty is a fundamental right (Nozick 1974). Health care is not a right, since providing such services would entail coercive taxation. Inequalities are thus viewed as unfortunate, but not unfair. Justice in the eyes of a libertarian is respecting the freedoms of persons and keeping the government's hands off what individuals rightfully own. The current US health system is basically oriented around libertarianism, as it distributes the goods and services on the basis of purchasing power and the ownership of health insurance. Libertarianism dovetails with laissez faire economics on most issues. On health care issues it is used by playing on the sentiment of the freedom of having a choice, both for patients in choosing doctors, and for doctors being able to make good judgments without interference. Libertarianism also serves as a warning for the growth of government and hegemony of the state. However it seems blind to commonalities among people and shared circumstances (Churchill 1994). In general, Republicans represent this line of thinking, and as such express a desire to keep health care away from the perceived inefficient provision that in their view, only the state is capable of supplying.

3. The resurgence of health care reform

Comprehensive health care reform disappeared from the national agenda after the Clinton administration failed to implement universal coverage in 1993-94. However it resurfaced again with all Democratic presidential candidates for the 2008 nomination. Most schemes were taking aim at building on the current mixed system of private and public funding, with so-called 'play or pay' models enabling reformers to finance universal coverage mainly through employer payments rather than by creating a publicly funded system that would require new broad based taxes (a single-payer system) (Oberlander 2007).

Most Republican hopefuls' plans were incremental expansions of the current system. The focus was on decentralized, market-oriented reforms rather than on achieving universal coverage (Pondrom 2007; Oberlander 2007, 2008), which displays their continued belief in Libertarian solutions. Continuing on the path of incrementalism would base health care reform on deductibles. The deductible is the portion of any insurance claim that is not covered by the insurance provider, and is the amount of expenses patients must pay themselves before an insurer will cover any expenses. The deductible must be paid by the insured before the benefits of the policy can apply. It means people would have an incentive to forego access to health care - especially in tough times - in order to save money. As a result, medical conditions could go unattended and hence could potentially create larger problems and larger costs in the future. It's a pay-off between saving money from leaving conditions unattended versus having more people ending up in hospitals for conditions that were avoidable in the first place. The more cost-sharing put on individuals has to be looked upon against the cost of having people postponing conditions into the future (Lipstein 2008).

3.3 President Obama's plan

President Obama's initial health care platform revolves around three main points. It seeks to provide health coverage for every American, modernize the system to lower costs and improve quality, and increase prevention and public health (Obama 2008). The proposal contains the basic components necessary for effectively addressing the most important shortcomings of the current system, that is, limited coverage, inadequate risk pooling, and high-cost growth (Holahan and Blumberg 2008). A general assessment of the Obama proposal from the Health Policy Center concludes that his plan will *'greatly increase health insurance coverage but would still leave about 6 percent of non-elderly US resident without insurance*' (Holahan and Blumberg 2008:7). However, this is likely to meet resistance from affected providers and pharmaceutical manufacturers, as will the employer mandate of pay-or-play meet from the parts of the business community currently not insuring their workers (Holahan and Blumberg 2008). The Obama plan seeks to temper this opposition by exempting small businesses from the mandate. Nevertheless, plans offered during primaries are almost always

significantly modified before a newly elected president takes it to Congress (Oberlander 2007).

4. Interim determinants

The possibility of reform is dependent on a variety of factors, and change over time. They decide whether the system is open for reform or not at any given time. The following section will discuss the most important factors capable of altering the status quo.

4.1 The policy process

The choke point of health care reform is the United States Senate, where any major legislation tends to require 60 out of 100 votes to pass. As health policy moves away from incrementalism, the more likely it is for a partisan divide to become exposed (Oberlander 2007), as health care reflects the core ideological division between the two parties when it comes to the role of government and market forces. 60 yea votes would therefore require a gargantuan effort to gather, making reform a debilitating task for any non-filibuster proof Senate. The current Senate composition pits the Democratic caucus at 59 and the Republican at 40 (one undecided and pending Supreme Court verdict). But, before any bill can reach the Senate, it needs to be written. Three institutions can perform this task; the executive branch, the Senate Committee for Health, Education, Labor and Pensions (HELP), and the Senate Finance Committee. If anything was learnt through the failures of Hillarycare, having the executive branch write the bill alone will not happen (Klein 2008a).

