

## The First Lady: A Comprehensive View of Hillary Rodham Clinton

by Peter & Timothy Flaherty

### Chapter Nine: Health Care

Calling it a tour-de-force would be an understatement. There she was, the First Lady of the United States with the media and the entire Congressional leadership eating out of her hand. Flanked by Senators George Mitchell and Ted Kennedy in the Senate's Lyndon B. Johnson Conference Room, Hillary stood there as the only First Lady in history to confer with Congress on a crucial domestic policy issue. Only a week before on January 25, 1993, the new President announced that his wife would lead a task force to overhaul the nation's health care system.

With aide Ira Magaziner in tow, Hillary had met privately with Majority Leader Mitchell, a group of 29 Democratic Senators, Minority Leader Bob Dole, and a smaller group of Republicans. The meetings had not been an exchange, but an exercise in deference. Not even one of the Republicans offered a peep of discord. Mitchell said that the Senators, "expressed their pleasure and gratitude at the First Lady's willingness to undertake this difficult mission." Hillary followed Senate Majority Leader George Mitchell to the microphone. As described by the Washington Post, she spoke "without appearing to take a breath" and with "grace and gravity."

It was the moment for which she had waited her entire life. Standing there in the shine of the TV lights with the world revolving around her was the ultimate in status. It was not only revenge over her husband and every critic of the last two years, but also over every detractor and rival in her life.

A *Washington Post*/ABC News poll cast a bright glow, too. By a margin of better than 2 to 1, Americans approved of her heading up the task force. The President himself was bogged down in an imbroglio over gays in the military. Hillary was already the Administration's biggest asset and the media's biggest darling.

It was not a surprise when the media virtually ignored a story later in February by *Washington Times* reporter Paul Bedard that appeared under the headline, "First lady's task force broke law on secrecy." Bedard noted that reporters had been denied access to the first task force meeting. He went on to quote a number of attorneys and experts who asserted that this was in violation of something called the Federal Advisory Committee Act or "FACA." The little-known law, on the books since 1972, applies when a President convenes a group of people which includes private citizens to advise him on a particular issue. Although the President is advised by all kinds of formal and informal bodies within his Administration, FACA kicks in only when non-government employees or "outsiders" take part.

According to a litigation handbook published by the American Civil Liberties Union Foundation, FACA is "intended to protect against undue influence by special interest groups over government decision making." The law requires meetings open to the public and press, advance notice of meetings, and other "sunshine" measures. The legal experts quoted by Bedard claimed that since Hillary was not a government employee-- the First Lady does not receive a salary-- her participation in the task force triggered FACA.

Liberal activist groups had filed a number of lawsuits under FACA during the preceding twelve years of Republican rule, most recently against Vice-President Quayle's Competitiveness Council. Bedard reported that Public Citizen, founded by Ralph Nader, was "looking into the situation" with Hillary's task force, but ultimately no action was taken by the liberal groups. The issue had to be pressed by others.

Citing FACA, a doctor's group and two public interest groups wrote the task force and asked that their staff members be allowed to attend meetings. The response from White House Counsel Bernard Nussbaum asserted that FACA was never intended to apply to the First Lady and that the request was denied. The groups were encouraged to contact Nussbaum's deputy Vincent Foster should they "require further information." On February 24, 1993, Hillary and the six Cabinet members serving on the task force were sued in U.S. District Court for the District of Columbia by the three groups, the Association of American Physicians and Surgeons, the American Council for Health Care Reform, and the National Legal and Policy Center.

Some commentators accused the plaintiffs of nitpicking. Susan Trausch, a columnist for the *Boston Globe* wrote, "Very few of us give a fat rat about the technicalities of a 1972 law regulating task force meetings. We do not care if she is operating as a federal employee, a private citizen, the president's wife, or all three. We just want a break on our health insurance." Others, including some liberals who had defended FACA in the past, were less flippant. For instance, the *New York Times*, editorialized that the secrecy was "unseemly, possibly illegal and wrong."

