

# Give 'em health

By Vicente Navarro

**P**olls show that the majority of Americans resent the enormous privileges of the insurance companies and the other components of the medical-industrial complex, privileges obtained at an enormous cost to the U.S. population. These companies have been among the most profitable enterprises in the United States during the last two decades, at the same time that health care costs and the percentage of the population without coverage or with limited coverage have increased. Today, not surprisingly, the insurance salesman is the second most unpopular professional, after the used-car salesman. When Hillary Rodham Clinton says she is "tired of insurance companies running our health care system," most Americans would agree.

Yet the implementation of the Clinton "managed competition" proposal will put large insurance companies in command of the health care system.

The insurance companies operate in the health sector with one objective: to increase their profits. Making the insurance companies the managers of health care, as the Clinton proposal does, is to put the search for profits in command of the health care sector. In so doing, this proposal, along with those put forward by Rep. Jim Cooper (D-TN), Sen. John Chafee (R-RI) and Sen. Phil Gramm (R-TX), will strengthen the profit-seeking behavior in the health sector, one of the major reasons for our present predicament of

high costs and limited coverage.

The profitability of the insurance industry is based not only on selecting and screening patients but on favoring those providers who consume the fewest resources, a strategy that frequently interferes with the quality of care. The current level of micro-management of the patient-provider relationship by the insurance companies in the United States is overwhelming—and unknown in any other developed country.

Contrary to general perception, it is not the physician but the insurance officer who finally decides on the course of the patient's treatment, and who has to approve any requests for tests, interventions and prescriptions above an arbitrary level. More than 50 percent of these requests are rejected.

In all of the current proposals—except the Wellstone-McDermott-Conyers bill—insurance-controlled plans will reduce services to optimize

*There is an urgent need to mobilize support for a single-payer system of health care.*

profits. And this is why managed competition is favored by large insurance companies. None other than Bill Link, vice president of Prudential Insurance, has indicated that "for Prudential, the best-case scenario for reform—preferable even to the status quo—would be enactment of a managed-competition proposal."

What we need is a single-payer system that, as in Canada, provides comprehensive and universal coverage without co-payments and deductibles, and also allows people to choose their providers. The accommodation of the Clinton proposal to the large insurance interests is vitiating Clinton's commitment to universal coverage and comprehensive benefits. The reduction in the choice of providers imposed by the large insurance-controlled plans; the multi-tier types of benefits whose distribution will depend on the ability to pay rather than on people's needs; the high deductibles, co-payments and fees: all are concessions made to large insurance companies and allied forces in the medical-industrial complex.

The single-payer proposal would eliminate these concessions. Clinton cannot pass his proposal without the support of single-payer advocates. To gain their support he has made some concessions, such as allowing states to choose a single-payer option. The insurance companies and the other components of the medical-industrial complex, however, are even more influential at the state level than at the federal level. Moreover, the pull by the U.S. Congress to move the Clinton proposal further to the right is powerful. There is an urgent need to mobilize support for the single-payer proposal, both to move the debate to the left and to expand and strengthen the single-payer elements in the legislation that Congress may finally approve. ◀

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# China's great leap downward

By Dave Lindorff

Jonathan Unger, in his article on China ("Taking the plunge," *In These Times*, Nov. 29, 1993), writes about a remarkable phenomenon taking place in the country—the forcing of all manner of public agencies and bureaus to become self-sufficient. It doesn't stop at schools and hospitals. The military itself is now the nation's biggest entrepreneur, running everything from hotels to toy factories as a way of paying its own bills.

I visited a post office in Jiangsu that had on its upper floor a fancy marble-floored dance hall, the proceeds of which are used to finance the postal operations. In Shanghai, I found that the public security bureau ran the city's hottest karaoke nightspot, which proved to be a bordello.

Some of these profit-making sidelines are harmless—and might even be a good idea, since they foster some much-needed independence from central authorities. But, for the most part, they are a disaster.

Fudan University, where I taught journalism for a year, was once one of China's top schools. Now students and faculty members alike tell me it has become a shadow of its former self. "There is no teaching going on here anymore," said one student. "It's just a bureaucracy and a bunch of people trying to make money."

In the arts, the situation is even worse. Students in the art and music academies, instead of experimenting and practicing, are now sent out by their schools to engage in money-making activities at the five-star hotels, painting and performing for tourist dollars that then go, not to them, but to the schools. The results are the most trite and low-brow "pop" forms of art—usually purely imitative of Western culture.

One can also imagine the potential for corruption when organizations like the army, the customs office, or the police are encouraged to engage in money-making enterprises.

Where I disagree with Unger is in his conclusion that there is little likelihood of change in China, and that the popular mood of the urban population is one of support for a strong central authority. Chinese political and economic analysts themselves are warning of major unrest as the "reform" program progresses in 1994 and 1995. The main reason they give is the increase in corruption and the dramatic widening of the gap between rich and poor. In the countryside, by the way, that unrest is already quite substantial, with even the government-run Chinese press reporting on riots, inter-town warfare and attacks on police stations by

angry peasants.

China's urban population, meanwhile, has the wealth of the new entrepreneurial elite and the corrupt party leadership thrust in its face daily, and it's hard to spend any time in any major city without hearing the anger and frustration that is welling up. Yet the major layoffs that must come when China follows through with plans to streamline and/or privatize the big state enterprises have barely begun. Already China has 100 million drifting unemployed workers and another 100 million underemployed peasants, none of whom is counted in the official unemployment rates. Soon to join them will be 500,000 decommissioned soldiers, a potentially explosive group.

Add to that mix the increasing power of the regions—a trend that, contrary to what Unger says, most people I've spoken with heartily support—and you have some powerful if unpredictable forces for change.

When (and there's no need to say "if" here) China's economy goes into a downturn, and all the new capitalist enterprises that have both sprung from and nurtured the current boom begin to lay off their workers and even go belly-up, there will be a revolutionary situation in China, for good or ill.

The only source of Beijing's legitimacy today is its success in promoting economic expansion. With all faith in Marxist and Maoist ideology long gone, China's leadership is well aware of the fragility of Communist rule. This is why Beijing is cracking down so hard on its dissident intellectuals and on those who would organize an independent labor movement.

America's business leaders are continuing to throw money into China's economy—and in the process propping up its current political structure—like there's no tomorrow. There will be a tomorrow, though, and it may be one that will make today's China investors wish they'd put their money in the bank. ◀