The HELP Committee is decidedly liberal and chaired by a Democrat, Massachusetts Senator Ted Kennedy. But it is dependent on jurisdiction from the Finance Committee, which is chaired by Montana Senator Max Baucus, a centrist Democrat, with a somewhat shady past when it comes to partisan issues (Klein 2008b, 2008a). Health care would require a Finance Committee chairman interested in passing a bill, and Senator Baucus is at least interested in passing a bill, if not President Obama's bill (Klein 2008b). In 1993, President Clinton

lacked such a relationship, as he picked the incumbent chairman of that same committee as his Treasury secretary. The replacement was skeptical of the Clintons and did not want health care reform which is said to have been crucial in emboldening the opposition and killing the bill (Klein 2008a). Avoiding a similar situation will be crucial for President Obama, thus making his relationship with Senator Baucus important to attend to (Economist 2008b).

Health reformers believe that the only way for Democrats to pass health reform is to avoid a filibuster in the Senate, which means that the Obama administration will –like the Clinton administration –have to incorporate it into the budget (Klein 2008b). This allows legislation dealing with areas of the federal budget affecting permanent spending and revenue programs to bypass lengthy debates by only needing a simple majority to pass into law (Keith 2008). Congress has during the Bush Presidency come to normalize this procedure by using it for everything from tax cuts to drilling in the Alaska National Wildlife Refuge. But using it for something as controversial as health-care reform would cause clamors (as experienced by President Clinton). Asked if he might be willing to run health care reform into the budget, Senator Baucus unhesitatingly stated he would if it became necessary (Klein 2008b).

4.2 Key individuals

Former Senate majority and minority leader Tom Daschle looked the perfect pick as Secretary for Health and Human Services to implement reform, taken that he knew the Senate better than most. And being a part of Hillarycare he also knew that this time around, the mechanisms of Congress must not be neglected (Economist 2008a). However, Mr. Daschle decided to withdraw his hat from the ring when it was revealed that he had $128 000 in unpaid taxes (Economist 2009d). The consequences of Daschle's downfall are expected to be significant, because he is one of the only people with key insight into what it takes to manage health care reform while simultaneously being an insider on Capitol Hill (Economist 2009c).

To make matters worse, Senator Baucus, the chairman of the Senate Finance Committee has created an awkward situation by putting forward a rival health

plan (Baucus 2008). Senator Kennedy, chairman of the HELP committee is said to resent this plan, and it is in a setting like this that the touch of Tom Daschle is likely to be missed badly (Economist 2009c).

4.3 Demographic factors

The developed world including the US is currently facing demographic changes. Average life expectancy is increasing while the birth rate is decreasing as a percentage of the population. The consequence is an aging population, where more people are dependent on government supported health care. This escalating situation is applying pressure on the funding of Medicare particularly, which numbers has been rising steadily per annum since the 1970s. President Obama was early to state that the overhauling of Medicare is a central part of his administration's health care policy package (NYTimes 2009). The result of the 'baby boom' generation's retirement over the next two next decades will yield a proportionate increase in Medicare expenses, further strengthening the need for fundamental reform.

4.4 The need for grassroot mobilization

Paul Starr connects the failed attempt of the Clinton administration to bad timing and excess generosity of the planned health benefits alienating the Republican Party (Navarro 2008:207; Starr 2007a). Vicente Navarro, on the other hand argues that the Clinton proposal failed because it did not include any effort to mobilize people in support of the reform. Quite to the contrary, the Clintons allied themselves with the major forces responsible for the incremental developments of the US medical care sector all along; the insurance companies and the pharmaceutical industry. In Navarro's view, no universal comprehensive healthcare will ever be achieved in the US without '*an active mobilization of the population (especially the progressive forces) so as to balance and neutralize the enormous resistance from some of the most important financial lobbies in the nation'* (Navarro 2008:210).

In 2007, Presidential hopeful Barack Obama, was expressing his take on the future process: '*The more the American people know, the more the government is going to be held accountable and the more likely we are to overcome the insurance and drug companies that have spent a billion dollars over the last decade in preventing reform from happening in lobbying and campaign contributions*'. In his view President Clinton made one big mistake; leaving the public out of the discussion and thereby letting special interest mobilize (Obama 2007).

