

OPINION

HillaryCare—The Preview

By Sally C. Pipes

President Bill Clinton famously declared that the era of big government is over—after the ill-considered scheme to remake American health care his wife helped to cook up in 1993 helped Republicans retake Congress in 1994. Now Hillary Clinton is back, touting an “American Health Choices Plan.” Like the earlier fiasco, Sen. Clinton’s current scheme would explode government spending—the plan’s initial price tag is \$110 billion—expand bureaucratic regulation, and threaten the health and financial security of millions of Americans.

For sure, Sen. Clinton won’t make the mistake of releasing 1,300 pages of details, as was done in the 1990s. Yet even in outline form, it is clear that under the plan the government will tell insurance companies how to design their plans and who they must accept as customers. Businesses will be told that they have to spend money on a benefit that they and their employees may or may not value. Individuals will be told that they have to spend their

money on health insurance, the price of which will explode past its already too-high level.

The American Health Choices Plan, based on mandates—including community rating and guaranteed issue for insurance companies—more regulation and increased taxes, is not a recipe for cost control but for disaster. For proof, you need look no further than Massachusetts.

Mitt Romney enacted a similar plan in Massachusetts. Early results aren’t great.

Last year, then Republican Gov. Mitt Romney and a Democratic legislature enacted a health-care plan with very similar elements to the one proposed by Sen. Clinton. Everyone has to purchase insurance. The government regulates the product design. Companies cannot deny a policy to anyone (guaranteed issue) or charge rates based on health or lifestyle (except for smokers). Businesses must

offer insurance to employees or pay a fine. Low-income residents receive completely free or highly subsidized plans.

While Mr. Romney has moved on, Bay state residents are still feeling the aftershocks. Of the 115,418 people who have enrolled in the new plans, more than 90,000 have signed up for the 100% free option—free to the enrollee, if not to taxpayers. The plans for which people must pay close to full freight have been about as popular as wool sweaters in August. As of Sept. 1, only 7,164 people had signed up for these new plans, despite the July 1 mandate; that’s a mere 4% of the estimated eligible uninsured population.

Experts predicted that upwards of 70% of enrollees in the plans with subsidized premiums would be under 45, and fewer than 15% older than 55. In fact, 27%-40% were older than 55, depending on the plan. This is not surprising, since older people are more likely to be heavy users of health insurance. The flood of these enrollees is called adverse selection. This causes costs to spiral upward and coverage to dwindle.

This problem was supposed to be addressed by the universal mandate, but when the bureaucrats actually began implementing the plan they discovered health insurance is expensive because health care is expensive. Since they couldn’t repeal this reality they repealed the universal mandate, exempting 20% of the uninsured from the mandate.

Who was exempted? People earning between roughly \$15,000 and \$50,000 who couldn’t afford coverage. The lower-income earners were not expected under the law to have to spend more than 2.7% of their earnings on premiums; at the high end the cutoff is 9%. But insurance turned out to be too expensive for these individuals and the government was out of money for direct subsidies.

Sen. Clinton claims that her plan would not require a new bureaucracy. That is hard to square with the fact that it offers a new government health plan as one option. More to the point, consider the Massachusetts Health Connector, an entity that was supposed to be merely a clearinghouse of private plans, but in reality sets the standards for what health plans do and do not pass the state mandate muster. Necessarily, this function would have to be performed by government at the state or national level if Ms. Clinton’s plan is adopted.

In Massachusetts, more than 200,000 people have been told that their existing health plans aren’t good enough to pass muster. They had un-

til July 1 of this year to buy up or face fines commencing next year.

Costs have turned out to be higher than expected in Massachusetts—and they promise to keep climbing. In a bond filing, government officials told Wall Street that health spending under its plan would increase total state spending by \$151 million. This was before the administration of Gov. Deval Patrick, in the face of a collapsing coalition, pushed \$13 million more into the plan. On a household level, citizens have found that their government expects them to spend as much as 10% of their household income on health insurance, and then face deductibles and copays.

These high expenses will erode public support for the program. Officials active in designing and implementing the plan are fretting publicly about the need to control costs and how failure to do so will cause the scheme to collapse.

The lesson here is plain for Ms. Clinton’s plan. It already projects an increase in spending of \$110 billion and, unlike the state, cannot hide cost increases by shifting some of them to the federal taxpayer.

The number one problem in American health care is the bouts of uninsurance that many people experience throughout their working life. The problem is not caused by too little government. The problem is not even, in the main, caused by poor health. The culprit is costly premiums.

