



Episode 877: Why the Health Care Bill Failed, and What It Means for the Future

Guest: Dan McCarthy

WOODS: Thank heavens for Facebook — said no one ever. But honestly, though, it's because of Facebook that I found about your article in *The National Interest* that I liked a lot. I wanted to get this episode out as quickly as possible while this is still live, because it sounds to me as if Trump is saying, Well, you had your chance to repeal Obamacare and you had your chance with this Paul Ryan bill, and it didn't pass so I'm moving on to other things and you're stuck with Obamacare. There's something that's quite — I don't know. It's almost like a tantrum going on here. "If I don't get my bill, then Obamacare's staying and it's what you rotten people deserve."

So you wrote an article for *The National Interest* called "The Simple Reason the GOP Health Care Bill Failed." There are a lot of details I want to get into, but tell me: what's the simple reason that it failed?

MCCARTHY: It's basically that the Republican Party doesn't have clear leadership right now, and Donald Trump was elected, I think, in order to provide that leadership, but so far he hasn't mastered the politics of his situation. He hasn't decided on a sort of definite direction for his own philosophy. And as a result, his critics are having an easy time taking him apart and I think his allies are having a hard time defending him, and within Congress each faction is kind of out for itself.

WOODS: So what do you think now happens with this so-called Freedom Caucus? Do you think they're going to carry on, or do you think some of them are going to be cowed by Trump? He's been making threats against them. And the funny thing is, by the way, I've been reading articles about how Trump is frustrated with the extreme wing of the party, and of course the funny thing is if you were to judge from the coverage on a lot of left-wing or even mainstream sites, Trump is the extreme wing. He's literally Hitler. How could there be — So there's been no subtlety in the coverage of Trump or the Republican Party. But now people like Rand Paul and Thomas Massie are forcing some subtlety. There is actually a difference. These are not all the same people. And sometimes the left looks at the right, and they look at Bob Dole, Rush Limbaugh, Steve Bannon, Donald Trump, and Dan McCarthy, and they see one person. [laughing] And it's not one person.

MCCARTHY: Oh, that's absolutely right. Progressives and establishment reporters and so forth have a total misunderstanding of the right, and they'll look at these radically different groups and just bundle them all together — and then of course just label them all as racists, right? One problem that the left has right now is, having labeled so

many people with pejoratives like racist and fascist, that when you actually do have radical groups pop up on the right, it's very hard for anyone who's used to hearing the left crying wolf to take anything seriously.

WOODS: So tell me about this Freedom Caucus and if it's a flash in the pan, or if this is likely to be the thorn in Trump's side that is now going to ossify into his permanent opposition.

MCCARTHY: Well, this was a baptism of fire with the Freedom Caucus, and they really passed. The Freedom Caucus has certain members, like Justin Amash, for example, and Thomas Massie from Kentucky, who are pretty hardline and quite libertarian in their outlooks. But it also has a number of members who are not quite as ideologically firm, and yet when push came to shove, most of the membership stayed with the hardliners, with the people who had sort of stiff backbones rather than defecting.

Now, they have had some repercussions in the days since the pulling of the bill. So you see, for example, that Ted Poe, a Republican from Texas, has left the Freedom Caucus because he said they're not capable of governing, and you know, Poe had supported the legislation that most of his colleagues opposed. So he's now deserted their ranks. But I think the Freedom Caucus as a whole is greatly strengthened by this. They've shown that they can work as a team, that they have solidarity, and that they can resist tremendous political pressure.

WOODS: By the way, can you tell me why, when the vice president was trying to push this American Health Care Act or whatever it was called, why he went to Kentucky in particular? I mean, okay, I get that Mitch McConnell is in Kentucky, but there's another person in Kentucky who's rather influential and that's Rand Paul, who had his own bill. Did that have anything to do with that, or was that just random? I mean, Kentucky seems like an odd state to pick out.

MCCARTHY: Oh, it had everything to do with it. Rand Paul really put pressure on the administration and on Paul Ryan's leadership in the House right from the beginning. So basically, Paul Ryan was concocting this American Health Care Act completely in secret. He was not sharing the bill even with most members of the Republican Caucus, let alone with other Republicans outside of the House. And so Rand Paul went to the Congress, went to the House, looked around and said, Where's the bill? Where can I look at it? Where is it having a public viewing? And of course he was shuffled around and they wouldn't let him see it. So Rand Paul from the Senate — and the bill never got anywhere near the Senate — but Rand Paul from the Senate was already an outspoken critic of what was going on.