The irony of the situation was apparent. Robert Pear of the *New York Times* reported that, "Mrs. Clinton, a longtime supporter of liberal causes and 'public interest' law, might be hoist by her own petard," and quoted Peter Flaherty, NLPC President and co-author of this book, "The regime of openness in government has been built by a lot of people sympathetic to Hillary Clinton. Now she would just sweep away those statutes because they are inconvenient to her."

Flaherty was not only commenting on Hillary's apparent hypocrisy, but also on her unexpected reaction to the suit. Justice Department lawyers attacked not only the assertion that Hillary was a private citizen, but claimed that FACA was unconstitutional. They asked the judge to throw out both the lawsuit and the law. Liberals had never before attacked FACA, and this new Administration posture was certainly curious. The response was obviously improvised, demonstrating that the White House did not take the lawsuit seriously. Neither Hillary, nor task force director Ira Magaziner realized it, but this improvisation would come back to haunt them. By the time Hillary's health plan was dead, Magaziner was to find himself accused of perjury and his reputation on the verge of ruin.

An acquaintance of Bill from his Oxford days and a close associate of Labor Secretary Robert Reich, Ira Magaziner is a \$600 per hour management consultant from Rhode Island. He and Hillary worked together in 1990 on a national commission on workplace skills. In retrospect, he would seem a poor choice to direct the most important project of Clinton's first term. Magaziner had been associated with a string of public policy failures. But there was a consistent theme in all of them that makes the choice less puzzling. They were grandiose in scale and involved a central role for the government.

Physicists have dreamed about cold fusion since the splitting of the atom in mid-century, but by the 1990's the possibility had become a running scientific joke. Yet to be achieved, cold fusion means the creation of atomic reaction from water, promising an inexpensive and nearly limitless source of energy. Researchers at the University of Utah grabbed headlines in March of 1989 by claiming they had achieved cold fusion in a test tube. The school's president said the discovery "ranks right up there with fire, with cultivation of plants, and with electricity." Non-physicist Ira Magaziner was sold, too. He testified before Congress in favor of a \$25 million dollars taxpayer subsidy for the project. He warned that the Japanese were conducting cold fusion research and intoned, "If we fall behind at the beginning, we may never catch up," and " I have come here today to ask you to prevent another TV or VCR or computerized machine tool or solar cell story." Cold Fusion at Utah turned out to be a hoax, the work of overzealous scientists desperate for research dollars.

Magaziner spent much of the eighties obsessed with "industrial policy," even as the governments in Eastern Europe which had practiced fifty years of industrial policy were crumbling. "Industrial policy" means government action to direct investment toward economic activity perceived to be desirable. In other words, a government bureaucracy would pick companies to be winners and losers, rather than the free market. He even tried to make Rhode Island the guinea pig for the nation, by coming up with a plan called the "Greenhouse Compact." Containing \$250 million in new taxes to establish subsidized zones or "greenhouses" for high-tech industries, the voters instead smelled a rat and defeated the Compact by a margin of four-to-one in 1984.

The frizzy-haired Magaziner, who says that watching Star Trek on TV is his only diversion from work, was attacked by critics like syndicated columnist Doug Bandow as "divorced from reality." But while many would believe Magaziner guilty of dreaming too much, few would have believed him capable of perjury. Ira Magaziner is a case study of an otherwise respectable citizen who under enormous professional pressure discards personal ethics and breaks the law.

In a March 3, 1993 deposition taken by the plaintiffs in the lawsuit, Magaziner claimed that all participants in the health care task force were government employees. It was a falsehood and it was not a small point. Even if the courts ruled that Hillary's participation would not trigger FACA, the presence of other "outsiders" would. Indeed, the entire lawsuit might ride on that very question. It was a lie that stood for several months. Hillary and other participants in the task force knew it was a lie but took no action to expose it or to correct the record. Nothing would be allowed to get in the way of drafting a health plan and getting it passed by Congress.

One week later on March 10, Judge Lamberth ruled that the task force had to open its meetings to the plaintiffs and the media. This time, the media took notice and the judge's ruling was front-page news. The New York Times called the ruling a "rebuff to the President." USA Today reported it was "embarrassing." In reality, it was a split decision, and would have little impact on the operation of the task force. Lamberth ruled that the "official" members of the task force, meaning the First Lady and the Cabinet Secretaries who comprised its membership, could not meet in secret because Hillary was not a government employee. But Lamberth also ruled that all the other people working on the plan, who were organized into "sub-groups" could continue to work in secret, because FACA was never meant to apply to staff. Of course, Lamberth was relying on Magaziner's false representation that all the sub-group participants were government employees.