Half of uninsured adults are under age 35, mostly healthy, and simply don’t want to spend the money on a product that they won’t use. Imposing the layers of regulation sought by Sen. Clinton simply increases the cost of insurance, making it even less attractive to the uninsured. Mandating that people and businesses purchase it simply taxes them.

The answer is not more taxes, more costly premiums and more government regulation. The solution is tax-code changes that create a level playing field between health spending by individuals and groups and between insurance and out-of-pocket spending. We also need to ensure the freedom of people to purchase insurance under the laws of any state.

President Clinton didn’t understand this in 1993, when he put his wife in charge of remaking the U.S. health system. His party paid a deep price at the ballot box. Hillary Clinton still doesn’t get it in 2007. This may just keep her from the Oval Office.

Ms. Pipes is president and CEO of the Pacific Research Institute, and author of “Miracle Cure: How to Solve America’s Health Care Crisis and Why Canada Isn’t the Answer.” She is a health adviser to the Giuliani campaign.



Tangling With the Taliban

By Matthew Kaminski

Paktika Province, Afghanistan
Gen. John Craddock sits in Dwight Eisenhower’s old chair at the head of NATO forces. A tank commander, the West Virginia native spent 14 years in Germany faced off against the Russians. The other day, half a world away from the Fulda Gap, he found himself at the improvised hilltop base of a U.S. 82nd Airborne platoon peering across a different sort of front line.

More American soldiers are pushing into Afghanistan’s high-threat areas.

Beyond these wooded hills and ravines are the Pakistani sanctuaries for the Taliban and al Qaeda who’ve in recent months crossed, mostly at night, in growing numbers. The U.S. doubled the number of combat troops in eastern Afghanistan, and the 82nd Airborne—part of the 40,000-strong NATO mission here—opened three new border posts. The boosted presence partly accounts for the intense fighting. “We’re more offensive, not just waiting to be hit,” an American lieutenant colonel on his second tour tells Gen. Craddock.

But this is a frustrating game of hide-and-seek where the enemy is hard to spot—is that goat herder also an al Qaeda lookout?—and the insurgency leadership a jumble of names and allegiances. Southeast of Kabul, seasoned Arab, Uzbek and

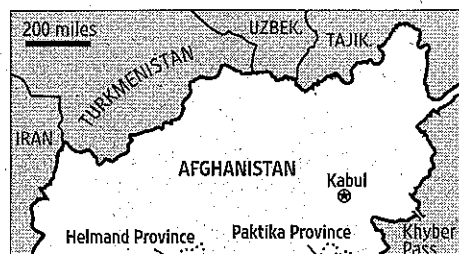
“There isn’t a silver bullet to end this campaign,” says Maj. Gen. Page. “We can’t be seen as an occupation force. It’s not about controlling ground. It’s not about killing people. The primary goal is the government itself.”

Afghan “ownership” is a nice idea and good P.R. Reality is another story. Gov. Ezatullah struggles alone to run his district; the foreigners recently hired him a clerk, his first employee. Police lack regular salaries from Kabul, so live off bribes.

As a result NATO troops, who claim to play only a supporting role, are forced to step in and provide basic services. The six British patrol bases near Sangin are “the equivalent of having a police station in your town,” says one British officer. The troops clear irrigation ditches and get local bazaars up and running. “If we can’t offer more than the enemy, we’ve lost from the start,” says Helen Gates, the civilian deputy head of the “provincial reconstruction team” responsible for Sangin.

Musa Qala, like Sangin a district center, is on the other side of enemy lines. How it got there is sobering. NATO last year struck a deal with town elders: British troops who’d taken the town would leave as long as the locals kept the Taliban out. British Gen. David Richards, who commanded NATO forces in Afghanistan then, says the British flag was a “magnet” for the Taliban and wanted to show that Afghans were ready to take over. The absence of a flag was a bigger magnet. In February, four months after the deal was struck and the British decamped, the Taliban took Musa Qala back.

