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OP-ED COLUMNIST

An Incoherent Truth

By [PAUL KRUGMAN](#)

Right now the fate of health care reform seems to rest in the hands of relatively conservative Democrats — mainly members of the Blue Dog Coalition, created in 1995. And you might be tempted to say that President Obama needs to give those Democrats what they want.

But he can't — because the Blue Dogs aren't making sense.

To grasp the problem, you need to understand the outline of the proposed reform (all of the Democratic plans on the table agree on the essentials.)

Reform, if it happens, will rest on four main pillars: regulation, mandates, subsidies and competition.

By regulation I mean the nationwide imposition of rules that would prevent insurance companies from denying coverage based on your medical history, or dropping your coverage when you get sick. This would stop insurers from gaming the system by covering only healthy people.

On the other side, individuals would also be prevented from gaming the system: Americans would be required to buy insurance even if they're currently healthy, rather than signing up only when they need care. And all but the smallest businesses would be required either to provide their employees with insurance, or to pay fees that help cover the cost of subsidies — subsidies that would make insurance affordable for lower-income American families.

Finally, there would be a public option: a government-run insurance plan competing with private insurers, which would help hold down costs.

The subsidy portion of health reform would cost around a trillion dollars over the next decade. In all the plans currently on the table, this expense would be offset with a combination of cost savings elsewhere and additional taxes, so that there would be no overall effect on the federal deficit.

So what are the objections of the Blue Dogs?

Well, they talk a lot about fiscal responsibility, which basically boils down to worrying about the cost of those subsidies. And it's tempting to stop right there, and cry foul. After all, where were those concerns about fiscal responsibility back in 2001, when most conservative Democrats voted enthusiastically for that year's big Bush tax cut — a tax cut that added \$1.35 trillion to the deficit?

But it's actually much worse than that — because even as they complain about the plan's cost, the Blue Dogs

are making demands that would greatly increase that cost.

There has been a lot of publicity about Blue Dog opposition to the public option, and rightly so: a plan without a public option to hold down insurance premiums would cost taxpayers more than a plan with such an option.

But Blue Dogs have also been complaining about the employer mandate, which is even more at odds with their supposed concern about spending. The Congressional Budget Office has already weighed in on this issue: without an employer mandate, health care reform would be undermined as many companies dropped their existing insurance plans, forcing workers to seek federal aid — and causing the cost of subsidies to balloon. It makes no sense at all to complain about the cost of subsidies and at the same time oppose an employer mandate.

So what do the Blue Dogs want?

Maybe they're just being complete hypocrites. It's worth remembering the history of one of the Blue Dog Coalition's founders: former Representative Billy Tauzin of Louisiana. Mr. Tauzin switched to the Republicans soon after the group's creation; eight years later he pushed through the 2003 Medicare Modernization Act, a deeply irresponsible bill that included huge giveaways to drug and insurance companies. And then he left Congress to become, yes, the lavishly paid president of PhRMA, the pharmaceutical industry lobby.

One interpretation, then, is that the Blue Dogs are basically following in Mr. Tauzin's footsteps: if their position is incoherent, it's because they're nothing but corporate tools, defending special interests. And as the Center for Responsive Politics pointed out in a recent report, drug and insurance companies have lately been pouring money into Blue Dog coffers.

But I guess I'm not quite that cynical. After all, today's Blue Dogs are politicians who didn't go the Tauzin route — they didn't switch parties even when the G.O.P. seemed to hold all the cards and pundits were declaring the Republican majority permanent. So these are Democrats who, despite their relative conservatism, have shown some commitment to their party and its values.

Now, however, they face their moment of truth. For they can't extract major concessions on the shape of health care reform without dooming the whole project: knock away any of the four main pillars of reform, and the whole thing will collapse — and probably take the Obama presidency down with it.

Is that what the Blue Dogs really want to see happen? We'll soon find out.

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