

National Health Insurance in an Age of Limits:  
Jimmy Carter's Abandoned Agenda

By  
Mary E. Gwin

Thesis  
Submitted to the Faculty of the  
Department of History of Vanderbilt University  
In partial fulfillment of the requirements  
For Honors in History

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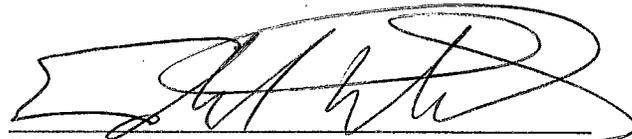
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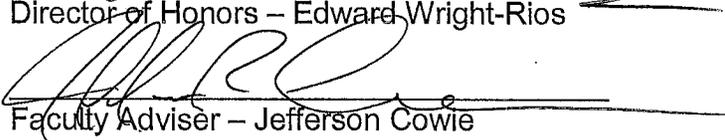
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## Introduction

In nearly all industrialized nations, health care is considered a human right. Countries achieve universal coverage through a variety of public and private insurance plans, and governments subsidize premiums for individuals who cannot afford to pay for them independently. Despite a plethora of successful health system models abroad, the United States remains the only developed country that, by design, leaves millions of its citizens uninsured. However, this is not to say that health reform proposals and advocacy for universal insurance coverage are absent from American political discourse. On the contrary, health reform efforts have surfaced under every president since the end of the Progressive era. Beginning with Woodrow Wilson, these attempts usually centered on obtaining national health insurance, which is one of many potential approaches to securing universal health coverage characterized by comprehensive government-provided health insurance that allows individuals to seek care from providers in the private sector.<sup>1</sup> In the United States, the vast majority of health reform efforts have been unsuccessful, even as national health insurance became a central component of the Democratic Party's agenda for much of the twentieth century.

Why has this issue historically eluded Americans, and Democrats in particular? What impact did the political and cultural transformations of the 1970s have on the Democrats' chances of obtaining national health insurance? Finally, at the end of that decade, was the failure to secure universal insurance coverage due to the political moment or to the idiosyncrasies of President Jimmy Carter's leadership? This thesis explores the Carter administration's attempt at health

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<sup>1</sup> T.R. Reid, *The Healing of America: A Global Quest for Better, Cheaper, and Fairer Health Care* (New York: The Penguin Press, 2009), 18.

reform in the context of declining New Deal liberalism. This New Deal philosophy, which was ushered in by Franklin Delano Roosevelt and expunged during the Carter presidency, dominated Democratic Party politics from the 1930s to the 1970s. Thus, the end of the 1970s were, as Dilys M. Hill and Phil Williams claim, “a major turning point in American politics.”<sup>2</sup>

The New Deal radically altered Americans’ expectations for their federal government, introducing the notion that the government could – and perhaps ought to – provide a range of basic services that lent economic and psychological stability to the American public. Many scholars have examined the causes of New Deal liberalism’s dominance and the reasons for its decline. In *The Rise and Fall of the New Deal Order*, Steve Fraser and Gary Gerstle capture the significance of the time period, writing that “the New Deal order...possess[ed] an ideological character, a moral perspective, and a set of political relationships among policy elites, interest groups, and electoral constituencies that decidedly shaped American political life for forty years.”<sup>3</sup> In the words of John Patrick Diggins, New Deal liberalism “revolutionized the relationship of Americans to their national government, helped great masses of hitherto-excluded Americans to share the nation’s prosperity and...tore down the four-century-old structure of American apartheid.”<sup>4</sup> But in spite of its popularity and wide-reaching political change, the New Deal’s foundation was fundamentally unstable. Historian Jennifer Klein argues that the New Deal “was brought down through deliberate, sustained legal, economic, political, and ideological assaults.”<sup>5</sup> In *The Great Exception: The New Deal and the Limits of American Politics*, Jefferson Cowie

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<sup>2</sup> Dilys M. Hill and Phil Williams, “The Carter Legacy, Mondale and the Democratic Party,” *The World Today* 40, no. 10 (October 1984): 419.

<sup>3</sup> Steve Fraser and Gary Gerstle, eds., *The Rise and Fall of the New Deal Order* (Princeton: Princeton University Press, 1989), xi.

<sup>4</sup> John Patrick Diggins, ed., *The Liberal Persuasion: Arthur Schlesinger, Jr., and the Challenge of the American Past* (Princeton: Princeton University Press, 1997), 11.

<sup>5</sup> Jennifer Klein, “A New Deal Restoration: Individuals, Communities, and the Long Struggle for the Collective Good,” *International Labor and Working-Class History* 74 (Fall 2008): 47.

attributes the fall of New Deal liberalism to a combination of a fragile labor movement, tension over race, religion, and culture, and American individualism, factors which ultimately rendered the New Deal “a positive but unstable experiment.”<sup>6</sup>

Within the context of the New Deal’s demise, scholars have also debated the shifting meanings of liberalism, as well as the direction of the Democratic Party. Jimmy Carter ascended to power in this transitional period, and Leo P. Ribuffo contends that Carter, “who entered the White House bearing the stigma of wimpy liberalism without being much of a welfare state liberal,” ushered in a new crisis in American liberalism. This period was characterized by an updated type of progressivism that allowed Carter to promote deregulation and acknowledge the limits of American power in the world.<sup>7</sup> Domestically, Americans retreated from public life and constructed what Bruce J. Schulman refers to as “a congeries of separate private refuges,” a “remarkable makeover” that touched the economy, politics, and culture of the United States in the 1970s.<sup>8</sup> People shunned authority, and the generous type of government promoted by New Deal Democrats no longer seemed popular. Calling Carter “a man of his times, a man for his times,” Schulman points out that the president viewed his own lack of party ideology as a strength.<sup>9</sup>

As “the first president to govern in a *post*-New Deal framework,” Carter was faced with redefining the direction of the Democratic Party, a position that the former Georgia governor was

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<sup>6</sup> Jefferson Cowie, *The Great Exception: The New Deal and the Limits of American Politics* (Princeton: Princeton University Press, 2016), 11-15.

<sup>7</sup> Leo P. Ribuffo, “From Carter to Clinton: The Latest Crisis of American Liberalism,” *American Studies International* 35, no. 2 (June 1997): 10.

<sup>8</sup> Bruce J. Schulman, *The Seventies: The Great Shift in American Culture, Society, and Politics* (New York: The Free Press, 2001), xvi.

<sup>9</sup> Schulman, *The Seventies*, 121-123.

ill-equipped to occupy.<sup>10</sup> As Dilys M. Hill and Phil Williams commented a few years after he left office, "it was Jimmy Carter's misfortune to come to office in...the age of limits. Yet these limits were reinforced by the limitations of the President himself."<sup>11</sup> Criticizing Carter's stubbornness, personnel choices, and unwillingness to pander to influential Democrats in the legislative branch, the authors noted his inability to assemble a strong Democratic coalition and predicted that Democrats' chances at winning the presidency in the near future would suffer as a result. Carter failed to unite the party behind his new brand of fiscal conservatism, a heretofore anomalous perspective among Democrats. In a somewhat cheeky analysis, one historian wrote that "insofar as the New Deal did lodge itself in Carter's mind, it was less the effort to create a more humane social order that captivated him than the technological marvel of rural electrification...To a very large extent, Carter lived outside the history of the party."<sup>12</sup>

Rather than ascending to the presidency on a platform of traditionally Democratic goals, Carter instead emphasized his personal characteristics and framed the 1976 campaign as a contest of competency and integrity. At the time, the United States was reeling from energy, political, and economic crises: the price of foreign oil skyrocketed, the controversial Vietnam War had only recently ended, Richard Nixon's Watergate scandal had shaken the American people's trust in government, and stagflation, the deadly combination of high inflation and high unemployment rates, paralyzed the economy.<sup>13</sup> Sensing that the American people were sick of the leaders under

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<sup>10</sup> Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (New York: The New Press, 2010), 262.

<sup>11</sup> Hill and Williams, "The Carter Legacy," 414.

<sup>12</sup> William E. Leuchtenburg, "Jimmy Carter," in *In the Shadow of FDR: From Harry Truman to Barack Obama*, 4<sup>th</sup> ed. (Ithaca: Cornell University Press, 2009), 185.

<sup>13</sup> Edward D. Berkowitz, *Something Happened: A Political and Cultural Overview of the Seventies* (New York: Columbia University Press, 2006), 1.

whom these crises had emerged, Carter won the presidency on a promise to reform the government and never lie to the American people.

No issue was too small to merit Carter's attention, but in spite of the president's formidable attention to detail and sincere desire to improve government programs, he accomplished remarkably few of his major goals. According to political scientist Erwin C. Hargrove, Carter's greatest strengths were the "careful, painstaking organizational skills" that allowed him to absorb enormous quantities of information about a problem, mull it over, and regurgitate a comprehensive recommendation for how best to fix it.<sup>14</sup> His belief that his solutions were correct led Carter to refuse to compromise with legislators and interest groups, and his lack of familiarity with federal politics led him to squander, on more than one occasion, the limited political capital that he had.<sup>15</sup> In part, because of his unwillingness to hold the New Deal coalition together, the political significance of the 1970s was, for many observers, "the dramatic decline of liberalism."<sup>16</sup>

Political scientists Thomas Ferguson and Joel Rogers contend that the Democratic Party's right turn in the late 1970s came at the expense of liberal voters, whose polling data suggest that they retained traditionally New Deal attitudes toward major policy issues. Arguing that American party systems are dictated by "patterns of interest-group alignment" rather than blocs of voters, Ferguson and Rogers tie the decline of the New Deal to the increasingly conservative business interests bankrolling Democratic candidates from as early as the late 1950s, as well as

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<sup>14</sup> Erwin C. Hargrove, *Jimmy Carter as President: Leadership and the Politics of the Public Good* (Baton Rouge: Louisiana State University Press, 1988), 3.

<sup>15</sup> Cowie, *Stayin' Alive*, 295.

<sup>16</sup> Timothy Stanley, *Kennedy vs. Carter: The 1980 Battle for the Democratic Party's Soul* (Lawrence: University Press of Kansas, 2010), 3.

the deteriorating power of organized labor in the following decade.<sup>17</sup> By the time of the 1973-1975 economic recession, “basic doubts about the whole New Deal began to spread throughout the American business community.”<sup>18</sup> This diminished its support for expensive social policies, which imposed tighter budget constraints on the Democrats and offered Republicans a chance to break with those issues almost entirely. According to Ferguson and Rogers, it was only the moderate economic growth of 1975-1976 that enabled the New Deal coalition “to elect one more Democrat,” calling Jimmy Carter “a sort of last hurrah” for the party.<sup>19</sup>

A presidency plagued by inefficacy, inflexibility, and inflation, Carter’s administration never expected to get substantial health reform passed. Nevertheless, he still publicly threw his full support behind efforts to pass a national health insurance bill on the 1976 campaign trail. In campaign speeches, Carter promised his leadership on the issue and ardently delineated the need for health reform. But in private, Carter and his aides were skeptical that national health insurance could be passed in an economy that, at least in 1976, was still slowly recovering from the recession that emerged under the Nixon and Ford administrations. They began to explore alternatives to comprehensive health reform and settled on a less ambitious, phased-in plan that would gradually extend benefits to groups of uninsured Americans, beginning with protections against the cost of catastrophic illness. The Carter team took almost two and a half years to develop the plan, which suggests health reform’s relative importance on the administration’s list of priorities.

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<sup>17</sup> Thomas Ferguson and Joel Rogers, *Right Turn: The Decline of the Democrats and the Future of American Politics* (New York: Hill and Wang, 1986), 38-44.

<sup>18</sup> Ferguson and Rogers, *Right Turn*, 78.

<sup>19</sup> Ferguson and Rogers, *Right Turn*, 105.

As Carter and his domestic policy staff repeatedly postponed their national health insurance bill, Joseph Califano, the secretary of Health, Education, and Welfare (HEW), tried to nudge them left. Califano once joked at a dinner that he was “the only Democrat in the Carter administration,” and he certainly tried to keep the New Deal tradition alive during his tenure as secretary.<sup>20</sup> But despite their ideological differences, Califano remained immensely loyal to Carter. He honored the president’s instructions to develop a health plan that only provided a fraction of the benefits that most Democrats – including Carter – agreed should eventually be provided to the American people, and he defended this approach from attacks by other New Deal liberals, including Senator Edward M. “Ted” Kennedy, Carter’s major Democratic rival.

From a liberal perspective, the health plan that the Carter administration finally submitted to Congress in 1979 left much to be desired. Weakened by its fragmented and tepid nature, Carter’s health plan was designed to be divided up into many separate bills, each of which could be passed individually in a politically favorable climate. Theoretically, this would enable legislators to respond to shifts in the desired purpose of health reform, which historically tended to cycle between prioritizing universal coverage and cost containment measures. A unified, comprehensive health bill would have been both expensive and contentious – but other politicians like Kennedy ardently threw their support behind the comprehensive approach. In their minds, there was no way to pass sufficiently progressive legislation without an expansive and comprehensive bill.

Despite Carter’s personal apathy toward health reform as a domestic issue, his opponents in the more liberal wing of the Democratic Party, as well as powerful lobbies like organized labor, continually stressed its importance. Kennedy in particular considered health care “the great cause

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<sup>20</sup> Joseph A. Califano, Jr., *Inside: A Public and Private Life* (New York: PublicAffairs, 2004), 357.

of [his] life” and proposed several more progressive health bills to rival Carter’s.<sup>21</sup> Organized labor and Kennedy both drifted left, aligned more with the traditional New Deal Democratic philosophy of ambitious social programs than Carter’s new, fiscally conservative branch of the party. In effect, Kennedy offered two alternatives to Carter for the American people: first, his health plan, and second, his leadership. With health reform driving the two men apart, Kennedy ultimately launched his own presidential bid in 1980, challenging the president for the Democratic nomination.

The symbolic importance of national health insurance cast its shadow on the Carter presidency. Obligated to develop a health plan, yet unwilling to fight for it, Carter’s failure to pass national health insurance legislation cannot be solely attributed to the lengthy pattern of health reform failure in the United States or the many short-term challenges posed by the 1970s. These obstacles were certainly significant, but perhaps the right politician at the right time could have overcome them. Jimmy Carter was not that person.

Though health care has traditionally been neglected in the historiography of the Carter presidency, I maintain that health reform is a key lens through which to view the 1970s, as it functioned both as a high-stakes social issue, rooted in the long history of liberal reform, and as a policy with significant implications for the economy. This thesis draws extensively on White House documents and media coverage to understand Carter’s approach to health reform and assess the outcomes of this largely unsuccessful process with respect to his presidential legacy. My research engages with existing scholarship spanning the history of American health policy, the Carter presidency more broadly, and the work of non-executive actors such as labor unions

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<sup>21</sup> Edward M. Kennedy, *True Compass* (New York: Twelve, 2009), 506.

and members of the legislative branch, especially Senator Ted Kennedy, to influence health reform in the United States.

By exploring the development of Carter's national health insurance plan, this thesis contextualizes health reform efforts in the late 1970s and contributes to our perspective on Carter's understanding of his role as a Democratic president. It argues that Carter felt obligated to pursue national health insurance out of the precedent set by Franklin Roosevelt and his successors, all of whom drew inspiration from the ambitious social agenda for government set forth by the New Deal. Carter did not, however, feel personally invested in health reform in the same way he did about the issues of human rights, energy, inflation, and foreign policy. But the expectation that a Democrat would pursue national health insurance was widespread and certainly evident to Carter, who made sure to promote the idea during his presidential campaign and devoted, in typical Carter fashion, significant resources in the White House and at HEW to researching and preparing a health plan for the American people. Although the plan was unsuccessful (and, arguably, never intended to be successful), national health insurance as a political issue wreaked havoc on the Carter presidency and contributed directly to the split of the Democratic Party into two factions: one led by Carter, the conservative Democrat in an age of limits, and the other led by Ted Kennedy, the face of old-fashioned, ambitious New Deal liberalism.

The first chapter, "The 1976 Presidential Campaign," establishes national health insurance legislation as an expected priority for a Democrat running for executive office, and reflects Carter's campaign efforts to acknowledge and support this endeavor. It shows that Carter's efforts were not motivated by a genuine concern for achieving universal coverage, but rather out of political necessity; health reform was a quick, easy way to get labor unions and left-leaning

Democrats to support his candidacy. The second chapter, "Internal Debates in the Carter White House," tracks the two and a half years of development behind the health plan. While a superficial glance at the timeline of the Carter presidency might suggest that the health plan was formulated as a last-ditch effort to appeal to liberals, it was actually debated and negotiated in great detail. This negotiation process ultimately reflected an irreconcilable divide between Carter's White House advisers and the more liberal perspective espoused by Califano's Department of Health, Education, and Welfare. The third and final chapter, "The National Health Insurance Plan," presents the choppy and limited health plan that Carter sent to Congress, as well as its reception and aftermath. It argues that this health plan was detrimental to the important, yet tenuous relationships that Carter had with the more liberal members of his party, including Kennedy and Califano.

Few historians thus far have investigated health reform's role in the Carter presidency. Historians of health policy gravitate toward other presidential eras, during which more substantial reforms were passed, and historians who study Carter often prefer to examine his administration's role in issues related to energy, the economy, and foreign policy. However, Carter's attempt to pursue health reform in the midst of an unforgiving economy would become emblematic of the broader ideological dilemma facing the Democratic Party at the end of the 1970s. A thorough examination of the Carter administration's efforts to develop a national health insurance plan will begin to illustrate this struggle.

## I. The 1976 Presidential Campaign

As a presidential candidate in April 1976, Jimmy Carter spoke to members of the Student National Medical Association and urged reform of the “haphazard, unsound, undirected, inefficient nonsystem which has left us unhealthy, and unwealthy at the same time.”<sup>1</sup> Carter had a point. In 1976, one in ten Americans was completely uninsured, health expenditures comprised 8.6 percent of the country’s gross national product, and health costs were rising faster than the Consumer Price Index.<sup>2</sup> But at the time, most people expected these deficiencies to soon be corrected, and national health insurance was the Democrats’ mechanism of choice.

From the early twentieth century, and particularly in the decades following Franklin Roosevelt’s historic New Deal, various plans to secure universal health insurance coverage appeared under almost every presidential administration. Democrats since FDR had tried – and failed – to obtain national health insurance, and it was widely assumed that Democrats would keep pursuing progressive health reform until it finally passed. When the fiscally conservative Jimmy Carter earned the 1976 party nomination, this expectation did not dissipate. On the campaign trail, Carter publicly threw his full support behind efforts to pass a national health insurance bill. However, the restrictive economic conditions of the late 1970s led Carter to doubt the political viability of comprehensive health reform, and he began to explore less progressive alternatives.

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<sup>1</sup> “Carter Urges Universal Health Plan,” *Chicago Tribune*, April 17, 1976, A4, ProQuest.

<sup>2</sup> U.S. Department of Health, Education, and Welfare, “Health, United States, 1976-1977,” *Centers for Disease Control and Prevention*, <https://www.cdc.gov/nchs/hus/previous.htm>.

As a candidate, Carter hid his pessimism about comprehensive health reform from the public, recognizing that this issue would be critical for winning the support of key constituencies on the left, most notably organized labor. He had a sophisticated understanding of the legacy that national health insurance carried as the symbol of the unfinished New Deal, and of its necessity for a successful Democratic presidential campaign. Although Carter tried to minimize the perceived ideological separation between other prominent Democrats and himself during the campaign, this division on health reform would prove unsustainable for his presidency.

### **National Health Insurance and the Democrats**

Due to the long history of health reform proposals in the United States, by the 1970s, many of Jimmy Carter's contemporaries viewed national health insurance as a foregone conclusion. The first substantial call for national health insurance occurred in 1912, when Progressive Party candidate and former president Theodore Roosevelt endorsed universal health insurance at the urging of prominent social reformers.<sup>3</sup> Focused on equality and justice, the Progressives believed that protecting the American people from the social and financial consequences of illness was a key component of their political agenda. Although Theodore Roosevelt and the Progressives lost the 1912 election to Democrat Woodrow Wilson, some elements of their platform had evidently taken hold. Wilson's administration witnessed the first legislative proposal for national health insurance in 1915, after Germany and England passed similar legislation protecting workers from the economic burden of illness. It failed due to opposition from businesses and the American Medical Association (AMA), the dominant physician lobby, and was crushed by the label of

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<sup>3</sup> Anne-Emanuelle Birn *et al.*, "Struggles for National Health Reform in the United States," *American Journal of Public Health* 93, no. 1 (January 2003): 86.

“Bolshevik” health reform, a term that would preface decades of American anxiety about socialized medicine.<sup>4</sup>

Franklin Delano Roosevelt, the longest-serving president of the United States, capitalized on the economic hardship of the Great Depression to revolutionize the federal government’s role in American life and pass programs to support citizens’ general welfare. This marked a departure from the traditional role of government, which had protected people from having rights revoked; in contrast, Roosevelt’s government actually granted protections to assist Americans in attaining a basic standard of living. Although Roosevelt’s far-reaching New Deal incorporated such programs as the Works Progress Administration and Social Security, he was never able to incorporate universal health care into his political agenda. He tried three times. The first attempt came in 1935, when he judged that it would be “politically inadvisable” to include national health insurance in the Social Security Act, buckling under pressure from the AMA.<sup>5</sup> He tried again three years later, when health care almost became a 1938 campaign issue, and one final time in 1944, shortly before he passed away and was unable to execute his plan. National health insurance became “the New Deal’s lost reform.”<sup>6</sup>

Roosevelt’s successor, Harry Truman, embraced national health insurance with a vigor that would remain unparalleled among U.S. presidents for almost twenty years. An important domestic priority for Truman, health reform was just one prong of his envisioned “Fair Deal,”

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<sup>4</sup> Jonathan Oberlander, “Unfinished Journey – A Century of Health Care Reform in the United States,” *New England Journal of Medicine* 367, no. 7 (August 2012): 585.

