

# Califano Exits HEW in Classic Form

The secretary who angered the physicians, the hospitals, and the tobacco lobby annoyed Jimmy Carter, too

Joseph Califano, Jr., fired from his position as Secretary of Health, Education, and Welfare (HEW) on 19 July, had a persistent problem with the Carter Administration: he made enemies around the country, and failed to make friends where it mattered—in the White House. He made enemies because he carried out his official duties in an aggressive way that nearly always cast his adversaries as moral inferiors. He had trouble at the White House because this attitude carried over, in a slightly muted form, into internal debates.

It was characteristic of Califano that he should leave office engaged in a public brawl with his boss. At his last press conference, Califano said the President was letting him go for two reasons: "friction between certain members of the White House staff and the need to get the Cabinet and the Administration ready for the 1980 election." In Califano's view, politics was to blame, and not his personal record. Califano did not describe the political problems, but neither he nor his assistants have sought to correct stories in the popular media linking Califano's departure with problems he is causing the Administration in the South. His antismoking campaign deeply offended the tobacco states, and his vigorous drive to desegregate southern state university systems provoked a strong backlash in North Carolina. White House chief of staff Hamilton Jordan has said that these stories and Califano's version of his firing are "at variance with the truth." None of the participants is willing to say anything more at this point.

A more significant question is whether Califano accomplished much in 30 months at HEW. Heading this department is probably the most demanding job in the federal government after serving as President. No other agency enjoys so little glory, and none must answer to such a variety of strong-willed interest groups. Only the national budgets of the United States and the Soviet Union are larger than HEW's.

One measure of leadership is the rec-

ord of legislative achievement. Here Califano is open to criticism, for, as former HEW Secretary Wilbur Cohen put it, "his batting average was terrible." The most ambitious social projects of the Carter Administration were entrusted to Califano. Welfare reform, national health insurance, and health care reform were the first priorities. None has passed Congress yet, and the outlook is uncertain even for the watered-down versions of Califano's proposals that may come up for a floor vote this year.

Cohen said of Califano: "He was supposed to be the one guy in the Cabinet who had all the savvy, but it ended up that he didn't." The only major social legislation that passed Congress was the bill to amend the Social Security Act in

rektor of one of these new divisions—the health care financing administration—so slow-moving that he fired him shortly after recruiting him and replaced him with someone who promised to be more active. The managerial changes injected a degree of excitement and activity not present at HEW before—accomplishments which cannot be indexed.

One quantifiable aspect of the Califano drive for efficiency, however, was the campaign to stop fraud and abuse in social aid programs. In a farewell memo to the staff dated 26 July, Califano listed some of the savings HEW achieved in the last 2 years. The department has filed \$5.5 million in claims for restitution in connection with fees charged by unethical physicians, pharmacists, and other

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1977, raising the payroll tax in order to keep the system afloat. Part of the reason for legislative stagnation, of course, is that President Carter announced that he would balance the federal budget by 1981, meaning that he would make little new money available for social programs. Thus, he offered little enticement for congressional action.

Because he knew from the outset that funds would be scarce, Califano emphasized the managerial aspects of the job when he came into office. He told a reporter in 1977 "I'd like to demonstrate to the American people that HEW can be managed. . . . The importance of that is to show that we can make investments in social services . . . and that government can indeed do a lot of these things." In the name of efficiency, Califano reorganized the department into five operating divisions and installed new people of his own choosing in all the key posts. Typically, he found Robert Derzon, the di-

providers of health care. Califano claimed to have saved \$34 million in the Medicaid program alone in 1979; \$222 million in the basic educational grant program by screening out ineligible; \$115 million in the guaranteed student loan program by collaring delinquent loan recipients and making them pay; and \$90 million in the program for aid to families with dependent children by eliminating overpayments. The memo is full of similar boasts, which, although they may be exaggerated to flatter the boss, reflect a genuine change in the way the department does business. No one denies that the wheels spun faster under Califano than before.

The impact of all this on the research agencies in HEW was not dramatic, except in one instance. The Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA) underwent a major and quite traumatic reorganization under Califano's direction. The chiefs of all

three ADAMHA institutes were replaced, a flood of internal allegations of corruption leaked to the press, and the mechanism of basic research financing was redesigned to do away with potential conflicts of interest between donors and recipients of grants. Califano stood behind the effort of the new administrator of ADAMHA, Gerald Klerman, to create a grant approval system like the peer review process used at the National Institutes of Health (NIH) (*Science*, 11 May 1979).

Califano made few changes in the other institutes. He retained President Ford's appointee, Donald Fredrickson, as director of NIH, and made the somewhat unorthodox decision to name a nonphysician, Donald Kennedy, to head the Food and Drug Administration (FDA). That choice proved to be a solid, although short-lived, success. Kennedy recently quit to become provost of Stanford University.

