

## Catastrophic illness insurance: is nothing better than something?

The greatest health-care controversy in the nation's capital these days revolves around the definition of a single word: catastrophe. Lawmakers disagree vehemently over who and what should be covered under a national catastrophic illness insurance plan.

Ed Howard of Upper Marlboro, Md., thinks he knows what a catastrophe is. He is living through one.

In 1983 his wife was stricken with cancer. In the year before she died he spent \$17,000 for her care. His four insurance policies paid \$64. "My own health has deteriorated," he testified before the Senate Aging Committee. Howard had a stroke, a liver disorder and a leg amputated. His care is uncovered by Medicare and insurance. His life savings is almost exhausted.

Howard's nightmare is one that haunts the nation's elderly. Since President Reagan in February endorsed a national catastrophic insurance plan, calling it "that last full measure of security for America's elderly," the level of

biartisan support has increased to the point that it's no longer a matter of whether such a bill will pass, but when.

Critics of the administration's plan say it would not give people like Howard much relief. Authored by Health and Human Services Secretary Otis Bowen, the plan would pay for long hospital stays. For an optional \$4.92 monthly premium participants would pay no more than \$2,000 a year for hospital care.

But the plan would not address the bankrupting potential of long-term health care. Less than 1 percent of the Medicare population requires extended hospital stays costing more than \$2,000.

A far greater number of people suffer from ailments, like Alzheimer's disease, that require long-term residential nursing care or expensive lifelong medication, neither of which is covered by Medicare—or the Bowen plan. Nor does the plan help the nation's 37 million uninsured people under 64, or the 200 million underinsured.

Critics of the Bowen plan have also pointed out that its funding mechanism is so regressive that just paying the increased premiums would constitute a near catastrophe for the many elderly on meager fixed incomes.

of "elite democracy"—many voters opted to fill the 25 blank spaces on their ballots with "Cory's candidates" in the national election for 24 senate seats and the one district house seat.

But administration favorites and the predominantly aging vets of the right-wing opposition ticket were not the only participants in this latest political battle. For the first time in almost 40 years a significant left-wing force joined the fray. The ANP—consisting of the Party of the People, the New Patriotic Alliance, Volunteers for Popular Democracy and smaller local and national organizations—ran seven senate candidates and supported two of the administration's. It also supported or ran candidates in many of the 200 district house races. (Fifty other house seats are appointed by the president.)

That the Alliance did poorly in the senate contests was not surprising. It was inexperienced, underfunded and susceptible to red-baiting owing to its radical politics and the past ties of its candidates to the revolutionary movement. The Alliance also suffered from Aquino's Peoples Power (LABAN) coalition monopoly on the simple "anti-fascist" vote.

More disappointing for the left was its poor performance in the races for the house and the continued domination of personality-oriented rather than issue-oriented campaigns in the national contest. Members of the Alliance expected to win at least 15 and perhaps as many as 40 of the house seats available in the election. It will be some time before the official results are in, but it's already clear that left

A bill the House Ways and Means Committee recently passed would address that complaint. Introduced by Rep. Peter Stark (D-CA), this bill would fund catastrophic illness care with premiums based on a sliding income scale.

There's an element of skepticism among some observers as the hearings progress. "This excitement and momentum is more of an incumbency protection act than anything else," scoffs Jack Christy of the American Association of Retired Persons. "It's not aimed at protection of the elderly."

Stark, like Bowen, has been criticized for describing his plan as one that would truly protect the elderly from the cost of catastrophic illness. He says he'd like to support something more comprehensive, but there's no way such a bill would get through Congress.

Christy thinks nothing at all might be better than what he considers the Band-Aid approach proposed by Bowen and Stark. "I don't think we have to buy what they're selling or just foreclose," he says. "The forces that are making catastrophic [insurance] appealing to the public are not going to dissipate."

—Tracy L. Barnett

and left-leaning candidates independent of the Aquino coalition won few if any seats.