<sup>5</sup> M. Allen Pond, “Presidential Initiatives in Organizing Health Affairs: From Harding to Roosevelt,” *Presidential Studies Quarterly* 13, no. 3 (Summer 1983): 424.

<sup>6</sup> David Blumenthal and James A. Morone, *The Heart of Power: Health and Politics in the Oval Office* (Berkeley: University of California Press, 2009), 23.

which sought to build on the New Deal's liberal foundation and adapt it to a postwar economy.<sup>7</sup> His health plan was criticized by Republicans and southern Democrats, who "thought they were finished with the 'Roosevelt nonsense,'" and ultimately met its death through opposition by the AMA.<sup>8</sup> The AMA defeated a second national health insurance proposal in 1948 by deploying the rhetoric of socialized medicine, which would have been unacceptable in the early years of the Cold War. Although Truman did not attempt to secure universal coverage again during his administration, he was convinced by Oscar Ewing, a member of the Federal Security Agency (later the Department of Health, Education, and Welfare) to scale back his request by asking only for health insurance for senior citizens.<sup>9</sup> This plan, too, would fail to see legislative action during the Truman administration. But unlike its cousin, Medicare would persist and gain traction under subsequent Democratic presidents.

The next Democrat to occupy the Oval Office was John F. Kennedy, who strongly preferred to deal with foreign policy and failed to employ, for the most part, White House staffers with specific expertise on various issues. Still, Kennedy's team of generalists was able to "set the agenda for one of the greatest bursts of progressive legislation in American history," even if the staffers lacked the ability to iron out the details of domestic policy.<sup>10</sup> Part of this ambitious agenda involved Kennedy reviving Truman's idea of Medicare, which he thought was an issue well-suited to his style of leadership. Anticipating pushback from the AMA, adviser Louis Harris encouraged Kennedy to describe the organization as "an obstructive lobby, holding back

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<sup>7</sup> Alonzo L. Hamby, "The Vital Center, the Fair Deal, and the Quest for a Liberal Political Economy," *The American Historical Review* 77, no. 3 (June 1972): 658.

<sup>8</sup> Blumenthal and Morone, *The Heart of Power*, 69-73.

<sup>9</sup> Blumenthal and Morone, *The Heart of Power*, 94.

<sup>10</sup> Blumenthal and Morone, *The Heart of Power*, 132-133.

progress.”<sup>11</sup> Although the Kennedy administration did not have any legislative accomplishments related to health care, the president did manage to rearticulate the issue. Kennedy’s approach to health reform demonized the AMA, its most reliable critic, and developed an effective counterargument against those who opposed reform by insinuating that they must also be against Social Security.<sup>12</sup> Thus, a new strategy of advocating for health reform emerged just in time for Lyndon Johnson to take office and push progressive legislation through Congress.

“I do not accept Government as just the ‘art of the practicable,’” said Johnson in 1964. “It is the business of deciding what is right and then finding the way to do it.”<sup>13</sup> A master politician and a New Deal liberal, Johnson took advantage of the “perfect storm” stemming from Kennedy’s assassination, the Civil Rights Movement, his own landslide victory in 1964, and his considerable political skills to push over a thousand pieces of Great Society legislation through Congress from 1964 to 1968.<sup>14</sup> Health reform was one of his most impactful legislative victories. In addition to continuing Kennedy’s work on Medicare, Johnson introduced another new program, Medicaid, to provide health insurance coverage to low-income Americans. He collaborated with Congressman Wilbur Mills (D-AR) to get health reform through the Ways and Means Committee in early 1965, after which a generous version of the legislation was approved by the House of Representatives in April and the Senate in July.<sup>15</sup> Johnson coupled his intimate knowledge of legislators with adept manipulation of the lobbies which had historically impeded the passage of health reform, giving the AMA “a large dose of the Johnson treatment” and convincing the

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<sup>11</sup> Harris to Kennedy, memorandum, 22 June 1961, President’s Office File, Box 63A, Folder “Harris, Louis,” JFK Library, quoted in Blumenthal and Morone, *The Heart of Power*, 148.

<sup>12</sup> Blumenthal and Morone, *The Heart of Power*, 153.

<sup>13</sup> Randall B. Woods, *Prisoners of Hope: Lyndon B. Johnson, the Great Society, and the Limits of Liberalism* (New York: Basic Books, 2016), 25.

<sup>14</sup> G. Calvin Mackenzie and Robert Weisbrot, *The Liberal Hour: Washington and the Politics of Change in the 1960s* (New York: The Penguin Press, 2008), 76; Woods, *Prisoners of Hope*, 4.

<sup>15</sup> Blumenthal and Morone, *The Heart of Power*, 188-194.

American Hospital Association to help “make the bill workable.”<sup>16</sup> When he finally signed Medicare and Medicaid into law on July 30, 1965 in Independence, Missouri, it was a triumph. Sitting next to him at the ceremony was none other than the 81-year-old Harry Truman, who had imagined two decades earlier that “the things he put on the table would, in a democracy, inevitably win out.”<sup>17</sup> Under the Johnson administration, Democrats finally took substantial steps to extend health insurance coverage to more Americans.

Though a modern audience cannot help but consider Medicare and Medicaid extraordinarily wide-reaching health reforms, Johnson’s peers considered the programs “an ‘incremental’ step towards national health insurance.”<sup>18</sup> Their perception of a “comprehensive” health reform bill would have introduced national health insurance for all Americans, without the need to place them in specific categories. Medicare and Medicaid, which covered the discrete groups of senior citizens and low-income Americans, respectively, were seen as incremental precisely because they applied only to certain types of people. Johnson’s health reforms were a key victory, but they were no substitute for national health insurance. As historian Randall B. Woods ominously argues, “the Great Society marked the culmination of the effort by liberals to use the concept of positive rights [to provide Americans with] a decent education, a good job, [and] adequate health care.”<sup>19</sup> After Lyndon Johnson, Democratic presidents would struggle to propagate a New Deal- and Great Society-inspired vision, at least as it pertained to national health insurance.

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<sup>16</sup> Woods, *Prisoners of Hope*, 152-153; Irving Bernstein, “Medicare: The Jewel in the Crown,” in *Guns or Butter: The Presidency of Lyndon Johnson* (New York: Oxford University Press, 1996), 163.

<sup>17</sup> Blumenthal and Morone, *The Heart of Power*, 98.

<sup>18</sup> Jacob S. Hacker, “Learning from Defeat? Political Analysis and the Failure of Health Care Reform in the United States,” *British Journal of Political Science* 31, no. 1 (January 2001): 68.

<sup>19</sup> Woods, *Prisoners of Hope*, 395.

But in the mid-1970s, the health care achievements of the Johnson administration did not seem so far removed. A newsletter from May 1975 noted that “health care remains a live issue before the 94<sup>th</sup> Congress” and “pressure continues to build for major reform.”<sup>20</sup> Democrats saw themselves as the only political actors who could successfully pass a national health insurance proposal, and their historical record suggested that this position was hardly unfounded. Citing the interest in national health insurance expressed by President Harry Truman in the late 1940s and the recent breakthroughs of the Johnson administration, a bulletin from the Democratic Senatorial Campaign Commission observed that “it has consistently been through Democratic initiatives that the level of health care in this country has risen.”<sup>21</sup> Though Medicare and Medicaid were important first steps in the Democrats’ agenda for universal coverage, it was widely assumed that Johnson’s successors would continue to build on his progress.

### **The Next Democratic President?**

After a Republican interlude of Richard Nixon and Gerald Ford, there were few Democratic hopefuls more prominent than Massachusetts Senator Ted Kennedy, the youngest brother of the late president. Kennedy had higher ambitions than the Senate, and by the mid-1970s he was a hypothetical frontrunner for the presidency in spite of Chappaquiddick, a notorious scandal. Political rivals described him as “a certain nominee” if he decided to run.<sup>22</sup> Kennedy, however, announced on September 23, 1974 that he would seek neither the presidency

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<sup>20</sup> Friends Committee on National Legislation, “5 Major Health Plans Examined,” May 1975, Box 19, Folder “Health Care, 3/75-5/75,” Records of the 1976 Presidential Campaign Committee to Elect Jimmy Carter (hereafter, 1976 Presidential Campaign), Jimmy Carter Presidential Library (hereafter, JCL).

<sup>21</sup> Democratic Senatorial Campaign Committee, “Political Bulletin #44,” 22 May 1974, Box 19, Folder “Health Care, 4/70-2/75,” 1976 Presidential Campaign, JCL.

<sup>22</sup> Adam Clymer, *Edward M. Kennedy: A Biography* (New York: William Morrow and Company, 1999), 209.

nor the vice presidency in 1976. In turning down the opportunity, he cited family obligations (his middle child, Teddy, was battling cancer) and his understanding that, after watching his brother get elected, a presidential campaign demanded a candidate's total commitment and energy.<sup>23</sup> Running for president would also have forced him to address questions about Chappaquiddick. This dark incident from Kennedy's past had resulted in the death of Mary Jo Kopechne, one of Robert Kennedy's former aides, from his negligence while driving off of a bridge under the influence of alcohol in 1969.<sup>24</sup> Chappaquiddick was poorly investigated, and Kennedy faced no serious repercussions for his involvement in the crash. With his pedigree and political experience, nothing prevented Kennedy from running for higher office in 1976, except for the personal circumstances that led him to abstain from the race.

In Kennedy's absence, nearly a dozen other people solicited the Democratic nomination, representing a wide array of priorities in spite of their shared party label. Cold Warriors, organized labor, fiscal conservatives, environmentalists, and the last generation of southern Democrats all had a candidate behind whom they could rally. In the primaries, support was variously divided among Senator Henry "Scoop" Jackson (D-WA), Senator Frank Church (D-ID), Congressman Morris Udall (D-AZ), California Governor Jerry Brown, and the "populist hero of the white man," Alabama Governor George Wallace.<sup>25</sup> Altogether, it was, in the words of Carter campaign adviser Stuart Eizenstat, "not [a] terribly strong" field.<sup>26</sup>

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<sup>23</sup> Clymer, *Edward M. Kennedy*, 225.

<sup>24</sup> Clymer, *Edward M. Kennedy*, 144-146.

<sup>25</sup> Cowie, *Stayin' Alive*, 263-264.

<sup>26</sup> Stuart Eizenstat, "Carter Presidency Project: Interview with Stuart Eizenstat," interview by Donald Kettl *et al.*, Jimmy Carter Oral History, The Miller Center, January 29, 1982, <https://millercenter.org/the-presidency/presidential-oral-histories/stuart-eizenstat-oral-history-assistant-president>.

Campaign financing reforms at the end of the 1960s and in the early 1970s also facilitated the candidacies of relatively unknown political figures. Federal matching funds were made available to presidential candidates, which enabled the Democratic Party to “open up” for “broad grassroots participation.”<sup>27</sup> Jimmy Carter – an engineer, naval officer, and former governor of Georgia hailing from the tiny town of Plains – was one of the Democratic candidates who benefited from these changes. Carter had quietly decided to run for president after reading an ambitious memorandum by Hamilton Jordan, one of his young aides. In the traumatic aftermath of Nixon’s Watergate scandal, Carter thought he could demonstrate respectable and principled leadership on the national stage.<sup>28</sup> Eizenstat believed these personal factors played a key role in the 1976 primary and “seemed to be more important to people than the kind of [policy] specifics that [he] was used to dealing with,” observing that “people were not looking for specific issues in that election. They were looking for something to cleanse the slate from Watergate.”<sup>29</sup> Under these circumstances, a victory by a total Washington outsider seemed far less improbable.

### **Carter as Candidate**

Given the unlikelihood of his presidential run, the Carter team started small. Eizenstat, who eventually led the domestic policy staff in Carter’s White House, started as a part-time campaign volunteer and did not join the campaign full-time until after Carter won the Florida primary. Described by reporter Kandy Stroud as “pasty white from too many days behind a

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<sup>27</sup> W. Carl Biven, *Jimmy Carter’s Economy: Policy in an Age of Limits* (Chapel Hill: University of North Carolina Press, 2002), 15-19.

<sup>28</sup> Robert Finbow, “Presidential Leadership or Structural Constraints? The Failure of President Carter’s Health Insurance Proposals,” *Presidential Studies Quarterly* 28, no. 1 (Winter 1998): 169.

<sup>29</sup> Eizenstat, Miller Center interview.

desk," Eizenstat helped Carter formulate almost all of his stances on federal issues.<sup>30</sup> As he later recalled, "I literally took issues alphabetically, from 'abortion' to 'Zaire,' and had [Carter] give his visceral reactions."<sup>31</sup> Because Carter had only served in political office at the state level, he had no federal voting record on issues and thus had total freedom in formulating his positions. Carter and Eizenstat used these initial conversations as a starting point for developing the Carter platform, refining those views before Carter publicly announced his presidential run on December 12, 1974.

Carter announced his candidacy early in the Democratic primaries, and was only the second candidate to do so. Congressman Morris Udall had announced first, and the *Washington Post* correctly anticipated that Scoop Jackson, Senator Lloyd Bentsen, and former senator Fred Harris would soon join the race as well.<sup>32</sup> Carter's decision to announce early was intentional; in doing so, he thought his campaign would benefit from additional media coverage.<sup>33</sup> He intended to run in all 25 Democratic primaries, since that was where the majority of delegates at the 1976 Democratic Convention would be chosen.<sup>34</sup> This was an ambitious plan for a young campaign with limited financial resources, but Carter had absolute confidence in his ability to win. In his announcement, he proclaimed that "now is the time for this chasm between people and government to be bridged and for American citizens to join in shaping our nation's future."<sup>35</sup>

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<sup>30</sup> Kandy Stroud, *How Jimmy Won: The Victory Campaign from Plains to the White House* (New York: William Morrow and Co., 1977), 17.

<sup>31</sup> Biven, *Jimmy Carter's Economy*, 18.

<sup>32</sup> David S. Broder, "Georgia Governor Declares '76 Bid," *Washington Post*, December 13, 1974, A1, ProQuest.

<sup>33</sup> David Nordan, "Carter Letter Announces Campaign for Presidency," *Atlanta Constitution*, December 8, 1974, 1A, ProQuest.

<sup>34</sup> "Carter Puts Hat in Ring," *Chicago Tribune*, December 13, 1974, 2, ProQuest.

<sup>35</sup> William L. Chaze, "Georgia Gov. Carter Joins Presidential Race," *Boston Globe*, December 13, 1974, 17, ProQuest.

As a candidate, Carter identified his “most important values” as human rights, the environment, nuclear arms control, and the pursuit of justice and peace.<sup>36</sup> In the domestic policy realm, Carter hoped to craft practical, fair policies that would benefit working-class people. His personal ties to the working class were captured in one of his earliest television campaign commercials, a four-and-a-half-minute biography emphasizing Carter’s Georgia roots. He expressed gratitude for his college education as an engineer and scientist, sharing that “nobody in my family before my generation ever had a chance to finish high school. We’ve always worked for a living; we know what it means to work.”<sup>37</sup> Though Carter himself had grown up in relative privilege, he was clearly influenced by the poor community around him. The commercial proceeded to discuss Carter’s commitment to the working people, rather than corrupt special interests, while he served as governor of Georgia.

Although Carter did not explicitly invoke health care as one of his “most important values” in the 1976 presidential campaign, his working-class roots would have rendered him sensitive to issues in health services delivery. He grew up in a county with no physician, exposing him firsthand to delivery problems affecting rural Americans.<sup>38</sup> His mother, Lillian Carter, was a registered nurse who provided much of the medical care in their Plains community. Mrs. Carter’s racially tolerant attitude meant that many of the Carter family’s neighbors (both white and black) relied on her for these services.<sup>39</sup> After observing Lillian Carter’s central role in providing health services to the Plains community as a nurse, maldistribution of health care providers was

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<sup>36</sup> Jimmy Carter, *Keeping Faith: Memoirs of a President* (Fayetteville: University of Arkansas Press, 1982), 28.

<sup>37</sup> The Living Room Candidate, “Bio,” 1976 Carter vs. Ford, Museum of the Moving Image, <http://www.livingroomcandidate.org/commercials/1976/bio#4048>.

<sup>38</sup> Bourne to Blum, 1 February 1975, Box 19, Folder “Health Care, 4/70-2/75,” 1976 Presidential Campaign, JCL.

<sup>39</sup> Biven, *Jimmy Carter’s Economy*, 58.

inevitably a relevant flaw in the health system for Carter. In his presidential campaign, he expressed his desire to pursue reforms in this area, among others.

For advice on health care issues, Carter turned to Peter Bourne, a medical doctor who had extensive political experience from working at the state level during Carter's tenure as governor of Georgia. Early in the campaign, Bourne solicited input from numerous academics with backgrounds in medicine, public health, policy, or some combination thereof. He revealed in a January 1975 letter to Stuart Eizenstat that he was working on articulating a "comprehensive" stance on health care "with a half dozen other people around the country."<sup>40</sup> From the low number of individuals consulted at this point in the campaign, it is evident that Bourne was given broad license to shape Carter's approach to health policy.

Bourne offered a unique perspective on national health insurance among the members of Carter's campaign staff. Born and raised in Oxford, England, Bourne grew up under Britain's program of universal health coverage, the National Health Service, which was introduced in 1948 when he was nine years old. Although Bourne may have had a deeper ideological conviction in a national health program than his colleagues on the campaign team, he portrayed national health insurance as a means to the more important end of improving the quality of health care in the U.S. "Whether through national health insurance or some other mechanism," Bourne wrote, Carter's government needed to stress preventive care and cost controls to protect the physical and financial health of all Americans.<sup>41</sup> Thus, from the earliest days of the Carter campaign, national health insurance was framed as a mechanism, rather than a goal. Bourne criticized the 38 national health insurance proposals under congressional consideration at that time, which he

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<sup>40</sup> Bourne to Eizenstat, 27 January 1975, Box 19, Folder "Health Care, 4/70-2/75," 1976 Presidential Campaign, JCL.

<sup>41</sup> Bourne to Eizenstat, 27 January 1975, JCL.

thought focused too narrowly on “who will pay the bill for health care.”<sup>42</sup> Bourne commented that “National Health Insurance alone does not assure that quality and availability [of health services] will be better...it should be only one element in a broad comprehensive health plan for the country.”<sup>43</sup> To Bourne, health reforms that emphasized improvements in the quality and accessibility of health care were paramount, and he encouraged the governor to endorse reforms in those areas.

Carter, Bourne, and Eizenstat welcomed input from a broad range of people on what goals Carter should pursue in the health care domain. They sought advice from academics around the country, many of whom responded to the campaign with position papers on health reform they had written in recent years. Their responses represented a wide range of opinions, from those who enthusiastically advocated for comprehensive, system-wide reform to those who urged a more cautious path. Dr. Corbett Turner, an Associate Professor of Psychiatry and Preventive Medicine at Emory University, is representative of the former group. Turner believed that “the same health care system must serve all segments of society...if we really intend to honor the principle that everyone is entitled to adequate health care, then everyone must be served together.”<sup>44</sup> He ultimately endorsed an insurance system like Great Britain’s, which covered basic services for everyone while allowing them the option to buy into additional services.

Though Turner saw national health insurance as crucial to the United States’ future health system, Bourne balanced this perspective by forwarding Carter and Eizenstat a dissenting article. Dr. Charles Edwards, who had served as an Assistant Secretary of the Department of Health,

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<sup>42</sup> Bourne to Eizenstat, 27 January 1975, JCL.

<sup>43</sup> Bourne to Eizenstat, n.d., Box 19, Folder “Health Care, 9/76-10/76,” 1976 Presidential Campaign, JCL.

<sup>44</sup> Turner to Eizenstat, 7 March 1975, Box 19, Folder “Health Care, 3/75-5/75,” 1976 Presidential Campaign, JCL.

Education, and Welfare under Richard Nixon, wrote in the *New England Journal of Medicine* that “the nation is not prepared” for national health insurance. The passage of this type of legislation would be, he argued, “a failure of leadership whose consequences will be so vast and so pervasive as to dwarf everything that has come before it.” While this was a somewhat sensationalist perspective, Edwards believed that reforming smaller problems within the health system ought to occur before one attempted to reform its broader management. He further suggested that politicians who lacked expertise on health care should not craft policy in that realm, and that a department of health should be created outside of HEW, whose key staff, he contended, were more focused on welfare issues than health.<sup>45</sup>

In addition to collecting information from professionals like Turner and Edwards, Carter received and kept mail about health care concerns from laypeople. A Mrs. M. Bensen from Bellingham, Washington, wrote to Carter imploring him to abstain from social drinking, thereby setting an example for Americans to avoid becoming alcoholics.<sup>46</sup> A Californian named Maxwell Shapiro urged Carter to fund medical research with the goal of combatting baldness. “It seems frustrating that a society as technologically advanced as ours can put a man on the moon but can’t grow hair on his head,” wrote Shapiro.<sup>47</sup> Voters’ opinions about health issues ran the gamut, and there were many who must have counted health insurance among their top concerns.

