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Polycymaking for Health Care, the Environment, and Energy

Politics in Action: The President Tries to Reform Health Care



On September 9, 2009, President Barack Obama addressed a joint session of Congress on health care. He pointed out that it had been nearly a century since Theodore Roosevelt had called for health care reform. John Dingell, Sr., introduced a bill for comprehensive reform in 1943 and his son, who replaced him in the House, had been introducing the same bill for half a century. The health care system, the president said, was at the breaking point. Too many people lacked access to health care, and the costs for everyone were out of control. “We are . . . the only advanced democracy on Earth,” the president proclaimed, “that allows such hardship for millions of its people.”

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Analyze the conflicts between economic growth and environmental protection, and identify the major national environmental protection policies, p. 592.

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Many Americans enjoy perhaps the best health care in the world. However, not all Americans, such as those pictured here waiting to register for medical treatment in a rural health clinic, have effective access to health care. Providing this access is one of the most complex, contentious, and expensive issues of public policy.



The Big Picture Find out how the government affects your life in ways that you may not have been aware of. Author George C. Edwards III discusses the policies that the government has passed on health care, the environment, and energy usage, and he explains why these policies—which appear to benefit everyone—are controversial.



The Basics Find out what public policy is, who makes public policy, and how they make it. In this video, you will also explore the major social policy issues we face and consider the role of the federal and state governments in specific areas such as education.



In Context Discover the history of social policy in the United States. In this video, Columbia University political scientist Ester Fuchs discusses why social policy emerged and how the focus of social policy had changed over time.



Thinking Like a Political Scientist What role do political scientists play in policy-making? Columbia University political scientist Ester Fuchs examines not only the research of political scientist on public policy, but the impact of this research on the policy-making process.



In the Real World In order to reduce unemployment among younger people, the federal government allows companies to pay workers under the age of 20 less than the minimum wage. Real people discuss the larger implications of this law, and whether or not it is beneficial or harmful to young people.



So What? Is it the government's responsibility to ensure that every American has health care or that the air is clean? Author George C. Edwards III breaks down these questions and considers why everything circles back to whether the government can afford to become involved in these issues.



The president proposed a solution to the problems he identified, but many in the Congress and the public were not convinced. After a protracted battle, and despite significant public opposition, the president prevailed. Obama and his party paid for their victory, however, losing heavily in the 2010 midterm elections, and Republicans vowed to repeal the bill when they came to power.

Dealing with the crucial area of health care has never been easy. Passage of major legislation in the areas of the environment and energy has also proved difficult. President Obama proposed a plan to deal with greenhouse emissions and global warming, but it failed to pass. And nothing like a comprehensive national energy policy has ever passed, either.

Health, the environment, and energy all are central to human well-being and thus highly salient to both the public and policymakers. They are also highly technical areas requiring complex policies that are difficult for most people to understand and evaluate. In addition, these policy areas cut across the rest of American society. For example, the environment and energy production affect health and also economic development. Equally important, these areas seem to call for government action to solve problems that appear intractable.

Yet government action is difficult on such complex matters that involve so many segments of American life so fundamentally. These policy areas thus raise profound questions. Is American democracy capable of resolving such complex matters? And just what should the government's role be in dealing with them?

Health Care Policy

17.1 Outline the problems of health care in America and the role of government in health care.

There are few things more important to people than their health. Americans tend to believe they enjoy the best health care in the world. But is this true? What are the measures of health care? Do Americans enjoy the best health? And just how much are Americans paying for their health care? To what extent does everyone have access to state-of-the-art medical technology? And what role does government play in the financing, delivery, and regulation of health care? How does it make policy regarding health care?

Although Americans are generally healthy, which is unsurprising given the country's wealth, they lag behind a number of other countries in some key health care categories, such as life expectancy and the infant mortality rate (see "America in Perspective: The Costs and Benefits of Health Care"). The average life expectancy of 79 years is slightly lower than that in Canada and most other developed nations. Experts consider a nation's *infant mortality rate*—the proportion of babies who do not survive the first five years of life—a key indicator of the nation's health. The chances of a baby born in the United States dying in the first five years of life are nearly three times greater than those of a baby born in Japan. Yet the United States spends more per person on health care than any other country. If there is a gap between U.S. expenditures on health care and results in terms of health, this gap may be partly explained by the U.S. health care system.

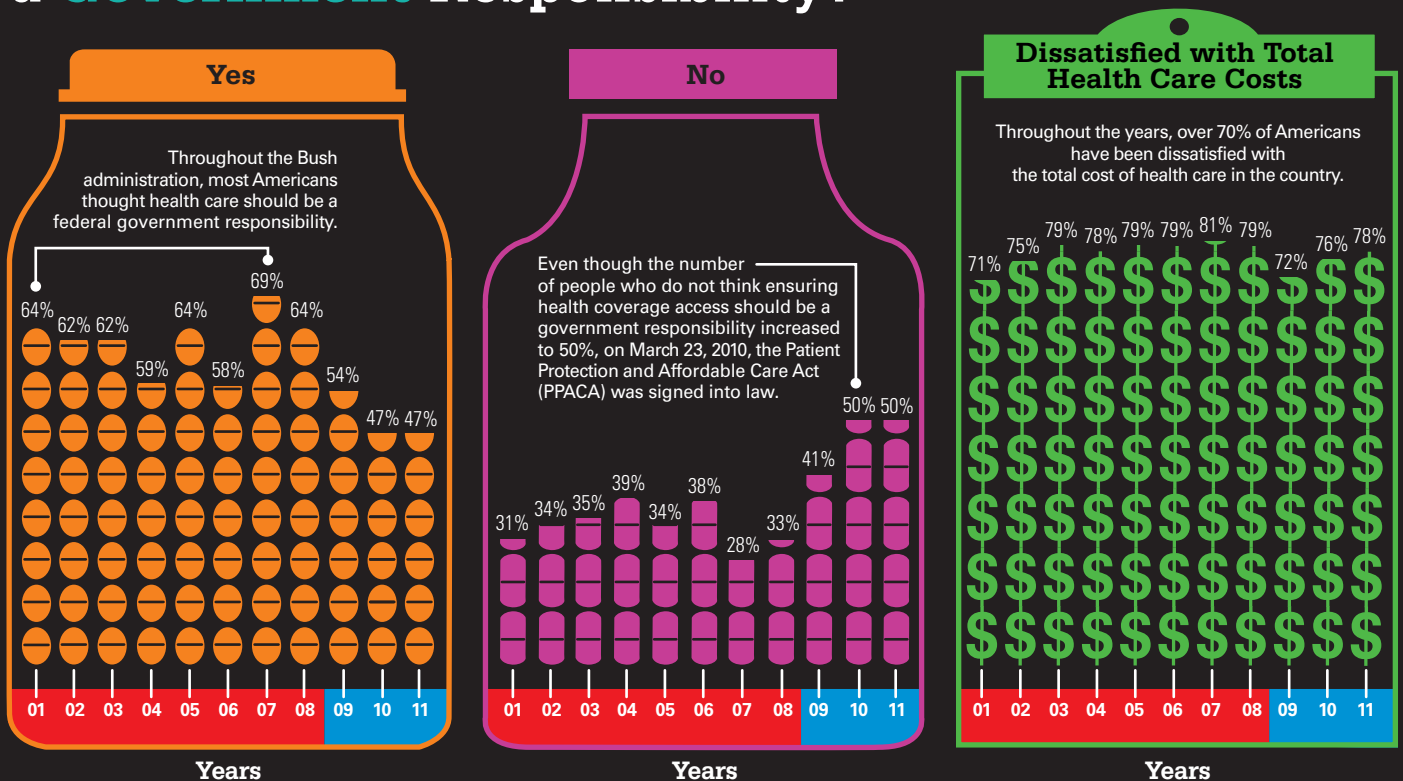
□ The Cost of Health Care

American health care costs are both staggering and soaring. Americans now spend more than \$2.8 *trillion* a year on health care. Health expenditures are one of the largest components of America's economy, accounting in 2012 for nearly *one-fifth* (19 percent) of the gross domestic product (GDP),¹ a higher proportion than in any other country. Other democracies with developed economies, including Canada, Japan, the United Kingdom, France, and Germany, spend much less of their wealth on health care while providing universal health care coverage for their citizens.

Should the Government Ensure Everyone Has Health Care Coverage?

Most people desire health care coverage and also want to lower health care costs. Before Barack Obama's presidency, most Americans believed the government should guarantee health care coverage to all citizens, but after 2009, the debate on health care reform divided public opinion. Since the signing of the Patient Protection and Affordable Care Act (PPACA), Americans have remained dissatisfied with the cost of health care and the number of people who disagree that government should ensure health care coverage has increased.

Is Ensuring Health Care Coverage a Government Responsibility?



01-08 Bush Years 09-11 Obama Years

SOURCE: Data from Gallup

Investigate Further

Concept During the presidency of George W. Bush, most Americans supported the government ensuring that everyone had health care coverage. In recent years, support for such a policy has declined. The public has continued to be concerned about the cost of health care.