The fact that so many candidates depended on personalities, famous faces, catchy slogans and jingles and the historic troika of "guns, goons and gold" during the campaign was disappointing not only to the left's independent candidates, but also to some of the LABAN slate's more thoughtful candidates. Augusto Sanchez was one such candidate. The former minister of labor was named to the senate slate a short while after Aquino accepted his forced resignation from the cabinet for his left-of-center views.

"In some ways the campaign was worse than even the old traditional politics," said Sanchez shortly before the election. "I would have thought that issues would have mattered more than personalities and money. They didn't."

Aquino's victory brings with it responsibilities and new challenges. With a virtual restoration of constitutional rule—all that's left to do is elect mayors, governors and other local officials later this year—the president has no more excuses for not implementing needed reforms.

Should the government fail, it will create new opportunities for the left, which, despite its electoral setback, retains a grassroots network, especially in the poorest communities in the countryside and some cities. Whether the left will be able to take advantage of potential openings remains to be seen.

—James B. Goodno

## Coup in Fiji

Good news for the U.S. nuclear fleet in the South Pacific. The left-leaning coalition of Fijian Prime Minister Tiomoci Bavadra, voted into office April 12, was overthrown in a military coup d'etat on May 14. (As *In These Times* went to press it had not been determined how Fiji's post-coup government would be constructed.) The deposed Bavadra government had pledged itself to a non-aligned foreign policy and was proposing, as New Zealand's Labour government has done, to ban the nuclear-armed U.S. Navy. Pacific watchers had been predicting that these policies would have a significant impact throughout the South Pacific, according to *The Guardian* of London. And the Institute for Policy Studies, a left-wing Washington think tank, has obtained through a Freedom of Information request the U.S. Information Agency's 1986 "General Statement—East Asia and Pacific Program." The document discusses what the U.S. perceives as the "crippling" effects of New Zealand's anti-nuclear example. "The questions that are raised with New Zealand are central to our relations with all South Pacific countries," says the document. "Other nations will find it difficult to resist pressures to emulate the New Zealand example. Australia and smaller Pacific states including Fiji [which was then under the U.S.-aligned government that lost the April 12 election] and Papua New Guinea are concerned about the implications of the New Zealand policy." As far as the U.S. is concerned, Fiji is in safe hands again. According to *New York Times* correspondent Nicholas D. Kristof, the officer who led the coup, Lt. Col. Sitiveni Rabuka, has since "criticized the non-aligned foreign policy of Dr. Bavadra's government" and "sounded more conservative and pro-Western."

## Was the U.S. involved?

On April 30, two weeks before the Fiji coup, Vernon Walters, retired general, former deputy director of the CIA and current U.N. ambassador, began a three-day visit to Fiji. His visit was part of a month-long tour of the South Pacific. According to Mike Munro of the *New Zealand Herald* in Auckland there is "lots of speculation about what he was doing in Fiji" but "not much is known." The *New Zealand Herald* reported that on April 19, Bill Sutton, a member of New Zealand's parliament, told a regional Labour Party conference: "Wherever that character [Walters] travels around the world there always seems to be a transfer of power from a democratically elected government to a military junta." The U.S. Embassy in Wellington, New Zealand, has denied any U.S. involvement in the coup. Sutton says that the situation would be clearer if the U.S. would denounce the military takeover.

## Vernon Walters speaks

At a 1980 "Colloquium on Covert Action" in Washington, then-CIA Deputy Director Vernon Walters gave a paper on "political and propaganda covert action." He said: "When a nation decides that the actions of another nation...constitute a serious threat to the interests of that first nation...it then seeks to weaken its adversary and defuse the threat...." The retired general spoke from experience. Walters was involved in the 1953 U.S.-backed Iranian *putsch* that put the Shah in power. And according to Louis Wolf and William Vornberger writing in *Covert Action*, "The elected government [of Brazilian President] Joao Goulart was overthrown [in 1964] with the help of U.S. military attache Vernon Walters and the CIA, bringing to power the ruthless Castelo Branco dictatorship."