And as a result, it was very important to Paul Ryan and to the administration, it seems like, to put a lot of pressure on Rand Paul and to try to get him to shut up. And also on Thomas Massie as well, who was another — he's from the House, but he's also from Kentucky and was going to be a staunch opponent. In fact, Thomas Massie tweeted out a very funny thing. He said, "I'm sorry, this is going to disappoint some of my fans, but I've changed my position on the American Health Care Act." And people are thinking, Oh no, what does this mean? Now he's going to vote for it. No, he was changing his vote from "No" to "Hell No."

WOODS: Yeah, that was pretty good, I have to hand it to him. And then he actually got some pushback on his Twitter feed from people who were saying for the good of the country he should support the bill. And some of these were – I mean, I could have spent all day responding to these people, because Massie had put out these fairly erudite tweets from time to time about executive power and the executive threatening the Congress – of course not like that's anything new. I mean, Lyndon Johnson did plenty of that. But that doesn't make it a good thing, and Massie was warning about it, saying this is not how a republic is supposed to operate. And people were attacking him for that, but I was really pleased to see it. It was really great.

Now, March 25th – so that would have been Saturday – Trump tweeted out on his own account the following, with no commentary: "Watch @JudgeJeanine on @FoxNews tonight at 9:00 PM." That was all he tweeted. That night – did you watch that? I don't watch that show. Did you watch that?

MCCARTHY: I didn't watch it, but I saw the coverage afterwards, yeah.

WOODS: Yeah, because she opened up with: Paul Ryan needs to step down. And she went on this tear against him, and Trump obviously had to know that was coming. What do you make of that?

MCCARTHY: Well, the other thing that was significant was that all along, Breitbart was strongly opposed to the American Health Care Act, and they've been calling it Ryancare and they've been calling for Ryan to step down or be challenged as Speaker. So it's clear to me that a lot of hardcore Trump supporters and a lot of the kind of nationalist right that's behind Trump has all along been very critical of this bill. This is really Paul Ryan's bill more than it is President Trump's bill, and the question is whether President Trump understood that from the beginning, whether he simply said, I'll agree to let Paul Ryan and his boys come up with the policies on health care and we're going to do some other things, or whether he was more invested in this.

And he does seem to be kind of upset by the defeat, but I think he's actually been saved from an embarrassment here. I think if you look at what expanding sort of health care entitlements did to both Obama and to George W. Bush politically – Bush had Medicare Part D and Obama had Obamacare – Obamacare led to the Democrats losing the House and the Senate within less than a year. Medicare Part D was basically the beginning of what's been a long-lasting Republican civil war between the establishment and sort of House Freedom Caucus types. So Trump is very lucky that his name is not attached to this bill and that Trumpcare is not going to be an issue in the 2018 midterms.

WOODS: Yeah, I actually agree with that. It's actually good for him, in a way, that this didn't pass. But at the same time, it is bad for him because of the perception. The perception is this is a guy who seemed invincible, in the sense that he did all these things that nobody thought he could get away with in the campaign. He got away with them and he won. Nobody thought that would happen. Then in his first couple of weeks, he's tearing up the place. He's clamping down on different executive agencies. He's overturning this and abolishing that. It just seemed – Oh my gosh, his supporters tried to tell us that he was just joking about some of this stuff and he's dead serious.

And now his first major legislative initiative and it blows up in his face. That's got to be a bad thing.

But in your article you say, "President Trump, meanwhile, precisely because he may not be very interested in health-care policy, has not lost a fight that he needed to win, no matter what the Washington press corps says."

Okay, elaborate on that. How big of a — it will be like *The McLaughlin Group*. On a scale of 0 to 10, 0 being no damage, 10 being, as McLaughlin would say, metaphysical damage, where on that scale has the failure of the passage of that act damaged his agenda going ahead from here?

MCCARTHY: I'd say this law itself and the fact that it was defeated would rank about a 3 or a 4. I mean, by itself it's a pretty small deal. The bigger problem is that it shows that Trump doesn't know how to deal with Paul Ryan, whether to keep him, whether to defer to him, whether to get rid of him and try to create a truly Trumpian Republican Congress. That's the fundamental question, and until that's resolved, I think the party's going to be adrift and neither the White House nor the House of Representatives is going to be really leading the agenda here. So there is a long-term hazard here.