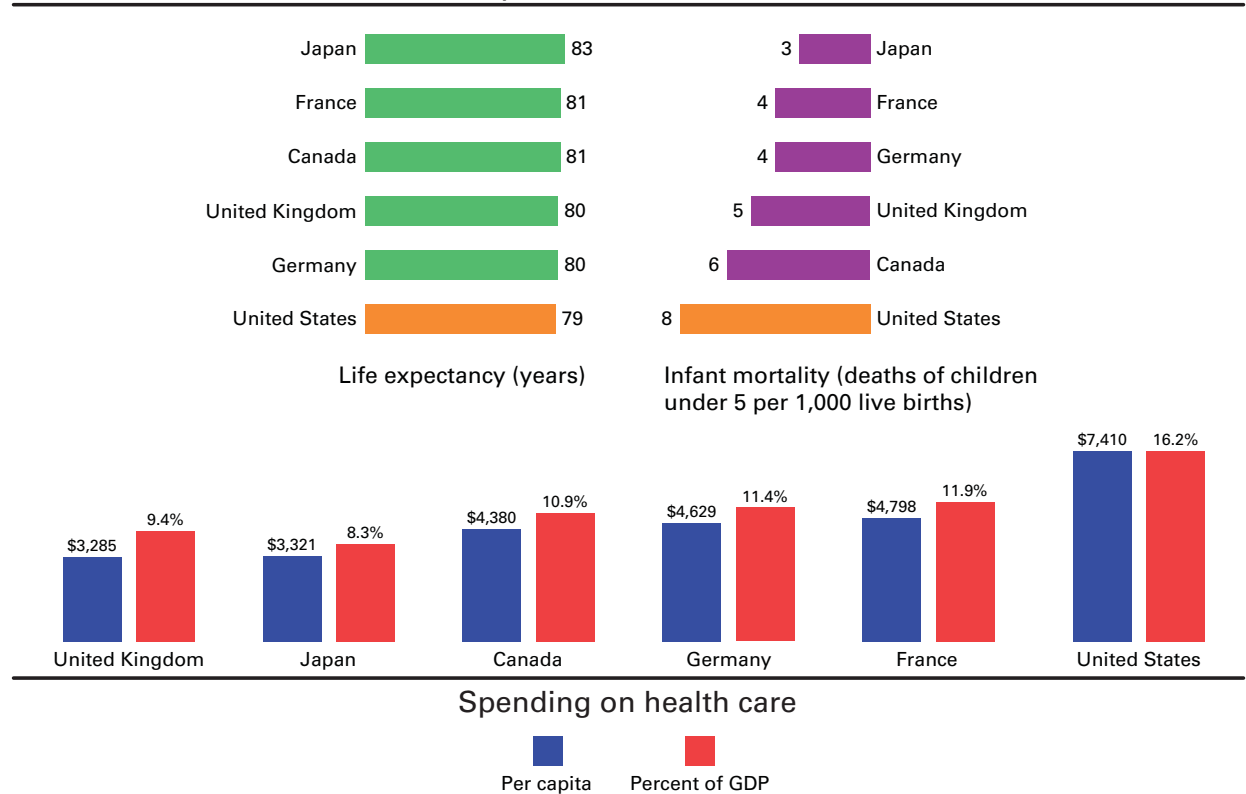
Connection Are Americans unhappy with their health care costs? For most Americans, the answer is yes. Concern about health care is driven more by the perception that health care costs are too high than by personal dissatisfaction. People are upset with health care costs because of broad circumstances, rather than individual circumstances.

Cause Why did public support for government guaranteeing health care coverage decline? After Obama took office, support and opposition for reform became a party issue. In a heavily polarized political environment, the public split evenly on issue. After the Obama administration passed the Patient Protection and Affordable Care Act, a majority of the public remained dissatisfied with the costs of health care.

The Costs and Benefits of Health Care

American health care presents a paradox: as a nation, we spend a far larger share of our national income on health than any other industrialized country, in terms of both per capita spending and percentage of gross domestic product (GDP) spent on health care, yet we are far from having the healthiest population, as indicated by both life expectancy and the infant mortality rate.

Key indicators of health



SOURCE: World Health Organization, 2012.

The costs of health care are a major obstacle to balancing the federal budget. Indeed, about one-fourth of all federal expenditures go for health care.² As President Clinton said shortly before taking office, “If I could wave a magic wand tomorrow and do one thing for this economy, I would bring health costs in line with inflation . . . because . . . that would free more money for people to invest in the plants and the production and the jobs of the future.”³

Why are health care expenditures in the United States so high? Americans do not have more doctor visits or hospital stays than people in other countries. For example, Germans, the British, and others spend more nights in the hospital than Americans. And doctor visits per person have actually been declining in the United States.⁴

Other factors are behind the high cost of health care in America. American health providers have overbuilt medical care facilities (a substantial percentage of all hospital beds are vacant on any given day), and doctors and hospitals have few incentives to be more efficient. New technologies, drugs, and procedures often add to the cost of health care, including by addressing previously untreatable conditions and by providing better but more expensive care. Thus, much of the money that Americans pay for health care is spent on procedures and treatments, such as kidney dialysis and organ transplants, that may not be widely available in other countries and that may cost a lot—sometimes hundreds of thousands of dollars.

Part of the reason health care in the United States may rely excessively on expensive high-tech solutions is that medical bills are paid by a mixture of government funds, private insurance, and individuals' out-of-pocket payments; no one has primary responsibility for paying—or controlling—health care costs. In countries with national health care systems (or national health insurance), government policymakers have focused more on containing costs, especially administrative costs, as well as on ensuring equality of care. In the United States, cost containment and, as we will discuss, equality of care have taken a back seat to technological advances. To give one example, competition among urban hospitals to provide the most advanced care has led to duplication of expensive equipment and thus higher health costs.

Because insurance companies and government programs pay for most health care expenses, most patients have no reason to ask for cheaper care—they do not face the full financial consequences of their care. The providers of health care, such as physicians, are also insulated from competing with each other to offer less expensive care. In fact, with the rise in medical malpractice suits, doctors may be ordering extra tests, however expensive they may be, to ensure that they cannot be sued—an approach that is sometimes called “defensive medicine.” Such practices drive up the costs of medical care for everyone. As doctors are hit with higher and higher costs for insurance against malpractice suits, they increase their fees to pay their premiums. Because insurance companies pay the bills, patients do not protest. However, increased costs associated with medical care are making insurance rates skyrocket.

Business groups are increasingly calling for relief from the high costs of health care. For example, they complain that their foreign competitors avoid the high costs of private insurance premiums because in many other countries governments, rather than employers, cover health insurance costs. And as many people who must seek medical care are uninsured or underinsured, employers complain that the rising insurance rates they must pay represent inflated premiums intended to cover the costs of care for the uninsured or underinsured. To combat rising rates, some employers attempt to reduce their burden by cutting out benefits, particularly benefits covered by government programs. At the same time, employers defend the nearly \$200 billion tax break, or subsidy, that they receive for providing health insurance to their employees. Yet employer-provided insurance often has high administrative costs, discourages labor mobility as employees fear losing their insurance, and continues to insulate people from the consequences of their health care costs.

Not only are health care costs high but they have also been rising rapidly, as Figure 17.1 shows. At this rate of increase, we will likely be spending 20 percent of our GDP for health care by 2020.⁵ The cost of premiums for employer-based insurance has increased by over 120 percent since 2000.⁶ Because government is so deeply involved in health care, government's burden will soar as well. The two major government health care programs—Medicare and Medicaid—could amount to nearly a fourth of the GDP by 2050.

The inefficiencies of the U.S. health care system are part of the explanation for the gap between the high costs that Americans pay for health care and the health benefits they derive, a gap made clear by comparisons with other countries. Another part of the explanation can be found in Americans' unequal access to health care.

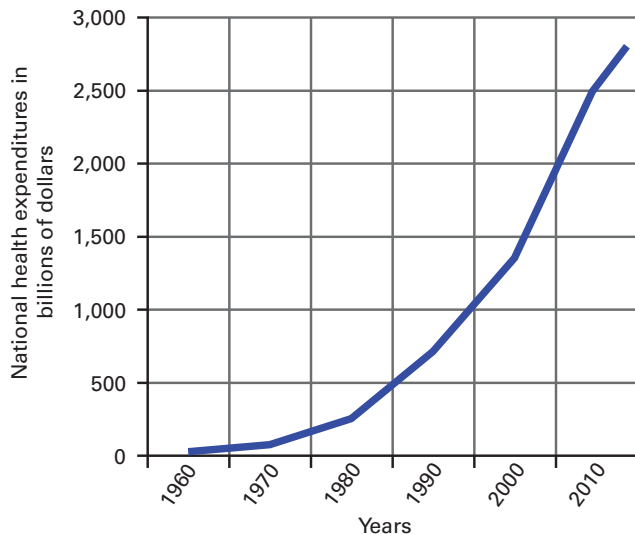
□ Access to Health Care

Inequalities in health care and hence in health are a serious problem in America. Although the world's highest-quality care is available to some citizens, many poor and working-class Americans are relegated to an inferior health care system, because access to health insurance is not universal in the United States as it is in many countries.

Americans gain access to health care in a variety of ways. The most common means of access is through private health insurance plans, generally obtained through employers, sometimes obtained individually. Individual policies are often significantly more

FIGURE 17.1 THE RISING COSTS OF HEALTH CARE

The United States spends an enormous amount on health care, and these expenditures have risen rapidly over the past 50 years. Getting health care expenditures under control is one of the greatest challenges of both government and the health care industry.



SOURCE: Centers for Medicare and Medicaid Services, 2012.

expensive than policies obtained through employers, as employers are able to bargain for group rates with insurers. Two-thirds of Americans have private health insurance of some kind.

The traditional form of private insurance plans is the fee-for-service health insurance policy, in which a policyholder pays an annual premium and then is entitled to have the insurance company pay a certain amount of each medical service obtained during the year. This traditional system posed problems for cost containment in that it gave doctors incentives to provide additional, and perhaps unnecessary, services; in effect, the more treatments doctors provided, the more money they made. Moreover, doctors insisted that patients be able to choose their own physicians without restrictions, which made it impossible to contract with groups of doctors to provide services more economically.

In recent years, private market forces have changed the country's health care system dramatically, through the growth of managed care. Today, private insurance often takes the form of contracting with a **health maintenance organization** (HMO), a network of health care providers that directly provides all or most of a person's health care for a yearly fee. More than half of Americans are enrolled in HMOs or other forms of network health plans.

Managed care grew on the strength of its claims to provide better service at a lower cost. By focusing on prevention rather than treatment and by designating a single doctor as a patient's primary care provider, rather than having patients treated by different specialists with no central coordination or oversight, managed care was intended to improve health care and contain costs. Insurers negotiate with physician groups and hospitals on fees and costs and try to monitor care to control unnecessary use. At least three-fourths of all doctors have joined networks, signing contracts covering at least some of their patients to cut their fees and accept oversight of their medical decisions. Of course, HMOs have done nothing to ease the plight of those without health insurance.

Other Americans have access to health care through government programs. Nearly everyone 65 and older participates in Medicare, a government-subsidized program. Medicaid and the Children's Health Insurance Program, other government programs, cover nearly 60 million people in families with low incomes.⁷ (We discuss these programs later in this chapter.)

health maintenance organization

Organization contracted by individuals or insurance companies to provide health care for a yearly fee. Such network health plans limit the choice of doctors and treatments. More than half of Americans are enrolled in health maintenance organizations or similar programs.