4.4.1 The public opinion

Opinion research of members of the AFL-CIO (umbrella trade union representing 10 million workers) together with polls of the general public show Americans overwhelmingly agree on the need for health care reform (AFL-CIO 2009a). 71 percent of union members believe it is "critical" for elected officials to address health care, 82 percent say the health care situation is either in a "state of crisis" (32 percent) or has "major problems" (50 percent). Furthermore 76 percent of union workers believe the health care situation either needs an "overhaul" (30 percent) or "major reforms" (46 percent). Various public polls confirm the same trend: 90 percent of respondents to a CBS/*New York Times* poll said the U.S. health care system needs to undergo fundamental change (54 percent) or be rebuilt completely (36 percent). 85 percent of respondents to an Associated Press poll said health care was either extremely or very important to them as an issue, while a CNN survey confirmed the same concerns by 86 percent. According to a Gallup poll 76 percent of Americans either strongly support (53 percent) or somewhat support (23 percent) providing guaranteed health care coverage for every American (AFL-CIO 2009b).

4.4.2 Special interests

Our historical elaboration reveals that special interests always have played a prominent role in the development of US health care provision. The sway of special interest started taking hold already under President Roosevelt. In fear of compromising his social security scheme, he let his health care plan stay in the

box, thus giving way to the path dependent evolution of the US health sector as it is today. Although there are different ways of looking at the benefits interest groups make, nearly all writers agree that they play an important role. Proponents have praised interests groups for advancing the cause of US democracy by providing access for citizen participation in the political process. Opponents have argued that special interests are stealing the United States (Navarro 1994; Navarro 2008) and destroying democracy (Bennett and DiLorenzo 1985). Since health care affects the everyday lives of millions of Americans it is hardly any surprise that over 1000 health-related groups are listed in the *Encyclopedia of Associations* (Hedblad 2003).

The influence of these groups varies. One of the most powerful, the AMA works as an umbrella association organization for US medical practitioners. As shown earlier the organization has strong political connections working against reforms that play to their disadvantage. Until now this has clearly constrained many reform attempts. It is therefore interesting to note that the AMA President Nancy Nielsen has been quoted saying; "*We are committed to reform, and we want to expand access to care for all Americans. This is an important year, because more people may lose their jobs and their health insurance, and we have grave concerns about that and the loss of preventive services* (AMA 2009). The AMA apparently supports the fundamentals of the Obama plan, showing more interest in reforms than ever before.

Another strong interest group is the Health Insurance Association of America (HIAA). The HIAA effectively torpedoed the Hillarycare reform with its infamous “Harry and Louise” ad, showing how a white working-class family became worse off with public health care (Boyle 2008). The organization has already expressed concerns with President Obama’s proposal by arguing it will increase costs that market solutions are better suited to solve alone. The chief executive of HIAA stated “*We are at the beginning of the discussion, not the end… and we will have a lot to say about the specific proposals as we see them*” (Lysiak 2009).

Pharmaceutical companies also have interests in the process of designing a new health care platform. The umbrella organization Pharmaceutical Research and

Manufacturers of America (PhRMA) aims specifically at lobbying their members' interests in Washington DC. One of the key priorities for the organization is to prevent a cost control system on prescriptive drugs, a task they have had success with in the past (Lengell 2008). The Obama plan intends to impose such a cost control to make medicines more affordable to a larger share of the population. In fact Obama attacked drug companies repeatedly during his election campaign (Lengell 2008). PhRMA, on the other hand, argues that such a price control would undermine the incentives for innovation, and therefore opposes the adoption of such policies (Heavey 2009).

When changes are put forth in health care, special interests are quick to mobilize in attempts to derail any potential plans altering the status quo. In the process, the political parties have different allegiances with different interest groups, so the politicization of healthcare has become a major impediment to reform (Lipstein 2008).

5. Will President Obama deliver on his promises?

We have seen that the American health care system is very historically and ideologically contingent. Until now, the Libertarian tradition has dominated the trajectory of health care. Multiple attempts made by Democrats at making the system more egalitarian have been put forth, but every time it has been stricken down. This is because of the myriad of motives and preferences evident across all players influencing the final outcome. The path dependent evolution of the health care system has created an environment which sustains the status quo. Increasingly people are realizing that the system is unjustifiably expensive and inefficient. Despite the apparent broad consensus of an urgent need for reform – based on dissatisfaction with the current system and demographic changes threatening its sustainability – self-interest and ideology is keeping the system together. With all this taken into account, is there any reason to believe that President Obama will achieve his campaign promise of establishing a health care scheme covering all Americans?