According to an informational pamphlet produced by the Democratic National Committee in 1974, there were profound insurance coverage gaps, as well as inadequacies in

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<sup>45</sup> Charles C. Edwards, “The Federal Involvement in Health: A Personal View of Current Problems and Future Needs,” *New England Journal of Medicine* 292, no. 11 (March 1975): 560-561.

<sup>46</sup> Bensen to Carter, 24 July 1976, Box 78, Folder “Correspondence – Health Care,” 1976 Presidential Campaign, JCL.

<sup>47</sup> Shapiro to Carter, 9 August 1976, Box 78, Folder “Correspondence – Health Care,” 1976 Presidential Campaign, JCL.

coverage among those who did have health insurance. One in ten Americans lacked health insurance altogether, and fewer than half of health insurance plans provided coverage for catastrophic illness, which could easily cause financial ruin among working- and middle-class people.<sup>48</sup> In 1974, a narrow plurality of poll respondents, when surveyed about what type of health insurance should be provided to Americans, responded in favor of a national health insurance plan.<sup>49</sup> By March 1976, 58 percent of respondents to a second poll said they wanted their representative or senator to “give major attention” to national health insurance.<sup>50</sup> Based on these polling data, voters preparing to choose their next president in 1976 evidently considered health care a substantial political issue.

### **Health Care Campaign Vision**

While Democrats since Franklin Roosevelt had historically advocated for universal coverage as a basic characteristic of a civilized society, the 1970s posed widespread challenges to the New Deal tradition. First, the decade marked the reemergence of an “individualist ethos so deeply embedded in America’s public culture” that even the New Deal had been unable to vanquish it.<sup>51</sup> Equally problematic for progressive Democrats was the unsustainable level of inflation that plagued the American economy in the mid-1970s. As measured by the Bureau of Labor Statistics, the Consumer Price Index was rising by 9.1 percent in 1975, up from a three

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<sup>48</sup> Democratic National Committee, “Issue Analysis: Health and Health Care,” 1974, Box 19, Folder “Health Care, 4/70-2/75,” 1976 Presidential Campaign, JCL.

<sup>49</sup> Roper Organization, *Roper Report 74-3*, February 1974 [USROPER.74-3.R28], produced by the Roper Center for Public Opinion Research, distributed by iPoll.

<sup>50</sup> Roper Organization, *Roper Report 76-4*, March 1976 [USROPER.76-4.R12D], produced by the Roper Center for Public Opinion Research, distributed by iPoll.

<sup>51</sup> Jefferson Cowie and Nick Salvatore, “The Long Exception: Rethinking the Place of the New Deal in American History,” *International Labor and Working-Class History* 74 (Fall 2008): 6.

percent annual increase in 1972.<sup>52</sup> Although the economy began to recover in early 1976, the 6.5 percent rate of inflation was still prohibitive for many government social programs. Cognizant of these fiscal constraints, the health reform debate shifted to finding the most efficacious methods of lowering health spending, and insurance coverage was rearticulated as a personal responsibility rather than a financial burden for the federal government to shoulder. Although the pragmatic Carter registered this philosophical shift, he could not afford to turn his back on national health insurance. He got off to a rocky start with labor unions, and at one point, Eizenstat sent Carter a memorandum specifically to remind him that “Your drive to the Democratic nomination will be measurably improved if you can become, at the very least, ‘acceptable’ to the national union leadership.”<sup>53</sup> He suggested that Carter hold meetings with labor leaders and arrange for some convenient photo opportunities. Though the New Deal order was declining, it was certainly not declining rapidly enough to permit a Democratic presidential candidate’s alienation of organized labor.

Labor unions were eager for a Democrat to support national health insurance, and their leaders were furious about Gerald Ford’s inaction on the issue. Leonard Woodcock, the president of the United Auto Workers (UAW), criticized Ford’s stingy 1976 budget in a speech before Congress in late February 1975. “The lagging federal health effort may seem like a reasonable cutback to the Administration budget-cutters but it spells utter disaster to the working people,” he said.<sup>54</sup> As part of the more liberal wing of the Democratic Party, labor unions like the UAW

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<sup>52</sup> Bureau of Labor Statistics, “CPI – All Urban Consumers, 12-Month Percent Change” data series, 1970-1985, United States Department of Labor, <https://data.bls.gov/>.

<sup>53</sup> Stuart Eizenstat and Oliver Miller, memorandum, n.d., Box 43, Folder “Memos,” 1976 Presidential Campaign, JCL.

<sup>54</sup> Leonard Woodcock, “National Health Insurance in the 94<sup>th</sup> Congress,” 26 February 1975, Box 123, Folder “National Health Insurance,” 1976 Presidential Campaign, JCL.

still wanted universal public health insurance.<sup>55</sup> They sought a candidate who espoused this view in his presidential platform, and Carter's embrace of national health insurance was an important concession to gain organized labor's support. Evidently, it worked; Woodcock himself endorsed Carter in May 1976.<sup>56</sup> As political scientist Taylor E. Dark notes, "Carter did not gain the nomination against the wishes of a labor movement united in opposition to his candidacy, nor did he ever deliberately spurn labor support."<sup>57</sup> He did, however, perceive labor less as a crucial branch of the Democratic coalition than as just another interest group. Carter enjoyed a reputation as a "principled outsider" who felt obligated to pursue what was best for the American people while disregarding special interest groups' traditional influence on politics.<sup>58</sup>

Understanding the importance of national health insurance in gaining political support from the left, Carter accepted Truman and Johnson's mantle for health reform, at least on the campaign's surface. In a speech to the American Public Health Association, Carter boldly pronounced that "we must have a comprehensive program of national health insurance, and we will have it, once I am president." He criticized the stagnant nature of health reform under the Nixon and Ford administrations and promised to provide "aggressive leadership" in that domain. "I think that our people are ready for giant steps forward," he concluded.<sup>59</sup> As the first Democrat to hold executive office since Johnson, Carter knew his constituents expected those

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<sup>55</sup> Finbow, "Presidential Leadership," 172.

<sup>56</sup> William K. Stevens, "Carter Backed by Auto Union Chief and Wins Praise of Henry Ford," *New York Times*, May 8, 1976, 10, ProQuest.

<sup>57</sup> Taylor E. Dark, *The Unions and the Democrats: An Enduring Alliance* (Ithaca: Cornell University Press, 1999), 100.

<sup>58</sup> Finbow, "Presidential Leadership," 169.

<sup>59</sup> Draft of speech to the American Public Health Association, 28 September 1976, Box 19, Folder "Health Care, 9/76-10/76," 1976 Presidential Campaign, JCL.

giant steps to be taken on his watch. National health insurance, the great unfinished part of the Democratic Party's legacy, was now his to tackle.

Although Carter avidly, albeit infrequently, endorsed national health insurance on the campaign trail, internal campaign documents indicate he was skeptical of the plan's success. In a letter to Henrik Blum, a professor at the University of California, Berkeley School of Public Health, Peter Bourne asked for advice on "how [national health insurance] would need to be modified in light of reality to have any reasonable expectation of implementation, even by someone who was willing to make some very progressive changes."<sup>60</sup> Thus, over a year before Carter was actually elected, his team already sensed that compromises would have to be made on health reform. Uncertain of the political climate, Carter refrained from making specific promises about how he planned to secure better health care for the American people. Instead, he threw his weight behind general statements about improving the health system, a pattern he also employed with other key liberal legislation. In the aforementioned speech to the American Public Health Association, Carter announced that his health policy would emphasize preventive care, address environmental and occupational health hazards, and establish cost and quality controls.<sup>61</sup> He did not elaborate on the mechanisms by which he intended to achieve these goals. Some attribute this relative vagueness to Carter's initially small campaign staff, which limited the level of specificity he could deploy early in his campaign. As economist W. Carl Biven writes, "Jimmy Carter was a stickler for details; if he had not fully developed a policy, he said so."<sup>62</sup>

But Carter's hedging could also be attributed to the tough economic conditions that would hamper his leadership and handicap his agenda. An unfavorable economy, Carter feared, would

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<sup>60</sup> Bourne to Blum, 1 February 1975.

<sup>61</sup> Draft of speech to the American Public Health Association, 28 September 1976.

<sup>62</sup> Biven, *Jimmy Carter's Economy*, 21-22.

render his health policy goals futile. Budgetary concerns and the high rate of inflation in 1976 made it increasingly improbable that a comprehensive national health insurance plan could get passed. Traditional New Deal Democrats wanted a plan that would extend both catastrophic coverage (protection from the financial devastation of serious illness) and basic care to all uninsured Americans in the relatively near future. This plan seemed expensive and unfeasible to Carter and his advisers, and his staff turned instead to a phased-in approach that would gradually extend limited health care benefits to Americans. In a memo to Stuart Eizenstat, one campaign aide insisted that developing a phased-in plan was “an absolute reality,” rather than a “cop-out” on promises made to labor and liberal Democratic constituents.<sup>63</sup> The Washington Forum, which prepared a report for Carter on health issues in February 1976, declared that “comprehensive coverage is dead.”<sup>64</sup> Such a plan would be too expensive, and it lacked the support that it had previously enjoyed, even in a Democratic Party still operating under Franklin Roosevelt’s philosophy of big government and generous social programs.

## Challenges Ahead

Carter won the Democratic primary and defeated Ford in the 1976 general election, but it was a narrow victory. Traditional Democratic blocs did not vote for Carter as decisively as they had for Democratic candidates in previous presidential elections, and pollster Pat Caddell once mentioned to the president-elect that “if I didn’t know you were a Democrat, I’d never be able to

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<sup>63</sup> Tom Joe to Eizenstat, 28 January 1975, Box 19, Folder “Health Care, 4/70-2/75,” 1976 Presidential Campaign, JCL.

<sup>64</sup> The Washington Forum, “Americans Favor Federal Health Care, But Congress Won’t Act This Year: A Forum Report,” 26 February 1976, Box 123, Folder “Healthcare New Legislation,” 1976 Presidential Campaign, JCL.

tell it from these results.”<sup>65</sup> Eizenstat took a different view, suggesting that the 1976 general election was perhaps the most liberal period of Jimmy Carter’s career. “One of the reasons the election was as close as it was,” said Eizenstat, “[was] because somehow [Carter] began to be perceived...as perhaps more like a traditional Democrat than he had started the campaign appearing.”<sup>66</sup> As a result, the public – who had initially seen Carter as the antithesis of a Washington insider – would have questioned the authenticity of his campaign persona. But Carter had “a foot in every camp and a face for every constituency,” and thus managed to rally the Democratic Party just enough to secure his election.<sup>67</sup> Just from the 1976 campaign, it was already clear that Carter treated national health insurance as a piece of liberal political bait, rather than a bona fide component of his presidential agenda. This assessment speaks to the longstanding prominence of national health insurance as a Democratic issue.

When Carter won the presidential race on November 2, 1976, he was obligated to specifically define his administration’s position on health policy and expected to follow through on the lofty promises he had made during the campaign. The Carter presidency would attempt, and often fail, to navigate the divide between New Deal liberals who retained a traditional vision of the Democratic Party and the Democrats who felt that their party’s agenda was constrained by contemporary fiscal limits. National health insurance, the symbol of the unfinished New Deal, was one such battlefield.

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<sup>65</sup> Julian E. Zelizer, *Jimmy Carter* (New York: Times Books, 2010), 49.

<sup>66</sup> Eizenstat, Miller Center interview.

<sup>67</sup> William C. Berman, *America’s Right Turn: From Nixon to Clinton*, 2<sup>nd</sup> ed. (Baltimore: The Johns Hopkins University Press, 1998), 34.

## II. Internal Debates in the Carter White House

“A frigid capital glistening with ice,” wrote the *Washington Post* on Carter’s inauguration day, “await[s] Carter’s call to a new era in American life.”<sup>1</sup> Though the weather was chilly, it was not so cold as to prevent Carter from becoming the first president to walk from the Capitol to the White House, a gesture he thought would emphasize his connection to the people and demonstrate his intent to serve them well.<sup>2</sup> He had a lofty agenda, hoping that by the end of his presidency his policies would have built unity, strengthened families, promoted equality under the law, lowered unemployment, sought humility and justice around the globe, and restored the American people’s faith in government.<sup>3</sup> Regrettably, his power to address many of these issues was inhibited by external political forces or internal challenges within his administration, many of which circled back to Carter’s principled and often uncompromising style of leadership.

Although Carter had embraced national health insurance on the campaign trail in order to secure the support of organized labor and other more liberal wings of the Democratic Party, he did not avidly pursue health reform in the first critical months of his presidency. Carter’s team had assembled a lengthy list of problems in health care that needed addressing, such as a lack of programs to support maternal, child, and mental health, the shortage and maldistribution of health care professionals, the incentive to provide acute, inpatient care rather than preventive and outpatient care, and the “bureaucratic sprawl” and organizational shortcomings of the American

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<sup>1</sup> Haynes Johnson and Regan Rosenfeld, “A Frigid Capital Awaits the Inauguration of Carter,” *Washington Post*, January 20, 1977, A1, ProQuest.

<sup>2</sup> Jimmy Carter, *White House Diary* (New York: Farrar, Straus and Giroux, 2010), 9-10.

<sup>3</sup> “Inaugural Address of President Jimmy Carter,” Selected Speeches of Jimmy Carter, *Jimmy Carter Presidential Library and Museum*, last modified June 29, 2017, <https://www.jimmycarterlibrary.gov/assets/documents/speeches/inaugadd.phtml>.

health system.<sup>4</sup> During the campaign, he spoke at length about these topics to audiences that included medical students, public health workers, and others. But once Carter took office, constructing a health plan that attempted to improve upon all of these concerns proved to be a time-consuming endeavor. He did not go public with his health plan until June 1979, almost two and a half years into his presidency.

That is not to say that Carter shelved health reform as a domestic issue until then; on the contrary, his staff began working on health care in the first few months of his administration. A formidable paper trail reveals the thought and energy put into health reform by the domestic policy staff on a regular basis during that two-and-a-half-year period. But the slow pace of the Carter White House sacrificed political momentum, and by the time the staffers had designed the health plan with what they thought was the most realistic chance of being passed, most coalitions along the political spectrum found it unappealing.

This chapter examines the work that went into the creation of the national health insurance plan, which Carter proposed to Congress on June 12, 1979. It introduces key figures who helped refine Carter's health care vision, both from the domestic policy staff and from the Department of Health, Education, and Welfare. It contextualizes the slow pace of health reform within a tumultuous atmosphere, acknowledging the frustration of other political actors who perceived and objected to Carter's slow progress on formulating a health plan. It attempts to navigate between the traditional expectation that a Democratic president would pursue national health insurance, the symbol of the unfinished New Deal and Great Society, and the

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<sup>4</sup> "Address by Jimmy Carter on National Health Policy Before the Student National Medical Association" (speech, Washington, D.C., April 16, 1976), Box 48, Folder "National Health Insurance - General [1]," Records of the Domestic Policy Staff (hereafter, DPS) - Mongan and Onek, JCL.

unanticipated reality that Carter would have to choose a new direction for the Democratic Party in the late 1970s, a time when severe economic conditions crippled the party's social agenda.

### **"No New Dream to Set Forth Today"**

"We cannot dwell upon remembered glory," Carter warned in his inaugural address. "We cannot afford to drift. We reject the prospect of failure of mediocrity or an inferior quality of life for any person."<sup>5</sup> He wanted an America safe from nuclear destruction and active in promoting freedom, human rights, and dignity both domestically and abroad. Whether consciously or not, Carter embraced the New Deal mentality of his Democratic predecessors in terms of improving Americans' standard of living and equal access to resources. He kept his speech short, commenting that "I have no new dream to set forth today, but rather urge a fresh faith in the old dream." But almost as soon as he finished his speech and walked from the Capitol to the White House, Carter seemed horribly unprepared to usher in the "new era in American life" that the *Washington Post* had optimistically envisioned.

Carter was such a political outsider, he did not know how to walk to the Oval Office from the inside of the White House.<sup>6</sup> Given his lack of experience on the national stage, he needed to surround himself with a team who could help him navigate federal politics for each of the different issues. Even during the campaign, Carter had always made a concerted effort to avoid appearing too naïve. He decided early on to select a member of Congress as his running mate "in order to provide some balance of experience to our ticket."<sup>7</sup> Minnesota Senator Walter Mondale

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<sup>5</sup> "Inaugural Address of President Jimmy Carter."

<sup>6</sup> Carter, *Keeping Faith*, 23.

<sup>7</sup> Carter, *Keeping Faith*, 35-39.

became Carter's vice president, as well as a trusted and loyal adviser. Stuart Eizenstat, Carter's campaign guru, was chosen to lead the domestic policy staff and oversee the highest level of synthesized policy recommendations, which hit his desk before they ever reached the president's. Eizenstat was aided by Bert Carp, the Deputy Assistant for Domestic Affairs. Health care, a broad and often messy issue, required its own team of staffers both inside of the White House and within the Department of Health, Education, and Welfare (HEW). In the West Wing, health topics were fielded first by James Mongan, Joe Onek, and Bob Havelly before reaching the senior staffers. Generally, Eizenstat later recalled, members of the domestic policy staff "didn't necessarily rise out of the same values that [Carter] was expressing in some of the early meetings we had. They were more mainstream, Washington-oriented people."<sup>8</sup>

On the cabinet level, the president notably staffed his administration with a balance of the "Georgia Mafia" and so-called Washington insiders. Joseph Califano, a veteran of the Johnson administration and Carter's pick for secretary of HEW, fell firmly in the latter group.<sup>9</sup> A popular choice among liberals, Califano was a Democrat in the New Deal-Great Society mold; Johnson named him his chief domestic policy adviser at just 33 years old, and Califano proved "ruthless" in defending both Johnson and the Great Society.<sup>10</sup> "Joe is essentially paranoid," said one of Carter's White House staffers. "Lyndon Johnson couldn't have had an assistant who wasn't as paranoid as Joe."<sup>11</sup> Califano's role in Johnson's administration functioned as a formative career moment. The secretary would later comment that "I was present at the creation when this nation,

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<sup>8</sup> Eizenstat, Miller Center interview.

<sup>9</sup> Zelizer, *Jimmy Carter*, 56.

<sup>10</sup> Woods, *Prisoners of Hope*, 246.

<sup>11</sup> Joseph N. Onek, interview by Edward Berkowitz, August 10, 1995, transcript, Box 2, Folder "Joseph N. Onek, 08/10/95," Edward D. Berkowitz Papers, JCL.

in the 60's [sic], committed itself anew to the right of every citizen to decent health care."<sup>12</sup> After his time in the Johnson administration, Califano remained passionate about public service and never had any hesitation about leaving his lucrative position in a Washington, D.C. law firm to join Carter's cabinet. Taking a \$439,000 pay cut, Califano was thrilled to have been chosen as secretary of HEW, sharing in his autobiography that "I thought I was the luckiest guy in the world landing the best job in the country."<sup>13</sup> Like all of Carter's cabinet selections, he was chosen "from among proven leaders with reputations for competence and character."<sup>14</sup>

Carter organized his White House in a way that prioritized the cabinet, rather than his personal staff. He saw himself "at the hub with the spokes converging into his office," allowing cabinet members to access him directly without having to coordinate their meetings through a chief of staff, a position that Carter neglected to formally fill.<sup>15</sup> For all intents and purposes, this role was assumed by Hamilton Jordan, the aide who had convinced then-Governor Carter to run for president, but the appearance of equity and cabinet access was important to Carter. Two days after his inauguration, the president wrote in his diary that "I've pledged that none of the members of my staff would dominate members of the Cabinet."<sup>16</sup> He delegated much of policy development to the departments, thinking that this approach would "improve efficacy...reduce secrecy, and provide better programs at lower cost."<sup>17</sup> This arrangement proved ineffective when the White House staff lacked the authority to make decisions about policy directions after assimilating information from the different agencies and departments. Carter complained that

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<sup>12</sup> Marjorie Hunter, "Kennedy Says Budget 'Undermines' U.S. Health Care," *New York Times*, January 27, 1979, 7, ProQuest.

<sup>13</sup> Califano, *Inside*, 328.

<sup>14</sup> Carter, *Keeping Faith*, 47.

<sup>15</sup> Biven, *Jimmy Carter's Economy*, 43.

<sup>16</sup> Carter, *White House Diary*, 12.

<sup>17</sup> Finbow, "Presidential Leadership," 170.

“everyone wants to be considered a member of the top staff,” failing to see how his system of organizing the West Wing left his staffers with relatively little power and agency.<sup>18</sup>

“The greatest disability under which I labored in the early months of the administration,” said Stuart Eizenstat, “was the President’s repeated emphasis on Cabinet government.” Because the executive departments felt they had broad license to coordinate their own policy efforts, the White House staff was effectively excluded from several key legislative initiatives in 1977. This frustrated Eizenstat, who remembered one instance where members of HEW and the Department of Labor squabbled over the specific language used in a 60-page memorandum about welfare reform. Resolving issues like this, he said, was “what a White House staff is there for. It’s a non turf-interested presidentially oriented, neutral arbiter, and when it’s not allowed to serve that function...then you get a policy muddle.” Fortunately, this organizational hurdle was addressed by the end of Carter’s first year in office. But at the beginning of his administration, Carter’s good intentions inadvertently resulted in wasted time and frustrated personnel.<sup>19</sup>

Beyond the executive branch, Carter also had initial difficulties working effectively with legislators. Although there was a two-to-one Democratic majority in the House of Representatives and a three-to-two Democratic majority in the Senate, few of these legislators felt “politically obligated” to support Carter.<sup>20</sup> The president complained in his March 24, 1977 journal entry that “first of all they expect too much, and secondly they still have a combative attitude carried over from the Nixon-Ford years.”<sup>21</sup> He felt that some of them still believed they ought to have won the presidential election instead, and neither the traditionally liberal coalition nor the growing bloc

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<sup>18</sup> Carter, *White House Diary*, 26.