THE UNINSURED Nearly 50 million people—16 percent of the public—are without health insurance coverage. With Medicare covering those over 65, the uninsured are disproportionately young, including more than 7 million children and nearly 10 million people aged 18–25.⁸ The uninsured who are not covered by government programs must pay all their health care expenses out of their own pocket. Because hospitals set a standard rate for each procedure and then bargain for group rates with insurance companies, the uninsured pay the full cost. This makes insurance the ticket to medical care in America.

Getting and keeping health insurance is often linked to having a job, especially a high-paying job. The reason is a historical quirk: during World War II, the federal government imposed a wage freeze, and to attract workers, many employers paid health benefits. Thus was forged the link between one's job and one's health insurance. Today, 55 percent of Americans get their health insurance from the workplace.⁹ Often, the lack of health insurance is associated with short periods of unemployment—or with working part time, as part-time employees may not be eligible for employer insurance plans.

Although insurance is linked to employment, the majority of the nation's uninsured are full-time workers (and their families), most of whom work for companies with 100 or fewer employees and earn low wages. Small companies have to pay more for health insurance than larger companies do, mostly because health risks and marketing and administrative costs cannot be spread as broadly. Thus, many small companies find providing health insurance too costly. In addition, some companies have cut back on benefits to dependents of workers. As a result, even if parents have coverage through their employers, their children may be uninsured.

Millions of Americans have inadequate insurance and receive less and poorer quality health care than do those with more comprehensive insurance. These individuals, much like those without insurance, often postpone treatment until illnesses worsen and require more expensive emergency treatment. Insurance can also be inadequate because of the share of the cost that people have to pay themselves, costs that can leave policyholders with significant debt should a medical crisis occur. In part because of such problems, many workers who are offered health insurance by their employers or unions do not take it.

As the foregoing discussion suggests, access to health insurance in the United States is closely tied to income. Twenty-seven percent of those with household incomes of less than \$25,000 per year lack health insurance, despite the existence of government-subsidized programs such as Medicaid and Medicare. Among these low-income households are many single-mother households; the uninsured include 10 percent of all children, although the percentage of children who are uninsured varies considerably from state to state. The higher a family's income, the more likely it is that its members are insured. Access to health insurance is also tied to race and ethnicity. Thus, 32 percent of Hispanics and 20 percent of African Americans lack health insurance, compared to 12 percent of non-Hispanic whites.¹⁰

For Americans who lack health insurance, the problem is not lack of access to the most up-to-date research and equipment but, rather, the more fundamental problem of lack of access to a family doctor or someone to administer prenatal and neonatal care. Americans without insurance tend not to see health care professionals regularly and are less likely to receive preventive care; children have less access to well-child care, immunizations, basic dental services, and prescription medication.¹¹ Studies have found that many Americans do without health care, postpone it, or resort to emergency rooms for minor illnesses¹² (see “Young People and Politics: Health Insurance, Emergency Rooms, and Young Americans”). To an even greater extent than with the underinsured, when the uninsured receive care, the care is typically poorer quality, and medical problems can quickly lead to medical debt.¹³ Some Americans who lack their insurance and are confronted with serious illness have resorted to “medical migration,” outsourcing their medical care to cheaper foreign hospitals, for example, in India.¹⁴

Young People & Politics

Health Insurance, Emergency Rooms, and Young Americans

Health insurance usually costs considerable sums, and young people often lack discretionary income. For this reason, and because they are less likely to have jobs with benefits than are older adults and less likely to worry about health issues, young Americans between 19 and 35 are disproportionately uninsured. Twenty-nine percent of those in this age group lack health insurance.

Although young people are less likely to become seriously ill than older adults (chances of getting heart disease or cancer increase with age), they are more likely to be injured, particularly in traffic accidents—and these often require expensive emergency care. Teens are also twice as likely as adults to be hurt on the job. Except for the very old (those over 75), young adults are the biggest users of emergency rooms.

In response to charges that emergency rooms were denying service to patients unable to pay, Congress in 1986 passed the Emergency Medical Treatment and Labor Act (EMTALA). EMTALA makes it illegal for emergency rooms to turn people away. The emergency room is therefore the only place in the American health care system that is required by law to treat you. Still, as a patient in the emergency room, one of the first

questions you are likely to be asked is, “What insurance do you have?” Because young adults have a harder time answering that question than does any other age group, a trip to the emergency room can leave them with big medical debts at a time when they are trying to establish a good credit history.

Emergency rooms provide critical care, but they are the most expensive single component of the health care system. In addition, when people cannot pay their bills, often because they lack health insurance, the costs of providing emergency care are shifted to others using the hospital. In effect, many young adults shift the burden of paying for their health care to older adults.

CRITICAL THINKING QUESTIONS

1. Should young Americans—or all Americans—be required to purchase health insurance, just as they are required to purchase collision insurance on their cars?
2. Should emergency rooms be required by law to treat everyone who comes in?

SOURCES: Centers for Disease Control and Prevention, *National Health Interview Survey*; Centers for Disease Control and Prevention, *Emergency Department Visit Data*, 2011.

The uninsured are more likely to be hospitalized for conditions that could have been prevented, and more likely to die in the hospital than those with insurance.¹⁵ Lack of health insurance has been estimated to cause tens of thousands of preventable deaths each year.¹⁶ Long-term studies show that people without health insurance face a 25 percent higher risk of dying than those with insurance.¹⁷ When poor people are given medical insurance, they not only find regular doctors and see doctors more often but they also feel better, are less depressed, and are better able to maintain financial stability.¹⁸

The racial and ethnic disparities in access to health care are reflected in differences between groups in measures of health. Average life expectancy is five years longer for whites than for African Americans. In fact, average life expectancy for African American males is lower than average life expectancy in many Eastern European and less developed countries. Not all of this difference can be explained by variances in lifestyles and nutrition. Similarly, African American infant mortality is nearly twice as high as that for whites.¹⁹ For both life expectancy and infant mortality, lack of insurance appears to play a significant role in explaining the differences.

Factors affecting health in early childhood and throughout life begin prenatally, but, as a result of lack of access to health care, many pregnant women, especially in the nation's inner cities, do not obtain the care needed to ensure that their babies will be born healthy. Lacking an obstetrician or family doctor (poor neighborhoods, urban and rural, have too few doctors), these women may not get prenatal care for most of their pregnancy. This is yet another example of the point made earlier: often, availability of family doctors and routine hospital services is more important in determining the quality of a nation's health care than is availability of high-tech medical equipment.



There are substantial disparities in access to health care in America. Those with less access, such as this child, are likely to live shorter and less healthy lives than those with more access.

Medicare

A program added to the Social Security system in 1965 that provides hospitalization insurance for the elderly and permits older Americans to purchase inexpensive coverage for doctor fees and other medical expenses.

RATIONING HEALTH CARE Disparities in access together with the great cost of many potentially lifesaving procedures of modern medicine raise important and complicated questions of public policy. Dollars spent on expensive procedures to save a few lives cannot be spent on other pressing health care needs. Thus, for example, when the government allows Medicare payments for certain procedures, less money may be available for rural hospitals or for health clinics in poor areas of the nation's cities.

Although many Americans vehemently oppose “rationing” of medical care, such rationing in effect goes on all the time in our system.²⁰ Much rationing is informal; physicians and families quietly agree not to provide further care to a loved one. Some of it is formal. Virtually every insurance plan sets limits to the services for which it will pay and for total payments. Medical boards have elaborate rules for allocating donated organs. Oregon has taken the lead on the issue of rationing health care, trying to set priorities for medical treatments under its Medicaid program. By not providing some costly treatments that might save or prolong people's lives, the Oregon program is able to use its resources to provide medical care for a larger pool of people. Evidence shows that Oregon's effort works well and that patient satisfaction is higher than before the plan was implemented.²¹

□ The Role of Government in Health Care

Americans often think insurance companies pay most health care costs, but in fact the government pays more of the costs than does the private insurance industry. National, state, and local governments pay for 42 percent of the total cost of health services and supplies, mostly through Medicare and Medicaid. Moreover, the government subsidizes employer-provided health insurance with tax breaks worth nearly \$200 billion per year. Many hospitals are connected to public universities, and much medical research is financed through the National Institutes of Health and other federal agencies. More than 20,000 physicians work for the federal government, most providing health care for the armed forces and veterans, and nearly all the rest receive payments from it. The government thus plays an important health care role in America, although less so than in other countries.

Passed by Congress in 1965, **Medicare**, health care insurance for the elderly, is part of the Social Security system and covers nearly 50 million people, or about 16 percent of the population.²² As with Social Security, paycheck deductions include payments

into Medicare and, when a person becomes eligible, he or she receives the benefits. Part A of Medicare provides hospitalization insurance and short-term nursing care; Part B, which is voluntary, permits older Americans to purchase inexpensive coverage for doctor fees and other nonhospital medical expenses. Part D, which went into effect in 2006, covers much of the cost of prescription drugs.

In another parallel with Social Security, Medicare costs are outrunning tax contributions to the Medicare Trust Fund. Medicare is the most rapidly increasing component of the federal budget. It currently costs about \$534 billion in 2013, accounting for about 14 percent of the budget,²³ and without reform, this percentage will soar. To save money, Medicare has frequently cut back on the fees it pays doctors and hospitals. As a result, some doctors and hospitals do not accept Medicare patients, because Medicare payments for services do not cover their costs.

Despite such cuts, Medicare expenditures keep growing, in part because of Medicare's vocal constituency. The elderly are one of the most powerful voting and lobbying forces in American politics. AARP, formerly known as the American Association of Retired Persons, has grown from about 150,000 members in 1959 to about 40 million today, making it the largest voluntary association in the world. This single group now can claim to represent one American in eight. Not only does AARP relentlessly advocate increasing Medicare benefits but elderly Americans dependent on Social Security and Medicare actively participate in American elections.²⁴ In addition, powerful organizations representing hospitals and doctors lobby for Medicare to pay for the latest techniques and procedures. Health care policy that favors the elderly is one of the results of this interest group activity. When Congress, in 1989, passed a Social Security surtax designed to pay for new catastrophic illness coverage, the elderly objected, and the next year Congress repealed the tax.

