

The Infrastructure Road to Recovery

Health Care

Health Care and the Common Good

High quality health care is a universal right, which is inherent in the notion of the "common good", the purpose for which nation-states were founded. The commitment to the common good was the underlying philosophy of the old Labor Party in Australia, as stated by one of its founders, Australia's greatest trade union organiser, William Guthrie Spence:

"The welfare of the people must be raised to the first place—must be the uppermost and foremost consideration. How best to secure the good of all without injury to any should be the aim—not commercial supremacy, not cheap production regardless of the human misery following, but rather the broadest justice, the widest extension of human happiness, and the attainment of the highest intellectual and moral standard of civilised nations should be our aim."

This "welfare of the people" for old Labor self-evidently included quality health care for all. One of the first acts of a Federal Labor government around 1910 was the introduction of the invalid pension scheme, coupled with the old age pension program. At the same time, the Minister of Health of NSW's Labor government, Fred Flowers, told the *Sydney Morning Herald* of March 11, 1911, "Any ideas that the hospitals are to be regarded as charitable institutions is altogether erroneous. Hospitals are a necessity of civilisation and the government should see to their upkeep and control. Hospitals should be as free as the Art Gallery and Public Library ... and there should be no taint of pauperism."

It was with the election of John Curtin as Labor Prime Minister in 1941, though, that progress was made towards a national system of universal health care. Curtin was committed to a national health service which, like education, would be free to all members of the community. Faced with opposition from the conservative parties and the medical profession, he called and won a referendum in

order to obtain the necessary powers over social welfare matters—one of the few times a referendum has been successful in this country. This referendum later gave the Whitlam Labor Government in 1974 the power to finally introduce a truly national universal health scheme, Medibank.

Although Curtin's referendum was successful, progress was slow. In 1945, after Ben Chifley became Prime Minister, the federal government passed the *Commonwealth Hospital Benefits Act* and began funding the states for each patient occupying a bed in a public or private hospital. In 1948, Chifley introduced a comprehensive *National Health Act*, which he described as "a charter of national health for the future." The legislation envisaged the possible nationalisation of hospitals, along with government provision of laboratories, health centres and clinics, as well as a Medical Benefit Scheme under which the Government would pay direct to doctors one half of the patients' medical fees, subject to fee limitation by participating doctors. Before it could pass the bill, Chifley's government fell.

Labor had greater success in Queensland, when in 1944, the state government took complete control over the hospitals, the public health and mental health, and became the first and only state to provide completely free, government funded universal health care.

In the twenty-three years of Liberal/Country Party federal government which followed Chifley, despite a general shift away from Government funding, some progress in health care was still made, particularly under Minister of Health and Country Party leader Sir Earle Page, a surgeon-turned-politician. He introduced the free school milk scheme to improve nutrition, as well as a Pensioner Medical Service which gave aged, invalid, widows and service pensioners and their dependents free medical treatment by a general practitioner. The Coalition also



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passed the *Aged Persons' Homes Act* in 1954 to expand aged care. Within less than a decade there were 2.3 nursing home beds per 1000 of population, and by 1971 there were 3.7 per 1000, giving Australia the greatest number of nursing home beds per head of population in the world. In addition the anti-polio vaccine first trialed in America was being locally produced in Australia by the end of 1955 and supplied to the States free of charge for a nation-wide vaccination program. Australia also had one of the highest ratios of public hospital beds per 1000 population in the world (6.5 as of 1980), higher even than the United States, whose postwar *Hill-Burton Act* mandated a ratio of at least 5.0 to 1000.

The last effort by government to uphold the old Labor ideal of health care as an inalienable part of the "common good", however,

came and went with Gough Whitlam (1972-1975). One of Whitlam's most controversial policies, second only to his determination to "buy back the farm", was his plan to introduce Medibank, the first truly universal health care system. This legislation was cited as one of the grounds for the double dissolution of Parliament on April 10, 1974.

Medibank was anathema to the free-traders. It eliminated the means test for hospital treatment and provided standard ward accommodation for free; provided free outpatient treatment; provided salaries for all doctors providing care to public patients (ending the earlier honorary system, where doctors received fees from private patients, and donated their services to the public system); and covered 85% of all medical bills by the government, with the 15% balance insurable. Fees were collect-

ed either by bulk billing (the preferred option), or the patient paid the doctor and then collected 85% of the fee from the Medibank offices.

The Medibank legislation was eventually passed in August 1974 after Labor's reelection, but barely had time to become operational before Whitlam was dumped by the Crown, through Governor-General Sir John Kerr, on November 11, 1975.¹

Under the next government, headed up by Malcolm Fraser, health policy was dictated by economic considerations and a desire to shift health expenditure back to the private sector. Fraser's Jamison Inquiry into "hospital efficiency" helped to introduce the use of "business methods" in the health care industry. Under economic rationalists Hawke and Keating, it soon got much worse.