That evening on ABC's Nightline, a debate between NLPC President Peter Flaherty and White House aide George Stephanopoulos was prefaced with footage of Hillary's triumphant trip to Capitol Hill. The ruling had exploded the larger issue lurking in the background, namely Hillary's role in the White House. Flaherty commented that he thought members of Congress "were walking on eggshells" when Hillary was around. After some probing by Ted Koppel, Flaherty finally addressed the issue that members of Congress, including Republicans, had so far avoided. He said, "What a lot of Americans are worried about, Ted, is that we now have an American version of Imelda Marcos, wielding vast influence behind the scenes, with little accountability to the American people." As they were leaving the Nightline set, Koppel chided Flaherty for the Imelda Marcos comparison as unduly harsh. For the denizens of the Washington media establishment, Hillary was still the toast of the town.

Lamberth's ruling was appealed by the White House, and was overturned on June 22, after the task force had supposedly already disbanded on May 30. Justice Department lawyers argued that since Hillary "functions in both a legal and practical sense as part of the government," her participation in the task force should not trigger FACA. A three-judge panel of the U.S. Court of Appeals for the D.C. Circuit agreed. If it was a victory for Hillary, it was a Pyrrhic one. The Appeals Court also opened the door for the discovery of Ira Magaziner's lie. The plaintiffs had presented the Appeals Court with evidence that individuals representing a host of special interests had taken part in the working groups. The judges asked Judge Lamberth to go back and determine the composition of the working groups, a move which would give the plaintiffs access to task force documents.

Regardless of what the courts did, Hillary certainly lost the public relations battle on the secrecy issue. She repeatedly handed her critics ammunition. Rep. Gerald Solomon (R-NY) read into the Congressional Record a leaked list of over 500 task force participants. A similar list was published in the Wall Street Journal under the headline, "Do You Know These People?" Readers were invited to fax in any biographical information they might have. Finally, on March 26, 1993, the White House released a list of 511 members of the task force working groups, and their affiliations. All were government employees or somehow identified as such.

The *Washington Times* reported on June 14 that task force records were being shredded. An angry Judge Lamberth asked government lawyers for the name and address of the custodian of the records so he would know "who's going to be held in contempt" should they be destroyed.

On their editorial pages, the *Washington Times* and the *Wall Street Journal* were unmerciful. But liberal newspapers editorialized against the secrecy, too. *USA Today* opined that it fed "public suspicion of government." Hillary's critics were eventually so successful in making the secrecy issue stick that in July of 1994 the *Washington Post* made reference to the "administration's secret Health Care Task Force" in a straight news article.

The health plan itself was supposed to be unveiled May 30, 1993, to meet the President's much-ballyhooed 100-day deadline, but it was not officially presented to Congress until September 22, 1993. The massive 1,342-page plan that finally emerged was the product of a complicated and gargantuan task force. Organized into 15 so-called "Cluster Groups," 43 "Working Groups" and 4 "Subgroups," task force participants had to pass their work through seven "toll-gates" or check points set up by Magaziner. Hillary was told in a Magaziner memo that 1,100 separate decisions had to be made. Hillary ignored outside warnings that the process had become too lengthy and cumbersome, and that the emerging plan was becoming too complex.

The final plan was based on the concept of "managed competition" or "managed care." Individuals would all be grouped into purchasing cooperatives, or "alliances" as the Administration billed them. The idea behind managed competition is to cut the cost of health care by negotiating on behalf of larger numbers of people. In this sense, it was hardly a new or revolutionary proposal. Health Maintenance Organizations and many other health providers have operated in this fashion for decades.