<sup>19</sup> Eizenstat, Miller Center interview.

<sup>20</sup> Burton I. Kaufman and Scott Kaufman, *The Presidency of James Earl Carter Jr.*, 2<sup>nd</sup> ed. (Lawrence: University Press of Kansas, 2006), 22-23.

<sup>21</sup> Carter, *White House Diary*, 36.

of conservative Democrats seemed confident that Carter aligned with their views.<sup>22</sup> These concerns were minimal, however, in comparison to the complex and polarizing issues Carter believed his administration and Congress would have to face together. He predicted he would have to garner support and win votes wherever he could find them; speaking specifically about an early battle to reorganize the federal government and reduce bureaucracy, Carter realized that “depending on Democrats alone, we could not win.”<sup>23</sup> This theme of party fragmentation would recur throughout the Carter presidency. But while a bipartisan approach is hardly undesirable in itself, successfully compromising with legislators across party lines required a willingness to engage with politics that Carter found distasteful. Though Carter’s efforts to build respectful and productive relationships with the congressional leadership were fruitful, he continued to feel that lower-ranking Democrats, particularly those in the House of Representatives, were unreliable and “almost anarchic.”<sup>24</sup>

As the president continued to adjust to his new political role, legislators remained irritated by his leadership. In a lengthy article detailing the congressional Democrats’ problems with Carter, the *New York Times* remarked that “specific complaints are almost too numerous to catalogue.”<sup>25</sup> There was, however, a general consensus that the White House still suffered from inexperience on the national stage and faced numerous logistical challenges because of Carter’s refusal to appoint a chief of staff. Circulating in Washington, D.C. was the notion that Carter had undertaken more initiatives than he could handle. Others complained that the president “overload[ed] the circuits” by labeling almost every one of his initiatives as “comprehensive.” In

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<sup>22</sup> Carter, *Keeping Faith*, 68.

<sup>23</sup> Carter, *Keeping Faith*, 70-71.

<sup>24</sup> Carter, *Keeping Faith*, 73.

<sup>25</sup> Charles Mohr, “Carter’s First 9 Months: Charges of Ineptness Rise,” *New York Times*, October 23, 1977, 1, ProQuest.

the face of a conspicuous lack of progress on major issues, it is understandable that legislators, the press, and the public seemed to doubt the sincerity of his intentions to follow through on them. But as renowned political scientist James Sterling Young points out, Carter approached federal politics as less of a visionary than a reformer, which meant that his programs often had long-term payoffs, little popularity, and a great deal of opposition for political reasons.<sup>26</sup>

Unsurprisingly, Carter's determination to tackle the biggest challenges in federal politics meant that his administration did not experience the same rapid bout of legislation as notable Democratic predecessors. With no New Deal or Great Society in the works, the Carter administration announced instead that the "principal planks of the Carter campaign," which the *New York Times* somehow identified as welfare reform, tax reform, and national health insurance, would be addressed in the second year of Carter's term.<sup>27</sup> In contrast, his first hundred days would be characterized by "a moderate pace of action" far removed from the pace of Franklin Roosevelt or Lyndon Johnson. With inflation and unemployment levels still hovering at 6.3 percent and 7.5 percent, respectively, Carter commented to the media in January 1977 that "I would guess the amount of extra money to be spent on welfare and health would not be the first priority." Indeed, a February estimate by the Congressional Budget Office claimed that even under the most optimistic economic conditions (that is, an overall growth rate of five percent per year through 1980), funding for national health insurance would be "insufficient" without additional federal spending.<sup>28</sup> Thus, the fiscally conservative Carter White House was more

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<sup>26</sup> Hargrove, *Jimmy Carter*, xviii.

<sup>27</sup> Hedrick Smith, "Carter's Early Pace Will Be Moderate: Eizenstat Says First Proposals Will Be on the Economy, Energy, and Executive Reorganization," *New York Times*, January 12, 1977, 15, ProQuest.

<sup>28</sup> Clyde H. Farnsworth, "Carter's Goals Hinge on Growth Above 5%, Congress Office Says," *New York Times*, February 16, 1977, 1, ProQuest.

inclined to voice its support for health care cost containment measures than the implementation of a totally new health program.

Because of economic constraints and a rocky relationship with most of Congress, Carter had to pick his battles carefully. For Carter, “it was natural to move on many fronts at once” and he immediately began to work on his campaign promises.<sup>29</sup> His major legislative political achievements of 1977 included passing his first government reorganization plan in April and finalizing the Social Security Amendments in December. In the foreign policy realm, Carter signed the Panama Canal Treaty and began to dig into the Middle East peace process, separately inviting Israel’s Menachem Begin, Egypt’s Anwar Sadat, and the Shah of Iran to meet with him at the White House. The year 1977 also marked the creation of the Department of Energy and was haunted by Carter’s ever-present nemesis, inflation.

But by the end of 1977, little to no progress had been made on health care issues. At the time, the administration still considered national health insurance and hospital cost containment as two separate entities, and had chosen to submit the latter to Congress during the first year of Carter’s term. Framed as a precursor to the national health insurance plan, hospital cost containment was “overshadowed” by other domestic policy issues, including energy, and squashed by the hospital lobby by the beginning of November.<sup>30</sup> “As I learned at the time,” White House staffer Joe Onek commented in a later oral history, “the hospitals are the strongest lobby in America...[We didn’t] have a prayer.”<sup>31</sup> As hospital cost containment floundered, the

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<sup>29</sup> Carter, *Keeping Faith*, 66.

<sup>30</sup> Steven V. Roberts, “Hospital Costs Bill Dead for This Year: Strong Lobbying Effort Endangers Future of Carter’s Plan to Cut Expense of Health Care,” *New York Times*, November 6, 1977, 24, ProQuest.

<sup>31</sup> Onek, interview.

Department of Health, Education, and Welfare still had not reached a consensus on any details of the national health insurance plan they eventually planned to recommend to Carter.<sup>32</sup>

The absence of national health insurance legislation in 1977 upset organized labor. They were intent upon holding Carter to his campaign promises in the upcoming year, and a member of the UAW leadership was anonymously quoted by a reporter as saying, "If our major priority is neglected after they told us we could depend on it, we'll have to look elsewhere."<sup>33</sup> The most likely candidate for "elsewhere" was Senator Ted Kennedy, who had already publicly implied that the president would not keep his word on submitting national health insurance legislation. Both he and Carter had addressed the UAW back in May at the union's Los Angeles convention. There, the president had warned over 4,000 union members that although he vowed to pursue a phased-in health plan, "we can't afford to do everything."<sup>34</sup> Distancing himself from a comprehensive health plan, a major goal of the labor-liberal coalition, did little to ameliorate Carter's already tense relationship with a key Democratic constituency. By the end of 1977, AFL-CIO President George Meany protested, "I think the President is a conservative."<sup>35</sup>

The media, too, registered the disconnect between Carter's campaign promises and the initiatives that actually materialized early in his presidency. Despite "all the liberal and populist rhetoric of his campaign," the *New York Times* wrote that Carter "has been a McNamara in the White House." Referencing Carter's "managerial" mindset, the paper noted that Carter had

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<sup>32</sup> "Califano Says Health Care Costs Are Too High Even for Affluent," *New York Times*, October 5, 1977, 96, ProQuest.

<sup>33</sup> Tom Wicker, "The Health Insurance Minefield," *New York Times*, December 20, 1977, 35, ProQuest.

<sup>34</sup> James T. Wooten, "Carter Renews Vow for U.S. Health Plan," *New York Times*, May 18, 1977, 1, ProQuest.

<sup>35</sup> Cowie, *Stayin' Alive*, 262.

personally taken charge of every initiative set forth by his administration.<sup>36</sup> If this were true, then it would be doubly insulting for liberals to realize that their president had personally selected an agenda that gave lower priority to national health insurance than the Panama Canal treaties, energy conservation, and tax reform.<sup>37</sup>

The media's observation that the White House was neglecting health care reform did not go unnoticed by the Carter administration. In April, Onek and Havely wrote to Stuart Eizenstat about the challenges implicit in clarifying the timeline for national health insurance legislation. Though the two staffers acknowledged that national health insurance was simply not a priority in the administration's first year due to the imminence of other topics like energy, tax reform, and hospital cost containment, they feared that announcing Carter's intention to defer national health insurance would "contribute nothing but instability to our prospects" of ultimately passing a bill.<sup>38</sup> They also worried that confirming the delayed timeline might "deprive liberals of one of their few incentives" to support the current hospital cost containment bill, which promised the development of a national health plan by early March 1978. By referring to "liberals" as a political group distinct from Carter's administration, this episode suggests how members of the White House staff conceptualized Carter as a new type of Democrat, not beholden to the same New Deal tradition as his immediate Democratic predecessors.

While Peter Bourne also advised the president to be mindful of the politics surrounding national health insurance, he did so in a way that urged top White House officials to accelerate their work on the issue. Bourne mentioned in a memorandum to Hamilton Jordan that Senator

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<sup>36</sup> Hedrick Smith, "After Six Months, It's Still Very Managerial," *New York Times*, July 24, 1977, E5, ProQuest.

<sup>37</sup> Finbow, "Presidential Leadership," 172.

<sup>38</sup> Onek and Havely to Eizenstat, memorandum, 28 April 1977, Box 240, Folder "National Health Insurance [CF, O/A 40]," DPS - Eizenstat, JCL.

Kennedy had “expressed a desire to work quietly with me” on national health insurance, developing a plan for which Kennedy would eventually cede all credit to the White House and HEW. While this may have seemed like a perplexing position for the senator to adopt, Bourne remarked that “National Health Insurance is the most important thing in [Kennedy’s] career at the present time, and he feels that his own credibility will be in jeopardy if he goes too long without saying something.” Finally, Bourne warned that Kennedy “does not seem to be able to get on the same wavelength” as Califano, and “feels that unless we can develop evidence of a major move on this issue in the next few weeks he will be obliged to drop a bomb on us to stop criticism of his own seeming lack of activity.”<sup>39</sup>

Though Bourne attempted to spur Jordan to action with the strongest possible language and an explicit mention of the likely political consequences, Eizenstat privately confided to Jordan that he disagreed with Bourne’s recommendation. Eizenstat argued that working with Kennedy on national health insurance would “pull a sensitive issue into the White House at an early stage” and “undercut both Joe Califano’s credibility and his ability to serve as a buffer,” presumably between the White House and the Congress. Furthermore, Eizenstat wrote, Kennedy “is not the only key member of Congress on this issue,” and he feared that the White House’s deliberations with Kennedy would polarize other legislators who “will be equally or more important” for national health insurance.<sup>40</sup>

Nevertheless, Bourne persisted. Almost a month after his initial memorandum to Hamilton Jordan, Bourne addressed Jordan and Eizenstat together. “At the risk of being

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<sup>39</sup> Bourne to Jordan, memorandum, 20 June 1977, Box 240, Folder “National Health Insurance [CF, O/A 40],” DPS – Eizenstat, JCL.

<sup>40</sup> Eizenstat to Jordan, memorandum, 5 July 1977, Box 240, Folder “National Health Insurance [CF, O/A 40],” DPS – Eizenstat, JCL.

redundant," Bourne began, "I want to raise again my concern about the progress or lack of it in the area of National Health Insurance." He complained about Califano's team slacking on the proposal, questioned whether the secretary was even aware that the team was shirking its responsibilities, and reminded Jordan and Eizenstat that Carter had "specifically" promised to submit national health insurance legislation in the first year of his term. Bourne argued that the White House was in a vulnerable place due to its inactivity on the issue, and stated that "I think it is likely to get considerably worse, particularly when people find out how little we have done during the first 6 months." As a final plea, Bourne wrote that "I do not want to be an alarmist, but I see terrible problems looming down the road that I feel can be avoided." But in spite of the intensity of Bourne's claims, Eizenstat responded simply to say that although he "generally agree[d]" with the memorandum's content, he refused to play a more active role in shaping and accelerating national health insurance legislation alongside HEW.<sup>41</sup>

When Bourne was unsuccessful at coordinating a role for Kennedy in the development of the administration's health plan, the senator tried to pressure Eizenstat directly. In a mid-November letter to Eizenstat, Kennedy enclosed a *Los Angeles Times* editorial from a few days prior, which had commented on how upsetting it was to see a Democrat fail to generate a health reform proposal as thorough as Richard Nixon's. In the attached letter, Kennedy pointedly wrote that he "believe[s] you agree...that we must take the first step now toward the enactment of universal national health insurance."<sup>42</sup> He reiterated his desire to work with the administration

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<sup>41</sup> Bourne to Jordan and Eizenstat, memorandum, 1 August 1977, Box 240, Folder "National Health Insurance [CF, O/A 40]," DPS - Eizenstat, JCL; Eizenstat to Jordan and Bourne, memorandum, 2 August 1977, Box 240, Folder "National Health Insurance [CF, O/A 40]," DPS - Eizenstat, JCL.

<sup>42</sup> Kennedy to Eizenstat, 17 November 1977, Box 240, Folder "National Health Insurance [O/A 7431] [1]," DPS - Eizenstat, JCL.

in the development of a health plan, but his efforts were rewarded merely with a brief personal meeting with Eizenstat, a “symbolic” gesture that Bourne agreed was very important.<sup>43</sup>

While the domestic policy staff appeared reluctant to include Kennedy in the planning process, documentation from December 1977 suggests that the administration did, in fact, make some adjustments to their scheduling for national health insurance legislation. Onek requested another meeting with Carter to make sure that HEW’s “efforts do not fall into disarray,” and urged greater interagency participation “now that NHI [national health insurance] is back on a fast track.” Apparently, the White House’s decision to accelerate the timetable for national health insurance came as a surprise to executive departments other than HEW. In direct opposition to Califano’s perspective that “the situation is now too ‘confused’ for [interagency] participation,” Onek stressed that it was necessary to consult with other departments early, particularly those “with ties to the business and labor communities.” Onek evidently anticipated the tangled political consequences of a health reform bill, and apparently wanted to get a head start on negotiating with major stakeholders in the health care debate.<sup>44</sup>

Although health reform got off to a slow start in the Carter administration, by the end of 1977, White House staffers were avidly preparing for the creation of a national health insurance plan. They had failed to secure the passage of its alleged precursor, hospital cost containment, but looked toward 1978 knowing they still had, as historian Julian Zelizer argues, “the potential to build a successful presidency.”<sup>45</sup> Certain staffers, like Peter Bourne, hoped to make national

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<sup>43</sup> Bourne to Eizenstat, 18 November 1977, Box 240, Folder “National Health Insurance [O/A 7431] [2],” DPS – Eizenstat, JCL.

<sup>44</sup> Onek to Eizenstat, memorandum, 13 December 1977, Box 240, Folder “National Health Insurance [O/A 7431] [1],” DPS – Eizenstat, JCL; Onek to Eizenstat, memorandum, 27 December 1977, Box 240, Folder “National Health Insurance [O/A 7431] [1],” DPS – Eizenstat, JCL.

<sup>45</sup> Zelizer, *Jimmy Carter*, 72.

health insurance a part of that legacy. However, others saw national health insurance as a lower priority. Sitting on a comfortable congressional majority, few in the administration could anticipate the severity of the pushback from Democrats to the left of Jimmy Carter.

### **“What the Damn Thing Needs Is a Catalyst”**

Late in 1977, Califano began to compile a hefty, 24-page memorandum for the president about national health insurance, laying out a clear progression of decisions that would have to be made in order to move forward with the health plan. He prefaced his discussion with the sobering observation that “National Health Insurance will be among the most complex and bedeviling policy initiatives of your Administration.” It could easily extend over multiple congressional sessions, and it would require a “massive political effort” to overcome people’s biases about welfare reforms and adjusting the balance between state and federal governments on a substantial issue. Califano’s strategy involved a broad statement of principles first, followed by a tentative plan and ultimately a legislative proposal. Since national health insurance could be designed to address numerous problems within the American health system, from improving access to health care to reforming financing and reimbursement standards, Califano acknowledged that “the extent to which we focus on each of these objectives will profoundly affect our ultimate proposal.” He pictured 1978 as a year of preparation; after getting Carter’s initial thoughts in the spring, he would begin to draft the general principles (universal and mandatory coverage, a reduction of barriers to preventive care, effective cost controls, and

uniform standards for quality and reimbursement mechanisms) and plan for further progress in December.<sup>46</sup>

Even though the Carter administration understood as early as the presidential campaign that comprehensive national health insurance legislation had a dismal prognosis, Califano went to extreme measures to prepare for the plan's creation. The Department of Health, Education, and Welfare made "a concerted effort" to obtain feedback on national health insurance before beginning to formulate options for health reform. HEW consulted every member of Congress, every state governor, mayors of major U.S. cities, and over 2000 individuals and organizations knowledgeable about national health insurance for their thoughts on the subject. Califano also decided to hold 100 regional hearings throughout the country, with at least one in each state, to hear directly from the people. Finally, he ensured diversity in the plan's development by selecting members of HEW who had "worked on virtually every one of the major NHI bills introduced in recent years to draft the proposal. Thus, all the perspectives we will have to contend with when your program goes to the Congress will be represented forcefully around the table." Califano prepared almost lovingly for national health insurance, despite the fact that it was enveloped in a pessimistic fatalism from the outset of the Carter presidency.<sup>47</sup>

Having determined Carter's general principles behind health reform, Califano sent a lengthier, revised memorandum about health plan options to Stuart Eizenstat three months later. Califano included four distinct proposals and subjected them to the same evaluation criteria. The plans needed to be assessed, he thought, on their ability to address Carter's primary objectives for health reform: achieving universal coverage, controlling health care costs, and improving the

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<sup>46</sup> Joseph Califano, memorandum, "National Health Program," 3 November 1977, Box 31, Folder "Health, 1/78-3/78 [O/A 8660]," DPS - Carp, JCL.

<sup>47</sup> Memorandum by Califano, "National Health Program."

health care delivery system and geographic availability of services. Califano worried about the projections of the plans' impact, saying that the data "are not nearly as good as we would like. I have been repeatedly distressed by the fact that better figures are not available and that past health insurance proposals have not been subjected to the meticulous cost-effective and quality care analyses that the scope and importance of this subject demand."<sup>48</sup> This incomplete information was probably frustrating for both Califano and the president, who had an "obsession with planning" and thought his leadership hinged on making difficult, but rational choices.<sup>49</sup> As rough as the data may have been, it was already clear that there was little overlap between the plans designed to address wide-reaching problems within the health system and the plans with even the slightest chance of being enacted.

The first option, the Consumer Choice Health Plan, involved a federally funded but privately administered system. It sought "to use classic private market incentives" to control the cost and quality of health services, and aimed to make insurance more widely available by introducing a marketplace for private insurance or prepaid group plans. The "only" role of the federal government was to provide funding through tax credits or vouchers to enable people to purchase coverage in the marketplace. All plans would be required to offer catastrophic coverage (thus protecting Americans from financial ruin in the case of a major health event) and maintain open enrollment. This meant that anyone within a specific health risk group could enroll and be charged the same premium as others in their group. As Califano noted, "it is difficult to quarrel with the theory" underlying the Consumer Choice Health Plan. However, he was skeptical of how practical it would be to rely exclusively on the idea of competition to control costs and

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<sup>48</sup> Joseph Califano, "Lead Agency Memorandum on National Health Insurance," 3 April 1978, Box 31, Folder "Health, 4/78 [O/A 8660]," DPS - Carp, JCL.

<sup>49</sup> Finbow, "Presidential Leadership," 172.

improve quality in the private market, believing that this mechanism would work slowly, if at all. Furthermore, Califano doubted that this arrangement would promote access to preventive health care, a major priority of Carter's.<sup>50</sup>

The Public Corporation Plan involved complete federal control of financing, establishing a new administrative entity that would permit everyone to obtain health insurance. The benefit of the Public Corporation Plan, according to Califano, was that the federal government could gain control over health care financing "without having the full revenues flow through the federal budget," which would have been an unattractive political prospect to those concerned about the high costs of a federal health program. Insurance companies would lose their entrepreneurial status and serve exclusively as administrative, claims-processing entities. Califano commented that "this plan holds the best promise" for ensuring that necessary changes to the health system are accomplished, but "may not be practical at this time" for economic reasons. "Moreover," he continued, "the plan's complete conversion of the private health insurance industry to federal fiscal agents...would have to be very strongly justified to the Congress and to the public." Califano concluded, "Even if the data, methodology, and political will existed, or could be brought into being in a timely fashion, the administrative complexity of this plan still would represent a difficult challenge."<sup>51</sup>

In terms of completely disrupting the existing health system, the Publicly Guaranteed Plan option was milder than the Public Corporation Plan. Instead of fundamentally changing the role of private insurers, the Publicly Guaranteed Plan proposed to allow them to maintain current practices while introducing strong federal control over financing. This would be accomplished

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<sup>50</sup> Califano, "Lead Agency Memorandum."