The same week that he was being hustled out of HEW, Califano had the department publish a set of revised "health research principles," designed to help budget planners in deciding how to allocate a limited amount of money among competing areas of basic research funded by HEW. Later this year, in October if the schedule is kept, NIH is supposed to produce a document explaining how these very broad principles will be put into practice. That will be a controversial decision, and, with Califano gone, it may not be made for some time.

When *Science* asked Califano about his accomplishments, he did not stress the details of his managerial improvements but spoke instead of the familiar big themes of this Administration. He said that he thought he had done important work as an educator in insisting that people see health care as a booming and profitable industry, and that they rely more on themselves to practice preventive care at home. In out-of-town speeches, he said, he invariably cited two sets of statistics, one giving the inflation rate for hospital costs, and the other giving the declining rates of inoculation in the United States against childhood diseases. He cited with pride a speech made early in his term, at the convention of the American Medical Association in 1977. It was the one in which he told the physicians that their profession was part of "a big business . . . a very costly industry . . . virtually noncompetitive . . . poorly distributed" and unfair to the poor.

When challenged about the preachiness of his style, as in the antismoking drive, Califano replied: "What do you do

when every responsible doctor is saying that cigarettes are the number-one health problem in the nation? It's not a matter of telling people what to do. We live in a consumer society. The tobacco industry spends \$800 million a year on cigarette advertising; you see it everywhere. What tools do I have to get the message out?" Tobacco industry lobbyists, he claimed, even tried to "knock out" an appropriation for a limited amount of antismoking education proposed by HEW. Califano felt he had no choice but to speak up himself. He considered it part of the job to proselytize on other health issues, he said, such as alcoholism, teenage pregnancy, and childhood inoculations. "You have to say it 19 different ways so the cab driver understands. . . ."

Califano believes that he made another contribution in opening up decisions on important health care and biomedical research issues to public scrutiny. He specifically mentioned the review of the swine flu vaccination problem and the decision to issue guidelines for research on recombinant DNA, both of which benefited from having nonspecialists in on the action. The precedent for involving the public in scientific decisions has been established at HEW, Califano said, and it will endure.

Finally, Califano claimed to have brought talented people to the department and set a high standard of performance. He was particularly proud of the officials appointed to HEW's ten regional offices. One of them, the director of the Chicago region, was appointed over the objections of Representative Dan Rostenkowski (D-Ill.), who had asked to have a personal friend named to the post. Califano's refusal to do so caused problems for HEW's hospital cost control bill, which was stalled for a time in Rostenkowski's health subcommittee. Califano said that, despite these problems, he would not do anything differently today. He added that Rostenkowski's candidate for the Chicago region was the same man who won a contract for snow removal in Chicago from Michael Bilandic, the ex-mayor. Bilandic was defeated last year because of his inept and allegedly corrupt handling of snow removal.

Califano's greatest disappointment, was his inability to get major health legislation through Congress. He conceded that he had underestimated several things: "the financial power of the hospital industry," and "the extent to which closing hospitals is like closing post offices" in terms of injuring local pride, and "the length of time necessary to mount a major educational campaign."

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## Sex and Science

Affirmative action has done very little to neutralize sexism in science, according to Anne Briscoe of the Association for Women in Science (AWIS). In fact, she said, it was not until the mid-1970's that the proportion of women in most fields had climbed back to the level achieved in the 1920's.

Briscoe, testifying at a hearing held by Senator Edward M. Kennedy (D-Mass.), said that most women are still "triple A's"—assistants, associates, and adjuncts. She said affirmative action goals are being ignored, bypassed, and unenforced—"in academia and the government, affirmative action has neither diminished sexism nor lowered any standards nor created reverse discrimination. . . ." She stated that "only in industry has there been any increase in the employment of women, this being at the entry level." This, however, does not mean a great deal since women comprise 1.9 percent of the scientific work force in the private sector.

Briscoe remarked that the most noteworthy improvement in the status of women has been in consulting positions: the proportion of women on public advisory committees related to research funding rose from 2.9 percent in 1971 to 20.5 percent in 1977. This, she said, was the result of a lawsuit by AWIS and other women's groups against the Secretary of Health, Education, and Welfare.

Eleanor Smeal, president of the National Organization for Women, testified that the fact that 90 percent of physicians and health administrators are men "has had devastating effects on women's health care and their participation in the medical professions." She said that only 3 percent of dentists are women, even though women are well suited for the profession because they have small hands and dentistry permits flexible hours for women who also have families to tend to. "I think we could probably take over the profession if we were allowed to," as has been the case in Scandinavia. She said the same generalization applied in the field of obstetrics and gynecology.

The hearings, on "women in health and science," also publicized the difficulties divorcées and widows have in

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There was little help from the White House during the first year, and by the second, "two intense lobbies [the hospitals and the physicians] were working very strongly, congressman-by-congressman," to stop the Administration's bill.