What I don't think is hazardous for Trump, however, is voters from the last election are going to ask themselves, Well, gosh, didn't we elect this guy just in order to repeal or replace Obamacare with absolutely anything at all, even if it was simply Obamacare Light, which is what the Ryan bill was. Are voters really going to look themselves in the face and say, Oh, gosh, he's betrayed us because he has not passed Obamacare Light. I don't think anyone's going to do that. I think everyone's going to look at this and say Obamacare was a disaster, it's still a disaster, but we are going to be selective about what we replace it with. We want something that's actually good and better; we don't just want any old bill that's going to pass because Paul Ryan decided to put it together.

WOODS: Do you know where this bill came from in the sense that — were the drafters from any particular think-tank? I actually never looked into that.

MCCARTHY: You know, I have not looked into it in particular, but it's sort of based on one of the older bills that had been passed by the House as a futile measure during the Obama years and they knew that it would get vetoed. So it's kind of a Frankenstein's monster of different kind of interests and different compromises put together to have a bill that is kind of plausible as a replacement for Obamacare but that really doesn't satisfy any particular group to such an extent that they'd want to die in a trench for it. I think that's one of the key reasons it got defeated.

WOODS: Then secondly, why would Trump be working so closely with Paul Ryan, whom he has to at some level not trust and who has spoken very badly about him, and I'm sure in his heart of hearts he thinks Ryan is a wonk of the worst sort? So why is he latching himself on to Ryan? Is this a mystery or do we have any hint as to what's going on here?

MCCARTHY: No, unfortunately, I think what you've just said is actually the complete explanation. It's that Paul Ryan is a wonk. You have pretty deep-seated think-tanks and lobbyists and others who really know how Washington works, and there's nobody on the Trump team who has that kind of knowledge. The closest you get is someone like Reince Priebus, and of course he's not considered the most ideologically dependable of the sort of Trump team. So the people who are more ideologically dependable around Trump, or at least who are more personally loyal to Trump, they don't have the experience or the background knowledge to craft legislation and to work their way through the politics of D.C., and the people who do have that specialized knowledge are people who are not at all on board with the Trump agenda, or what was advertised as the Trump agenda during the 2016 campaign.

So that's where the problem comes from, that basically either the Trump administration needs to slow down, needs to find personnel who actually are philosophically aligned with the president and who can in fact create legislation and create policy, or he needs to do something completely different. I mean, maybe he needs to look at new think-tanks and what not. But certainly, right now what you have is that basically the heart of the administration is the Trumpian heart, but the head of the administration is all this think-tank wonkery that's been in D.C. for the last generation.

WOODS: Yeah, it's just crazy, even though he basically ran his campaign as if he was thumbing his nose at those people the whole time, and then to act as if, well, in the last resort I really do need them – I don't know, I feel like he could have – I could have recommended some people [laughing]. I mean, really. Now, you say in your article here in *The National Interest* that the Republican Party is "institutionally ungovernable" in its present form. I want to hear you elaborate on that.

MCCARTHY: Well, I mean, it could be one of two or maybe three kinds of different parties. It could either be a party that simply seeks to hold office and that is the same as the Democrats but just has a different label attached to it. And that's viable, right? There's a lot of times in our history where politics has been divided between sort of Pepsi and Coke; it hasn't been a matter of having real, serious, substantial policy differences.

Or the Republican Party could be a philosophically focused party. It could be a party that really wants to change the country. And if it's going to be that kind of party, it has to decide what kind of change and what kind of direction it's going to lead the country in. And that could be a very anti-statist, libertarian, decentralized direction. It could be a kind of Buchananite and nationalistic direction. Or it could be conceivably something else. But you can't have a party that is unable to decide whether it simply wants to hold office or whether it wants to be philosophically focused, and that to the extent that it has any philosophy, it isn't clear what that philosophy is.

And that's where you are right now, and basically the Paul Ryan types, and even for that matter the George W. Bush types earlier, their approach has been to say, Well, we're going to try to have it both ways. We're going to try to have a little bit of ideology that's going to alienate some moderates, but that's okay because we're going to try to cut deals with them. We'll give them Medicare Part D or other things, and

even if that alienates some of our conservatives, that's okay too. And we'll hold on to power, but we'll claim to be upholding principle at the same time. And I think that's the one formula that does not work.