<sup>51</sup> Califano, "Lead Agency Memorandum."

through regulated premiums and increased opportunities for people to purchase private health insurance, which would be balanced by an individual mandate requiring people to buy it. The only exemption from purchasing federal insurance individually through the marketplace would be employers, who could purchase government-approved, private “equivalent insurance” that still met established standards. Although uniform reimbursement standards would attempt to minimize differences between private and federal health plans, Califano acknowledged that this option could still lead to a problematic two-class health system.<sup>52</sup>

The most plausible option was designated as the “Target Plan,” which altered the current health system the least out of the four proposals. Designed to protect all Americans from catastrophic health expenses, the plan recommended a federal catastrophic insurance program that would automatically reimburse any people who spent over 25 percent of their annual income on covered medical benefits (individuals who already had health insurance would likely avoid spending such a large percentage of their income on health care in the first place). The Target Plan also included expanded coverage for children’s health services and aimed to regulate the private market by reserving tax benefits for companies that offered both catastrophic protection and all federally-required health benefits. Although it was said to be the “easiest” program to enact, the Target Plan was not expected to achieve universal coverage and had “limited potential to control runaway health costs and to incorporate preventive activities or otherwise reform the health care system.” It was also the cheapest plan overall, but involved a similar increase in federal health expenditures compared to the other programs. Phrased another way, the Target Plan cost the same while proposing to accomplish much less than the alternatives.<sup>53</sup>

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<sup>52</sup> Califano, “Lead Agency Memorandum.”

<sup>53</sup> Califano, “Lead Agency Memorandum.”

While the expensive nature of the proposals may have deterred Carter from vigorously pursuing health reform, it is surprising that, when choosing among plans that cost approximately the same amount, he seemed most inclined to select one that accomplished few of the fundamental changes he had called for within the American health system. All four of the plans had benefits and drawbacks; that should have been expected when politicians were attempting to reform an enormous and flawed system – one which was, at the time, the third-largest industry in America after construction and agriculture. Carter, whose major domestic priority was controlling inflation, should have been more concerned with the trajectory of the health care industry. According to Califano’s data, health expenditures were rising at approximately 14 percent per year, two and a half times the rate of the Consumer Price Index.<sup>54</sup> Thus, reining in health spending would have been a fruitful way of addressing the inflation problem. Carter missed an opportunity to advocate for national health insurance, an initiative that appealed to liberal Democrats, in an economic context that made sense for his fiscal conservatism.

As Carter slowly plodded through discussions of his principles and tentative timelines for unveiling a health plan, Senator Ted Kennedy teamed up with organized labor and developed a plan of his own. Carter’s staffers combed through the Kennedy proposal for national health insurance in March 1978, judging it “not a significant departure from the Health Security Act,” a previous proposal of Kennedy’s that involved progressive financing mechanisms and guaranteed health care for everyone. Onek and Havelly were critical of the new plan’s viability, since its mechanism of cost containment – a regionally apportioned health budget – seemed “doubtful” to work. They were leery of Carter having to involve himself in discussions with labor and Kennedy; a meeting between the three parties could precipitate “an inevitable falling-out over NHI – or

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<sup>54</sup> Califano, “Lead Agency Memorandum.”

even make it more painful by raising false hopes.” But Carter’s advisers were not merely concerned with how it would look for the president: they were worried that an apparent philosophical break between two major figures in the Democratic Party would hurt Democrats’ chances downstream. As Onek and Havelly wrote, “it makes little sense to place Democratic candidates for Congress in a cross-fire between labor groups criticizing the Administration for not going far enough on National Health Insurance, and business and provider groups criticizing the Administration for going too far.”<sup>55</sup> Recognizing the political danger in appearing to split the party, Carter’s staffers prioritized political appearance to minimize the sense of fracture.

Peter Bourne maintained that national health insurance was the most important item on Carter’s domestic agenda. Writing to Hamilton Jordan and Landon Butler, one of Jordan’s deputies, Bourne said, “of all the domestic legacies the President could leave, National Health Insurance could probably do more to change the quality of life for all Americans than anything else he will do, and would be remembered linked with his name as Social Security is with FDR.” Furthermore, Bourne observed, national health insurance would be a departure from most of Carter’s other domestic policies in that he would be “giving something to the American people...rather than asking them to make sacrifices in the National interest.” Bourne was hardly the only adviser to clearly apprehend changes in the political climate a year into the Carter presidency, but he was uniquely willing to draw attention to Carter’s rapidly deteriorating relationship with the liberal coalition. Complaining that the White House had done nothing to counteract the public perception that Carter “is being dragged reluctantly into it [national health

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<sup>55</sup> Onek and Havelly to Eizenstat, memorandum, 9 March 1978, Box 31, Folder “Health, 1/78-3/78 [O/A 8660],” DPS - Carp, JCL.

insurance] by Kennedy and the UAW,” Bourne urged that Carter be given “more visibility on this issue.”<sup>56</sup>

The Kennedy health plan loomed as an omnipresent threat, and a desire to stay ahead of the senator drove the timeline of Carter’s health plan. Joseph Califano and Peter Bourne were especially forceful in accelerating deadlines. The two of them suggested that Carter should give “a major speech on health” in the spring of 1978, and Tim Kraft, who was responsible for scheduling Carter’s appointments, was unprepared to meet that request. He appealed to Eizenstat to postpone the speech, and Eizenstat’s handwritten response acknowledged, “I don’t see reason for speed in May. [Kennedy] isn’t going to do anything until July.”<sup>57</sup> Therefore, June would be a perfectly appropriate time to reschedule the speech. Evidently, it was less important to Eizenstat that Carter and Kennedy appear united than that the president was able to unveil his health plan first.

As Eizenstat had predicted, Kennedy announced his intention to develop national health insurance legislation in July. What Eizenstat may not have expected, however, was for Kennedy to bitterly condemn Carter for a “failure of leadership” on that topic. Kennedy and Carter had previously held a meeting to negotiate their differences, and when this did not result in Carter’s conversion to a single national health insurance bill that would provide comprehensive coverage, Kennedy became more vocal. He believed that national health insurance legislation was inevitable, and thought the difference between his perspective and Carter’s was one of scale. Kennedy wanted a big, comprehensive bill that would provoke major changes to the health system in one fell swoop, while Carter wanted a series of small reforms that could be adopted

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<sup>56</sup> Bourne to Jordan and Butler, memorandum, 17 April 1978, Box IS-2, Folder “4/1/78-6/30/78,” White House Central Files, JCL.

<sup>57</sup> Kraft to Eizenstat, 24 April 1978, Box 31, Folder “Health, 4/78 [O/A 8660],” DPS – Carp, JCL.

one at a time in politically favorable climates. Kennedy expressed his concern with the Carter approach, telling the press that allowing health reform to be “divided” into small pieces would result in those bills being “conquered by the special interest groups with overflowing war chests ready to oppose it.” Though he agreed with Carter that a health plan should be phased into effect over a period of several years, he sought “a commitment [from the president] that the proposal would not contain any built-in self-destruct buttons...we asked for a commitment to oppose any automatic trigger that could kill the program arbitrarily in the future.” Not receiving this commitment, he went public with his dissatisfaction, inviting labor leaders and other national health insurance advocates to join him in his press conference. During it, he labeled national health insurance his “highest personal priority” in the 1970s, thus breaking with Carter on a substantial domestic issue. One White House aide commented anonymously, “It certainly didn’t help us politically to fall out with Kennedy and labor over this issue...God knows we need [them].”<sup>58</sup>

If any liberals were still hoping that Jimmy Carter would come around to their cause, the summer of 1978 decisively put an end to those aspirations. The Humphrey-Hawkins full employment bill and labor law reform were two legislative battles where the president revealed just how little he understood or cared about the goals of organized labor. Opposed to Humphrey-Hawkins “by upbringing, training, temperament, and philosophy,” Carter watched Congress gut the legislation and somehow still needed Eizenstat and Schultze to remind him of the bill’s political importance.<sup>59</sup> Withholding his support from the final version of the bill, they warned, would be seen as a “betrayal” by the traditional Democratic coalition. Carter was similarly tepid

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<sup>58</sup> Jack Nelson, “Kennedy Splits with Carter on Health Policy: ‘Leadership Failure’ Hit; Senator Plans Own Insurance Bill,” *Los Angeles Times*, July 29, 1978, SD1, ProQuest.

<sup>59</sup> Cowie, *Stayin’ Alive*, 280-285.

in his support for labor law reform, “never quite pull[ing] out the stops” to help obtain enough votes in Congress for the bill’s passage.<sup>60</sup> Between Humphrey-Hawkins, labor law reform, and a public silence surrounding national health insurance, it was turning out to be a disappointing year for liberal Democrats.

Out of the public eye, the Carter administration quietly continued its work on national health insurance. Carter sent a formal directive to Secretary Califano in July, instructing him to develop the administration’s health plan based on ten principles, which ranged from universal coverage to controlling inflation in the health sector. Although the president asked for a comprehensive plan that would form “the cornerstone of a broader national health policy,” he also insisted that Califano devise mechanisms for the plan’s phased implementation.<sup>61</sup> As the national health plan began to take shape, administration officials reassured others that its development was intimately tied to the state of the economy. Stuart Eizenstat, for example, wrote to Richard Leshner, the President of the Chamber of Commerce, that “any national health insurance plan this Administration proposes will seek to combat, rather than contribute to, inflation.”<sup>62</sup> James McIntyre and Charles Schultze, the director of the Office of Management and Budget and the chairman of the Council of Economic Advisers, respectively, assumed a prominent role in this process.

In mid-November 1978, the White House health staffers strongly recommended to Eizenstat that Carter submit “Phase I legislation” to the next session of Congress. By this language, they meant an explicit endorsement of a phased-in, incremental health plan offering

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<sup>60</sup> Cowie, *Stayin’ Alive*, 292-294.

<sup>61</sup> Carter to Califano, 29 July 1978, Box IS-2, Folder “7/1/78 to 12/31/78,” White House Central Files, JCL.

<sup>62</sup> Eizenstat to Leshner, 31 July 1978, Box 78, Folder “Stuart Eizenstat’s Letters [2],” DPS – Mongan and Onok, JCL.

coverage for catastrophic medical events, rather than the all-encompassing bill favored by some other Democrats like Ted Kennedy. That alternative, argued the memo's authors, "would provide one more instance of the President making a futile comprehensive proposal."<sup>63</sup> Carter had been mocked relentlessly for his preference to submit comprehensive legislation whenever possible. Moreover, Carter's comprehensive plans usually either did not get passed at all or were approved in an extremely diluted form. Thus, the staffers' recommendation to support an incremental health plan was likely based, at least in part, in a desire to avoid being compared to the collection of other "comprehensive" – and often unsuccessful – Carter proposals.

The staffers also felt the need to intervene because, if left without guidance from the White House, they were convinced that Secretary Califano and his team at HEW would defy Carter's intentions and draft a comprehensive health plan. "If no decisions are made now," stated the memorandum, both legislators and the public would discover the comprehensive plan and deliver fresh criticism of the Carter administration from multiple angles.<sup>64</sup> The comprehensive plan would be labeled as "too inflationary" by conservatives, while simultaneously "rais[ing] the expectations of the left and mak[ing] it more difficult to go with Phase I legislation several months later." By taking a firm stance on Phase I legislation, the White House hoped to dodge the disappointment of liberals who retained hope for a comprehensive health plan. This strategy ultimately backfired, though, since it still left the Carter administration susceptible to complaints from liberals. The only difference was that their disillusionment now stemmed from the fact that Carter and his team did not even try to obtain comprehensive national health insurance, the

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<sup>63</sup> Bert Carp, Joe Onek, David Calkins, and Bob Berenson to Eizenstat, memorandum, 11 November 1978, Box 241, Folder "National Health Insurance [CF, O/A 729] [4]," DPS – Eizenstat, JCL.

<sup>64</sup> Memorandum by Carp, Onek, Calkins, and Berenson, 11 November 1978.

unfinished part of the New Deal that, for many Democrats, still played a prominent role in their conception of their party.

Though the Democrats retained their congressional majorities, they lost three Senate and twelve House seats in the 1978 midterm elections, an outcome that preceded a disappointing party convention in Memphis.<sup>65</sup> Two years earlier, the Democratic National Convention had mandated this “mini-convention” as a way for liberals to engage with and challenge their president’s policies. After nearly two years of Carter’s fiscal conservatism, the administration expected and dreaded bitter opposition from Democrats. The *Washington Post* reported, however, that “White House representatives have worked for the last two years to restrict the size, scope and agenda of the Memphis meeting.”<sup>66</sup> Aside from a national health insurance panel featuring Senator Kennedy, the UAW’s Douglas Fraser, and Secretary Califano, the paper predicted a relatively subdued atmosphere.

Understanding that health care was an important issue and often chief concern for many of the more liberal Democrats, Kennedy criticized the president at the midterm convention by declaring that “there could be few more divisive issues for America [and the Democrats than] drastic slashes in the Federal budget at the expense of the elderly, the poor, the black, the sick, the cities and the unemployed.”<sup>67</sup> Compared to Carter’s “bland defense of his administration,” write historians Burton and Scott Kaufman, Kennedy’s speech “stirred the emotions of the attendees with his evocation of historic Democratic values” and prompted many to speculate that

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<sup>65</sup> Steven M. Gillon, *The Democrats’ Dilemma: Walter F. Mondale and the Liberal Legacy* (New York: Columbia University Press, 1992), 208.

<sup>66</sup> David S. Broder and Bill Peterson, “Key Democrats to Shun Midterm Parley,” *Washington Post*, December 4, 1978, [https://www.washingtonpost.com/archive/politics/1978/12/04/key-democrats-to-shun-midterm-parley/e0a08b40-8002-4f17-9485-17a28b83ac9e/?utm\\_term=.6e1e9ae32779](https://www.washingtonpost.com/archive/politics/1978/12/04/key-democrats-to-shun-midterm-parley/e0a08b40-8002-4f17-9485-17a28b83ac9e/?utm_term=.6e1e9ae32779).

<sup>67</sup> Martin Tolchin, “Carter Says Party Has Not Been Split by Kennedy’s Views,” *New York Times*, December 13, 1978, A1, ProQuest.

he would challenge Carter for the 1980 presidential nomination.<sup>68</sup> For liberals, Kennedy was a tempting alternative. Halfway through Carter's first term, it was already evident that, in the words of Jefferson Cowie, "the attempts to revive postwar liberalism became the New Deal that never happened. It all ended far from a liberal revival and something closer to a requiem for a collective economic vision for the American people."<sup>69</sup> Factions of the Democratic Party remained divided on the importance of quickly passing national health insurance legislation, reflecting differences in ideologies that ran deeper than superficial contrasts in Carter and Kennedy's political styles.

Though the president tried to downplay his differences with Kennedy, the senator was more forthcoming about their conflicting ideologies. Health care acted as the focal point for this rivalry, and at the end of 1978, Kennedy and Carter's differences over national health insurance remained both substantial and bitter. The *New York Times* reported in early December that Carter seemed irritated by a reporter's question which suggested that the Democratic Party was divided between those committed to fighting inflation and those "who have called for a rededication to the party's traditional commitment to help the poor, minorities, unemployed and disinherited." Carter denied any "schism" within the party, stressing that he had "a good relationship" with Senator Kennedy. But as the president asserted that his differences with Kennedy were "minor," the senator contended that their differences on health care were "unchanged and fundamental and rather basic."<sup>70</sup>

Kennedy could not fathom why the Carter administration was so reluctant to cooperate with him on health reform. In events around the country where he rallied support for a national

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<sup>68</sup> Kaufman and Kaufman, *The Presidency*, 166.

<sup>69</sup> Cowie, *Stayin' Alive*, 262.

<sup>70</sup> Tolchin, "Carter Says," A1.

health plan, Kennedy repeatedly asked audience members, “What possible sense does this non-system make?” Since he and Carter had the same fundamental goal of insuring all Americans while introducing strict cost controls, he did not understand why the president spurned a single piece of comprehensive legislation. A Kennedy aide spoke candidly of the frustration felt in the senator’s camp to journalist Thomas Oliphant: “What the damn thing needs is a catalyst...The organization and the support is out there, but all our leaders are talking about is what we can’t do as a nation.” Oliphant thought this position was generous, stating that Carter and Kennedy’s division over health reform could mask “an even deeper division over national policy than either man is prepared to publicly acknowledge.”<sup>71</sup>

Indeed, national health insurance would increasingly drive Carter and Kennedy apart in the time leading up to the 1980 election. As Kennedy continued to advocate for national health insurance and other social programs in the tradition of New Deal liberalism, Carter did not waver from his commitment to balancing the budget and adopting fiscally conservative policies. The two men led increasingly distinct factions of the Democratic Party – the former, the traditional liberal coalition, and the latter, an emerging segment of Democrats still trying to define their principles. Instead of spending his limited political capital on traditionally Democratic issues, Carter devoted most of his attention in 1978 to other issues such as energy, Panama, and the Iranian transfer of power from the shah to Ayatollah Khomeini. Overall, he assessed 1978 as a generally positive year for his presidency, obviously basing this conclusion on his foreign policy

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<sup>71</sup> Thomas Oliphant, “What’s the Solution to Our Soaring Health Costs?: While Carter Talks of Belt-Tightening, Sen. Kennedy Is Busy Selling National Health Insurance,” *Boston Globe*, December 24, 1978, A1, ProQuest.

accomplishments like the Camp David Accords and the ratification of the Panama Canal Treaty, rather than the total carnage that surrounded his domestic policy agenda.<sup>72</sup>

Although health reform was hardly Carter's focus in 1978, some progress was made on the administration's national health insurance plan. Secretary Califano managed to articulate the guiding principles of any Carter health plan, focusing on universal coverage, novel cost controls, and greater uniformity in pricing and care throughout the country. Under his leadership, HEW drafted a handful of proposals with varying levels of success at accomplishing these objectives, and Carter chose the least disruptive of the four. Conscious of his limited budget and chief goal of containing inflation, he could only justify to himself the adoption of health reform through a series of small bills, an approach that was anathema to Kennedy, his primary Democratic rival. Although their rift grew increasingly public, the details of Carter's health plan remained largely private, still undergoing extensive revision in the White House and at HEW. In the months to follow, many of these details would be finalized before Carter unveiled his health plan to Congress.

### **"Some Semi-Sacred Ideological Principle"**

Though Carter had already made it abundantly clear that his health plan would consist of Phase I legislation providing catastrophic coverage only, Califano continued to push the president to consider comprehensive options. "Even if we decide ultimately that we should propose only a Phase I bill," wrote Califano on January 8, 1979, "we must consult on and then evaluate Phase I options in the context of a broad plan that sets out future directions for the

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<sup>72</sup> Tolchin, "Carter Says," A1.

nation's health care system."<sup>73</sup> While Califano knew that Carter would not submit a comprehensive plan to Congress, he urged the president to make public his "total vision" of health reform anyway. Without a long-term goal, he argued, the administration could not develop a "sound" Phase I plan with any likelihood of passing. The secretary also strongly objected to an incremental approach that would direct nearly all federal funding for the health plan to catastrophic coverage. "Strategically, we make a tragic mistake by totally giving away the major issue of concern to the middle class," wrote Califano. "We should instead closely tie increasing catastrophic coverage for middle income citizens to more sophisticated and permanent cost control measures...to more basic reforms...and to increasing coverage for the poor, the working poor and the aged." If the administration could not recommend a comprehensive plan in the foreseeable future, Califano figured it was preferable to endorse changes in the health system that did not primarily increase access to inpatient care, the most complex and expensive type of care available.

In addition to the substance of the health plan, Califano's memorandum advised Carter on issues of political strategy surrounding the administration's health reform attempt. The secretary recommended that the president discuss health care in his State of the Union address and follow this message with several months of "extensive consultation" with interest groups, legislators, and the public. After this, HEW would develop its formal legislative recommendation; Califano warned that "in any event, long-time proponents of National Health Insurance are likely to attack the tentative plan upon its appearance because of phasing and triggering," two qualities that encapsulated the watered-down nature of Carter's attempt to secure universal health

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<sup>73</sup> Califano to Carter, memorandum, 8 January 1979, Box 242, Folder "National Health Plan [CF, O/A 729] [1]," DPS - Eizenstat, JCL.

coverage for all Americans.<sup>74</sup> However, he also noted that if Carter debuted his long-term vision of health reform at the same time, he would appear “measured and moderate” by preferentially endorsing the less costly and dramatic option. While Califano seems to have meant this as a compliment, not looking moderate enough was hardly Jimmy Carter’s biggest problem.

The third year of the Carter presidency began dismally. The White House learned in December 1978 that the deficit would be 50 percent higher than anticipated, which did not bode well for the plethora of social programs that the administration had deferred to the latter half of Carter’s term.<sup>75</sup> Making matters worse, Carter appeared to be neglecting domestic policy initiatives in favor of facilitating peace negotiations between Egypt and Israel. When he did turn his attention to domestic policy, his plans often “revolved around the theme of sacrifice.”<sup>76</sup> This approach was not particularly popular, and Ted Kennedy accused Carter of “undermin[ing] the health care system” with his stingy budget.<sup>77</sup> The president did not expend much personal effort to reaffirm his commitment to improving the American health care system at the beginning of the year. Indeed, only a few days before Kennedy’s attack, Carter had ignored Califano’s earlier advice and devoted just one line of the State of the Union address to national health insurance, reflecting the nation’s overall mood of austerity. In a post-speech commentary, one newscaster remarked that “it’s been a long time since we’ve heard a Democrat give such a bare bones State of the Union.” Another confessed, “I don’t know of any [other Democrat] who would have made quite this speech.”<sup>78</sup>

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<sup>74</sup> Califano to Carter, memorandum, 8 January 1979.