But Hillary's plan went much further. First and foremost, it contained "universal coverage." Everyone would be covered, regardless of means, habits, or health. It also would impose price controls on providers, as well as centralized control over the whole system through a National Health Board. Worst of all, it contained a new payroll tax. The plan was sweeping and the government would dominate the new system. As the task force's own legal team put it in a memo to Magaziner, "There appears to be no precedent for the enactment and implementation of a national reform that alters so many existing statutory, administrative, contractual, private and moral arrangements as this reform would propose to do."

As preliminary versions of the Clinton plan were being leaked in early September, a trade association called the Health Insurance Association of America (HIAA) began running the now-famous "Harry and Louise" television advertisements. Two actors, portraying a middle class couple, sat around a kitchen table and expressed their fears that the plan could lead to rationing, a loss of choice of doctors, and a decrease in quality of care.

Hillary fought back and attacked the HIAA, "What you don't get told in the ad is that it is paid for by insurance companies... It is time for you and for every American to stand up and say to the insurance industry: Enough is enough, we want our health system back."

The Democratic Party adopted a similar theme in ads rebutting Harry and Louise that said, "The insurance companies may not like it, but the President didn't design it for them- he designed it for you."

What Hillary did not mention is that her plan had the strong support of the nation's largest insurance companies, who had helped develop it in the first place. The HIAA is made up of mostly small and medium size insurance companies, who stood to be squeezed out under Hillary's plan. The hypocrisy of the assault on the insurance industry was largely ignored by the media. It took the low circulation, left-wing magazine *Nation* to accuse Hillary of "pseudo-populism." *The Nation* quoted Patrick Woodall of Public Citizen, a liberal advocacy group founded by Ralph Nader, "The managed competition-style plan the Clinton's have chosen virtually guarantees that the five largest health insurance companies- Aetna, Prudential, Met Life, Cigna, and The Travellers- will run the show in health care."

Another booster of the Clinton plan was the big drug companies, which had also come under rhetorical attack from the Clintons. Shortly after the task force was announced, Hillary had accused drug companies of "price-gouging" and "profiteering." Bill visited a health clinic in Arlington, Virginia and asserted that pharmaceutical firms pursued "profits at the expense of our children." But once the plan came into being, it contained new prescription coverage for 72 million people, translating into additional revenues of \$10 billion annually. Pharmaceutical firms had not only been on the inside of the task force, but insured their access by hiring top Clinton associates as lobbyists. Johnson and Johnson utilized the Wexler Group, which included Betsey Wright, the keeper of Clinton's deepest secrets, and Bruce Fried, who headed the Clinton campaign's health advisory group.

While Hillary was decrying the Harry and Louise ads, which she would ultimately blame for the death of her plan, far more extensive efforts in support of her plan were underway. The HIAA would spend a total of \$15 million on the 30-second ads, an amount that paled beside the money spent by two giant foundations that favored managed care, the Robert Wood Johnson Foundation and the Henry J. Kaiser Family Foundation.

It would be an understatement to say the Johnson and Kaiser Foundations exerted vast influence over Hillary and her task force. Indeed, these two foundations were virtual sponsors of the task force. Most significantly, they provided the funding and cover for the secret and illegal participation of dozens of individuals in the task force. It was no surprise that Hillary's plan embodied exactly what Johnson and Kaiser had been pushing for years.

The Johnson and Kaiser Foundations both specialize in health issues and are huge and liberal. They both were built on the fortunes of companies who stood to benefit enormously from managed care. The Johnson Foundation had assets in 1993 of some \$3.4 billion, of which 58% was invested in Johnson and Johnson stock. The same year, the Kaiser Foundation had assets of \$446 million. In 1991, before anyone had heard of Hillary Rodham Clinton, Kaiser announced a five-year \$100 million initiative to reform government health care programs. The Johnson Foundation had provided each of twelve states with \$800,000 in funding to draft health care reform proposals, which ultimately

were managed care proposals. Johnson and Kaiser sought to replicate at the national level what they had been sponsoring at the state level.

In 1993, Johnson sponsored four high-profile "forums" on health care with Hillary as the centerpiece, and a staff retreat for Congressional staffers to which no Republican staffers were invited. Foundations are prohibited from promoting legislation and must be strictly non-partisan. The Johnson Foundation's activities struck many Republicans as neither, and resulted in a terse letter of protest to Johnson President Steven Schroeder from Republican Congressional Leaders Robert Dole and Robert Michel.

