

Ideal time for health-care reform

By DAVID CAPLOE
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WHY are General Motors and the rest of the chronically ailing American car industry seeking bailout money originally appropriated for Wall Street?

Simple. Treasury Secretary Henry Paulson's plan is little more than a no-strings-attached handout for corporations that created the current crisis in the first place. And Detroit, like Wall Street, has enough political clout to stake its claim to that handout.

While that bid seems unsuccessful for the moment, the ensuing debate – bailout versus bankruptcy – illustrates the faulty thinking responsible for the mess now unfolding in the United States economy.

Even proponents of a car industry bailout acknowledge that a major reason for the industry's problems is its decades-long rejection of environmental imperatives obvious to carmakers in other countries. Consequently, many of them acknowledge that any bailout must be premised on a commitment by carmakers to stop opposing – and start embracing – environmental factors in their design engineering.

Given how easily Wall Street has used the Paulson money for its own enrichment, rather than unfreezing credit markets, the expectation that Detroit will behave responsibly looks naive at best.

Those who advocate bankruptcy for the car companies – especially Republicans – say the biggest problem is the huge health-care costs that unions have imposed on the industry. Bankruptcy would enable carmakers to emulate a strategy worked to perfection by the airlines: Use the bankruptcy process to escape obligations entailed by union contracts.

This barren “debate” between naively fuzzy bailout proponents and cynically hard-hearted bankruptcy advocates indicates the low level of public discourse in the US. Is there a way out? Is there a strategy that combines the obvious necessity for any future US car industry to make environmental concerns central to its entire approach, while simultaneously preserving its existing commitment to quality health care for all workers?

In fact, there is. But it will require genuinely new thinking among American elites – and not just in Detroit and Wall Street, but also in Washington.

While environmental considerations are crucial in the long run, the immediate problem is health care. Put bluntly, the carmakers' crisis makes it clear that the time has long past when any individual US company can be expected to be accountable for the health care of its employees. If they are responsible – as the union has forced the Big Three companies to be – they end up suffering significant cost disadvantages vis-a-vis less conscientious competitors.

In this context, the crisis in the car industry provides an ideal opportunity for the incoming Obama administration to step away from one major failed Democratic policy of the past: indulging Detroit's often absurd whims largely because it was one of the few American industries where unions had power and credibility.

Instead, it should cut the Gordian knot and realise that now is the time to introduce an American version of the Canadian-style single-payer health-care system. Once US carmakers are freed from the weight of current and legacy health-care costs, they can become partners with environmentally conscious engineers and other experts to develop a realistic and comprehensive plan for a US transportation industry that is sustainable both economically and ecologically.

And who better to oversee this process – whether as Secretary of Transportation or energy “czar” – than Nobel laureate Al Gore?

Incoming Obama administration chief of staff Rahm Emanuel has famously Americanised the ancient Chinese insight that crises are also opportunities: “Rule One: Never Allow A Crisis To Go To Waste.” Well, the car industry crisis gives the administration an opportunity to act on this insight.

It is by now a truism that Americans simultaneously spend more per capita on health care than any other advanced industrialised country, while receiving measurably worse results. The carmakers' crisis provides the ideal moment to introduce long-overdue “change” to the whole US political economy.

The writer is CEO of the Singapore-incorporated American Centre for Applied Liberal Arts and Humanities in Asia.