For workers in low-paying service jobs that do not include health insurance, and for those who are unemployed and cannot afford private health insurance, there is no organization capable of exerting such influence in government. Because many of these people do not vote, the bias in representation is even greater. Nevertheless, the nation has spent substantial sums to provide health care for the poor.

Medicaid, the program designed to provide health care for the poor (including the elderly poor), also passed in 1965 and serves more than 50 million people, most of whom are children and adults in low-income families. The remainder are disabled or elderly, many of them requiring long-term care. Nine million people are covered by both Medicaid and Medicare.²⁵ The current cost of Medicaid to the federal government is nearly \$300 billion a year.²⁶ Medicaid is funded by both the states and the national government, and eligibility and services vary by state. The costs to states for Medicaid are about \$130 billion,²⁷ and Medicaid expenditures compose an increasing share of state budgets. Medicaid covers 70 percent of nursing home residents, 60 percent of low-income children, 41 percent of all women giving birth, 27 percent of low-income adults, and 20 percent of people with severe disabilities.²⁸ The program now pays about one-fifth of the expenditures for health care in the United States and about half of expenditures for nursing-home care.²⁹

Created in 1997, the *Children's Health Insurance Program* (CHIP) is a state and federal partnership that targets uninsured children and pregnant women in families with incomes too high to qualify for most state Medicaid programs but, often, too low to afford private coverage. It serves about 8 million children.³⁰ Within federal guidelines, each state determines the design of its CHIP program, including eligibility parameters, benefit packages, payment levels for coverage, and administrative procedures.

□ Reform Efforts

More than 60 years ago, Harry S. Truman called for **national health insurance**, a compulsory insurance program to finance all Americans' medical care. The idea was strongly opposed by the American Medical Association, the largest physicians' interest group, which disparaged it as "socialized medicine" because the program would be

Medicaid

A public assistance program designed to provide health care for poor Americans and funded by both the states and the national government.

national health insurance

A compulsory insurance program for all Americans that would have the government finance citizens' medical care. First proposed by President Harry S. Truman.

government run. Truman's proposal went nowhere. Although every other industrial nation in the world adopted some form of national health insurance, the United States remained the exception.

Why It Matters to You

National Health Insurance

The United States, unlike all other developed nations, does not have national health insurance. Would Americans have more access to health care if we adopted such a system? Would they receive better or worse quality of care under a policy of national health insurance?

BILL CLINTON Nearly a half-century later, President Bill Clinton made health care reform the centerpiece of his first administration. His five-pound, 1,342-page Health Security Act proposal in 1993 was an effort to deal with the two great problems of health care policy: costs and access. The difficulties the president faced with this proposal reveal much about the challenge of reforming health care in America.³¹

Clinton's main concern was guaranteeing health care coverage for all Americans. His plan would particularly have benefited people without any health insurance, but it would also have extended coverage for millions of others with inadequate health insurance.

Paying for the plan would have necessitated either broad-based taxes, which were politically unpalatable, or a requirement that employers provide health insurance for their employees or pay a premium into a public fund (which would also cover Medicaid and Medicare recipients). The president chose the employer insurance option, but the small business community was adamantly opposed to bearing the cost of providing health insurance. The president also proposed raising taxes on cigarettes, which angered the tobacco industry, and imposing a small tax on other large companies.

Because the White House reform plan for health care was bureaucratic and complicated, it was easy for opponents to label it a government takeover of the health care system. An aggressive advertising campaign mounted by the health insurance industry characterized the president's plan as being expensive and experimental, as providing lower-quality and rationed care, and as killing jobs. The health insurance industry's famous "Harry and Louise" ads—in which Harry and Louise, sitting at their kitchen table, mull over the Clinton plan and conclude, "There's got to be a better way"—were one of the most effective policy-oriented campaigns in history.

In addition, the middle class felt its health care threatened. Gallup polls found that the public saw Clinton's health care reform proposal as a Democratic social welfare program that would help the poor, hurt the middle class, and create bigger government. In the end, there was more concern about too much government with the plan than there was about too little health insurance without it.³² After a long and tortuous battle, the plan died in Congress.

BARACK OBAMA Early in his administration, Barack Obama made comprehensive health care reform a top priority in domestic policy. Like Clinton, he focused on both increasing access to health care and containing its costs. For those who already had health insurance, the president proposed to

- end discrimination by health insurance companies against people with preexisting conditions.
- prevent insurance companies from dropping coverage when people become sick and needed it most.
- allow young people to remain on their parents' insurance until the age of 26.
- cap out-of-pocket expenses for the insured.

- eliminate extra charges for preventive care like mammograms, flu shots, and diabetes tests.
- close a gap in Medicare's coverage for prescription drugs.

Most Americans supported such measures.

The president faced significant resistance, however, when he sought to substantially increase the number of people with health insurance. He proposed to

- require large employers to provide health insurance for their employees.
- require everyone to have health insurance (so that everyone would contribute to the pool of resources for health care and contribute to the costs of their own health care).
- create a new insurance marketplace—the Exchange—that would allow people without insurance, as well as small businesses, to compare plans and buy insurance at competitive prices.
- provide tax credits to help people buy health insurance and to help small businesses cover their employees.
- expand Medicaid eligibility.

Businesses complained about the costs of covering employees in the midst of a recession and in the face of international competition. Others criticized the requirement that everyone have health insurance as limiting individuals' freedom of choice and as exceeding the power of Congress. Although the president claimed that his reform proposal would not add to the budget deficit because it was possible to cut costs by identifying and removing waste, fraud, and abuse in the health care system and reforming medical malpractice law, not everyone agreed.

Despite voting for a presidential candidate espousing change, the public had not changed its basic skepticism of government or its resistance to paying for it. Obama faced a strategic problem in attempting to reform the health care system without igniting fears that people could lose what they liked about their own health care. Although there was widespread agreement that substantial change in the health care system was necessary, most people were reasonably satisfied with the quality of their own medical care and were anxious about government involvement. Most people were worried that



President Obama made reforming health care a top priority, but he faces widespread resistance. Here he speaks for reform shortly before the final congressional vote on his plan.

if the government guaranteed health coverage, they would see declines in the quality of their own care, limits on their ability to choose doctors and get needed treatment, and increases in their out-of-pocket health costs and tax bills.³³

Perhaps equally important as an obstacle to reforming health care in 2009–2010 was the general political climate. The president had to propose enormous expenditures to combat the economic crisis he inherited, running up record deficits in the process. These policies made the country risk averse. Moreover, comprehensive reform of such a large sector of the economy is inherently complex policy, making it difficult to explain and easy for opponents to caricature.

Despite all his and his administration's efforts, the president never obtained the support of a majority—or even plurality—of the public for health care reform. Nevertheless, the White House and the Democratic majorities in Congress pushed through an historic comprehensive health care reform bill, the Affordable Care Act, in 2010, with the potential to extend health insurance coverage to 32 million people. This success cost the Democrats a number of seats in the 2010 congressional elections,³⁴ and Republicans vowed to repeal the bill if they won the White House in 2012. They also challenged the constitutionality of the mandate to have health insurance in the Supreme Court. In 2012, the Court upheld the mandate but allowed states to opt out of extending Medicaid coverage, which several of them threatened to do.

Environmental Policy

17.2

Analyze the conflicts between economic growth and environmental protection, and identify the major national environmental protection policies.

The natural environment might seem to be above politics. After all, public opinion analyst Louis Harris reported that “the American people’s desire to battle pollution is one of the most overwhelming and clearest we have ever recorded”³⁵ Concern for the environment is further reflected in the rapid growth of environmental groups.

As in other areas, however, there is significant politically charged debate over the environment. Attempts to control air quality or limit water pollution often encounter political opposition because of their impact on business, economic growth, and jobs; hence, policymaking choices are involved. And although Americans may be generally in favor of “doing something” about the environment, specific proposals, for example, to limit suburban growth, encourage carpooling, increase taxes on gasoline, or limit access to national parks, have met with strong resistance.

□ Economic Growth and the Environment

Nobody is against cleaning up and preserving the environment. Political questions arise because environmental concerns often conflict with equally legitimate concerns about economic growth and jobs. Pollution is generated in the course of making cars, producing electricity, and providing food and the consumer products that Americans take for granted. On federally owned land, including national parks and forests, there has long been a policy of multiple use whereby mining, lumbering, and grazing leases are awarded to private companies or ranchers at very low cost. Often the industries supported by these arrangements are important sources of jobs in otherwise depressed areas, and they may also help lessen the country’s dependence on foreign sources of oil and minerals. For most of American history, pollution was seen simply as an inevitable byproduct of economic growth.

Although the conservation movement began in the nineteenth century, it was in the 1960s and 1970s that environmental interest groups exploded in both size and number. Today, for example, the National Wildlife Federation has nearly 4.5 million members;

Greenpeace USA, the World Wildlife Fund, and the Conservation Foundation have more than a million members each; and the Sierra Club, the Clean Water Action Project, the Nature Conservancy, and the National Audubon Society have more than a half-million members each. And there are numerous other environmental groups, ranging from the Wilderness Society to the Center for Health, Environment & Justice.

As science clarified the impact of environmental degradation and as old groups evolved into active political organizations and new groups formed and grew, the environment became a more important policymaking concern. If at first many politicians viewed these new lobbyists with skepticism, over time the environmental movement became more influential. Now politicians of both parties seek the support of environmental groups when they run for office. Issues once considered only from the standpoint of jobs and economic growth are now also considered from an environmental standpoint.

The fact that environmental considerations now come into play is apparent, for example, in debates about local and state economic development. In the federal system, states compete for economic advantage. States and cities push to attract large investments, such as automobile plants, as new business can be a boon to their economies. Business elites can argue that stringent pollution-control laws will prevent new businesses from coming and drive businesses away by driving up their costs. But states with lax pollution enforcement may find their citizens unhappy and residents of other states, including those who might relocate with new businesses, reluctant to move there. Moreover, costs to a state of enforcing pollution legislation may be offset by savings in health care costs achieved by reducing health risks to residents. Thus, state competition does not always work against pollution standards. In fact, sometimes states compete with each other to enforce tighter pollution and land use controls. Many states today—including California, which has the most stringent antipollution laws in the country—are betting that legislation designed to achieve environmental goals will not have a negative economic impact on the state.