<sup>75</sup> Zelizer, *Jimmy Carter*, 88-91.

<sup>76</sup> Zelizer, *Jimmy Carter*, 92.

<sup>77</sup> Marjorie Hunter, “Kennedy Says Budget ‘Undermines’ U.S. Health Care,” *New York Times*, January 27, 1979, 7, ProQuest.

<sup>78</sup> “PRESUS State of the Union Message with Commentary,” January 23, 1979, Tape C566, White House Communications Agency Videotapes, JCL.

Once HEW actually drafted Phase I legislation, the Carter administration's political troubles with national health insurance were far from resolved. "The bottom line is that the HEW plan as presently drafted will be opposed, with varying degrees of intensity, by labor, liberals, seniors, private insurers, big business, small business, physicians and hospitals," wrote Joe Onek in an undated memorandum, which was likely from early 1979.<sup>79</sup> Onek grumbled that the Phase I legislation "unnecessarily exacerbates" preexisting political challenges already "inherent" in trying to navigate between Russell Long, the chairman of the Senate Finance Committee, and Kennedy. Not surprisingly, Onek's suggestions for improving the plan largely hinged on removing various provisions and further weakening the administration's attempt at health reform.

As one would expect, Carter's plan - now explicitly incremental and phased - did not engender much unity among Democrats. Through a series of individual meetings in March with Ted Kennedy and various labor leaders, including George Meany, Lane Kirkland, and Douglas Fraser, Carter hoped to placate his opposition.<sup>80</sup> Kennedy, however, continued to move forward with his own proposal for national health insurance and critiqued the president's "piecemeal" approach to health care.<sup>81</sup> As a result, White House Press Secretary Jody Powell had to field numerous questions about the philosophical differences between Carter's health plan and Ted Kennedy's. To address these queries, Powell recommended to the president that the issue could "best be handled on a general, almost philosophical level without a bogging down in the details of dollars and proposals." With an air bordering on frustration, Powell vented that "the idea of

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<sup>79</sup> Onek to Dick Moe and Bert Carp, memorandum, n.d., Box 241, Folder "National Health Insurance [CF, O/A 729] [2]," DPS - Eizenstat, JCL.

<sup>80</sup> Onek and Eizenstat to Carter, memorandum, 20 March 1979, Box IS-2, Folder "1/1/79 to 4/30/79," White House Central Files, JCL.

<sup>81</sup> Philip Shabecoff, "Kennedy Offers Broad Health Plan and Challenges Carter to Support It," *New York Times*, May 15, 1979, A1, ProQuest.

'a comprehensive plan now or nothing at all' has...become an absolute article of faith for some elements within the Democratic Party. [But] all of this work, speech-making, press conferences, hearings, etc., has never provided one iota of health care benefits to any single American." Successfully passing Phase I legislation, Powell argued, "is more important than adhering to some semi-sacred ideological principle."<sup>82</sup>

As the White House prepared to release its health plan to Congress, the senior staff disagreed on how Carter should respond to political opponents who were dissatisfied with the phased-in approach. In the president's speech announcing the health plan, Powell thought he should include a strong, direct statement to quell criticism from ardent supporters of comprehensive reform. Eizenstat issued a different recommendation. He believed that Carter should not deign to respond to this opposition, as doing so "would simply confirm the misimpression" among the press that the administration had created its health plan "in response to" Ted Kennedy, rather than as the natural endpoint of years of work.<sup>83</sup>

Those years of work would come to a head on June 12, 1979, when the Carter administration finally submitted its health plan to Congress. An initiative already delayed and diluted by the constraints of politics in the late 1970s, the health plan would face additional challenges in the months to come. Its architect, Joseph Califano, would be ousted from the White House along with several other cabinet secretaries, and its opponent, Ted Kennedy, would continue to seize national health insurance as the symbol fundamentally separating him from the president's new brand of fiscally conservative Democrats.

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<sup>82</sup> Powell to Carter, memorandum, 18 May 1979, Box 241, Folder "National Health Insurance [CF, O/A 729] [3]," DPS - Eizenstat, JCL.

<sup>83</sup> Eizenstat to Carter, memorandum, n.d., Box 243, File "National Health Plan [CF, O/A 729] [4]," DPS - Eizenstat, JCL.

### **III. The National Health Insurance Plan**

“After a decade and a half of inaction, it is time to move forward once again” on the issue of health care, proclaimed President Carter. He had just submitted his national health insurance plan to Congress for consideration, and dozens of cameras flashed as he concluded his remarks from a podium in the Old Executive Office Building. Flanked by Joseph Califano, Stuart Eizenstat, and a handful of senators and congressmen, Carter reveled in having delivered the long-delayed health plan. National health insurance would make the news that night - a rarity for his administration.

But almost as quickly as the national health insurance plan had materialized, it disappeared. Just one month later, Carter demanded the resignation of everyone in his cabinet, an ill-advised political move that rapidly overshadowed his policy decisions. In a matter of hours, Califano, the man who knew national health insurance inside and out, was purged from the Carter White House.

After Califano’s departure from the administration, Carter’s general quest for reelection usurped discussion of almost any specific policy issue, with foreign affairs, the economy, and energy dominating the agenda. National health insurance was quickly demoted and reframed as a talking point for Carter’s agenda for the next four years in office. In an ironic twist, this redefinition occurred at approximately the same time as a tangible and supposedly pragmatic health bill waited patiently for congressional committees to mark it up. The following chapter explores how national health insurance decisively hindered Carter in his 1980 bid for reelection. To Democrats, national health insurance exemplified the ideological gulf separating Carter from

liberals, a division he had not been able to overcome in the previous two and a half years of his presidency. To Republicans, national health insurance was yet another example of Carter's inefficacy as a leader. As he had done in 1976, Carter tried to manipulate the liberal rhetoric surrounding national health insurance in order to gain Democratic support. But this time, it did not work.

### **“This Precious Opportunity for Progress”**

Given the tepidness of White House negotiations throughout the formation of the health plan, the proposed bill was surprisingly substantial. The most wide-reaching change for middle-class Americans was the universal provision of catastrophic health coverage; Carter wanted to cap out-of-pocket spending on health costs at \$2500 per family per year, enabling Americans to obtain this coverage via the federal government if their existing health insurance plans did not include these benefits. Another significant change proposed by the national health insurance plan involved merging Medicare and Medicaid into a single federal program called “Healthcare.” Creating a federal insurance program would inject competition into the health system, serving as another mechanism of establishing cost controls in addition to newly-regulated physician fee schedules, which would equalize reimbursement between rural and urban physicians for any patient covered under Healthcare. Healthcare would also expand comprehensive health insurance coverage to 16 million low-income Americans who did not previously qualify for Medicaid – a feature that Califano had strongly supported as a way to make the health plan appear more liberal. The last major feature of the proposal involved providing prenatal and infant

care with zero cost sharing on the part of the patient, since the president had decided that this was one of the most immediate ways to promote preventive health.<sup>1</sup>

In his press conference message to the Congress, Carter announced that his health plan was a “practical” step that would “create both the framework and the momentum for a universal, comprehensive national health plan.” But try as he might to break national health insurance into discrete units, each of which could pass individually at politically opportune moments, Carter could not separate this preliminary step toward health reform from imperative hospital cost containment legislation. As he said in his statement, “this nation cannot support more duplicative facilities and more unnecessary equipment...We must and we will insure that needed extensions in coverage do not become the excuse for further waste.”<sup>2</sup>

Carter urged Congress to consider his plan and not to “lose this precious opportunity for progress.” He asserted that “A universal, comprehensive national health insurance program is one of the major unfinished items on America’s social agenda,” acknowledging national health insurance’s legacy as the symbol of the unfinished New Deal. Momentarily, he embraced the traditionally liberal rhetoric of the Democratic Party, even if the plan he was attempting to put forth was a shadow of the most liberal health legislation that Califano could brainstorm. Although Carter seemed to recognize the timely importance of national health insurance for holding his coalition together, his practical approach hinged on deferring much of this health care vision to subsequent years. With no federal spending on the first step of his health plan until 1983, Carter reassured people that the \$18 billion price tag was “a social investment in the future of our children, the economic security of our elderly, and the well-being and peace of mind of all

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<sup>1</sup> Jimmy Carter, “National Health Plan Message to the Congress on Proposed Legislation,” June 12, 1979, *The American Presidency Project*, <http://www.presidency.ucsb.edu/ws/index.php?pid=32466>.

<sup>2</sup> Carter, “National Health Plan Message.”

Americans." In time, he promised that the health plan would "reap important dividends for our Nation and its people." Ironically, Carter said that "the real needs of our people are not served by waiting and hoping for a better tomorrow." In proposing a national health insurance plan chopped into hundreds of individual bills, most of which were meant to be considered at an unspecified future date, waiting and hoping were precisely what Carter was doing.<sup>3</sup>

Russell Long, the chairman of the Senate Finance Committee, initially seemed receptive to the Carter health plan. Though some suspected that his allegiance was driven by a desire to avoid a rival plan developed by Ted Kennedy, he also promised to support the administration's hospital cost containment bill. The *New York Times* reported that Long would back the president "as far as possible on health insurance," up to about a \$20 billion health plan. (Although Carter's \$18 billion price tag referred to the level of federal expenditures, it was projected to cost \$24.3 billion per year in total, a price gap that Long assessed as "not all that great.") In light of these remarks, Califano commented that "we are closer to a consensus on health insurance than at any time since we passed Medicare and Medicaid in 1965."<sup>4</sup>

Another influential senator, Abraham Ribicoff, also supported Carter's proposal. The chairman of the Governmental Affairs Committee and a former secretary of Health, Education, and Welfare himself, Ribicoff reportedly "pleaded for a compromise" on a health insurance bill in that session and insisted that "it can only be done if the main actors will cooperate - the President, Senator Long and Senator Kennedy."<sup>5</sup> Ribicoff spoke briefly at Carter's press conference, where he reminded the audience of the wide-reaching effects of health reform and

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<sup>3</sup> Carter, "National Health Plan Message."

<sup>4</sup> Victor Cohn, "Carter, Long Closer on Health Plan: Possible Alliance Could Freeze Out Kennedy's Proposal," *Washington Post*, June 14, 1979, A1, ProQuest.

<sup>5</sup> Martin Tolchin, "Carter and Kennedy Press Rival Efforts on Health Program," *New York Times*, June 13, 1979, A1, ProQuest.

predicted that “we should be able to pass national health insurance this year.”<sup>6</sup> In pleading for legislators to rise above their political differences, Ribicoff clearly hoped to unite the Democrats behind Carter’s health plan.

Kennedy had no such desire. Calling the president’s health plan “regressive” and “inconsistent with the goal of a truly single-class health care system” on the day it was introduced, he drew attention to his own proposed health plan instead.<sup>7</sup> Kennedy boasted of its simplicity and efficacy, providing basic coverage for all Americans through the mechanism of private insurers. Though Kennedy’s was the most expensive of the health plans under consideration, “proponents [insisted] that it would virtually pay for itself after five years by reducing prices” of health care.<sup>8</sup> White House Press Secretary Jody Powell dismissed Kennedy’s criticism of the Carter plan, saying that although “Kennedy’s rhetoric this week on the issue has been more restrained, [no one] expects him to quit crusading for total health insurance, no matter what Congress does this year or next.”<sup>9</sup> Meanwhile, Califano compared the likelihood of passing a comprehensive national health insurance bill to “putting an elephant through a keyhole.”<sup>10</sup>

## **A New Plan, a New Leader**

Although Carter may have felt some relief after finally submitting national health insurance legislation to Congress, 1979 continued to be a politically dismal year for his

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<sup>6</sup> “National Health Insurance Briefing with Carter,” June 12, 1979, Tape C735, White House Communications Agency Videotapes, JCL.

<sup>7</sup> Tolchin, “Carter and Kennedy,” A1.

<sup>8</sup> Steven V. Roberts, “Health Bill Strategy Unites Candidates Carter and Long,” *New York Times*, December 9, 1979, E5, ProQuest.

<sup>9</sup> Cohn, “Carter, Long Closer,” A1.

<sup>10</sup> “Weekly News Summary, 11-17 June 1979 (Tape 1),” June 17, 1979, Tape C737, White House Communications Agency Videotapes, JCL.

presidency. Despite the president's clear preference for fiscal austerity, historian Julian Zelizer points out that the administration remained "hesitant about taking all the steps that were needed to seriously curb prices."<sup>11</sup> By summertime, the inflation rate climbed above 9 percent (which, at the time, was the highest it had been during Carter's term), unemployment stubbornly remained at almost 6 percent, and many accused Carter of neglecting domestic issues to focus on foreign affairs.<sup>12</sup> His approval rating sunk to 30 percent.<sup>13</sup> Making matters worse, former Carter speechwriter James Fallows had published a scathing critique of the president's leadership style in the *Atlantic* at the beginning of the summer. In "The Passionless Presidency," Fallows claimed that Carter's biggest fault - among many - was lacking "the passion to convert himself from a good man into an effective one, to learn how to do the job." Fallows continued, Carter "thinks he 'leads' by choosing the correct policy; but he fails to project a vision larger than the problem he is tackling at the moment."<sup>14</sup>

Carter failed to unite the country on one of the most urgent policy issues of the decade: energy. In early July 1979, just one month after introducing the national health insurance plan, Carter had planned to address the nation again about the energy crisis. Instead, he abruptly canceled the speech, provided no explanation to the media, and retreated to Camp David. There, while media speculation swirled as to his doings, he convened a summit to discuss "the state of

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<sup>11</sup> Zelizer, *Jimmy Carter*, 89-90.

<sup>12</sup> Bureau of Labor Statistics, "CPI"; Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey" data series, 1970-1985, United States Department of Labor, <https://data.bls.gov/>.

<sup>13</sup> Kevin Mattson, *What the Heck Are You Up To, Mr. President?: Jimmy Carter, America's "Malaise," and the Speech That Should Have Changed the Country* (New York: Bloomsbury USA, 2009), 98.

<sup>14</sup> James Fallows, "The Passionless Presidency: The Trouble with Jimmy Carter's Administration," *Atlantic*, May 1979, <https://www.theatlantic.com/magazine/archive/1979/05/the-passionless-presidency/308516/>.

America” with both leaders and ordinary citizens. When Carter returned to the White House, he delivered the most anticipated speech of his presidency.<sup>15</sup>

In one of the most unique presidential speeches in modern U.S. history, he told his national audience, “all the legislation in the world can’t fix what’s wrong with America.” Sounding more like a preacher than a president, Carter argued that “the true problems of our Nation are much deeper” than the energy crisis, inflation, or recession. The country, he concluded, suffered from a “crisis of confidence.” In his speech, Carter mused about the underlying cause of why he, the government, and the American people had “not been able to get together as a nation” to resolve the energy crisis. Carter said that the people, “looking for a way out of this crisis,” had turned to the federal government and found it to be “an island. The gap between our citizens and our government has never been so wide.” Criticizing the special interest groups that he had rejected from the start of his presidency and the inability of those in Congress to compromise on important issues, Carter identified his most important task as restoring faith in American institutions and redirecting citizens toward “the path of common purpose.” He singled out energy as the issue to jumpstart this effort, and promised that under his leadership, the U.S. would pursue a new and innovative agenda for the 1980s.<sup>16</sup>

Americans responded positively to the “Crisis of Confidence” speech, but journalist Carl Rowan ventured that Carter’s actions a few days later “probably wiped out all those gains with his Cabinet-switching fiasco.”<sup>17</sup> The president asked for the resignation of every member of his cabinet, ultimately firing five of them: Treasury Secretary W. Michael Blumenthal, Transportation

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<sup>15</sup> Mattson, *What the Heck*, 134, 156.

<sup>16</sup> Jimmy Carter, “Crisis of Confidence” (speech, Washington, D.C., July 15, 1979), The Miller Center, <https://millercenter.org/the-presidency/presidential-speeches/july-15-1979-crisis-confidence-speech>.

<sup>17</sup> Carl Rowan, “The Story Behind the Cabinet Purge,” *Atlanta Constitution*, July 24, 1979, 4A, ProQuest.

Secretary Brock Adams, Attorney General Griffin Bell, Energy Secretary James Schlesinger, and Joseph Califano.<sup>18</sup> He also officially appointed Hamilton Jordan to the position of Chief of Staff, a role Jordan had de facto assumed since the beginning of the Carter presidency. The abrupt changes to the structure of the Carter administration shocked the public, and many viewed his choice to fire so many cabinet members as a grievous misstep. Carter, who had humbly addressed the American people about a national crisis just two nights earlier, appeared to have abandoned the last quality he had working in his favor – his sense of integrity.

The “stunning” timeline of the cabinet turnover captivated the press, and much of the media coverage of the debacle centered on Califano’s departure. In its analysis of Carter’s decision, the *Washington Post* stated that Califano had “clearly...been targeted for dismissal,” attributing his firing to his independence and the “powerful enemies” he had on the White House staff. His exit from the administration was sudden; Jody Powell announced his firing just 25 minutes prior to Califano’s scheduled news conference. The *Washington Post* speculated that Califano had been fired for being “too close” to Ted Kennedy. It further commented that the firings marked the “complete halt” of Carter’s initial staff structure, referring to the cabinet-centric approach he had embraced at the beginning of his presidency that left White House staffers “impotent” to make final decisions about policy.<sup>19</sup>

Deemed “governmental trauma,” the purge was met with an overwhelmingly negative reception on Capitol Hill. Democratic Congressman David Obey commented that Califano’s ousting was “a victory for mediocrity.”<sup>20</sup> With “an acid touch of irony,” even Ted Kennedy

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<sup>18</sup> Mattson, *What the Heck*, 167-168.

<sup>19</sup> Edward Walsh, “Califano, Blumenthal are Fired; Bell Quits,” *Washington Post*, July 20, 1979, A1, ProQuest.

<sup>20</sup> Walsh, “Califano, Blumenthal,” A1.

praised Califano's performance and dedication to the role, as well as his "loyalty to President Carter."<sup>21</sup> Senator Abraham Ribicoff said Carter had "made a grave mistake" in firing Califano.<sup>22</sup> California Representative Henry Waxman thought it was "astounding" that Carter fired Califano "in the middle of a session when he's got hospital cost containment and other high-priority bills coming through. A new secretary of HEW will have to take a crash course on the complexities of the legislation and the personalities on the Hill who have life and death power over them."<sup>23</sup> Others took issue with Carter's method of enacting the purge: Congressman Thomas Downey of New York complained that each cabinet member was numerically scored out of 30 on a report card, an approach that he termed "diddlypoo" and insulting.<sup>24</sup> Some members of Congress wondered about the stability of the Carter administration regardless of their personal approval of the fired cabinet members, and suspected that "the way the Cabinet replacements had been handled" was reminiscent of Nixon, disrupting people's confidence in the federal government.<sup>25</sup> As everyone outside the White House tried to wrap their heads around the carnage, Carter considered the events "behind him" and felt ready to move forward, specifically on domestic policy.<sup>26</sup> In firing almost half of his cabinet, Carter sought a fresh start in the middle of his toughest year yet.

The media, however, was still busy trying to decipher Carter's thought process. Fixating on Carter's apparent exclusion of Vice President Mondale - the president's connection to the liberal wing of the party - from the cabinet shakeup, the *Washington Post* reported that Mondale

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<sup>21</sup> Paul Houston and John H. Averill, "Califano Ouster Angers, Dismays Many Democrats," *Los Angeles Times*, July 20, 1979, A4, ProQuest.

<sup>22</sup> Houston and Averill, "Califano Ouster," A4.

<sup>23</sup> Houston and Averill, "Califano Ouster," A4.

<sup>24</sup> Houston and Averill, "Califano Ouster," A4.

<sup>25</sup> Hedrick Smith, "Cabinet Shakeup Viewed as Major Step in Carter 1980 Campaign," *Atlanta Constitution*, July 20, 1979, 10A, ProQuest.

<sup>26</sup> Edward Walsh, "A Serene Carter," *Washington Post*, July 22, 1979, A1, ProQuest.

“got the word just about when the rest of the world did.”<sup>27</sup> The paper speculated that this distance between Mondale and the cabinet shuffle might have been deliberate, aimed at sparing Mondale the discomfort of being asked repeatedly about Califano, who was his good friend. Prior to the secretary’s dismissal, Carter had largely delegated the responsibility of “policing” Califano to Mondale. When Califano’s support of an independent Department of Education was called into question, Mondale reminded him of the administration’s official position; when Califano vacationed in Hawaii just before a key congressional vote on hospital cost containment, Carter ordered Mondale to “get [Califano’s] ass back here.”<sup>28</sup> But when Carter made the decision to fire the secretary, the vice president was traveling around the world promoting their foreign policy agenda. Thus, he was not around to take part in the abrupt decisions about the cabinet turnover. “It went from sugar to shit right there,” Mondale later recalled. He had never been happier to get out of the country.<sup>29</sup>

Meanwhile, discrepancies between the Carter administration’s explanation of Califano’s dismissal and the secretary’s own account of his firing continued to make headlines. Califano reported that he had been fired due to an inability to get along with Jordan, Powell, and congressional relations chief Frank Moore, who all thought that he was not helping Carter’s bid for reelection in 1980. Califano added that the president had called him the best secretary that HEW had ever had and asserted that the department had “never been better managed.”<sup>30</sup> The White House staff vehemently denied these claims, retorting that Carter had fired Califano for three specific reasons: first, for Califano’s reluctance to support an independent Department of

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<sup>27</sup> Martin Schram, “Vice President Has Developed a Vanishing Act in Shakeup,” *Washington Post*, July 29, 1979, A1, ProQuest.

