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Op-Ed Columnist

Obama's Trust Problem

By **PAUL KRUGMAN**

According to news reports, the Obama administration — which seemed, over the weekend, to be backing away from the “public option” for health insurance — is shocked and surprised at the furious reaction from progressives.

Well, I'm shocked and surprised at their shock and surprise.

A backlash in the progressive base — which pushed President Obama over the top in the Democratic primary and played a major role in his general election victory — has been building for months. The fight over the public option involves real policy substance, but it's also a proxy for broader questions about the president's priorities and overall approach.

The idea of letting individuals buy insurance from a government-run plan was introduced in 2007 by Jacob Hacker of Yale, was picked up by John Edwards during the Democratic primary, and became part of the original Obama health care plan.

One purpose of the public option is to save money. Experience with Medicare suggests that a government-run plan would have lower costs than private insurers; in addition, it would introduce more competition and keep premiums down.

And let's be clear: the supposed alternative, nonprofit co-ops, is a sham. That's not just my opinion; it's what the market says: stocks of health insurance companies soared on news that the Gang of Six senators trying to negotiate a bipartisan approach to health reform were dropping the public plan. Clearly, investors believe that co-ops would offer little real competition to private insurers.

Also, and importantly, the public option offered a way to reconcile differing views among Democrats. Until the idea of the public option came along, a significant faction within the party rejected anything short of true single-payer, Medicare-for-all reform, viewing anything less as perpetuating the flaws of our current system. The public option, which would force insurance companies to prove their usefulness or fade away, settled some of those qualms.

That said, it's possible to have universal coverage without a public option — several European nations do it — and some who want a public option might be willing to forgo it if they had confidence in the overall health care strategy. Unfortunately, the president's behavior in office has undermined that confidence.

On the issue of health care itself, the inspiring figure progressives thought they had elected comes across, far too often, as a dry technocrat who talks of “bending the curve” but has only recently begun to make the moral case for reform. Mr. Obama's explanations of his plan have gotten clearer, but he still seems unable to settle on a simple, pithy formula; his speeches and op-eds still read as if they were written by a committee.

Meanwhile, on such fraught questions as torture and indefinite detention, the president has dismayed progressives with his reluctance to challenge or change Bush administration policy.

And then there's the matter of the banks.

I don't know if administration officials realize just how much damage they've done themselves with their kid-gloves treatment of the financial industry, just how badly the spectacle of government supported institutions paying giant bonuses is playing. But I've had many conversations with people who voted for Mr. Obama, yet dismiss the stimulus as a total waste of money. When I press them, it turns out that they're really angry about the bailouts rather than the stimulus — but that's a distinction lost on most voters.

So there's a growing sense among progressives that they have, as my colleague Frank Rich suggests, been punked. And that's why the mixed signals on the public option created such an uproar.

Now, politics is the art of the possible. Mr. Obama was never going to get everything his supporters wanted.

But there's a point at which realism shades over into weakness, and progressives increasingly feel that the administration is on the wrong side of that line. It seems as if there is nothing Republicans can do that will draw an administration rebuke: Senator Charles E. Grassley feeds the death panel smear, warning that reform will “pull the plug on grandma,” and two days later the White House declares that it's still committed to working with him.

It's hard to avoid the sense that Mr. Obama has wasted months trying to appease people who can't be appeased, and who take every concession as a sign that he can be rolled.

Indeed, no sooner were there reports that the administration might accept co-ops as an alternative to the public option than G.O.P. leaders announced that co-ops, too, were unacceptable.

So progressives are now in revolt. Mr. Obama took their trust for granted, and in the process lost it. And now he needs to win it back.

David Brooks is off today.

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