The Queen of Economic Rationalism—the Mont Pelerin Society

In a speech at the University of New South Wales on March 19, 1999, former Labor Prime Minister Paul Keating bragged that, "Some of us in the Labor Government, including Bob Hawke and me, came to office with a greater belief in markets than our conservative counterparts." Keating acknowledged that the extensive "reforms" which he and his predecessor Bob Hawke had initiated, "went against the grain of ingrained beliefs and philosophy" of old Labor. "Moreover," Keating boasted, "we did this in spades, in areas like abandoning control over the exchange rate for the long term good; giving banks the power to create credit at the expense of building societies and credit unions; letting foreign banks take market share from our own banking system; cutting the top personal rate of tax; putting an assets test on the age pension; setting up competition to Telstra; selling the Commonwealth Bank and Qantas; reforming the waterfront." By the time Keating left office, he was openly promoting the disastrous American model of Managed Health Care as desirable for Australia.

Hawke and Keating quickly replaced Medibank with the health insurance scheme, Medicare, on February 1, 1984. Unlike Medibank, which was funded entirely from general revenue, Medicare was financed by a general tax/levy. This change, in the context of Hawke/Keating policies which destroyed the economy, began the slide downhill toward private "user pays" healthcare, health insurance for those who can afford it (which supposedly pro-

vides better health care, but often doesn't), and a decrepit public health system for everyone else. What had happened to "old Labor's" precious notion of the common good?

In 1975, the same year Whitlam was dumped, apostles of the London-headquartered Mont Pelerin Society (MPS), such as the notorious right-wing ideologue Milton Friedman, began arriving in Australia. The MPS had been set up at a meeting in 1947 on the slopes of Mont Pelerin Switzerland, attended by members and retainers of the old European oligarchical families. Its purpose was to initiate a conservative revolution, to "roll back the clock" to the era before nation-states, when the oligarchy reigned supreme. The MPS shortly thereafter moved to the City of London, to become the chief economic warfare unit of the British Crown, in the same way that the British Empire had always used "free trade" to decimate its enemies. As its members have frequently bragged, the MPS was the author of "Thatcherism", and such Thatcherite experiments as that inflicted on hapless, now-ruined New Zealand beginning in the 1980s.²

In both Australia and in New Zealand, the MPS set up or took over a series of right-wing think tanks, such as the Centre for Independent Studies (CIS), the Institute for Public Affairs (IPA), the H.R. Nicholls Society and the Tasman Institute, all of which enjoyed lavish corporate funding. Mont Pelerin's intent was to loot ("privatise") and ultimately to destroy the nation-state



The Three Stooges of economic rationalism. Photo: AAP Image/Julian Smith

and everything to which it had given rise, such as universal public education, universal health care, trade unions, publicly-owned infrastructure, etc. Through a process which we have detailed elsewhere, after the sacking of Whitlam the MPS fronts took over both major parties, the Liberals and Labor. Thus, when Labor came to power under Hawke-Keating in 1983, it espoused values directly opposite to those upon which it had been founded.³

A revolution took place in the Liberal Party as well, in which any Liberals (or Nationals) maintaining a concern for the role of government in fostering the common good were disparaged as "wets", and were purged in favour of the fiscally-conservative ("dry"), economic rationalist gang of John Howard and his cronies. Thus, when the Liberal Party came to power in 1996 under John Howard, they took up where

Hawke and Keating had left off. Led by Howard himself, the Coalition Cabinet was a nest of members and co-thinkers of Mont Pelerin fronts, including H.R. Nicholls Society members, Treasurer Peter Costello, Minister of Defence Ian McLachlan, and Industrial Relations Minister, Peter Reith, and IPA members, Deputy Treasurer Rod Kemp and Education and Employment Minister Dr. David Kemp.

Sure enough, this crowd went after health care. In Costello's first budget he slashed health care by \$3.4 billion. He got the ball rolling on expanded private health insurance by arranging a "rebate" for his friends in the industry of \$1.7 billion, and then slashed almost another \$1 billion in his second budget. At the 1996 Premiers' Conference, he forced the states to take a \$1.5 billion overall funding cut, which cut an estimated half a billion dollars in state health care funding.

In their obsessive drive to offload the responsibility of health care, and to leave it to the "magic" market place, the Howard government went all out to force people into lifetime private health insurance cover, culminating in the 1999 introduction of a 30 per cent rebate of premiums for all members.

In a media release from June 9, 1999, Prof. Fran Baum, President of the Public Health Association noted, "That's about enough to cover the state government funding of a medium size public hospital like the New Children's Hospital in Sydney for a year. The government is effectively handing the private funds a book of blank cheques underwritten by the taxpayer." The \$1.6 billion a year going to the private health insurance industry is equal to 15% of the total spent by federal and state governments on our public hospitals and health care systems annually while profits of private health insurance funds rose 172% to a record \$343 million for 2000, and \$800 million for 2001.

In a collapsing system, even private health insurance is no guarantee of actually receiving prompt treatment. A journalist for *The Age*, Carolyn Jones, bitterly reported in a column on August 30, 2001, that her mother, whose ambulance had been put on hospital by-pass, then spent 48 hours in the emergency department of a private hospital before being eventually moved to a four-bed ward.⁴

But, for a real insight into the axemurderers of the Mont Pelerin Society, consider the case of Victorian Premier Jeff Kennett.