WOODS: I want to talk about something for a moment other than the health care issue. I want to talk just overall about your impressions of Trump in these first several months, because certainly there have been some surprises in things that he's done and directions he's taken. The foreign policy direction is not impressive, in my opinion.

And it's been interesting to read, actually, Pat Buchanan's columns that have generally been linked by Drudge — as if Drudge is saying to Trump, "You've got to read this." And I'm quite sure that Bannon is reading them, but yet I can't tell that based on what's coming out of the White House. Buchanan will write these columns about, Look, there's no reason for us to be hostile toward Iran. There's no reason to let John McCain formulate foreign policy, talking about NATO and Montenegro, for heaven's sake. And I — speaking to a friend who I think would be in a position to know, I have a feeling that Pat is writing those columns in effect as memos to the White House. Like, stay on focus. Do not let these people derail you. Don't let yourself derail you from what was a winning formula. And that's basically what I think is happening here. What are your thoughts?

MCCARTHY: That's exactly right. And you know, Pat is a professional who's gone through the Nixon White House and the Reagan White House. He knows what it's like to serve under a president who is vehemently opposed not only by the press, but also by powerful factions within his own party. So Pat is someone who understands not just the policy and he's not only a very principled person, although all of that is true. Pat is also someone who understands the politics of this as well and the kinds of battles and the kinds of ambushes that a president is going to be subject to.

So Pat is really, I think, a uniquely valuable resource for people like Steve Bannon and for the president himself to be reading, and to the extent that they heed his advice, I think they'll find that they're more successful than they otherwise would be. And Pat has been talking about these themes that Trump made central to his campaign for decades, and if you want to see a Trumpian agenda or a sort of Bannon-nationalist agenda, I think Pat Buchanan is the person you should look to first of all, because he's been in the battlefields, in the trenches, working out these views and fighting their opponents and getting them across.

These first few months of the Trump administration, you know, I think a lot of it is not surprising to me in terms of not being a dramatic break or as dramatic a break from politics as usual as we might have hoped for, simply because it takes time to turn around this massive bureaucracy and this massive federal leviathan that we have. So Trump comes to office; he has a mandate of sorts — I think he actually has a powerful mandate based on his results in the Electoral College. But he doesn't have the personnel; he doesn't have a large team of sort of think-tank experts and policymakers and others, or even a big, sort of long-term dedicated bloc within Congress that could help him craft this agenda and push it forward.

So I was expecting there to be missteps and difficulties and a degree of disappointment in the first few months here, and I don't think we've entered a sort of

danger zone yet. I don't think we've sort of seen a betrayal of the revolution as yet. I think what we're seeing is that there's a steep, steep learning curve, and I'm hoping that if Trump takes the right lessons from this about the inability of Paul Ryan to push legislation through and the inability of Paul Ryan to concoct legislation that serves the interests of the president's voters, then I'm hoping we'll see some big changes in the future. But there are going to be a lot of battles like this and there are going to be a lot of outcomes that are going to be kind of surprising to everyone. And that's what it takes to change the way Washington works, which is so engrained and so established. It's not something that will be altered in an afternoon.

WOODS: I'm still disappointed with the foreign policy direction. Now, I had Phil Giraldi on and he's a little bit more favorable towards some of the foreign policy appointments than I've been so far. But even taking something like how they're dealing with North Korea, I mean, I feel like the stakes are pretty high here. I would not be treating this like a bull in a china shop. There are very, very high stakes. I sure hope there are some surprising back-channel negotiations going on that I don't know about, because it just — That and the fact that major neocons like Elliott Abrams almost got appointments. They only turned against Elliott Abrams when he found out that Abrams had spoken badly about him. All right, well, that's reason number 727 to be against him. He represents everything Trump is supposed to oppose, which is why the problem with him, I'll say again, is that he's just a completely unsystematic thinker. I mean, he's not a dummy, as some people think, but he's unsystematic. If he was really thinking through foreign policy, Elliott Abrams wouldn't have been within a thousand miles of the White House.