Conflicts between economic growth and environmental goals are apparent in Alaska and the Northwest, with political battles pitting lumbering interests against national and local environmental groups. Lumbering provides jobs, but it decimates



Coastal states often desire the jobs provided by offshore drilling. Yet they may also find their coast lines covered with oily sludge, and their tourism and fishing industries adversely affected. Here workers try to protect the Louisiana coast line from the BP oil spill in 2010.

Environmental Protection Agency

The largest federal independent regulatory agency, created in 1970 to administer much of U.S. environmental protection policy.

National Environmental Policy Act

Passed in 1969, the centerpiece of federal environmental policy, which requires agencies to file environmental impact statements.

environmental impact statement

A detailing of a proposed policy's environmental effects, which agencies are required to file with the EPA every time they propose to undertake a policy that might be disruptive to the environment.

old-growth trees in Alaska's Tongass National Forest and on public lands in Oregon and Washington. Environmentalists complain that some of the few remaining large tracts of virgin forest are being felled by logging companies operating under generous lease agreements with the U.S. government. Similarly, oil exploration on public lands and offshore in coastal waters brings the goals of environmental protection and economic growth into conflict. The mammoth BP oil spill in the Gulf of Mexico in 2010, like the *Exxon Valdez* spill off the Alaskan coast in 1989, demonstrated the environmental risks of oil exploration. Yet Alaskans and Louisianans are keen on the jobs that oil provides and the revenues from oil that keeps their taxes low.

The very success of the environmental movement in passing laws designed to protect public health and to preserve or restore the environment has spawned a backlash. Opponents of strict environmental protection laws demand evidence that policies are accomplishing their goals. Arguing that the effects of environmental regulations on employment, economic growth, and international competitiveness must be part of the policymaking equation, they insist that Congress and the bureaucracy subject regulations to cost-benefit analysis to determine that they do not cost more than the benefits they create. Others, especially ranchers, miners, farmers, and the timber industry, demand inexpensive access to public land and the right to use their own property as they wish or else be compensated by government for being prohibited from doing so.

In arguing for a more cautious approach to environmental protection, opponents also point to mistakes that have been made. For example, in the early 1980s, government scientists argued that exposure to asbestos could cause thousands of cancer deaths. Because asbestos was used as insulation in schools and public buildings, parents and others reacted with alarm. In 1985, Congress approved a sweeping law that led cities and states to spend between \$15 billion and \$20 billion to remove asbestos from public buildings. But in 1990, Environmental Protection Agency officials admitted that ripping out the asbestos had been an expensive mistake; the removal often sent tiny asbestos fibers into the air. Now the agency's advice is that, unless asbestos is damaged or crumbling, it be left untouched.

□ Environmental Policies in America

Until the early 1960s, what environmental policies existed focused largely on conservation and the national parks. It was President Richard Nixon who pressed for most of the nation's first environmental legislation. Created in 1970, the **Environmental Protection Agency** (EPA) is now the nation's largest federal regulatory agency. The EPA has a wide-ranging mission; it is charged with administering policies dealing with land use, air and water quality, and wilderness and wildlife preservation.

ENVIRONMENTAL IMPACTS The centerpiece of federal environmental policy is the **National Environmental Policy Act** (NEPA), passed in 1969.³⁶ This law requires government agencies to file an **environmental impact statement** (EIS) with the EPA every time they propose to undertake a policy that is potentially disruptive to the natural environment. The EIS details possible environmental effects of the proposed policy. Big dams and small post offices, major port construction and minor road widening—proposals for all these projects must include an EIS.

Strictly speaking, an environmental impact statement is merely a procedural requirement. In practice, the filing of impact statements alerts environmentalists to proposed projects. Environmentalists can then take agencies to court for violating the act's procedural requirements if the agencies file incomplete or inaccurate impact statements. Because environmental impacts are usually so complicated and difficult to predict, it is relatively easy to argue that the statements are either incomplete or inaccurate in some way. Agencies have often abandoned proposed projects to avoid prolonged court battles with environmental groups.

The law does not give the environmental groups the right to stop any environmentally unsound activities, but it does give them the opportunity to delay construction

so much that agencies simply give up. Chances are that many of the biggest public works projects of the past century—including the Hoover Dam, Kennedy Airport, Cape Canaveral's space facility, and most Tennessee Valley Authority projects—would not have survived the environmental scrutiny to which they would have been subject had they been undertaken after the NEPA was enacted. In any case, the NEPA has been an effective tool in preventing environmental despoliation.

CLEAN AIR Another landmark piece of legislation affecting the environment is the **Clean Air Act of 1970**, which charges the EPA with protecting and improving the quality of the nation's air, to minimize people's exposure to airborne contaminants. Among its provisions is that the Department of Transportation (DOT) undertake to reduce automobile emissions. For years after the act's passage, fierce battles raged between the automakers and the DOT about how stringent the requirements had to be. Automakers claimed it was impossible to meet DOT standards; the DOT claimed that automakers were dragging their feet in the hope that Congress would delay or weaken the requirements. Although Congress did weaken the requirements, the smaller size of American cars, the use of unleaded gasoline, and the lower gas consumption of new cars are all due in large part to DOT regulations.

Over time, Congress has reauthorized the Clean Air Act and significantly increased the controls on cars, oil refineries, chemical plants, and coal-fired utility plants. In particular, the reauthorization in 1990 was the strongest step forward in the fight to clean the air since the bill's original passage. As a result of federal policies, air pollution from toxic organic compounds and sulfur dioxide has decreased substantially since 1970.

CLEAN WATER Congress acted to control pollution of the nation's lakes and rivers with the **Water Pollution Control Act of 1972**. This law was enacted in reaction to the tremendous pollution of Northeastern rivers and the Great Lakes. Since its passage, water quality has improved dramatically. In 1972, only one-third of U.S. lakes and rivers were safe for fishing and drinking. Today, the fraction has doubled to two-thirds. And with less polluted waters, the number of waterfowl has increased substantially.

Nevertheless, federal laws regulate only "point sources"—places where pollutants can be dumped in the water, such as a paper mill along a river. What is hard to regulate is the most important cause of water pollution, "runoff" from streets, roads, fertilized lawns, farms, and service stations.

WILDERNESS PRESERVATION One component of the environment that has received special attention is wilderness—those areas that are largely untouched by human activities. Wilderness preservation is important to biodiversity and for recreational purposes and symbolic reasons as well. The founding of the National Park System in 1916 put the United States in the forefront of wilderness preservation. Among the most consistently successful environmental campaigns have been those aimed at preserving wild lands,³⁷ and there are now 378 national parks and 155 national forests. Still, only about 4 percent of the land in the United States is designated as wilderness, and half of that is in Alaska. The strains of overuse may make it necessary to restrict the public's access to national parks so they may be preserved for future generations. And wilderness areas come under increasing pressure from those, such as logging and mining interests, who stress the economic benefits lost by keeping them intact.

ENDANGERED SPECIES Preserving wilderness areas indirectly helps protect wildlife. National policy protects wildlife in other, more direct ways as well. The **Endangered Species Act of 1973**, for example, created an endangered species protection program in the U.S. Fish and Wildlife Service. More important, the law required the government to actively protect each of the hundreds of species listed as endangered, regardless of the economic consequences for the areas that were the habitats of the species. During the Reagan administration, the act was amended to allow exceptions in cases of overriding national or regional interest. A cabinet-level

Clean Air Act of 1970

The law aimed at combating air pollution, by charging the EPA with protecting and improving the quality of the nation's air.

Water Pollution Control Act of 1972

A law intended to clean up the nation's rivers and lakes by enabling regulation of point sources of pollution.

Endangered Species Act of 1973

A law requiring the federal government to protect all species listed as endangered.

committee, quickly labeled “The God Squad,” was established to decide such cases. As EPA chief William Reilly explained, “The God Squad is a group of people, of which I am a minor divinity, which has the power to blow away a species.”³⁸

Because endangered species are increasingly threatened by expanding human populations and growing demands for development, implementation of the act has often been controversial. Bringing back the wolves in Yellowstone has a certain appeal to many Americans but not to neighboring ranchers. As of 2012, the endangered species list included 987 animal and 645 plant species.³⁹ (For a look at policy issues related to saving a particular species, see “You Are the Policymaker: How Much Should We Do to Save a Species? The Florida Manatee.”)

TOXIC WASTES Long before the environmental movement began, polluters created problems that are still unresolved. For example, during the 1940s and 1950s, Hooker Chemical Company dumped toxic wastes near the shores of the Love Canal in New York. In 1953, the company generously donated a 16-acre plot next to the canal to build a school. In the 1970s, investigators discovered tons of chemicals, some in rotting barrels, and adults were later found to have developed liver, kidney, and other health problems linked to the chemicals. The level of contamination was high, and Hooker Chemical Company had gone out of business. With Love Canal, and the

You Are the Policymaker

How Much Should We Do to Save a Species?

The Florida Manatee

The manatee is a plump, squinty-eyed, walrus-like freshwater mammal, 9 to 10 feet in length and weighing in at about 1,000 pounds. Manatees are friendly and intelligent animals that spend most of the day sleeping in the water, surfacing for air regularly at intervals no greater than 20 minutes and grazing in shallow waters at depths of 3 to 7 feet. They may live up to 60 years. Because manatees cannot survive very long in water below 68 degrees Fahrenheit, Florida is the manatee’s natural winter range. They congregate around warm water springs and man-made sources of warm water such as power plant discharges.

One of the major killers of manatees is the propellers on the thousands of boats in Florida’s lakes and rivers. Biologists even use scar patterns from the propellers to identify individual manatees. Another significant threat is loss of reliable warm water habitats that allow manatees to survive the cold in winter. Natural springs are threatened by increased demands for water supply, and aging power plants may need to be replaced. Sea grass and other aquatic foods that manatees depend on are affected by water pollution.