<sup>28</sup> Schram, “Vice President,” A1.

<sup>29</sup> Gillon, *The Democrats’ Dilemma*, 264-265.

<sup>30</sup> Califano, *Inside*, 362.

Education, second, for his apparent inefficiency on Capitol Hill, and finally, due to the fact that Califano “had not moved expeditiously on developing a more modest version” of national health insurance legislation that reflected the president’s views instead of the “more ambitious” version that Califano himself favored.<sup>31</sup>

But after communicating these conflicting narratives, both Califano and Hamilton Jordan subsequently suggested that “it was not in the best interests of President Carter or the nation” to speculate about why their accounts of Califano’s resignation differed. Jordan appeared ready to move forward, stating that it was most important for Carter to have a team that was “strong, competent and loyal.” Since no one disputed Califano’s strength or competency, the final adjective seemed pointed at the former HEW secretary, suspected by many to be more ideologically aligned with the liberal wing of the Democratic Party, with Ted Kennedy at its summit.<sup>32</sup> But what the *Atlanta Constitution* merely alluded to, the *Washington Post* stated explicitly: Califano was the “primary target of the purge,” since Carter considered him “the most disloyal.”<sup>33</sup>

Sources close to Califano repeatedly and consistently denied the accusation that Califano was disloyal to the president. In his memoir, Califano himself vowed that “I was completely loyal to him and I worked hard to carry out his policies and develop programs like welfare reform and national health insurance that met his criteria and served his objectives.” Moreover, Califano’s loyalty to the administration persisted after he left it. Senator Kennedy immediately tried to recruit Califano for his 1980 presidential campaign, but the former secretary of HEW refused to

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<sup>31</sup> Martin Schram, “Califano’s Version of Firing Disputed,” *Washington Post*, July 21, 1979, A1, ProQuest.

<sup>32</sup> “Jordan, Califano Stick by Conflicting Versions of HEW Dismissal,” *Atlanta Constitution*, July 23, 1979, 6A, ProQuest.

<sup>33</sup> Walsh, “A Serene Carter,” A1.

get involved, fearing it would confirm the “unwarranted” suspicions that he had been disloyal to President Carter.<sup>34</sup> Hale Champion, the undersecretary of HEW, corroborated this story. “Carter’s political people were all telling him that Joe was playing footsie with Teddy,” Champion said in an oral history, but Califano never took Kennedy’s side in conflicts with the administration.<sup>35</sup>

Carter chose Patricia Roberts Harris, his original secretary of Housing and Urban Development and the first black woman ever to serve in a president’s cabinet, to replace Califano at HEW. The *Washington Post* guessed that the cabinet turnover was motivated by a goal of “elevat[ing] officials who can help his political fence-building” with various constituencies, since only two of Carter’s original cabinet members “clearly symbolized the traditional constituencies of the departments they were named to head.” Harris had good standing among women and African Americans, suggesting she could have improved Carter’s relationship with these groups leading up to the 1980 election. But a more critical read of the situation, according to a Kennedy aide, was that Harris offered Carter “a form of political protection – especially on the national health insurance issue.” Though Harris and Califano endorsed similar positions and both regularly challenged the domestic policy staff and the Office of Management and Budget when they disagreed with the secretaries’ recommendations, Harris supposedly intimidated members of Congress in a way that Califano could not muster. The aide said, “Kennedy could go toe-to-toe with Califano...because no one worried about Joe holding his own...with Pat Harris, he’s got to be a lot more careful.”<sup>36</sup>

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<sup>34</sup> Califano, *Inside*, 369-376.

<sup>35</sup> Hale Champion, interview by Edward Berkowitz, August 9, 1995, transcript, Box 2, Folder “Hale Champion, 08/09/95,” Edward D. Berkowitz Papers, JCL.

<sup>36</sup> David S. Broder, “Drawing for Aces: Cabinet Shuffle Strengthens Carter’s Political Hand,” *Washington Post*, July 29, 1979, A1, ProQuest.

When she was sworn in as secretary of HEW, Harris promised to continue to pursue Califano's key initiatives, including hospital cost containment legislation and national health insurance.<sup>37</sup> But unfortunately for the administration's national health insurance efforts, Harris was "a long step behind Califano in her knowledge of HEW programs and of the intricate relationships within the bureaucracy and on Capitol Hill on which those programs turn." Califano had done all the background work to prepare Carter's health plan, and Harris' comparative lack of expertise suggested that Carter prioritized securing a political base over any "substantive progress on his programs" in the time leading up to the Democratic Convention.<sup>38</sup>

### **The Kennedy Insurgency**

The "Crisis of Confidence" speech and its aftermath crystallized the despair surrounding the Carter administration in mid-1979 and showcased the president's political vulnerability in his bid for reelection. As Ted Kennedy wrote in his memoir, "any thoughts I still held about supporting Jimmy Carter in a reelection bid I put firmly to rest" after hearing that particular speech, which "was contrary to...all the ideals of the Democratic Party that I cherished."<sup>39</sup> He began to consider challenging Carter for the Democratic nomination, emphasizing that his decision to run would largely be determined by the condition of the economy, an area which he thought the president had completely neglected. Viewing the distinction between Carter and himself as one of leadership, Kennedy remarked that "the decisions that are going to be made in these next very few years, I think...are going to have a very significant and profound impact on

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<sup>37</sup> "Harris Sworn In at HEW," *Washington Post*, August 4, 1979, A1, ProQuest.

<sup>38</sup> Broder, "Drawing for Aces," A1.

<sup>39</sup> Kennedy, *True Compass*, 366-367.

the country.”<sup>40</sup> Although he did not announce his intention to challenge Carter at the time, many speculated about his candidacy and often asked Carter questions about the anticipated clash in the 1980 Democratic primary.

As Jimmy and Rosalynn Carter traveled in early fall 1979, the couple faced queries from the public about the Kennedy insurgency. On a trip to Hartford, Connecticut in September, the *New York Times* reported that Carter had to mention the senator “five times in a 20-minute” conversation as he defended his own approach to national health insurance. There had been little progress on the issue since the president had introduced his health plan back in June. Amidst this stagnation, anonymous congressional Democrats apparently debated whether they should ask the president to step down in favor of Ted Kennedy.<sup>41</sup> Carter was furious about the constant comparisons between his plan and Kennedy’s, lashing out at the senator for failing to achieve his major goal of national health insurance after spending 16 years in Congress. Although “he’s the chairman of the health committee in the Senate,” Carter said pointedly, “he’s never gotten a comprehensive national health bill out of a subcommittee.”<sup>42</sup> For his part, Kennedy blamed the previous (and current) presidential administrations for failing to provide leadership on the issue.<sup>43</sup>

Kennedy announced that he was running for president on November 7, 1979 at Boston’s historic Faneuil Hall. In his speech, he lamented, “for many months, we have been sinking into

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<sup>40</sup> Adam Clymer, “Kennedy Says That Leadership, Not Economic Policy, Is at Issue,” *New York Times*, September 14, 1979, A1, ProQuest.

<sup>41</sup> Terence Smith, “Carter Confronted by Kennedy Issues in Trip to Hartford,” *New York Times*, September 13, 1979, A1, ProQuest.

<sup>42</sup> Robert McG. Thomas, Jr., “Carter, in Queens, Criticizes Kennedy,” *New York Times*, September 26, 1979, A1, ProQuest.

<sup>43</sup> Edward Walsh and Douglas B. Feaver, “Carter Accepts Kennedy Gauntlet for 1<sup>st</sup> Skirmish,” *Washington Post*, September 26, 1979, A1, ProQuest.

crisis. Yet, we hear no clear summons from the center of power."<sup>44</sup> Invoking a need for presidential leadership, he declared that he was ready to supply it. In some ways, Carter's team was relieved that Kennedy had finally announced his candidacy. After Carter had faced extensive criticism about his shortcomings as a leader, the administration was glad to now have a target for comparison. Finally, Jody Powell remarked, "it's not going to be Jimmy Carter compared with God Almighty, but Jimmy Carter compared with the alternatives." Powell critiqued "trillion-dollar Teddy" for his fiscal irresponsibility and prepared to defend Carter's record of leadership on difficult issues.<sup>45</sup>

Indeed, the finality of Kennedy's presidential announcement appeared to galvanize the Carter administration, which plotted a gradual takedown of Kennedy and other Democratic challengers, including California Governor Jerry Brown. The president had a lot of catching up to do; just before Kennedy's announcement, the *New York Times*/CBS Poll found that Kennedy was "strongly preferred by Democrats of every geographic, educational, economic and racial background" and was the preferred candidate of 54 percent of Democrats, with only 20 percent preferring to reelect the president.<sup>46</sup> Earlier that year, Kennedy had also been projected to beat Republican challenger Ronald Reagan.<sup>47</sup> Nevertheless, the president remained confident that he could withstand a challenge from Kennedy, and was widely quoted as saying that he could "whip his ass" if Kennedy entered the presidential race.<sup>48</sup> Though Carter believed he could once again

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<sup>44</sup> Haynes Johnson, "Taking 'the Course Compelled by Events,'" *Washington Post*, November 8, 1979, A1, ProQuest.

<sup>45</sup> Edward Walsh, "Carter Strategists Map War of Attrition: Aides Eager for Battle with Kennedy," *Washington Post*, November 12, 1979, A1, ProQuest.

<sup>46</sup> Adam Clymer, "Poll Finds Reagan Keeping Lead; More Democrats Back Kennedy," *New York Times*, November 6, 1979, A1, ProQuest.

<sup>47</sup> Kennedy, *True Compass*, 367.

<sup>48</sup> Mattson, *What the Heck*, 104.

win the Democratic nomination, the fact that he faced opposition from multiple Democrats in the primary did not bode well for party unity.

### **“No Single More Important Issue”**

Meanwhile, health reform was not serving as the domestic legislative triumph that Carter needed. In November 1979, the Senate Finance Committee began marking up Carter’s national health insurance proposal, which the *Washington Post* perceived “variously as a sham and as the likely next step toward national health insurance.” Updating readers on the plan’s passage through the committee, the paper declared that the “easy” part – requiring employers to provide catastrophic coverage – had been settled, and the plan was now stalled over debates about how to best increase medical aid to low-income Americans. Because Medicaid was created as a state-run program, there were huge discrepancies between states about who was eligible for health coverage. In the late 1970s, Medicaid had only 22 million beneficiaries, or 40 percent of the American poor. Many states set their Medicaid cutoff below the federal poverty line, and a major goal of Carter’s Phase I health plan was to expand Medicaid benefits and address this particular gap in insurance coverage. The administration’s plan proposed a national income floor at 55 percent of the federal poverty line, where any family making less than that would qualify for Medicaid. The Finance Committee preferred a cheaper solution of paying \$3-5 billion to the state Medicaid programs to distribute at their discretion. According to the *Washington Post*, the Finance

Committee was “far from finished with the proposed legislation. But...they conceivably could wrap it up by the end of the session and put it on the floor next year.”<sup>49</sup>

By this point, however, several substantive components of the health plan had already been defeated. White House staffer James Mongan reported to Eizenstat and Bert Carp that the merged “Healthcare” program would never be approved by the Finance Committee, and maternal and infant coverage had also been rejected. The deductible for catastrophic coverage had been raised to \$3000 rather than the administration’s proposed \$2500. Mongan anticipated that the goal of expanding coverage for the very poor could fall under attack, too. Although it was still relatively early in the process of negotiating the national health insurance legislation, many of Carter’s goals had already been eliminated or distorted.<sup>50</sup>

Unfortunately for the administration, hospital cost containment legislation also eluded the Congress. The House of Representatives had rejected the president’s proposal on November 15, opting instead for hospitals to pursue a voluntary initiative to lower the rate at which costs were increasing. This decision defied House Speaker Tip O’Neill’s recommendations; O’Neill had urged that “there is no single more important issue we can take up.”<sup>51</sup> The bill was an especially harsh defeat for the White House, which had linked hospital cost containment very tightly to the success of the national health insurance plan.<sup>52</sup> After Congress rejected the legislation, the Carter administration decided that it would try one more time to get cost containment passed, this time

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<sup>49</sup> Spencer Rich and Victor Cohn, “Health Catastrophe Proposal in the Works: Senate Panel’s Plan Would Limit Annual Medical Bill Liability to \$3,500 for a Family,” *Washington Post*, November 26, 1979, A2, ProQuest.

<sup>50</sup> Mongan to Eizenstat and Carp, memorandum, 9 November 1979, Box 59, Folder “Health – National Health Insurance, 3/79-5/80,” DPS – Rubenstein, JCL.

<sup>51</sup> Spencer Rich, “President’s Plan on Hospital Costs Killed in House,” *Washington Post*, November 16, 1979, A1, ProQuest.

<sup>52</sup> Philip Shabecoff, “Putting a Lid on Hospital Costs Eludes the Congress,” *New York Times*, September 23, 1979, E5, ProQuest.

as an amendment to the national health insurance bill. The administration believed that hospital cost containment was imperative for the battle against inflation.<sup>53</sup>

Hoping to pass a national health insurance bill before their prospective reelections, Carter and Senator Long maintained their political alliance. Both saw national health insurance as an initiative that would bolster their leadership and make them appear more populist. In early December, Ways and Means and Commerce, two important committees in the House of Representatives, held joint hearings on the national health insurance bill. However, it stalled in the Senate because of a competing legislative initiative. Carter's piecemeal plan remained unpopular with the left-leaning faction of the Democratic Party. The director of the Committee for National Health Insurance complained that the catastrophic coverage-only approach would corrupt the health system by "put[ting] more money into the high technology, esoteric part of medicine...It would shift the emphasis away from diagnosis and preventive medicine." Carter tried to avoid this labeling by expanding benefits for additional low-income Americans, but this too was criticized by more liberal Democrats for not being sufficiently progressive and failing to make substantial changes to the health system in the United States.<sup>54</sup>

At the end of 1979, Congress adjourned without making progress on national health insurance. Indeed, its prospects were getting worse. The House of Representatives had once again voted to reject hospital cost containment legislation, viewed by the Carter administration as a necessary element of health reform and its national health insurance plan specifically. *Washington Post* correspondent Mary Russell questioned what legislative accomplishments would be made

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<sup>53</sup> Rich, "President's Plan," A1.

<sup>54</sup> Roberts, "Health Bill," E5.

in 1980 and wondered if Congress would “be so distracted by election year politics and the unevenness of the economy that it will leave many bills to die.”<sup>55</sup>

National health insurance remained a critical priority for certain factions of the Democratic Party, including organized labor. Several union leaders, including Douglas Fraser and Fred Kroll, endorsed Kennedy early in 1980 to try to boost his candidacy. Kroll, the head of the Brotherhood of Railway and Airline Clerks, commented that Kennedy’s “instincts for labor issues and labor people have always been right. I’m not anti-Carter, but I’m very pro-Kennedy.”<sup>56</sup> Fraser, president of the UAW, hoped his endorsement of Kennedy would give the senator an advantage heading into the Iowa caucus.

In early February 1980, Republicans in the House of Representatives threw their support behind another potential health plan. Theirs was also a bill that offered protection from catastrophic illness, stipulating that individuals would pay up to about 15 percent of their income before receiving governmental assistance. Unlike the Senate, which was focused on Long and Ribicoff’s plan for catastrophic coverage, the House seemed torn between the Kennedy and Carter approaches. House Republicans projected that their new proposal would cost \$7 billion per year, a much lower cost than either Carter’s or Kennedy’s health plans. Minority Leader John Rhodes commented that this was “the first time he remembered that Republicans have got behind a health insurance bill in such an organized way.”<sup>57</sup> Evidently, the fact that the Republicans crafted a new health bill eight months after the president’s health plan was sent to the Congress showed

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<sup>55</sup> Mary Russell, “Leftovers at the Capitol: First Session Leaves Most Major Pieces of Legislation for Action Next Year,” *Washington Post*, December 21, 1979, A3, ProQuest.

<sup>56</sup> T.R. Reid, “UAW President, 2<sup>nd</sup> Union Chief Backing Kennedy,” *Washington Post*, January 15, 1980, A1, ProQuest.

<sup>57</sup> Richard L. Lyons, “GOP Leaders Sponsor ‘Catastrophic’ Aid,” *Washington Post*, February 2, 1980, A2, ProQuest.

that there was little confidence that the administration's plan would get passed. About six weeks later, the *Washington Post* published an article that said "this year of the balanced budget and deep spending cuts is a bad year for new legislation authorizing higher spending. A sizable list of bills that had some hope of passage a year ago now appears doomed or in very shaky condition."<sup>58</sup> Carter's limited plan for national health insurance was included on the chopping block.

### **"We're Democrats and We've Had Our Differences"**

In the spring of 1980, Carter began to pull ahead of Ted Kennedy in the polls, a trend that reflected both the president's improved standing and the senator's lackluster campaign efforts. Carter's approval rating, which had plummeted to a meager 25 percent after the previous summer's "Crisis of Confidence" speech and cabinet purge, had climbed back up to 53 percent. Fifty-eight percent of Democrats now indicated that they would vote for Carter, a number that dwarfed the 23 percent who supported Kennedy.<sup>59</sup> Carter's rise in the polls was partially driven by the success of his "Rose Garden campaign," during which he remained in the White House to give people the impression that he was managing foreign policy crises like the ongoing hostage situation and the more recent Soviet invasion of Afghanistan.<sup>60</sup> Meanwhile, as Carter appeared calm and presidential, Kennedy looked increasingly like an amateur. A poorly organized campaign team persuaded Kennedy to present himself as more moderate than he actually was, and this approach alienated voters who were initially captivated by his bold and liberal

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<sup>58</sup> Richard L. Lyons, "Budget Squeeze Puts Some Bills in Critical Condition," *Washington Post*, March 22, 1980, A6, ProQuest.

<sup>59</sup> Mattson, *What the Heck*, 7; Hedrick Smith, "Kennedy Effort to Stress Issues Found Lagging: Poll Reports Carter's Edge Bigger Than Month Ago," *New York Times*, February 20, 1980, A1, ProQuest.

<sup>60</sup> Kaufman and Kaufman, *The Presidency*, 203.

Democratic vision. Running low on money and momentum, the senator lost important early primaries in Iowa, New Hampshire, and Florida, only emerging victorious in his home state of Massachusetts.<sup>61</sup>

National health insurance was a relevant campaign issue. A February 1980 poll of registered voters indicated that a slight majority of Democrats (55 percent) favored national health insurance, as well as 34 percent of Republicans.<sup>62</sup> By this point, Carter and Kennedy's positions on national health insurance were well-known, and their respective legislative proposals still languished in congressional committees. However, their proposals were uniformly opposed by the other presidential candidates. Independent candidate John Anderson believed that the U.S. could not afford any national health insurance at all, and Republican candidate George H.W. Bush favored a very limited approach that focused exclusively on catastrophic coverage.<sup>63</sup> The Republican frontrunner, Ronald Reagan, believed that there was no need for any type of national health insurance in the U.S. Instead, Reagan favored tax incentives for catastrophic coverage and some type of "simple system" to help the poor pay for the costs of medical care.<sup>64</sup>

The Senate Finance Committee planned to resume its discussion of Carter's national health insurance plan in late March 1980. In a brief domestic policy summary to Carter, Eizenstat wrote that "with the exception of the Chairman, Senator Long...the Republicans and most

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<sup>61</sup> Stanley, *Kennedy vs. Carter*, 117-136; Kaufman and Kaufman, *The Presidency*, 208; Zelizer, *Jimmy Carter*, 105.

<sup>62</sup> Smith, "Kennedy Effort," A1.

<sup>63</sup> While catastrophic coverage was indeed the crux of the Carter health plan, recall that Carter advocated for catastrophic coverage alongside the expansion of comprehensive health benefits for low-income Americans.

<sup>64</sup> "The Candidates on Issues of Interest to New York and Connecticut," *New York Times*, March 23, 1980, 30, ProQuest; "Carter vs. Reagan: A Side-by-Side Comparison of Where They Stand on the Major Issues," *Washington Post*, October 28, 1980, A8, ProQuest.

Democrats on the Committee seem unenthusiastic” about approving a health reform bill. Thus, although a sizable portion of voters supported the idea of national health insurance, their enthusiasm was not reflected proportionally in their elected officials. Eizenstat supposed that the committee debate “began to bog down” primarily “because of concerns about the high cost of adequately covering the poor.”<sup>65</sup> This dilemma put the Carter administration in an impossible position. On the one hand, if Carter accepted the gutting of health benefits for the poor, his plan would lose its most liberal element. However, demanding the inclusion of comprehensive coverage for low-income Americans, while an important consolation prize for more liberal Democrats, would face an uphill economic battle in the Finance Committee. Additionally, it risked reinforcing Carter’s negative reputation as a president either unable or unwilling to compromise with legislators.

