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Not Enough Audacity

By [PAUL KRUGMAN](#)

When it comes to domestic policy, there are two Barack Obamas.

On one side there's Barack the Policy Wonk, whose command of the issues — and ability to explain those issues in plain English — is a joy to behold.

But on the other side there's Barack the Post-Partisan, who searches for common ground where none exists, and whose negotiations with himself lead to policies that are far too weak.

Both Baracks were on display in the president's press conference earlier this week. First, Mr. Obama offered a crystal-clear explanation of the case for health care reform, and especially of the case for a public option competing with private insurers. "If private insurers say that the marketplace provides the best quality health care, if they tell us that they're offering a good deal," he asked, "then why is it that the government, which they say can't run anything, suddenly is going to drive them out of business? That's not logical."

But when asked whether the public option was non-negotiable he waffled, declaring that there are no "lines in the sand." That evening, Rahm Emanuel met with Democratic senators and told them — well, it's not clear what he said. Initial reports had him declaring willingness to abandon the public option, but Senator Kent Conrad's staff later denied that. Still, the impression everyone got was of a White House all too eager to make concessions.

The big question here is whether health care is about to go the way of the stimulus bill.

At the beginning of this year, you may remember, Mr. Obama made an eloquent case for a strong economic stimulus — then delivered a proposal falling well short of what independent analysts (and, I suspect, his own economists) considered necessary. The goal, presumably, was to attract bipartisan support. But in the event, Mr. Obama was able to pick up only three Senate Republicans by making a plan that was already too weak even weaker.

At the time, some of us warned about what might happen: if unemployment surpassed the administration's optimistic projections, Republicans wouldn't accept the need for more stimulus. Instead, they'd declare the whole economic policy a failure. And that's exactly how it's playing out. With the unemployment rate now almost certain to pass 10 percent, there's an overwhelming economic case for more stimulus. But as a political matter it's going to be harder, not easier, to get that extra stimulus now than it would have been to get the plan right in the first place.

The point is that if you're making big policy changes, the final form of the policy has to be good enough to

do the job. You might think that half a loaf is always better than none — but it isn't if the failure of half-measures ends up discrediting your whole policy approach.

Which brings us back to health care. It would be a crushing blow to progressive hopes if Mr. Obama doesn't succeed in getting some form of universal care through Congress. But even so, reform isn't worth having if you can only get it on terms so compromised that it's doomed to fail.

What will determine the success or failure of reform? Above all, the success of reform depends on successful cost control. We really, really don't want to get into a position a few years from now where premiums are rising rapidly, many Americans are priced out of the insurance market despite government subsidies, and the cost of health care subsidies is a growing strain on the budget.

And that's why the public plan is an important part of reform: it would help keep costs down through a combination of low overhead and bargaining power. That's not an abstract hypothesis, it's a conclusion based on solid experience. Currently, Medicare has much lower administrative costs than private insurance companies, while federal health care programs other than Medicare (which isn't allowed to bargain over drug prices) pay much less for prescription drugs than non-federal buyers. There's every reason to believe that a public option could achieve similar savings.

Indeed, the prospects for such savings are precisely what have the opponents of a public plan so terrified. Mr. Obama was right: if they really believed their own rhetoric about government waste and inefficiency, they wouldn't be so worried that the public option would put private insurers out of business. Behind the boilerplate about big government, rationing and all that lies the real concern: fear that the public plan would succeed.

So Mr. Obama and Democrats in Congress have to hang tough — no more gratuitous giveaways in the attempt to sound reasonable. And reform advocates have to keep up the pressure to stay on track. Yes, the perfect is the enemy of the good; but so is the not-good-enough-to-work. Health reform has to be done right.

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