The manatee is one of the charter members of the endangered species list. They are also protected under the Federal Marine Mammal Protection Act. Thus, two federal laws make it illegal to harm, harass,

injure, or kill manatees. In addition, Florida passed laws, including the Florida Manatee Sanctuary Act, to protect its unique marine mammal.

If a species is on the endangered species list, both the federal and state governments must enact policies to protect its habitat. Nearly one-quarter of Florida’s canals, rivers, and lakes were designated as manatee protection areas. Any construction project had to come to a halt if a manatee appeared within 100 feet and could resume only if the animal left—as the regulation put it—“of its own volition.” Boating was curtailed. Fishing was limited. Canal locks were refitted at a substantial cost.

In this case, then, as often occurs, the Endangered Species Act collided with other interests—economic growth, property rights, and recreational activities. The Coastal Conservation Association of Florida, a pro-fishing group, produced data to show that the manatee population was increasing, and that regulations should be reduced and the habitat restrictions eased. (Environmentalists challenged the data.) Developers wanted more flexibility to develop property. The direct costs of protecting the manatee so far have been more than 10 million dollars. Some people think the money could be better spent.

What do you think? When have we done enough to save a species? How much should we sacrifice to save a species?

SOURCES: U.S. Fish and Wildlife Service, *Federal and State Endangered and Threatened Species Expenditures, Fiscal Year 2010*; Craig Pittman, “Fury over a Gentle Giant,” *Smithsonian Magazine*, February 2004, 55–59.

identification of a huge number of other toxic waste dumps, popular outcry led to action from Washington.⁴⁰

In 1980, Congress established a **Superfund**, a fund to clean up toxic waste sites, created by taxing chemical products. The law that established the fund specified that polluters were responsible for paying for cleanups; the fund was to be used when polluters could not be identified. A controversial retroactive liability provision held companies liable even for legal dumping prior to 1980. The law also contained strict provisions for liability, under which the government could hold a single party liable for cleaning up an entire site that had received waste from many sources.⁴¹

The Comprehensive Environmental Response, Compensation, and Liability Act (the formal name of the Superfund law) has virtually eliminated haphazard dumping of toxic wastes, including through prohibitions and requirements it established, but it has been less successful in cleaning up existing waste. In endless rounds of litigation that ensued, companies facing multimillion-dollar cleanup bills tried to recover some of their costs by suing smaller companies that had contributed to the hazardous waste, and companies fought with their insurers over whether policies written in the early 1980s covered Superfund-related costs.⁴²

The EPA, which administers the Superfund law, has located and analyzed tens of thousands of hazardous waste sites. Cleaning up sites can take many years and cost millions of dollars each. The agency has cleaned more than 1,100 sites, and work is going on at more than 400 additional sites. Nevertheless, there are hundreds of additional sites requiring cleaning in 49 states and the District of Columbia. Originally, a tax on oil and chemical companies funded the Superfund, but the tax expired in 1995. The fund now depends on general revenues, which have been in short supply, slowing the rate of cleanup.

Policies in addition to the Superfund law also require monitoring and regulation of the use and disposal of hazardous wastes. Regulations mandated by the Resource Conservation and Recovery Act of 1977, for example, require “cradle-to-grave” tracking of many toxic chemicals, specify how these chemicals are to be handled while in use or in transit, and prescribe certain disposal techniques.

NUCLEAR WASTE Another serious environmental challenge is the disposal of nuclear waste, such as that from nuclear reactors and the production of nuclear weapons. Nuclear waste must be isolated to protect not only us but also people in the distant future, as these materials can take millennia to decay to the point at which they are safe. Tens of thousands of tons of highly radioactive nuclear waste are sitting in temporary sites around the country, most of them near nuclear power plants. Congress has studied, debated, and fretted for years over where to store the nation’s nuclear waste. In the 1980s, Congress envisioned that spent nuclear fuel would be consolidated and permanently buried. It designated Yucca Mountain in Nevada as the provisional site in 1987. Questions about the safety and cost of the site and the vehement opposition from Nevada’s congressional delegation have delayed the implementation of the plan. Although President Bush signed off on the plan in 2002, President Obama reversed the decision in 2009, and we still have no national storage site in the United States.

Although it is not surprising that no state is eager to have a storage area for nuclear wastes within its boundaries, the problem is that nuclear waste keeps accumulating. Widening opposition to potentially hazardous industrial facilities, such as toxic or nuclear waste dumps, has further complicated environmental policymaking in recent years. Local groups have often successfully organized resistance to planned development, rallying behind the cry, “Not In My Back Yard!”⁴³ The so-called NIMBY phenomenon highlights another difficult dilemma in environmental policy: how can government equitably distribute the costs associated with society’s seemingly endless demand for new technologies, some of which turn out to be environmentally threatening? If, for example, we are to use nuclear power to keep our lights on, the waste it produces must go in someone’s backyard. But whose?

Superfund

A fund created by Congress in 1980 to clean up hazardous waste sites. Money for the fund comes from taxing chemical products.

global warming

The increase in the earth's temperatures that, according to most scientists, is occurring as a result of the carbon dioxide that is produced when fossil fuels are burned collecting in the atmosphere and trapping energy from the sun.

Why It Matters to You

“Nimby”

Most Americans say “NIMBY”—not in my backyard—when government proposes locating unwanted waste dumps, toxic disposal sites, and other unhealthy land uses near their homes. Should government give every neighborhood a veto over having to house wastes? If every community, even sparsely populated areas, had a veto, where would society dispose of its hazardous materials?

□ Global Warming

One of the most intractable and potentially serious environmental issues is **global warming**. When fossil fuels (coal, oil, and natural gas—the remnants of ancient plants and animals) are burned, they produce carbon dioxide. It, along with smaller quantities of methane and other gases, collects in the atmosphere, wrapping the earth in an added layer of insulation and heating the climate. The “greenhouse effect” occurs when energy from the sun is trapped under the atmosphere and warms the earth as a result, much as in a greenhouse. The deforestation of trees capable of absorbing pollutants, mainly carbon dioxide, reinforces this effect.⁴⁴

Most scientists agree that the earth is warming at a rapid rate and will be between 2 and 6 degrees warmer by the year 2100. This may not seem like a major change, but the world is now only 5 to 9 degrees warmer than during the depths of the last ice age, 20,000 years ago. Scientists predict that if the warming trend is not reversed, seas will rise (gobbling up shorelines and displacing millions of people); severe droughts, rainstorms, heat waves, and floods will become more common; and broad shifts in climatic and agricultural zones will occur, bringing famine, disease, and pestilence to some areas.

There is no technology to control carbon emissions, so the principal way to reduce greenhouse gases is to burn less fuel or find alternative sources of energy. In 1992, industrialized countries met in Rio de Janeiro and voluntarily agreed to cut greenhouse gas emissions to 1990 levels by the year 2000. None of the countries came close to meeting these goals. In 1997, 150 nations met in Kyoto, Japan, and agreed in principle to require 38 industrial nations to reduce their emissions of greenhouse gases below 1990 levels by about 2010. Few came close to meeting their goal. President Clinton



Global warming has many consequences, including the melting of polar ice. As a result, polar bears are losing their access to seals, a primary source of food.

never submitted the treaty to the Senate, and President George W. Bush renounced it. Meetings since then have not produced a binding treaty.

Opponents of cutting greenhouse gases fear it will cost a staggering sum. Industries that have to adjust their emissions may become less competitive and jobs may be lost as a result. Moreover, the costs of taking action are immediate, but carbon dioxide lingers in the atmosphere for over 100 years, so the benefits of reductions would not be felt for decades.

Disputes have arisen between industrialized and developing nations over distributing the burden of cutting greenhouse gas emissions. The former group argues that developing nations produce more emissions per dollar of gross domestic product than do developed countries. The latter counters that the rich countries got rich by burning coal and oil and still produce most of the emissions today. (The United States alone, with only 4 percent of the world's population, produces more than 20 percent of the gases that cause global warming.) Thus, the developing nations argue, developed nations should bear most of the burden of reducing global warming. The developing nations also point out that in many cases they are the ones who would be hurt most by climate changes and that they are hard-pressed enough as it is.

In addition, not everyone is convinced that the earth's warming is the result of greenhouse gases. Some politicians in the United States believe that scientific support for the global warming hypothesis is weak. Senator James Inhofe of Oklahoma has called global warming "the greatest hoax ever perpetrated on the American people." Scientific uncertainty in a technological age undermines efforts to deal with problems caused by technology.

President Obama has proposed to stem carbon dioxide emissions through a market-based cap-and-trade system in which the government sets a mandatory cap on emissions and then issues companies or other groups credits for a certain amount of emissions. Companies that need to increase their emission allowance must buy credits from those who pollute less. In effect, the buyer is paying a charge for polluting, while the seller is being rewarded for having reduced emissions by more than was needed. Thus, in theory, those who can reduce emissions most cheaply will do so, achieving the pollution reduction at the lowest cost to society. The goal is to encourage the development of the most innovative and efficient means of limiting emissions without inhibiting economic growth. An early example of an emission trading system was the sulphur dioxide trading system under the framework of the Acid Rain Program of the 1990 Clean Air Act, which has reduced these emissions by 50 percent since 1980. Several states, led by California, have set up emissions trading systems.

Some critics of cap and trade worry that it leaves too much to chance and that it is too difficult to hold polluters accountable. Others argue that the costs of emissions controls will be passed on to consumers in the form of higher energy costs, amounting to a tax on all energy use. Such a tax increase, they claim, could lead to a loss of jobs and an erosion of the American family's budget.

As a result of the conflicting views regarding global warming and the burden of reducing it, little progress has been made in the United States. The issues and problems become even more apparent when we look at energy policy.

Why It Matters to You

Global Warming

Many scientists believe that global warming will have dire consequences for the entire world. Because of its advanced economic system, the United States produces a larger quantity of greenhouse gases per person than does any other nation. At the same time, no one can force the United States to reduce its emissions. What are our responsibilities to other peoples? How much cost, if any, should the American people bear to benefit the rest of the world, as well as the United States?

Energy Policy

17.3 Evaluate the advantages and disadvantages of each of the principal sources of energy in the United States.

Modern American society depends on the availability of abundant energy. Yet energy use is tied to emission of pollutants and greenhouse gases, and America's energy resources are limited. The challenge of sustaining Americans' standard of living and accustomed patterns of life in the face of both these sets of issues presents policymakers with thorny problems to resolve.