In June of 1993, Johnson purchased two hours of prime television time on NBC for a special on health care with Hillary as the featured guest. The cost was \$2.5 million and another \$1 million was spent on advertising for the program. What was unusual about the show was that it was not presented as a paid advertisement, like the Harry and Louise ads, but as an NBC News Special. For the first time in history, a major network had simply rented out its air time, staff, logo and credibility to a special interest group. There were howls of protest, but NBC News head Andrew Lack claimed that the Robert Wood Johnson Foundation, and the program, had "no political agenda." The Media Research Center of Alexandria, Virginia, noted that on-stage panelists leaned two-to-one in favor of government dominated plans. Dr. Jane Orient, executive director of the Association of American Physicians and Surgeons, one of the co-plaintiffs in the anti-task force lawsuit, called the program "propaganda" and pointed out advocates of free market reform did not appear. The NBC special was only part of a \$12 million media campaign by Johnson, that also included a \$2.5 million effort run by ROCK THE VOTE, a liberal group which had run ads on MTV during the 1992 campaign encouraging youth to register and vote.

The Kaiser Foundation sponsored its own \$7 million dollar blitz in conjunction with the League of Women Voters. The ads claimed to offer "straight facts" on health care reform, but seemed to reiterate White House themes. Matt James, a Kaiser vice president, claimed, "We are not pushing any side and we don't support any plan or proposal to reform the nation's health care." At the time, Kaiser was funding a column entitled "The Clinton Health Plan and You" in the Washington Post.

Meanwhile, Judge Lamberth's court was starting to pry loose task force documents and the litigants were pouring over them. Not only did they show that the task force had twice as many participants as the 511 people claimed by the Administration, but that many of them were not government employees at all, but lobbyists and private individuals representing a host of special interests. In Court papers, the litigant's lawyer Kent Brown asserted, "It becomes clear that large, well-heeled, non-profit foundations invented this bureaucratic yet secretive means of achieving 'change' in the delivery of health care in the United States by directly influencing the government decision making process from the inside."

Most curious was the designation of some task force participants as "special government employees." The White House simply hired private individuals as temporary employees in an attempt to dodge FACA. Other ruses were evident, too, like an attempt to pass off five fellows of the Robert Wood Johnson Foundation as "full-time government

employees." These fellows were assigned to Senate offices, but it was the Johnson Foundation that paid their salaries.

The Administration also claimed FACA did not apply to "consultants" who didn't have an "active" role. One of those consultants was Diane Rowland, a senior vice-president of the Kaiser Foundation. Secret service records show that she signed in and out of the White House two days a week for several months. Another task force participant was Lois Quam, a vice-president of United Health Care Corporation, a for-profit managed care provider.

Quam's participation appeared to be a blatant conflict of interest because United Health Care stood to financially benefit from the decisions of the task force, not to mention the reams of inside information to which she would become privy. It also helped fuel the controversy over a conflict of interest directly involving Hillary. The Clintons were investors in a closely held limited partnership called ValuePartners 1, which held a block of United Health Care stock. The partnership shorted a number of health related stocks including United Health Care. "Shorting" is the process by which investors borrow money to buy shares to sell them at current prices, in anticipation of replacing them at a lower price. At the time of his death, deputy White House counsel Vincent Foster was in the process of putting the Clinton's health care stocks into a blind trust, a task not completed until July 26, 1994.

The documents revealed other participants with clear conflicts of interest like David Eddy, an advisor to Kaiser Permanente, and Robert Berenson, the president of National Capital Preferred Provider Organization, another managed care provider. Neither Quam, Eddy or Berenson ever obtained a waiver for any conflict of interest, as required by law. Eddy and Berenson also failed to comply with federal law in meeting the 30-day deadline for filing financial disclosure forms.

Every employee of the executive branch, including the "temporary government employees," are required to file a conflict of interest form within 30-days of beginning work for the government, either something known as a SF-278 or a SF-250. If a conflict may exist, the filer is required to obtain a waiver. Federal law prescribes up to 5 years in prison and up to \$5,000 in fines for willful submission of a false or erroneous form.