## Contra sleaze

In 1986 Robert Owen, Lt. Col. Oliver North's bagman, sent a memo to North criticizing the contra leadership. According to a May 21 *New York Times* report by Stephen Engelberg, Owen wrote that former Coca-Cola bottler and contra strongman Adolfo Calero had surrounded himself with aides who were "liars and greed-and-power motivated." This war has become a business to many of them. There is still a belief the Marines are going to have to invade, so let's get set so we will automatically be the ones put into power." Owen said that if the U.S. officials "[think] they control Calero, they also have another thing coming. The question should be asked does Calero manipulate the [U.S. government]? On several occasions, the answer is yes...." Owen wrote that giving aid to the contras without making improvements in their leadership "will be like pouring money down the sinkhole.... Things will not get better, they will get worse. The heavy hand of the gringo is needed."

## How Aquino won

MANILA—Like a prize boxer, Philippine President Corazon Aquino keeps emerging from ferocious battles not only victorious but apparently unscathed and stronger than ever.

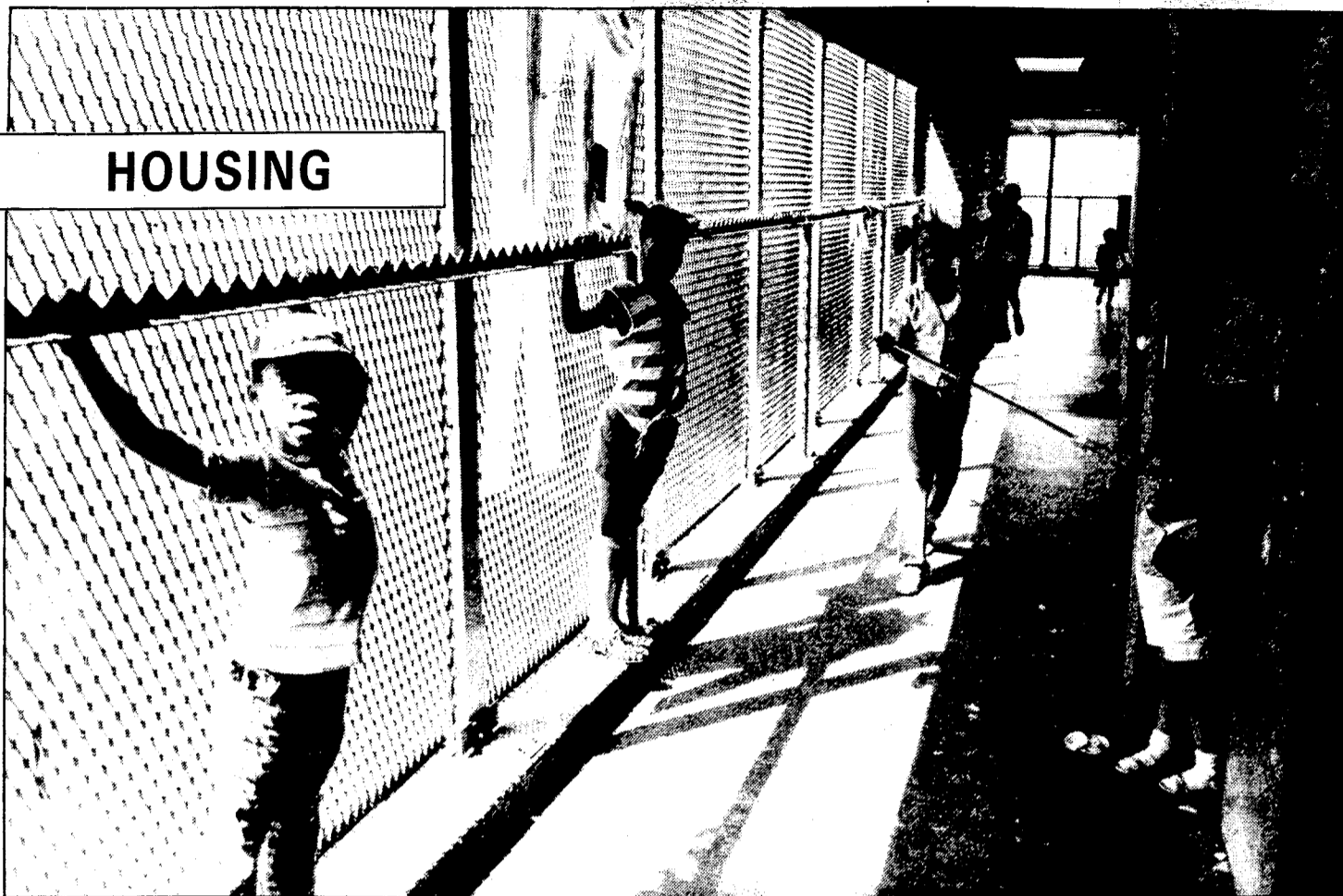
Aquino did this most recently on May 12 when an overwhelming majority of her handpicked senate candidates swept to victory in the first election since she came to power 15 months ago.