The lack of direction eloquently captured by Fallows in “The Passionless Presidency” continued to haunt Carter. Adam Clymer, writing for the *New York Times* in July 1980, stated that “in the course of his first term, Mr. Carter has not left tracks that tell the voters clearly where he would go – or even where he would like to go – if he were re-elected.” Carter appeared to have abandoned national health insurance (which had stalled yet again in congressional committee) for the time being, yet still spoke of it as “a top priority” in the future. Explaining why the public ought to reelect him, Carter argued that his administration would have “the correlative advantage of continuity, to build upon what we have achieved, and to continue some of the efforts that have not yet been successful.” Clymer reported on “the widespread feeling...that a second term would somehow liberate [Carter] from...political considerations,” but there was

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<sup>65</sup> Eizenstat to Carter, memorandum, 31 March 1980, Box 39, Folder “Domestic Policy Staff – Weekly Reports, 8/78-5/80,” DPS – Rubenstein, JCL.

little from Carter's political agenda or personality that suggested his spontaneous transformation into the next Roosevelt or Johnson would occur on election night.<sup>66</sup>

At the Democratic Convention in the summer of 1980, it seemed as though the soul of the Democratic Party was at stake. Kennedy, whose campaign had effectively ended months ago, vowed that he and his delegates would stage a floor fight. They hoped to incorporate more liberal positions into the party platform, which was largely drafted by Carter's pledged delegates. "On essential questions," Kennedy claimed, the platform "is Democratic only in name."<sup>67</sup> He urged Carter's delegates to vote for their conscience over their candidate, pushing the platform to the left of what had been drafted at the convention. Although Kennedy's delegates did manage to "change the wording on fine points throughout the platform...there is nothing in the document that conflicts with President Carter's views on any major issue."<sup>68</sup> The platform failed to include an explicit timetable for phasing in national health insurance legislation, a major goal of Kennedy's.

The senator finally conceded the Democratic nomination on August 11, 1980 in a rousing speech to the convention that stole much of the nominee's thunder. Pausing frequently for applause, he reiterated his faith in Democratic values and urged Americans to commit themselves anew to a common cause and vision for the United States. "The commitment I seek," explained Kennedy, "is not to outworn views but to old values that will never wear out." He reminded the crowd,

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<sup>66</sup> Adam Clymer, "Carter's Vision of America: The President Talks About His Goals for a Second Term," *New York Times*, July 27, 1980, A4, ProQuest.

<sup>67</sup> T.R. Reid, "Floor Fight Is Pledged by Kennedy," *Washington Post*, June 26, 1980, A1, ProQuest.

<sup>68</sup> David E. Rosenbaum, "Platform Drafters Back Carter Stands: Most Kennedy Proposals Rejected by Democratic Party Panel," *New York Times*, June 25, 1980, A1, ProQuest.

It is the glory and the greatness of our tradition to speak for those who have no voice, to remember those who are forgotten, to respond to the frustrations and fulfill the aspirations of all Americans seeking a better life in a better land. We dare not forsake that tradition. We cannot let the great purposes of the Democratic Party become the bygone passages of history...We are the Party of the New Freedom, the New Deal, and the New Frontier. We have always been the Party of hope. So this year let us offer new hope, new hope to an America uncertain about the present, but unsurpassed in its potential for the future...A fair prosperity and a just society are within our vision and our grasp, and we do not have every answer. There are questions not yet asked, waiting for us in the recesses of the future. But of this much we can be certain because it is the lesson of all our history: Together a President and the people can make a difference...For me, a few hours ago, this campaign came to an end. For all those whose cares have been our concern, the work goes on, the cause endures, the hope still lives, and the dream shall never die.<sup>69</sup>

Kennedy allotted exactly one line to congratulating President Carter on earning the party nomination, choosing to focus instead on the power of ordinary voters to embrace Democratic values and principles. He acknowledged the current divisions within the party, but expected the ship – to use one of his preferred metaphors – to right itself in due time, thus restoring faith in the liberal tradition.

Kennedy's speech was extremely popular among both his own delegates and Carter's. One of Kennedy's convention delegates, Gus Gentile, explained that "he just talked about the traditions of the Democratic Party and what the Democrats stood for...Carter has never been able to express himself that way, to do things that appeal to the hearts of Democrats." After the speech, some Carter delegates even expressed their lack of enthusiasm for campaigning on behalf of the president. Planning ahead, one delegate asserted that "Teddy Kennedy is my man for 1984." *Washington Post* writers T.R. Reid and David S. Broder predicted that "whatever Kennedy's

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<sup>69</sup> Edward Kennedy, "Senator Ted Kennedy's Concession Speech at the 1980 Democratic National Convention" (speech, New York City, August 11, 1980), *New York Daily News*, <http://www.nydailynews.com/news/politics/senator-ted-kennedy-concession-speech-1980-democratic-national-convention-article-1.399129>.

political future, he will take with him the liberal economics and the firm faith in government that he expressed during his campaign this year. He will also take with him the residual affection of Democrats.”<sup>70</sup> As Hamilton Jordan later noted in his memoir of the Carter presidency, the Republicans were “the only real winner of a protracted Carter-Kennedy struggle.”<sup>71</sup> Although Carter had won the Democratic nomination, his victory was lukewarm and not particularly unifying.

Carter affirmed his support for the official party platform, claiming that “the end product is a strong and progressive Platform in the great tradition of the Democratic Party.” He remarked that the platform was largely aligned with the views and prior accomplishments of his administration, and noted that he was “particularly pleased” by the plank on national health insurance. In an effort to minimize differences between his supporters and those who had supported Ted Kennedy, Carter stressed that the differing Democratic views of the platform were “small in comparison” to the differences between the Democratic and Republican platforms. He called Reagan’s platform “extraordinarily regressive [and] repugnant to everything for which the Democratic Party has stood for 50 years.”<sup>72</sup>

With the prospect of a Reagan presidency looming on the horizon, Carter tried to reconcile his party. In his acceptance speech, Carter directly addressed Kennedy and his supporters, acknowledging that “we’re Democrats and we’ve had our differences. But we [share] a vision of a good life for all our people.” Carter complimented Kennedy, “you’re a tough campaigner...your speech before this convention was a magnificent testament of what the Democratic Party is and

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<sup>70</sup> T.R. Reid and David S. Broder, “A Lift for the Spirits, a Boon for the Party,” *Washington Post*, August 13, 1980, A1, ProQuest.

<sup>71</sup> Hamilton Jordan, *Crisis: The Last Year of the Carter Presidency* (New York: G.P. Putnam’s Sons, 1982), 59.

<sup>72</sup> “Text of Carter’s Statement to the Convention Outlining His Views on Platform,” *New York Times*, August 14, 1980, B6, ProQuest.

what it means to the people of this country, and why a Democratic victory is so important this year." But Carter's speech failed to ignite the crowd in the same manner as Kennedy's, and the senator's reluctance to appear onstage with the president led Reagan to quip, "if that's the best [the Democrats] can do in unity, they have a long way to go."<sup>73</sup>

### **"There Is No Health Care Crisis in America"**

Strategy in the general election proved to be a challenge for Carter. Burton and Scott Kaufman write that in order to win the election, the president believed that he could not campaign on issues that divided liberal and more moderate Democrats.<sup>74</sup> Although he had successfully adopted traditionally liberal rhetoric in his 1976 campaign, his first term had been devoid of progress on issues like national health insurance. Afraid that if he campaigned on his legislative record, the public would point out this inconsistency between his campaigning and his governance, Carter instead tried to frame the 1980 election around the question of Reagan's qualifications and fitness. This approach ultimately backfired on the president; "in the heat of the campaign," Julian Zelizer writes, "he had gone so far as to imply that Reagan was an outright racist and willing to launch a nuclear war if elected."<sup>75</sup> The smear campaign made Carter look petty, mean, and small, and when he later decided that this tactic had gone too far and the campaign should be redirected toward the issues, he opened himself up to attacks on his legislative record.

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<sup>73</sup> "President Carter Acceptance Speech at Democratic Convention," August 14, 1980, Tape C1213, White House Communications Agency Videotapes, JCL; Kaufman and Kaufman, *The Presidency*, 233.

<sup>74</sup> Kaufman and Kaufman, *The Presidency*, 236.

<sup>75</sup> Zelizer, *Jimmy Carter*, 120.

In its autumn coverage of the 1980 presidential campaign, the press consistently criticized the Carter administration for failing to achieve the majority of its stated goals. Carter's legislative record "lies in shambles," wrote Albert R. Hunt for the *Wall Street Journal*; "when the quality or significance of the legislative record is considered, the Carter administration has an almost endless list of failures."<sup>76</sup> The *Christian Science Monitor* noted that many of his domestic programs, including hospital cost containment and national health insurance, had "foundered in the congressional bog," and a particularly insolent editorial in the *Hartford Courant* said that "the White House simply carted its legislative agenda up to Capitol Hill, apparently believing that that's all there was to it."<sup>77</sup> The *New York Times* dismissively labeled programs like national health insurance as Carter's "pet initiatives," suggesting that the president had not taken them seriously when they were under congressional consideration.<sup>78</sup> John Steuart and Steve Lietman, also journalists for the *Times*, wrote that the list of Carter's 1976 campaign promises now "reads like a page out of an H.G. Wells science-fiction novel." They continued, "more than 200 broken promises from the man who asked to 'be held accountable for his commitments as long as I hold the office of President' will be no easy bomb to defuse."<sup>79</sup>

By that point, it was abundantly clear that neither hospital cost containment nor national health insurance would be considered policy achievements of Jimmy Carter's first term. Hospital cost containment had been rejected by Congress for the third time, and the national health insurance plan was "buried under an avalanche of Congressional dissent" before even making it

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<sup>76</sup> Albert R. Hunt, "Carter's Congressional Record," *Wall Street Journal*, September 2, 1980, 26, ProQuest.

<sup>77</sup> Richard L. Strout, "Carter Four Years Later: Domestic Woes Nearly Do Him In," *Christian Science Monitor*, October 21, 1980, 12, ProQuest; Michael Coakley, "Despite Small Successes, Carter Failure Is a Matter of Record," *Hartford Courant*, November 9, 1980, B11A, ProQuest.

<sup>78</sup> Hedrick Smith, "Whoever Wins, Reality Will Haunt the Rhetoric," *New York Times*, November 2, 1980, E4, ProQuest.

<sup>79</sup> John Steuart and Steve Lietman, "Carter's Unkept '76 Promises - a Time Bomb?" *New York Times*, September 7, 1980, E19, ProQuest.

to a vote.<sup>80</sup> National health insurance vanished from the Carter presidency almost as abruptly as it had materialized, joining a sizable heap of other abandoned or eviscerated liberal initiatives. Carter did, however, selectively choose national health insurance as one of the few major federal programs that received “a drumbeat of promises” for enactment after his reelection.<sup>81</sup>

Carter and Reagan faced off in their only presidential debate on October 28, 1980. Responding to a question about Social Security and Medicare, Carter criticized Reagan for his former and current opposition to government health programs. “Now,” Carter said, “we have an opportunity to move toward national health insurance.” Describing the features of his health plan, Carter disparagingly commented that Reagan “is against such a proposal” and, by extension, the logical benefits of an American health system based on preventive, outpatient, and economical health care. The reality, however, was that there was no opportunity to “move toward” national health insurance in the current session of Congress. Carter had unveiled his plan over a year earlier and then largely deserted it, further sabotaging its chances of success by firing Joseph Califano. Discussing his failed plan as though it were an accomplishment during the debate gave Reagan a golden opportunity. “There you go again,” Reagan chuckled; in one of the most famous lines of the 1980 campaign, Reagan clearly mocked the vast separation between the president’s rhetoric and actions on national health insurance.<sup>82</sup>

The American people were evidently tired of Carter’s broken promises. Though Carter and Reagan ran a tight race for much of the general election, Reagan defeated the president in an

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<sup>80</sup> Stuart and Lietman, “Carter’s Unkept ’76 Promises,” E19.

<sup>81</sup> John M. Berry, “Jimmy Carter: No Medals, No Drumbeat of Promises,” *Washington Post*, October 26, 1980, F1, ProQuest.

<sup>82</sup> Ronald Reagan Presidential Foundation, “1980 Presidential Candidate Debate: Governor Ronald Reagan and President Jimmy Carter – 10/28/80,” YouTube, published April 23, 2009, [https://www.youtube.com/watch?v=\\_8YxFc\\_1b\\_0](https://www.youtube.com/watch?v=_8YxFc_1b_0).

electoral landslide on November 4. “Americans, it turned out,” writes Jefferson Cowie, “preferred to have their spiritual crisis cured by someone who thought it only existed in the political imagination of a Democratic White House.”<sup>83</sup> With Carter’s loss, the constant reminders that Americans were living in an age of limits evaporated. So, too, did the last remnants of the New Deal order.

Immediately after the election, people began to speculate about the future of the Democratic Party and which of its three factions – Kennedy’s labor-liberal wing, Senator Henry Jackson’s liberal faction with a Cold Warrior flair, or Senator Ernest Hollings’ coalition of southern Democrats – would come to dictate Democratic politics and form the backbone of Reagan’s opposition. Journalist Joseph Kraft predicted in an editorial that “Infighting among these claimants to the Democratic leadership is apt to be long and bitter. Philosophic differences run deep [and] occasions for doing battle are legion.”<sup>84</sup> He continued, “no doubt it would be better for the country if the fighting could be settled quickly with a minimum of blood on the floor.” But Carter’s defeat, and indeed the 1980 election as a whole, had been emblematic of Democrats’ indecision about the future of their party. In his role as a transitional president, Carter had failed to establish a clear message about how Democrats should govern amidst the rise of the political right and crippling economic conditions. If the future direction of liberalism had not been resolved with a Democrat in the highest office, it seems unlikely that it would subsequently have been resolved by negotiations among a handful of Democratic senators.

Though one may rightfully be skeptical of Carter’s stated intention to pursue national health insurance in a second term, Reagan’s election definitively signaled that the opportunity

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<sup>83</sup> Cowie, *Stayin’ Alive*, 309.

<sup>84</sup> Joseph Kraft, “The Struggle Inside...,” *Washington Post*, November 16, 1980, L7, ProQuest.

for national health insurance had passed for the moment. Americans elected a man who, just four years earlier, had announced that “there is no health care crisis in America.”<sup>85</sup> Unlike Carter, Reagan was not beholden to the New Deal tradition; consequently, he had an easier time dismissing national health insurance as a pressing issue for the country’s federal agenda. In contrast, Carter was forced by the historical trends of his party to endorse and propose national health insurance, even though he found it personally impossible to support that initiative in the terrible economic climate of the late 1970s. The result of this mismatch in party and personal goals was a fragmented and weak national health insurance bill that could not unite the Democratic Party in the 1980 presidential election.

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<sup>85</sup> Reagan quoted from an interview in *U.S. News and World Report*, March 1976, located in 1980 campaign preparation materials, Box 182, Folder “11/3/80,” Records of the Office of the Staff Secretary, JCL.

## Conclusion

Had Jimmy Carter won a second term, one of his White House staffers claimed the administration would have pursued national health insurance “very vigorously.”<sup>1</sup> Perhaps this is true. But based on Carter’s less than forceful approach to national health insurance during his first four years in office, the likelihood of Carter genuinely embracing this core piece of the liberal agenda as a two-term president seems dubious at best. One of James Fallows’ notorious observations, after all, had been that “Carter thinks in lists, not arguments; as long as items are there, their order does not matter, nor does the hierarchy among them.”<sup>2</sup>

As the New Deal’s lost reform, national health insurance assumed an important role in every Democratic presidential candidate’s agenda since Franklin Roosevelt. Carter, however, did not share a liberal vision at the expense of a balanced budget, and a social program designed to expand health insurance coverage to all Americans was too pricey for him to stomach. Thus, he occupied the unique position of verbalizing his support for national health insurance while lacking his predecessors’ commitment to the initiative’s success. Endorsing comprehensive health reform was a political necessity for his election in 1976, as it kept the old coalition together by earning him enough support among organized labor and liberal Democrats to carry him to a narrow victory.

The historical pattern of health reform failure in the U.S. and the unique social and economic challenges of the 1970s rendered the fulfillment of Carter’s campaign promise a

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<sup>1</sup> David Rubenstein, interview by Emily Soapes, December 3, 1980, transcript, Exit Interview Project, JCL, [https://www.jimmycarterlibrary.gov/research/oral\\_histories](https://www.jimmycarterlibrary.gov/research/oral_histories).

<sup>2</sup> Fallows, “The Passionless Presidency.”

daunting prospect. Whatever political momentum national health insurance may have carried from Johnson's 1965 breakthrough enactment of Medicare and Medicaid, the 1970s silenced. Plagued by Vietnam, Watergate, the energy crisis, stagflation, and a rising anti-statism, the "me" decade was an era of political transition. In it, the Democrats had to cope with the decline of New Deal liberalism and struggled to rearticulate their platform moving forward, a political challenge that left the incumbent President Carter vulnerable in 1980.

Although these barriers to enacting national health insurance legislation in the late 1970s were formidable, the health plan's failure was also a product of Carter himself. At the beginning of his term, the president failed to take advantage of the enormous Democratic majorities in both houses of Congress, sacrificing an opportunity to push difficult legislation through and build a strong foundation for subsequent work. Technocratic and stubborn, Carter loathed the political process, and his reluctance to negotiate with legislators inspired neither loyalty nor unity within the Democratic Party. Particularly on issues like universal health care, which still remains entrenched in a complicated web of populations and programs, this philosophy of governance proved to be ineffective.

As the 1980 election made clear, national health insurance was ultimately a damaging issue for the Carter presidency. Focused more on inflation, energy, and foreign policy than health care, Carter paid minimal personal attention to national health insurance. He defected from the comprehensive health care vision he had projected on the 1976 campaign trail to a watered-down, phased-in bill that took two and a half years to develop. Carter's slow progress frustrated liberal Democrats, hampering his ability to win support in his bid for reelection. The political significance of national health insurance in the Carter presidency demonstrates its continuing relevance for the Democratic Party. After Carter lost to Reagan, it was unclear how health reform

would factor into Democratic platforms moving forward – a confusion driven in part by Carter’s inability to form a cohesive coalition with shared goals and values.

There is utility in asking what went wrong with national health insurance in the late 1970s, and why it may not have been a viable policy option then or in the 1960s or the 1940s. But a more important realization is that national health insurance is merely a mechanism to achieve universal coverage, and thus a more important question is whether those goals are still worth pursuing. Given that every Democratic nominee for president after Jimmy Carter endorsed some type of proposal to achieve universal coverage, it appears that some fragment of New Deal liberalism endures. How this philosophy is adapted to contemporary politics, however, is an ongoing question.

Political scientist Jonathan Oberlander writes that “the dominant theme of U.S. health politics is surely the sensation of being caught in an endless repeating loop, with vigorous calls for reform periodically energizing the polity, only to fall short of aspirations for universal coverage and comprehensive reform.”<sup>3</sup> In the decades since Jimmy Carter left office, this has largely remained true. But there have been occasional periodic milestones in health policy, and the 2010 Affordable Care Act (ACA) holds particular importance. The most progressive expansion of federal health policy since Medicare, in its first five years, the ACA extended health insurance coverage through a variety of mechanisms to 30 million additional Americans, slowed the annual rate of increase in health spending from 5.6 percent to 3.2 percent, and reformed elements of the health care delivery system to emphasize preventive care.<sup>4</sup> In some ways, it bears

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<sup>3</sup> Jonathan Oberlander, “The Politics of Health Reform: Why Do Bad Things Happen to Good Plans?” *Health Affairs* web exclusive (August 2003): 391-392.

<sup>4</sup> David Blumenthal, Melinda Abrams, and Rachel Nuzum, “The Affordable Care Act at 5 Years,” *New England Journal of Medicine* 372, no. 25 (June 2015): 2452-2455.

remarkable similarity to the national health insurance plan that Carter presented to Congress over thirty years earlier. In other ways, the ACA could not appear more different.

The ACA was treated as an immediate political priority by President Barack Obama. On the 2008 campaign trail, he remarked in a speech, “I know there’s a cynicism out there about whether this can happen, and there’s reason for it...[but] inaction is what’s risky...It’s time to act. This isn’t a problem of money, this is a problem of will.”<sup>5</sup> Obama did not delay health reform until after the midterm elections and risk losing his Democratic majorities in Congress. Unlike Carter’s health plan, the ACA was not developed with the intention of being perfect. Obama was willing to cooperate and compromise in order to push the legislation through, in spite of its still-controversial imperfections. Carter’s leadership style, in contrast, led him to direct his meticulous research on an issue toward what he thought was an ideal policy solution. Once that decision was made, he did not like to deviate from it, a tendency that precluded legislative success on numerous initiatives throughout his presidency, including national health insurance.

This thesis touches on the importance and difficulty of coalition-building. Jimmy Carter not only came to power during a transition from the New Deal to the New Democrat, but he also embodied that transition. Building a united and effective coalition around health care requires an artful work of political negotiation and charisma. Carter, the man of the “passionless presidency,” believed in neither the viability nor the importance of universal health care, and proved incapable of doing or unwilling to do that work. The recurrence of universal coverage as a political issue among Democrats, however, suggests that there are common party values that persist in spite of

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<sup>5</sup> “Obama’s Speech at Families USA,” *Wall Street Journal*, January 25, 2007, <https://www.wsj.com/articles/SB116975088437787994>.

ideological changes. Thus, the Carter administration's failure to pass a national health insurance bill in 1979 was a missed opportunity, but certainly not the last opportunity for progress.

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