Many task force participants filed nothing at all, or filed late. Ironically, the non-filers included every member of the Cluster Group called "Ethical Foundations of the New System." Most of the forms for the special government employees and the consultants were filled out in a different handwriting from the person signing the form. Some handwritten forms had a typed date beside the signature line, and some had a date typed over a different, whited-out date. At least five appear to have been back dated.

Eventually, 250 boxes containing 500,000 documents would be released. Notable for what they contained, they were more notable for what they did not. While there are thousands of documents addressed to Hillary, there are virtually none from Hillary. This dearth of memos and directives is inconceivable. As implemented by Ira Magaziner, the process required Hillary's personal decision on thousands of details. There is no doubt such documents were withheld. Their release would have not only provided

embarrassment to Hillary, but would have shed light on the nature of Hillary's involvement in Magaziner's falsehoods.

Did she direct Magaziner to falsely claim that all task force participants worked for the government? Or did she become aware of Magaziner's lies only after they had been told?

It is a dubious proposition that Magaziner could have lied without Hillary's advance knowledge. The lawsuit against the task force had become, at the very least, a major irritant to the White House. Hillary had to be confronted with the problems it posed, and at the very least, she had a hand in the response.

Ira Magaziner is not a lawyer. His March 3, 1993 sworn declaration was in all likelihood prepared by a lawyer. The lawsuit was being defended by Justice Department lawyers who filed Magaziner's declaration. At the very least, they would have read it before submitting it. White House Counsel Bernard Nussbaum was probably aware of the contents of Magaziner's statement in advance, too. In a half-hearted defense, Magaziner relied on a claim that he cleared the statement with the White House Counsel. The notion that Magaziner could have engaged in a single act of misconduct without the advance knowledge of anyone else is simply not credible.

Hillary, Nussbaum and the Justice Department team handling the case were all lawyers. As members of the Bar and Officers of the Court, they had a responsibility to bring an instance of perjury to the attention of the Court if they became aware of it. None of them did even though they were undoubtedly aware of it long before Judge Lamberth or anyone else outside the Administration.

While Hillary must be considered culpable on this basis, any evaluation of her role in this matter must be much harsher. Her passivity in the face of Magaziner's lies is easy to prove. But the circumstances suggest a far deeper involvement. Hillary called the shots on the health task force. It is unlikely that a score of prominent lawyers in two different executive departments would have acquiesced to Magaziner marching into federal court to make false statements. There had to be a greater force within the Administration that they feared even more than putting their careers on the line.

In a February 1994 interview with Connie Bruck for a *New Yorker* article, Magaziner acknowledged that all the secrecy had been a mistake. He volunteered that the decision for a secret process was not his. When asked whose decision it was, he replied that he did not want "to point a finger."

Bruck concluded, "It is hard to believe that this decision did not emanate from Hillary Clinton, although she may have found support for it from others. She had maximum control of the structure; such a critical decision would have been left to no one else. Moreover, it was in keeping with her natural bent. She trusted few, and secrecy was a means of maintaining control; in Arkansas she had held back the revelation of the teacher test until late in the game. And her long-standing disdain for the press had not mellowed with her assumption of role of First Lady."

The secrecy and deception served its intended purpose, to keep critics of the task force at bay until it was too late to make any difference. Although the secrecy forestalled scrutiny, it also allowed critics of the plan to define it on their terms for the public. As the Spring of 1993 turned into Summer, Hillary's campaign for health care reform lost momentum. Key arguments made by the opponents were starting to take hold. Patients would not be able to select their own doctors. Treatment would be rationed. Old people would be denied certain operations if they were too expensive.

In August, Hillary joined a bus caravan called the Health Security Express in what was supposed to be the finale of the reform campaign. Instead, it became a metaphor for its failure. Financed by \$1.8 million provided by managed care interests, liberal groups and unions, buses set out from Portland, Oregon for a twelve-day, cross country trip ending in the nation's capital. Three other caravans set out from Boston, New Orleans and Arlington, Texas. Many of the 600 riders had serious illnesses and injuries, along with compelling stories of problems in getting health coverage.

