

Australia: Labor and Liberal leaders stage phony healthcare debate

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Yesterday's so-called "debate" on hospital and healthcare reform between Labor prime minister Kevin Rudd and opposition Liberal leader Tony Abbott underscored an essential feature of official politics—there can be no genuine discussion of the economic or social agenda of the major parties because their policies are deeply inimical to the fundamental interests and concerns of the vast majority of the population. In the case of healthcare, both Labor and Liberal agree that long-term public health spending must be slashed, access to doctors and medical infrastructure and technologies rationed, and advanced treatment made available only to those who can afford to pay for it.

That is why yesterday's proceedings at the National Press Club were so phony, with Rudd's and Abbott's exchanges almost entirely devoid of content. Predictably, this did not prevent the media from deferentially poring over every last detail of what was said—including endless analysis of which leader was favoured by the "worm", an electronic meter that tracked the ongoing reactions of a studio audience to what was being said.

The prime minister's opening remarks were filled with rhetorical tributes to doctors and health workers and expressions of sympathy for the "mums and dads" who had to take their children to hospital emergency wards. Only briefly did he indicate the Labor government's real priority—declaring that "fundamental reform" was required because healthcare costs "are going through the roof", and that, at the present rate, governments' budgets would be "overwhelmed" within the next two decades.

In a column last Saturday, the *Australian's* economics editor Michael Stutchbury estimated that total health spending in Australia was set to escalate from 9 percent of gross domestic product (GDP) to nearly 19 percent in the space of a generation. As far as the business and financial elite is concerned, this represents an intolerable burden, cutting across its agenda of bolstering Australian capitalism's international competitiveness through the slashing of corporate and high income tax rates while eliminating major social programs and

destroying welfare provisions.

Yesterday's *Australian* editorial urged Rudd to "explain how he will control the predicted explosion in costs". It continued: "The elephant in the room is rationing of medical services, including for the aged. No one wants to talk about that, but it's a question worth asking both leaders at today's debate."

The question was indeed put by one of the eleven assembled journalists at the debate. Rudd and Abbott were asked whether people needed to have "more realistic expectations" when it came to public health, and whether there should be a broader public discussion on the need to ration medical treatment. Both leaders avoided directly answering; Rudd waffled about the "Australian fair go" while Abbott stressed the need for a strong economy to allow ongoing health funding. However, neither opposed or queried the underlying premise of the journalist's question.

The day before the debate, US president Barack Obama was hailing as an historic social reform the Democrats' regressive health care legislation, which slashes Medicare funding while providing a bonanza for private insurers. Similarly Rudd yesterday repeatedly declared that his hospital system reform marked the most significant health overhaul since the creation of Medicare. In reality, the creation of publicly funded healthcare in 1975 (originally called Medibank) by the Whitlam Labor government marked the highpoint of the post-war program of social reformism, which, in the decades since, has been torn to shreds—not only in Australia but in every advanced capitalist economy. Whereas Medibank extended affordable healthcare to the majority of working class and poor people, Rudd's reforms are intended to have precisely the opposite effect.

Astonishing developments in medical science and technology in recent decades have made it entirely feasible for every citizen to receive high quality, readily available medical care and treatment throughout their lives. This ought to be a universal right, with healthcare access not restricted by one's ability to pay. Within the framework of the capitalist profit

system, however, every aspect of healthcare is dominated by the efforts of the major private health operators to rake in more profits, and the government's drive to cut spending by waging a war of attrition against the public health system and the professionals who struggle to work within it.

Rudd intends to reverse the funding balance from the current 40 percent federal government and 60 percent state government revenue provision to 60 percent federal, 40 percent state. He will also alter the basis upon which individual hospitals are funded. Instead of being provided with revenue as a "block" lump sum, a "casemix" system will be introduced. Already in place in Victoria, where former Liberal premier Jeff Kennett introduced the regime in the 1990s, casemix will see hospitals receive pre-determined payments for different categories of procedures, regardless of the individual patient's recovery or prognosis. These pre-determined amounts will be based on their average "efficient cost", as determined by a so-called independent umpire.

During the debate, Rudd attempted to assuage health experts, who have warned that casemix could force the closure of nearly 400 rural and regional hospitals, by conceding that such hospitals may be exempted from the new funding system. Any exemption, however, will not resolve the underlying problem, since already underfunded rural and regional hospital operators would no doubt come under enormous pressure to limit care and treatment in order to remain "competitive" with their larger city-based counterparts.

While many aspects of Labor's broader "reform" agenda remain to be announced, it is being deliberately designed to facilitate future attacks on the public health system. The *Australian's* Michael Stutchbury concluded his comment last Saturday by floating the prospect of "directing the billions of dollars of health subsidies to patient vouchers rather than hospitals". The *Australian Financial Review's* economics editor Alan Mitchell today noted that the altered 60-40 federal-state funding balance had shifted the balance of power, opening the door to the further privatisation of the health system: "If the states successfully resisted attempts to improve efficiency, the commonwealth could in the future start switching its business to the private sector."

In other words, in addition to funnelling nearly \$4 billion annually to the private insurance industry via its 30 percent rebate to holders of private health insurance, the Rudd government could directly shift funding from public hospitals to private ones unless sufficient "efficiency" gains were being made. This would further devastate the public hospital system. Already, as a result of chronic underfunding, two thirds of elective surgery takes place in private hospitals, as does 55 percent of chemotherapy, and 63 percent of hip replacements.

Media commentators unanimously concluded that Rudd "won" the debate, largely because Abbott is yet to outline the Liberal Party's health policies. The opposition leader was faced with the impossible task of sharply criticising the government's plans despite agreeing with their underlying rationale.

Rudd repeatedly condemned Abbott's "negativity" and appealed to the Liberals to "work together" with the government on health "reform". While there was a definite element of public posturing in the prime minister's invitation, there is no doubt that Rudd would welcome an opportunity to draft a unified health plan to meet the demands of the private health industry while at the same time removing the danger of public scrutiny. That is precisely what the prime minister had attempted to do with former opposition leader Malcolm Turnbull in relation to Labor's Emissions Trading Scheme legislation, before Turnbull was ousted by Abbott and the legislation scuttled, as the Liberals attempted to lift their historically low ratings in the polls.

Abbott's "populist" criticisms of Rudd, which sought to link Labor's proposed hospital funding with its home insulation and school infrastructure debacles, were pitched directly at the Liberal Party's right-wing base. But for a broader audience they fell flat.

Throughout the debate, both Abbott and Rudd demonstrated utter contempt both for ordinary people and for healthcare professionals. Neither gave any indication of the true extent of the crisis gripping the health system—not just public hospitals, but mental health, aged care, dental treatment, physical rehabilitation, preventive care, and the provision of affordable medicines. Both are committed to cost cutting that will only make the situation worse.



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