Once Americans used wood, animals, water, and people power for energy. Today 82 percent of the nation's energy comes from coal, oil, and natural gas (see Figure 17.2). Americans search continually for new and more efficient sources of energy, both to increase supplies and to reduce pollution. Much of this research on new energy sources and efficiencies comes from the federal government.

□ Coal

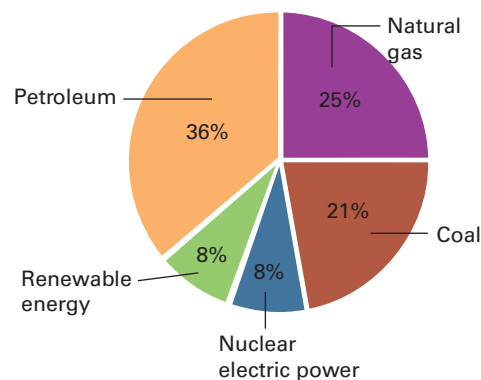
Coal is America's most abundant fuel. An estimated 90 percent of the country's energy resources are in coal deposits—enough to last hundreds of years. Coal accounts for 21 percent of the energy Americans use, and it produces about half of America's electricity.⁴⁵ Although coal may be the nation's most plentiful fuel, unfortunately it is also the dirtiest. It contributes to global warming and smog, and it is responsible for the “black lung” health hazard to coal miners and for the soot-blackened cities of the Northeast. In addition, the burning of coal to produce electricity is largely responsible for acid rain.

□ Petroleum and Natural Gas

In many ways the lifeblood of America's economy, petroleum, or oil, currently supplies 36 percent of our total energy needs and almost all the fuel we use in our cars and trucks.⁴⁶ Natural gas produces 25 percent of our electricity.⁴⁷ Natural gas and petroleum are somewhat cleaner than coal, but they both contribute to global warming. In addition, transporting oil can result in spills that cause serious environmental damage, and refining oil pollutes the air. Moreover, we import nearly half of the oil we use (see Figure 17.3). In payment for imported oil, the United States sends enormous amounts of cash to other nations, increasing its balance of trade deficit, and, as some of these

FIGURE 17.2 SOURCES OF AMERICA'S ENERGY

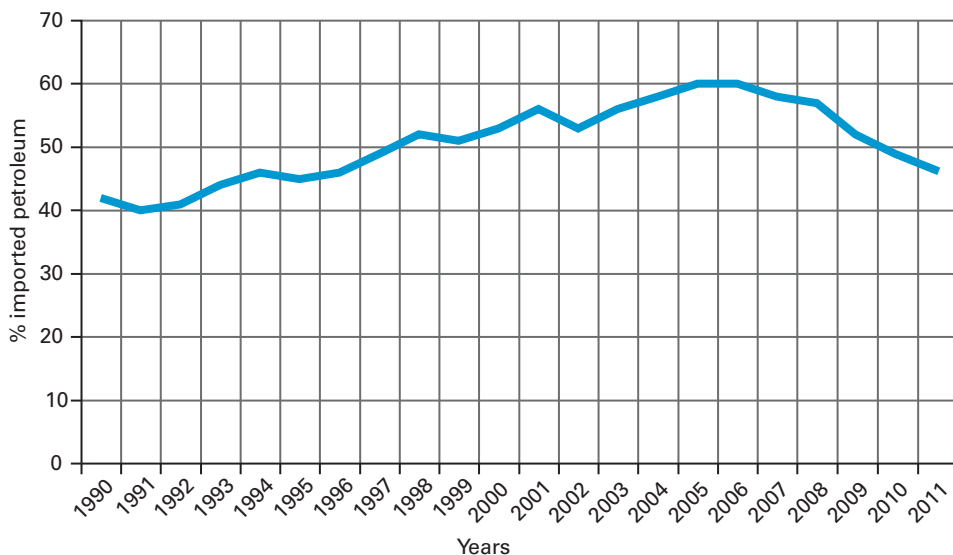
Despite the technological advances of society, America still relies on traditional sources for its energy: coal, oil, and natural gas. Coal generates nearly half of our electricity; oil fuels our cars, trucks, and planes. Only 8 percent of our energy comes from renewable sources, mainly hydroelectric and geothermal power.



SOURCE: Energy Information Agency, 2012.

FIGURE 17.3 IMPORTING PETROLEUM

In a single generation, the United States moved from supplying most of its petroleum needs to importing 60 percent and then back to importing less than half of its petroleum and petroleum products.



SOURCE: U.S. Energy Information, *Monthly Energy Review*, June 2012, Table 3.3a.

nations are not too friendly to the United States, helping to fund potential adversaries. Finally, in today's world many countries compete for oil, and, in particular, surging economic growth in China and India is increasing demand and hence prices.

Dependence on foreign oil also places the United States at the mercy of actions of other nations. Much of the world's natural oil reserves are in Russia and in Middle Eastern countries—countries on which the United States cannot necessarily rely for dependable supplies of fuel. When the United States supported Israel in the Yom Kippur War in 1973, Arab nations proclaimed an embargo on oil shipments to the United States. High prices, which hurt the economy, and long lines at the gas pump resulted. When Iraq invaded oil-rich Kuwait in 1990, the United States went to war to drive the Iraqis out and deny them the possibility of controlling another 10 percent of the world's oil supply.

In the event that the United States is confronted with a serious disruption in oil supplies today, the Strategic Petroleum Reserve, which was established following the embargo, can provide an emergency supply of crude oil. The reserve, maintained by the Department of Energy, consists of oil that is stockpiled in underground salt caverns along the Gulf of Mexico coastline. In addition, the Department of Energy maintains an emergency supply of heating oil for consumers in the Northeast, who depend on this fuel for much of their heating needs. Two million barrels of this heating oil are stored in commercial terminals and can be released quickly should severe weather or other emergencies create life-threatening shortages.

One way to minimize the effects of an oil supply disruption is to ensure that our domestic production of oil is maintained. Remaining U.S. oil fields are becoming increasingly costly to produce because much of the easy-to-find oil has already been recovered. Yet, for every barrel of oil that flows from U.S. fields, nearly two barrels remain in the ground. Higher oil prices encourage the development of technology to find and produce much of this “left-behind” oil.

Oil exploration on public lands and offshore in coastal waters also has potential to increase America's oil supplies. However, this drilling also raises issues of environmental protection. Energy companies and environmentalists have battled over Alaska's reserves for years, stalling drilling there. In 2010, President Obama announced opening large areas of the American coastline to offshore drilling.

Two months later, an offshore oil rig exploded in the Gulf of Mexico, setting off the largest oil spill in history. It is clear that regulators in the Department of Interior had failed to do their jobs and that BP, the operator of the well, had not followed industry standards. The Obama administration quickly reorganized the bureaucracy dealing with offshore drilling, but this could not prevent environmental damage from the spilled oil. By 2011, the Gulf was again open for deep water drilling.

In 2011 a decision regarding a proposal to build the Keystone Pipeline System to transport oil from the Athabasca Oil Sands in northeastern Alberta, Canada, to several destinations in the United States came to a head. Although most people welcomed the prospect of new oil supplies, many landowners and environmentalists opposed the route of the pipeline. The U.S. Department of State in 2010 extended the deadline for federal agencies to decide if the pipeline is in the national interest, and in November 2011, President Obama postponed the decision until 2013.

In recent years, energy companies have employed a process called hydraulic fracturing, or “fracking,” to create fractures in a rock layer with pressurized fluids to release petroleum, natural gas, and coal seam gas. These efforts have produced more petroleum and gas, but they have come under scrutiny because of concerns about the environment, health, and safety. Critics worry about the contamination of groundwater, risks to air quality, the potential migration of gases and hydraulic fracturing chemicals to the surface, and the potential mishandling of waste. Government at all levels is just starting to deal with the consequences of this new technology.

□ Nuclear Energy

The most controversial energy source is nuclear power. During the 1940s and 1950s, Americans were convinced that the technology that had ended World War II could be

Point to Ponder

Effectively conserving energy (and limiting greenhouse gas emissions) requires sacrifices by every citizen.

Do you think Americans will be willing to make such sacrifices?



made to serve peaceful purposes. Nuclear scientists spoke enthusiastically about harnessing the atom to produce electricity that would be “too cheap to meter.” These claims, however, were met with increasing skepticism in the light both of huge cost overruns in the construction of nuclear power plants and of the accidents at Three Mile Island and Chernobyl, in 1979 and 1986, respectively. Perhaps the most significant blow of all to the nuclear power industry was the wave of environmental concern that developed in the late 1960s.⁴⁸ Environmentalists opposed nuclear power because of radiation leaks in the mining, transportation, and use of atomic fuel; because of the enormous problem of nuclear waste disposal; and because of the inherent difficulty of regulating such complex technology. No new nuclear power plants have been started in the United States since 1978, and almost all those under construction at that time have been abandoned at huge financial loss.⁴⁹

Nevertheless, defenders of nuclear energy continued to argue that burning coal and oil to generate electricity blackens miners’ lungs, causes acid rain that defoliates forests and kills lakes, adds to global warming, and creates other problems. And in recent years, the high price of gasoline and heating fuel and concerns over global warming have encouraged a reconsideration of nuclear power. Leaders of both political parties and the American public support increasing the percentage of electricity produced by nuclear energy from the current 20 percent.⁵⁰

Nuclear power received a setback in 2011, however, when an earthquake-generated tsunami damaged several nuclear reactors in Fukushima, Japan. At the very least, it will be years before the percentage of electricity in the United States produced by nuclear power increases substantially.

□ Renewable Sources of Energy

Renewable energy sources include water, wind, the sun, geothermal sources, hydrogen, and biomass. Using water to drive turbines, hydroelectric power facilities in the United States generate about 6 percent of our electricity. Wind power, harnessed with modern windmills, generates about 1 percent of our electricity and is one of the nation’s fastest-growing sources of energy. Biomass power is obtained from plants and plant-derived materials and can be used to produce electricity (biopower) and liquid fuels (biofuels). It also generates about 1 percent of the electricity in the United States.⁵¹ However, although they may ultimately play a significant role, the contribution of renewable sources of energy to America’s energy supply is likely to remain small for the foreseeable future.