MCCARTHY: And it's one thing if the president himself is unsystematic, but someone within his administration, someone within his inner circle has to be able to provide that systematic thought that the president himself might not be inclined to provide. And that again I think is a warning sign right here, because the neocons and, in general, people who have a non-Trumpian view of the Republican Party, they've got a lot of expertise; they've got a lot of money; they've got a lot of resumes that are a foot and a half long showing all of their former government service.

So it's very easy for someone like Elliott Abrams to come along and say, Look, I served the Reagan administration. I know how the Department of Defense works. Therefore, I — or the Department of State. It's easy for him to say that he should therefore be a shoo-in, and it really takes not just the right kind of instincts, but you have to have a certain degree of ingrained knowledge about D.C. and who these characters are in order to say, No, wait a minute. Quite apart from your opposition to me in the campaign, I know who you are going back 30 years and you're not the kind of person who should be serving in my administration.

WOODS: You have a really interesting comment in the *National Interest* article where you gave the thought experiment: suppose, getting back to health care, that Trump had trumpeted a really bold bill. Now, that bold bill could have been something a la Rand Paul, a very free-market oriented thing that would have been bold and unexpected. Or it could have been something that was more directly and obviously aimed at the pragmatists in this debate or whatever. But if it had been something bold and clear and had taken — where he was obviously taking sides and he was rolling the dice and taking a risk — you say that "it's possible that the House GOP middle would

have gone along with it," simply thinking, well, Trump must know something about politics that we don't, so we're going to go ahead and go with this.

And if it had failed, then maybe — let's say it was a Rand Paul-style bill that failed — then the right wing could say, Well, look, he did the best he could. He had a decent bill. He did his best to ram it through. You've got to give him props for that. But instead, he's left with this wreckage of a bill that no one ever really was passionate about. So it's just a blunder on every level, in other words.

MCCARTHY: Yeah, that's right. If you take a firm direction, even if it winds up that you get defeated, nevertheless, people respect you. Everyone has respect — even an honorable enemy respects someone who gives his best on the battlefield and gets defeated. It's when you go on the battlefield and it's not clear what you're fighting for or why or who the real general is that you wind up with a situation that is just disgraceful all around. And I fear that that's exactly the position that the president got maneuvered into here, that Paul Ryan sort of dazzled the president and the administration with the idea that he's a wonk and that he controls Congress and that he can push anything through and that it's going to be satisfactory to Republicans in general if we just replace Obamacare with anything whatsoever. And on all those points, Ryan was completely wrong.

And the whole point of the Trump revolution during the last election was that Trump didn't listen to Washington insiders, he did not listen to the political professionals and the consultants. He did things his way. He took on as consultants people who are considered to be very sort of déclassé or just objectionable within D.C. elite circles. And he succeeded with all of that. And now it seems as if, as president, he's wanting to rely on some of the people who were always opposed to him, basically either outspokenly or internally, during the last election, and that's leading predictably to confusion and chaos and disasters.

WOODS: I asked Doug Wead, who's the author of a recent book on the election, what he thought Trump needed to accomplish in order to get reelected in 2020, and his answer sort of surprised me. I thought he was going to say he had to build the wall or this or that. Now, you're saying that the health care bill, particularly in this form, is not an absolute must-have. Do you think there is an absolute must-do that he's got to get done in order to be a plausible candidate for reelection?

MCCARTHY: Yes, he has to show results for Rustbelt America, and however he gets those results, whatever he does in order to make sure that employment is improving, that life expectancy for the white working class is improving, that is his objective, because if he can't show the voters of Ohio and Wisconsin that they were justified in taking the risk in voting for him, they will turn him out. They'll vote for Bernie Sanders next time.

WOODS: Well, Dan, I appreciate your time today. I feel like — I would actually like to talk to you for about three hours, but I'm glad I was able to get you, for those of you listening to this on — let's see, I guess Monday, the 27th. We actually recorded this on a Sunday night, which I never do for family reasons, but I thought, Dan's article's got to be read. I really liked it. I got some good perspective on it. And who knows, given how swiftly Trump moves, it's quite possible that health care could be a distant memory as

soon as 72 hours from now, so I wanted to have you on to talk about that. So I'm linking to your article at TomWoods.com/877, which is our show notes page for today. And you're one of my most trusted voices when it comes to making sense of what's going on in the White House, so I hope we can have you on again soon to help us figure out what is going on.

MCCARTHY: Thanks, Tom. I appreciate it and I look forward to coming back.