From the beginning, the caravans were like flypaper for demonstrators who outnumbered Clinton supporters at nearly every stop. The Republican Party, groups like Citizens for a Sound Economy, and Ross Perot's United We Stand America mobilized their local members. Rush Limbaugh took particular delight in announcing the location of caravan stops. Caravan organizers canceled scheduled stops and arranged impromptu events where no demonstrators — or positive media — could be present.

Demonstrators weren't the only problem. As reported in the *Washington Post*, "the riders endured overheated buses, flat tires, blocked toilets...scheduling snafus turned rigorous days into 16-hour on-the-road nightmares...Some suffered from heat exhaustion. One was hospitalized overnight in Denver. Tempers got short."

The *Post* identified the "turning point" as a well-publicized rally in Independence, Missouri where Hillary joined the caravan along with her husband and Al and Tipper Gore, "After Independence, lunch stops turned into shouting matches. Police escorts followed the buses in and out of town." By the time the caravan reached Washington, it had become "a public relations fiasco on wheels," as Sen. Dan Coats (R-IN) put it.

For many of the riders, the worst was not over when they arrived in Washington. While they were out on the road, the President had signaled compromise on the "rock solid principle" of universal coverage. Kidney transplant patient Cathy Steen, 38, who had rode all the way from Oregon, learned that she would not be covered regardless of what Congress passed.

As support for Hillary's overhaul of the health system slipped, so did her prominence in promoting it. By the end of Summer, it was the President who was the central figure in the debate. Congressional leaders introduced their own reform measures to distance themselves from Hillary. The House version retained the concept of universal coverage, but the Senate bill called for 95% coverage by the year 2000. The President addressed the National Governors Conference in Boston and suggested that 95% coverage would be acceptable. In the process, he undercut House allies and his own wife, touching off a firestorm of liberal protest. Clinton was forced to disavow his remarks the next day.

Congress never did vote on Hillary's health care overhaul or on any of the watered-down Congressional versions. The votes could just not be found and Congressional leaders put off consideration of any health care overhaul to 1994. It was put off again in 1994 as the elections approached. The promise proved to be false that health care reform would ensure a resurgence of liberalism and a permanent Democratic political majority. What accounted for the spectacular demise of an issue that was to establish Hillary as the most powerful woman in America's history?

Perhaps the best answer was provided by a former colleague of Ira Magaziner. Writing in the *Wall Street Journal*, management expert Michael Rothschild pointed out, "With initial public support well above 60%, nonstop campaigning by Hillary Clinton, and overwhelming support from the national media, the President should have been able to pass any reasonable health care bill. But what is reasonable inside Washington is no longer reasonable to the American people."

Rothschild opined, "Beltway cognoscenti would have us believe that the American people were confused by campaign-style rhetoric and never understood the Clinton plan. But at town meetings, newspaper analyses, talk shows and congressional debates wore on, the American people figured out this much: Though Mr. Clinton promised a 'simple' plan that would guarantee choice with security, he delivered a numbingly complicated 1,342 page plan that put another 14% of the economy under the control of federal bureaucrats."

"This approach to social reform -- widely accepted just 25 years ago -- no longer makes sense to an American public whose daily lives have been radically transformed by the first decades of the Information Age. Top-down social engineering by Washington's central planners is now intuitively rejected as an anachronism, a hopelessly inefficient throwback to the bygone era of the Machine Age... How did America's epochal transformation from a Machine Age to an Information Age economy affect the Clinton approach to health care reform? Apparently, not at all. The plan... reflects classic Machine Age thinking: Centralize decisions through monopoly power, ensure stability through tight controls, insist on a 'one size fits all' standard and allow no room for local innovation. Plan everything out in advance-- to the last nit-picking detail."

"Newly released secret task force documents show that Hillary and Ira only feigned interest in proposals offered by the public, Congress, and even Administration officials. They had already made the crucial design decisions. This should come as no surprise. A complicated machine can't be designed by a democracy. To ensure that its parts will mesh, you hire the best engineer you can find, give him plenty of resources, let him work in secret, and announce the product when it is ready."