In order for President Obama to achieve what he has promised, he will need to break the path dependency hitherto kept unbroken since President Roosevelt introduced the 'New Deal'. And in essence it boils down to being a question of ideology; to create a system of full coverage, egalitarian values must enter the fray and break the stranglehold of the 'American Way' of viewing national health care policy as 'socialized medicine'. And as such, any alteration of the status quo that meets President Obama's objectives will be a game-changer, not only for incrementalism but also for the Libertarian ideals of the Republican Party. President Clinton demonstrated that the most effective way of blocking tax cuts is to paint them as an assault on your health care. With 28% of Americans already dependent on government for health insurance and the prospect of this becoming near universal, would see enacting tax cuts become increasingly difficult if Democrats are able to apply the above tactic. This would be devastating for the Republican party, that is largely based on providing tax breaks (Cannon 2008).

A prerequisite for any of this to occur is to keep the Democratic Party in line with the executive branch, which is a difficult task in itself if one considers the wide fractionalization within the Democratic camp. As the Senate is likely to be the theatre of battle for the health care proposal, avoiding the filibuster is absolutely essential. Incorporating it into the budget will therefore be a likely course of action, but in order to ever reach this point, there exists some inter-party divides that needs smoothening, with the relationship between Senator Baucus and Senator Kennedy being the most essential to attend to in this respect. If anything has been learnt from past mistakes, the Obama administration would be wise to appease key individuals within its own party, starting with the Finance Committee Chairmen Senator Baucus. A recent turn of events has yielded another option for the Democratic Party. Senator Arlen Specter has newly decided to change parties, thereby suddenly leaving the Democrats one short of a filibuster-proof majority. With another seat pending a Supreme Court approval, the chances of obtaining 60 yea votes is within the realm of realistic outcomes. This makes President Obama's task of creating and maintaining party discipline more important than ever.

Another critical pitfall of Hillarycare that must be avoided is the failure to mobilize grassroot support to counter the advancing special interests. Interest

groups and industry voices have little to gain and a lot to lose from reform, making attempts at derailing the process particular important to pay attention to and confront in public. Interestingly, the AMA has this time around chosen to express their support of the reform effort, indicating a shift in the hard-line stance traditionally held by such groups. President Obama has continually stressed the need to listen to all affected parties and has engaged in dialog with special interest groups as well. However, there are still strong interests opposing reform, making the issue of disabling their affect on public opinion by mobilizing progressive forces paramount to success. President Obama should therefore pay attention to the wishes of labour unions and social movements during the process. Their needs should be addressed at an early stage and efforts from special interest to derail the process should be exposed to the public.

The current financial climate can in a sense be regarded as an opportunity as well. People are losing their jobs, and with it their health care plans; the need for reforming the broken system seems ever more pressing, creating more public leniency. Some also view health care reform as a form of economic stimulus. Either way, embarking on such a public works program is for many regarded as a safe bet. President Obama has himself stated that achieving a health care system surpasses all other priorities in importance, bar fixing the economy (Obama 2009). Apostles of Libertarianism would rather regard establishing health care at this particular time as an unnecessary burden capable of deepening the economic crisis. Regardless of the outcome, the American public may well come to see the need for reform as even larger when weighed up against the impact of the financial crisis.

The last key point to learn from past mistakes, is for President Obama to realize that time is of the essence. President Clinton chose to prioritize ratifying the NAFTA agreement before embarking on health care reform. Some argue that this delay enabled special interests to mobilize and derail the reform effort. Even though the Hillarycare plan was started early on, the bureaucratic nature of the White House Task Force and the plethora of people involved slowed the process down considerably. In the end it forced President Clinton to withdraw the health care proposal from the budget, making the prospect of running health care through

Congress much more complicated. It will be crucial for President Obama to grant attention to health care at once and streamline the process to such an extent that evaluation on whether it is allowed into the budget or not is conducted within a reasonable timeframe. The President is indeed moving forward with the process at a formidable pace (WhiteHouse.gov 2009).

6. Conclusion

The window of opportunity for health care reform has in the course of this paper been showed to be smaller than many might think. In a sense, there is very little difference between the conditions for reform during President Clinton's early days and that of today, when it comes to deep determinants. The main differences of any significance lie in the interim determinants that come from how the political process is conducted. In the end, it will be the Obama administration's ability to avoid the pitfalls of Hillarycare that determines the outcome of achieving universal health care. The US public is ripe for change, but is dependent on the process being sufficiently transparent and frank, so as to prevent special interests from derailing the process. And in order to achieve such a feat, time is of the essence, public favor is paramount and key individuals in Congress must be appeased.

We believe President Obama will succeed with completing the 'New Deal' if he keeps the party in line, acts swiftly and keeps grassroot mobilization up and running throughout the process. And should he succeed, the campaign slogan 'Change has come to America' will turn from rhetoric to reality.

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