

Lost Opportunity



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In my first contribution to SocMag I made comment about the fact that in 2007 Australian citizens would go to the ballot box to decide which government will lead them at the national level for the next three years. I am sitting here writing this piece in the middle of a Federal election campaign in Australia. The election will be held on November 24. This is a battle between the Liberal-National government led by John Howard as Prime Minister and the Labor Party, led by Kevin Rudd. The government has been in power for 11 years and the polls are indicating that it is 'time for a change'. What is becoming clearer as the election unfolds is that even if there is a change of government, it will be pretty much business as usual for social and economic policy.

In the lead up to the election the two major parties look very similar on most social policy issues, with the major difference being industrial relations policy. The Labor Government has promised to 'rip up' the controversial Work Choices legislation introduced by the government in 2005. On economic policy the two major parties are converging, with the opposition Labor leader, Kevin Rudd, publicly declaring himself a 'fiscal conservative' in a bid to avoid the criticism that Labor would be a big spending government if it won office.

In the case of Australia we are faced with a booming economy and unprecedented prosperity. This is about policy choices and social imagination. At present we seem bereft of both with the government promising to use this unprecedented national wealth by funding yet another round of income tax cuts, worth more than \$34 billion over the next five years (in addition to income tax cuts already announced in this year's budget). Quick to respond in copycat style the Labor Party announced that they would match the tax cuts. This is seen as a political strategy to avoid being wedged by the government during the election campaign. While this may be a smart election strategy the more fundamental issue is the degree to which this 'me to' approach highlights the degree of convergence between the two major parties on economic and social policy.

While the majority of the public cry out for better schools and hospitals, the two major parties have opted for major cut taxes rather than significantly boosting funding for education and health. The pressure to cut taxes is coming from people who believe private schooling and private health care demonstrate the principle of 'choice' and relieve the pressure on the public system. The pressure on the public system is created by policies that are redistributing resources away from these public institutions. The public system of health care and education are being run down by more than a decade of policies that benefit those that are in the position to take out private health insurance and enrol their children in private schools or can afford to pay upfront fees at university.

Here are a couple of policy examples from education and health that both parties have said they are firmly committed to in the lead up to the election. In the last budget, federal funding to private schools increased by \$1.7 billion over five years, while public schools got just \$300 million. In practice this has meant that the private schools can afford better facilities and teachers, while in the public system class room sizes increase and programs are cut. During the election campaign the Labor Party have released a policy statement indicating that they will preserve the inequitable funding formulas that have caused this unjust two-tiered system.

And in higher education policy Australia ranks 25th out of 29 Organisation for Economic Cooperation and Development countries when it comes to public spending on tertiary education (0.8 per cent). The result has been ballooning classes, rising costs for students and a greater reliance on the private and commercial sector for university funding.

In health the government offers everyone who takes out private health insurance a 30 per cent tax rebate, at a cost over \$2.5 billion per year. This policy helps those with higher incomes. The working poor, people on pensions and benefits and those aged over 80 have very low levels of private health insurance. Australia has a public health system that offers universal access (in principle) and is generally efficient. Yet it is under threat as a result of policies that push Australia further towards the US system where spending as a percentage of GDP is much higher, but where health inequalities are far greater.

In these major areas of social policy there is very little difference between the two major parties in the lead up to the election. Only the minority parties of the Democrats and the Greens are advocating policies during the election campaign that would challenge the economic orthodoxy of the times. The great shame is that the Labor Party, traditionally a party of the working class, has abandoned the 'true believers' by swallowing the myth that higher taxes, borrowings and public investment is bad for economic growth. It has committed itself to the fiscal straightjacket of low taxes and low spending. If the opinion polls are right then the Labor Party will be swept into office on November 24. For those who have campaigned over the past decade for greater equity and social justice it will seem a hollow victory.

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