The task force allowed Magaziner the opportunity to live out his wildest dreams. He would design a new health care system for the country, and given such an opportunity, he would make it perfect. All it took was enough experts, enough meetings, enough memos. Because the pursuit of perfection is a noble task, the process had to be protected at all costs. The result was ethical lapses. Ultimately, Magaziner would escape criminal prosecution. It was not until late 1994 after key documents had been released that Judge Lamberth realized Magaziner had lied. On December 21, Lamberth asked Eric Holder,

the federal prosecutor for the District of Columbia to investigate Magaziner for perjury and criminal contempt of court. He also suggested that Attorney General Janet Reno should appoint an independent counsel to investigate.

The *New York Times* reported the next day that Lamberth's request sent "a wave of anxiety" through the White House. In preparation for a criminal investigation, Magaziner hired Charles Ruff, a \$400-an-hour attorney. Ironically, Ruff had been under consideration in 1993 for appointment as Attorney General before his own ethics problems came to light. Like Zoe Baird and Kimba Wood, he had failed to pay taxes on the wages of his domestic helpers.

Reno announced on March 3, 1995 that she would not appoint an independent prosecutor. Judge Lamberth's request had been echoed by a majority of members of the House Judiciary Committee, who pointed out that the Justice Department, of which Holder's office was a part, could not conduct an impartial investigation because it had represented Magaziner in the original litigation. In her refusal, Reno claimed that Magaziner was not a "covered person" under the law by which independent prosecutors are appointed. But the Attorney General has the authority to appoint such a prosecutor anyway. Oliver North, for instance, was not a "covered person" under the law either, but was investigated by such a prosecutor in 1987. On August 3, 1995 Eric Holder announced that he too would not prosecute Magaziner.

The plaintiffs accused the Clinton administration of a cover-up. Both Reno and Holder were appointed by Clinton, and Reno owed her job to Hillary. Additionally, the *Washington Post* reported in January of 1995 that Holder was under consideration by Clinton for appointment to a federal judgeship. If Justice Department lawyers had instructed Magaziner to lie, or were even aware of it, they might face criminal charges as well. If there was ever a set of circumstances under which an independent counsel was necessary to ensure an impartial investigation, this was it.

Hillary's goals for the task force were different than Magaziner's. Whereas Magaziner sought perfection, Hillary sought power. The intricacies of the plan held no fascination for her. The fact that the plan would be hers did. For the first few months of 1993, Hillary experienced her dream. The attempt to restructure one-sixth of the nation's economy, and the initial belief that she would succeed, created an unprecedented perception of power. She enjoyed more status than any Congressman, Senator, Governor, Supreme Court Justice, or even the President. Powerful men in charge of huge corporations hung on her every word. She dominated the media, and the coverage was fawning. Her critics, so aggressive during the 1992 campaign, couldn't do a thing.

In Washington the perception of power is power. Real power had never before been exercised by a First Lady. Therefore, Hillary was not only a powerful First Lady, but was to be an historic First Lady. In the year 2093, school children would open history books and may or may not read about President Clinton, but First Lady Hillary was going to be right there.

Like all dreams, Hillary's came to an end, dying along with her health care plan. The defeat was devastating. First, the purpose of the entire Clinton Presidency seemed to

evaporate because so much had been staked on its passage. Secondly, it destroyed the resurgent notion advanced by liberals in 1992 that Americans were ready for a return to activist government. The defeat emboldened conservatives in the 1994 elections, and Republicans gained control of both the House and the Senate. It was more than a personal defeat for Hillary. It was a turning point in American history, and Hillary found herself on the wrong side of history.

By 1995, the political agenda was being dominated by Republicans, especially by the new House Speaker, Newt Gingrich. President Clinton was forced to assert during a press conference that he was still "relevant." Hillary made no such assertion about herself and no one made it on her behalf. Her defeat was total and final. She would still wield influence on her husband and within the White House, but it would be exercised in a traditional way, in the manner of previous First Ladies. The new role she had pioneered, the independent and powerful First Lady with her own agenda and power base, was a thing of the past. The grand experiment, which created so much excitement in 1993, had failed.