Gen. Craddock tells me the “ideal is that [NATO] clears, the Afghans hold” territory. But in the south,



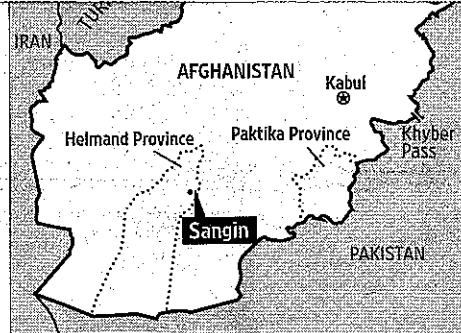
also an al Qaeda look-out?—and the insurgency leadership a jumble of names and allegiances. Southeast of Kabul, seasoned Arab, Uzbek and Chechen foreigners command Afghans, referring to them sometimes as “sheep,” according to Command Sgt. Maj. Richard Weik. Further north, men loyal to Jalaluddin Haqqani, a powerful jihadist who joined up with the Taliban, are in the lead, brazenly kidnapping and harassing villagers and manning roadblocks not far from Kabul.

Gen. Craddock separates the Taliban—estimated between 5,000 and 20,000 strong—into “day fighters,” who take up arms for money, and “a hard-core extremist leadership [that] will never change.” What fuels the rising violence in Afghanistan may be as much indigence and tribal feuding as al Qaeda ideology. Hamid Karzai’s government pushes economic development and reaches out to so-called Taliban moderates—with little to show for it. And the supply of fighters, foreign and Afghan, won’t dry up as long as western Pakistan provides the kind of safe haven that America pledged to destroy after 9/11.

Minutes after Gen. Craddock lifts off from the border post in his Blackhawk, a rocket set on a timer hit harmlessly in the hill below. Whoever planted it, he tells me later, “didn’t stick around” when GIs rushed over to investigate.

The day before, in a bare and sandbagged reception hall, Gen. Craddock sat with Ezatullah, the district governor of Sangin, which saw some of the worst fighting in southern Afghanistan. Helmand province boasts the highest concentration of Taliban, who claim to have the run of half of it. “The center of Taliban activity is in Musa Qala,” Ezatullah tells his visitor, referring to a city north of Sangin under Taliban control. “That’s where they make IEDs (improvised explosive devices)” which, along with suicide bombings and other terrorist tactics, were recently imported—whether directly isn’t clear—from Iraq. He wants NATO forces to act.

Gen. Craddock listens politely and makes no promises. The politics are sensitive. Ezatullah, who goes by a single name, is a local strongman with a “checkered past,” in the words of a British briefer, installed by Kabul after U.K. troops, at a cost of 16 men, took Sangin. The British resist pressure, sometimes from America, to move against Musa Qala. Why take it if you can’t keep it, asked Maj. Gen. Jacko Page, the commander of NATO forces in the south. He tells me that Musa Qala “isn’t a safe haven,” but a target.



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Gen. Craddock tells me the “ideal is that [NATO] clears, the Afghans hold” territory. But in the south, the Taliban are proving resilient, in spite of losing thousands of fighters and getting routed in any conventional battle with British, American or Canadian forces. They’re in cahoots with drug lords who give

them money. Weapons, say diplomats and military officials, now also come from Iran, the Taliban’s erstwhile enemies. Gen. Craddock argues NATO’s decision to move forcefully into the south has been a success. “There has been a resurgence of the Taliban,” he explains, “to the extent that it was there before and [NATO soldiers] walked into places where no NATO forces have been. We stirred up a hornet’s nest.”

A few days after we leave Sangin, the Taliban kidnap a 15-year-old boy walking home from work copying keys at the town market. They call him “a spy,” beat and hang him, stuffing five one-dollar bills found in his pocket into his mouth.

I first met Gen. Craddock in 1999 when he led the U.S. 1st Infantry Division into southern Kosovo in the wake of NATO’s bombing campaign against Serbia. As in Bosnia, the Kosovo mission was criticized as a distraction for troops trained to fight the next big war. Later, he was Donald Rumsfeld’s military adviser during the Iraq War, and went on to lead the U.S. Southern Command, which oversees Guantanamo and Colombian drug-interdiction efforts. As supreme allied commander for Europe, Gen. Craddock is again preoccupied with asymmetric threats. When he rose up the ranks, he says, “I didn’t expect to spend so much time thinking about drug lords, culture, religion...” As it turned out, the experience that Gen. Craddock got in Kosovo was very useful post-9/11.

These post-conflict colonial missions take time. The outside world is trying to construct—not reconstruct—a more or less functioning state. Yet time is a scarce resource given the attention spans and patience of people back home. Still, Gen. Craddock pleads for more time “to get the Afghan police, army, bureaucracy to stand up and get the job done themselves.”

“I don’t think that we’re losing,” he says. “Question is, are we winning fast enough?”

Mr. Kaminski is editorial page editor of The Wall Street Journal Europe.

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