Understanding Health Care, Environmental, and Energy Policy

17.4

Assess the role of democratic politics in making health care, environmental, and energy policy and the effect of these policies on the scope of government.

H health care, environmental, and energy issues have at least three things in common. First, they involve human health and welfare and thus are highly salient to both the public and policymakers. Second, they are highly technical areas in which ordinary people are ill equipped to make policy. Finally, dealing with them requires expanding the scope of government.

□ Democracy, Health Care, and Environmental Policy

High-tech issues, more than any others, strain the limits of public participation in a democracy. Whether it be the ethical issues raised by machines and devices that can keep patients alive indefinitely or the threats to public safety inherent in an accident at a nuclear power plant, governments are constantly called on to make decisions that

involve tremendously complex technologies. Does unavoidable ignorance about complex technological issues involved in health care and environmental and energy policy mean that citizens cannot participate effectively in the public policy debates on these areas of policy?

Most Americans do not want to leave these issues to “experts” to decide, and they do not. When the president proposes complex health care reform, the public takes a stand. When there are tradeoffs to be made between economic growth and clean air, average citizens express their opinions. Sometimes these opinions are ill-informed, but democracy, as we have seen, is often a messy business. In addition, the public often relies on group representation to help them out with technical issues. Interest groups—associations of professionals and citizens—play an active role in making the complicated decisions that will affect Americans for generations and thus help translate public opinion into policy.

□ The Scope of Government and Health Care, Environmental, and Energy Policy

In the area of health care, the scope of the federal government has grown. Medicare for the elderly, Medicaid for the poor, and tax subsidies for employer-provided health insurance are large, expensive public policies. Adding prescription drug coverage for the elderly was a huge increase in the cost of governmentally supported medicine. The health care reform bill passed in 2010 added yet further government responsibilities to ensure that all American have access to health care and to regulate private health insurance companies. Nonetheless, health care policy is the most important single policy difference between the United States and other industrialized democracies. We have a mixed, mostly private system; many other industrialized democracies have an almost entirely public one.

Similarly, in the past three decades, concerns for environmental protection have placed additional demands on the federal government. Volumes of regulations and billions of dollars spent on environmental protection have enlarged the scope of government’s environmental policy. Responding to the issue of global warming will require yet more regulations. Developing and protecting sources of energy also requires government subsidies, and sometimes even war. Moreover, pollution, a byproduct of energy use, raises issues of government protection of the nation’s health and environment. It would be convenient to ignore these policy demands, but the public expects the government to act.

Review the Chapter



Listen to **Chapter 17** on MyPoliSciLab

Health Care Policy

- 17.1** Outline the problems of health care in America and the role of government in health care, p. 581.

America's health costs are both extremely high and increasing at a rapid rate. The health care system provides few incentives for controlling costs, and Americans who can afford it demand the most advanced care. There are severe inequalities in health care and hence in health in America. Insurance has been mainly obtainable as a benefit from employers, and many poor and working-class Americans, uninsured or underinsured, have been relegated to an inferior health care system. The government provides health care for the elderly and the poor through Medicare and Medicaid, and since the reforms of 2010, intended to increase access and help control costs, it provides subsidies for health insurance to small businesses and individuals.

Environmental Policy

- 17.2** Analyze the conflicts between economic growth and environmental protection, and identify the major national environmental protection policies, p. 592.

Environmental concerns often conflict with equally legitimate concerns about economic growth and jobs. Interest groups advocating environmental protection now play a critical role in environmental policymaking. The Environmental Protection Agency is charged with administering policies dealing with land use, air and water quality, and wilderness and wildlife preservation. The National Environmental Policy Act requires the federal government to file an environmental impact statement with the EPA every time it proposes to undertake a policy that is potentially disruptive to the environment. The Clean Air Act charges the EPA with protecting and improving the quality of the nation's air, while the Water Pollution Control Act aims to clean the nation's water. Yet other policies, such as the Endangered Species Act, seek to preserve wilderness areas and wildlife. The disposal of toxic wastes, including nuclear waste, continues to challenge policymakers, although the Superfund has helped to clean up toxic waste sites. Global warming is another intractable issue, as there is disagreement over the role of carbon emissions in warming the earth and there is no agreed-upon approach to controlling them.

Energy Policy

- 17.3** Evaluate the advantages and disadvantages of each of the principal sources of energy in the United States, p. 600.

Coal is America's most abundant fuel and produces nearly half our electricity, but it is the dirtiest source of energy. Petroleum supplies most of our motor fuel, and natural gas produces over a fifth of our electricity. Although they are somewhat cleaner than coal, they both contribute to global warming, and drilling, transporting, and refining of oil and gas are also sources of pollution. Moreover, the United States is dependent on other nations to supply much of its oil and gas. Nuclear power is clean and provides more than a fifth of our electricity. However, many question its safety, and the storage of nuclear waste has proven to be an intractable problem. Renewable energy sources, including water, wind, solar, geothermal, hydrogen, and biomass, will probably play an important role at some point, but for the foreseeable future, their contribution to America's energy supply is likely to remain small.

Understanding Health Care, Environmental, and Energy Policy

- 17.4** Assess the role of democratic politics in making health care, environmental, and energy policy and the effect of these policies on the scope of government, p. 603.

High-tech issues strain the limits of public participation in a democracy, but most Americans do not leave these issues to "experts" to decide. The public often relies on group representation to help them out with technical issues.

The scope of the federal government has grown as it has provided health care for the elderly, the poor, and, more recently, those who simply cannot afford health insurance. Health is the most rapidly growing public policy and poses a long-term challenge for budgeters. Similarly, concerns for environmental protection have placed additional demands on the federal government, increasing its regulatory reach. The public also expects the government to ensure a sufficient supply of energy and to deal with its polluting by products.

Learn the Terms



Study and Review the Flashcards

health maintenance organization, p. 585
Medicare, p. 588
Medicaid, p. 589
national health insurance, p. 589
Environmental Protection Agency, p. 594

National Environmental Policy Act, p. 594
environmental impact statements, p. 594
Clean Air Act of 1970, p. 595
Water Pollution Control Act of 1972, p. 595

Endangered Species Act of 1973, p. 595
Superfund, p. 597
global warming, p. 598

Test Yourself



Study and Review the Practice Tests

- Which of the following is a reason health care in the United States is so costly compared to health care in other countries?
 - Americans visit the doctor more frequently than do citizens of other nations.
 - Americans spend more time in the hospital than do citizens of other nations.
 - Americans have access to fewer health facilities than do citizens of other nations.
 - Americans have fewer incentives to contain health costs care than do officials of other nations.
 - Americans have coverage for a greater proportion of their population than do citizens of other nations.
- Access to health care in the United States is most commonly tied to employment.
True_____ False_____
- Compare and contrast Medicare and Medicaid. How is each of these programs funded, and how are the two programs threatened by increased health care costs?
- Briefly discuss presidents' efforts to reform health care in the United States, beginning with Harry Truman's effort of over 60 years ago. What problems have these reform efforts attempted to solve? In your opinion, can government reform of health care solve these problems? Why or why not?
- How have environmental impact statements been an important tool in preventing environmental despoliation?
 - by restricting businesses from undertaking any project that would negatively affect the environment
 - by alerting environmentalists to projects that might negatively affect the environment
 - by ensuring that projects follow EPA guidelines for avoiding environmental damage
 - by giving Congress a means to more effectively oversee environmental policy
 - all of the above

6. The federal government's attempts to combat air pollution include market-based solutions, such as trading emissions credits.

True_____ False_____

7. Why do economic growth and environmental protection come into conflict? How does the textbook illustrate that economic growth and environmental protection can both be pursued? What are some examples of policies that might promote both economic growth and environmental protection?

8. In your estimation, what is the biggest environmental problem facing the United States in the twenty-first century? What are some steps the federal government has taken thus far to address this problem, and what remains to be done? Based on what you have learned from the textbook, what type of solution seems most promising?

9. Which of the following statements is correct?

- Like natural gas and petroleum, nuclear power contributes to global warming.
- The United States imports most of the oil it uses.
- Coal is America's most abundant fuel.
- Renewable sources of energy provide about one-fifth of the country's electricity.
- Fracking is a method for handling meltdowns of nuclear reactors.

10. Pick two sources of energy and assess their advantages and disadvantages in terms of both the economics of their use and the environment. In your opinion, which source of energy available to the United States holds the most promise to continue strong economic growth while protecting the environment? Explain your answer.

- 11.** Which of the following statements is false?
- Medical care is a principal cause of the growth of government in recent years.
 - Environmental protection policies place new demands on government as well as polluters.
 - Interest groups play critical roles in health, energy, and environmental policymaking.
 - Most Americans are content to let experts decide high-tech issues.
 - High-tech issues strain the limits of participation in a democracy.
- 12.** Does the complex nature of health care, environmental, and energy policies necessarily undermine public participation in these policy debates? Why or why not?
- 13.** How have health care, environmental, and energy policies each contributed to the growth in the scope of government in recent years? Do you think these policies inevitably lead to a larger government? Explain your answer.

Explore Further

WEB SITES

www.kff.org

Kaiser Family Foundation Web site, with excellent studies of health care–related issues.

www.cms.gov

Centers for Medicare and Medicaid Services Web site, with information on the two largest government health programs.

www.epa.gov

Official site for the Environmental Protection Agency, which provides information on policies and current environmental issues.

www.sierraclub.org

Web site for the Sierra Club, one of the most active environmental protection organizations.

www.epa.gov/superfund/

Environmental Protection Agency information about toxic waste sites and their cleanup.

www.epa.gov/climatechange/

Environmental Protection Agency information on climate change.

www.eia.doe.gov

The best source of information on energy sources, consumption, and policy.

www.fws.gov

U.S. Fish and Wildlife Service, the protector of endangered species.

energy.gov

U.S. Department of Energy Web site, featuring information on a wide range of energy-related topics.

FURTHER READING

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Yergin, Daniel. *The Quest: Energy, Security, and the Remaking of the Modern World.* New York: Penguin Press, 2011. A gripping account of the quest for sustainable sources of energy.