"Cory's magic worked," said Lorenzo Teves, a candidate of the right-wing Grand Alliance for Democracy (GAD). "The people have spoken." Teves was one of the few oppositionists to concede defeat.

Despite the howls of protest from Teves' 23 GAD running mates, candidates of Marcos' New Society Movement (KBL) and some leaders of the leftist Alliance for New Politics (ANP), Teves was right. At press time 22 of 23 of Aquino's allies appeared headed for victory. Some were strong candidates in their own right, but most depended on Aquino's endorsement, vanquishing even much better known candidates of the opposition. GAD's supposed powerhouse, former Defense Minister Juan Ponce Enrile, was caught in a close race for one of the final seats in the nationwide race. The opposition's only sure winner was GAD's Joseph Estrada, a popular movie star.

For Enrile and others smeared by past ties to the dictatorship, the senate race was a complete disaster. They were repudiated and dismissed out of hand. In completing their break with the recent past—though not the more distant past

## HOUSING



A recent report found that families with children now represent more than one-third of the homeless.

# Building a foundation for much needed reform

By Salim Muwakkil

**I**N THE LARGE AND GROWING FIELD OF PRESIDENTIAL candidates, only Illinois Sen. Paul Simon is addressing the housing crisis that this nation is undergoing. Like the federal government, those candidates aspiring to head it apparently have decided that the urgent need for affordable shelter is a subject best ignored.

And the need is urgent. According to figures compiled by the Center on Budget and Policy Priorities, the number of people in poverty increased from 11.7 percent in 1979 to more than 15 percent in 1985, while the stock of low-income housing has decreased dramatically. A report completed last year by the congressional subcommittee on intergovernmental relations and human resources found that half a million low-income rental units are lost each year to upscaling, condominium conversion, abandonment, arson or demolition.

And only half the needed housing is being built. Nearly eight million households pay more than half their incomes for shelter. Two and a half million people are displaced or evicted every year. This gap between affordable housing and those in need of it—estimated by the Low Income Housing Information Service at four million units—has resulted in millions living in substandard housing and growing numbers of homeless.

Despite this, spending authority for the Department of Housing and Urban Development (HUD) has been cut more than 70 percent during the reign of Ronald Reagan; in fiscal 1980 HUD's budget was \$35.7 billion and, if Congress accepts the administration's new budget proposals, that amount will plunge

to \$10.3 billion in fiscal 1988. HUD Secretary Samuel R. Pierce Jr., Reagan's lone black cabinet member, has been willing to accept the deepest budget cuts of any department and has helped terminate the federal government's 50-year commitment to ensuring housing for the poor.

Stymied by solid Republican opposition, Congress has not enacted a regular housing authorization bill since 1980. But with Democrats now back in control, most observers expect a modest housing bill to be passed this year. The growing visibility of the homeless and the increased militancy of advocacy groups also enhance chances for congressional action.

**Homeless families:** A report released at a May regional meeting of the U.S. Conference of Mayors revealed that family homelessness increased by an average of 31 percent in all but one of 29 major cities surveyed. Large cities with rapidly gentrifying neighborhoods seemingly fare worse. In San Francisco, for example, the increases in the number of families seeking emergency shelter is up 100 percent.