Califano still thinks it would be irresponsible to enact a national health insurance plan without first installing cost controls. But he favors a generous approach to health insurance. In late 1977 and early 1978, he said, "I got very concerned about a push out of the OMB to back off the basic Carter com-



Joseph Califano, Jr.

mitment" for a comprehensive insurance bill. "Hale Champion [the undersecretary] and I went over to the White House . . . and laid out the politics," arguing that the Administration was about to make a political blunder. They spent an hour with Hamilton Jordan, one of only 2 hours Califano said he spent with Jordan in 30 months at HEW. "Jordan was instrumental in getting it back on track, even though he was not interested in the substantive issues."

One of Califano's sharpest critics on the left, Wilbur Cohen, said that the Administration made a tactical mistake in its campaign for social legislation by starting with the most difficult problem of all—welfare. Only 10 percent of the population is affected by these programs, Cohen said, but everyone is interested in health care. The Administration might have accomplished more if it had proposed a national health plan first, with cost control as an element, and then later moved on to welfare. It was a "mistaken political judgment" to attack cost and ef-

iciency first, he said, because this provided no positive benefit as a quid pro quo in attracting congressional votes. Cohen holds Califano responsible for leading the President down the wrong path. He does credit Califano and Carter for having "great courage" in raising Social Security taxes, however. But then he said Califano made another blunder in recommending a cutback of Social Security and disability benefits last year.

In the matter of personal style, Califano is often criticized for enjoying the limelight too much and even for stealing publicity from the President. Betty Duskin of the National Council of Senior Citizens (NCSC) mentioned an incident that occurred this summer that seemed typical of Califano's technique. Duskin said that the proposed cutbacks in Social Security benefits endorsed by Califano brought intense political heat on the Carter Administration from groups like the NCSC. It became clear that the cuts would have to be abandoned, and she argued that Califano should have tested the political waters more carefully before urging the President to propose the cut. Rather than let the White House take credit for restoring the Social Security benefits, she said, Califano wrote a memo recommending on his own authority that the cuts be rescinded. When staffers at the White House learned of this, they were furious and sought to have Califano recall the memo. Instead, Duskin said, Califano leaked it to the *Los Angeles Times*, which ran a story on 15 June on Califano's proposed generosity.

Robert Ball, former director of the Social Security Administration under John Kennedy and Lyndon Johnson and a senior scholar at the Institute of Medicine, said: "Joe's style is to be a shaker-upper and not an institution builder. Although there was a lot of activity when he was at HEW, a fellow like that is apt to leave a place with not much in the way of permanent improvement." One tangible change, Ball said, is that Califano combined the Medicare and Medicaid systems under one office, on the theory that the poorly run Medicaid system would be improved by turning it over to the efficient Medicare staff. Ball was not sure that even this was a change for the better: "What you may get is an average," a slightly better Medicaid system joined to a significantly weakened Medicare. He called Califano brilliant, hard-working, knowledgeable, and well intentioned. However, he thought that Califano's aggressive manner and centralized management may have done as much harm as good to HEW.

Peter Libassi, Califano's departing general counsel at HEW, described himself as an avowed partisan of his former boss. Under Califano, Libassi said, HEW cleared out a great backlog of policy decisions that previous administrations had left untouched because they seemed too prickly. Among them were regulations for the protection of the handicapped, published under Califano 3 years after passage of the law; guidelines on the use of federal funds for sterilization and abortion; criteria for the desegregation of southern state universities (Georgia, Florida, Arkansas, Oklahoma, and Virginia found them satisfactory, but not North Carolina); guidelines for recombinant DNA research; age discrimination regulations; and day-care regulations, the subject of a 10-year-old war in the day-care community, unresolved until this Administration.

Libassi said Califano was "totally unreasonable in his demands . . . his deadlines were too short, he gave us too much work, he couldn't say no to a problem," but "I never performed so well." He gave an example. When the recombinant DNA controversy came up, Libassi said, he took the research guidelines recommended by NIH scientists to Califano for him to sign. "Much to my surprise," Libassi recalled, "Joe said, 'No, absolutely not. Libassi, I want you to hold public hearings, get all these people in, find out what they want and then come back and tell me where everybody stands.'" Libassi couldn't see what the fuss was about, but when he held the hearings he learned that "the policies I had urged him to sign were not sound. They were fine scientifically, but they provided no procedures by which issues could be openly debated and resolved. I was not sensitive to the political nature of the problem." Libassi concluded: "If Joe had taken my advice and signed the first set of DNA guidelines, I wouldn't be known as someone who did a good job on DNA today."

Califano is widely credited with having made HEW live up to a standard of excellence, and his appointees were perhaps the most talented single cohort in the Carter Administration. However, after only a couple of years of wrestling with the bureaucracy, many of them have now fled to prestigious law firms, foundations, and universities. When one examines the department that the new secretary, Patricia Roberts Harris, will inherit, one senses that Califano's best and brightest may have had only the most fleeting impact on the intractable problems HEW has been given to manage.—ELIOT MARSHALL