Most of these cities, according to the survey, have had to turn away needy families because they lack the resources to accommodate them. The mayors' report found that families with children now represent more than one-third of the homeless, and is the fastest growing segment of that population. Officials in every city surveyed cited the lack of affordable housing as a major cause of homelessness. For example, over the past 10 years the U.S. has lost more than half of its cheap single-room occupancy units, many of which are utilized by poor people.

Many argue that unemployment and under-

employment are the major culprits. They add that the economic recovery touted so insistently by the Reagan administration has not benefitted the poor and in some cases has widened the gap between the rich and the poor. A spokesman for the Salvation Army, which shelters about 60,000 homeless daily, told the *Congressional Quarterly Weekly Report* that the increase in family homelessness is caused by the continuous loss of middle-class jobs.

"The administration talks about all the new jobs that have been created, how unemployment is down to 6 percent. But all of [the new jobs] are minimum wage that pay \$7,000 a year," said Lt. Col. Ernest A. Miller, public affairs director for the Salvation Army. "Who can raise a family on \$7,000 a year? That's the new homeless."

**Simon says:** In contrast, presidential candidate Simon is addressing the problem of homelessness as a problem of joblessness. In pushing for his Guaranteed Job Opportunity Program legislation in the Senate, Simon maintains that the three interests of the homeless, in order of importance are jobs, food and shelter. "Shelter," Simon said, "is

**Public housing tenants often have no alternative but to continue living in rapidly crumbling edifices. The ongoing crisis for these low-income individuals is one of institutional entropy.**

the most visible need but the least important. If we really want to help homeless people, the long-term answer for many of them is jobs." But the jobs Simon's bill would provide pay a little more than \$460 a month, or about

\$5,525 a year. Such a paltry salary without supplemental assistance would merely perpetuate the problem identified by the Salvation Army's Miller.

Still, Simon's proposals at least acknowledge the problem. "I've not heard much from any of the candidates about ways to deal effectively with the housing crisis in which this country finds itself," noted Chester Hartman, an expert on housing issues and a fellow at the Institute for Policy Studies, a left think-tank based in Washington, D.C. "I must admit I'm a bit surprised; not even [Jesse] Jackson has talked much about this crisis, though his constituency is one of the most adversely affected."

**Public housing:** The problem of homeless individuals—who range in number from the low of 250,000 estimated by HUD to the three million estimated by most advocacy groups—is not the only shelter emergency confronting this country. Public housing has been hardest hit by federal government's retreat from the struggle for affordable housing.

From its very inception, public housing was designed to serve only those people who could not compete for housing in the private market. The powerful real-estate interests and labor organizations, fearing government competition in the traditional housing market, fought to limit per-unit spending. So despite various warnings against concentrating the poor into isolated high-rises, the government responded to pressures from the well-heeled critics of public housing and constructed brick-and-concrete monoliths to house the desperate tenants.

"It seems like the people who planned the public housing didn't really care about the people who were going to live in it," said Michael Davis, manager of Dearborn Homes, a Chicago housing project. "They were just considered poor, illiterate people. That's what the public's image was, so the attitude was: 'Let's put them all in one place, in these huge buildings, and just let the damned things go—let them fall apart.'"

In major cities throughout the country these architectural monstrosities are falling apart. However, with the Reaganomic abandonment of the program, the tenants have no alternative but to remain in those crumbling edifices. The crisis for these low-income individuals is one of institutional entropy. Operating subsidies and modernization funds would do much to remedy the situation, for, although public housing has been mercilessly—and often justifiably—criticized, it has provided shelter to millions of this country's poorest and neediest households.

With the departure, and possible disgrace, of the Reaganites imminent, Congress seems ready to direct more assistance to troubled public-housing agencies. Both houses of Congress recently passing housing bills allocating additional resources to make shelter more affordable. After the Senate passed a two-year, \$31.2 billion omnibus authorization bill for housing and community development programs, Sen. Christopher J. Dodd (D-CT) said it "marks the end of a seven-year assault on federal housing policy by the Reagan administration.... [It] will signal the start of a new era." The House passed a similar bill a month later.

The major provisions of these bills include:

- \$350 million for food and shelter grants

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