

# Rifts appear in Australian Labor Party

Mike Head

14 October 1998

It did not take long for the gloss to fade on the claims of Australian Labor Party leader Kim Beazley that the October 3 federal election marked a revival of the ALP following its landslide defeat in 1996. Barely had Beazley concluded his election night speech than his deputy leader and shadow Treasurer, Gareth Evans, declared he would quit politics and 'get a life' rather than serve at least another three years in opposition.

Evans, like Beazley, a cabinet minister in the Hawke and Keating governments of 1983-96, was the chief draftsman of the policy platform that the ALP cobbled together for the election. The platform was a pragmatic and cynical mixture, reaffirming Labor's commitment to big business and the requirements of 'international competitiveness' while advancing a more caring face, laced with sizeable doses of protectionism and nationalism.

It seems that Evans had been informed months before the election that if Labor lost he would lose the deputy leadership to Simon Crean, a former president of the Australian Council of Trade Unions. Crean, another remnant of the last Hawke and Keating cabinets, is an advocate of so-called interventionist policies designed to prop up national industries while enforcing the employers' demands for ever more harsh cuts to jobs and conditions.

Another key figure in drafting the policy platform was former Australian Democrats leader Cheryl Kernot, who defected to Labor 18 months ago in a blaze of publicity. There was much talk at the time of Beazley, Evans and Kernot coming together to champion British Labor leader Tony Blair's notion of a 'New Labor' party charting a 'third way' between the dictates of the free market and past attempts at social reform. Now Evans has gone (he now says he will sit out the next three years on the backbench) and Kernot could lose her bid to win a seat in the House of Representatives.

On election night, Kernot bitterly lashed out at the Labor Party machine for not securing her a 'safe' seat. She blamed the changing demographics of outer suburban Brisbane for her loss. Somewhat inadvertently, she highlighted Labor's continuing rejection by struggling younger working class and lower middle class families in the outlying areas of the major cities.

Within days, various Labor apparatchiks were politically knifing each other over Labor's failure in the election, which saw a record 7.8 percent swing against the Howard Liberal-National Party government but only a slight rise in Labor's record low 1996 vote of less than 39 percent. National secretary Gary Gray and New South Wales state secretary John Della Bosca, in particular, traded verbal blows over whether the ALP's election campaign was too negative. Labor's campaign was overwhelmingly directed against

the Howard government's plans for a sweeping 10 percent Goods and Services Tax. Even the widespread opposition to the GST, exploited by Keating in 1993 to scrape back into office, could not boost Labor's stocks this time.

Yet a more revealing indication of Labor's long-term crisis came when its shadow education minister Mark Latham denounced Beazley and declared he would not seek to retain his position on Labor's front bench. Latham accused Beazley's office of hastily re-writing the education platform he had prepared for the election. The relatively young right-winger said he would spend the next three years writing another book, a sequel to his *Civilising Global Capital*, released earlier this year. His initial volume sought to elaborate a Blairite approach for the ALP, complete with embrace of a consumption tax and the gutting of the welfare state.

While the media largely presented Latham's declaration as a personal decision, he is clearly positioning himself to pick up support from key elements within ruling circles that have condemned the Beazley leadership for backtracking on the policies pursued by the Hawke and Keating administrations. Those governments sought to satisfy the global markets by de-regulating the economy, privatising public corporations, cutting average living standards and slashing government services and jobs. The result was growing poverty and joblessness, glaring social inequality and widespread hostility to Labor.

Now media proprietors and their columnists are promoting Latham's stand and calling on the Labor leadership to follow his lead. In an editorial last week, the *Sydney Morning Herald* declared: 'It's time for New Labor'. It berated Beazley and the Laborites for dropping their talk of following Blair and urged them to revisit the 'third way'. The editorial concluded:

'A modern Labor Party should embrace the criticisms of Mr Mark Latham, the MP for Werriwa, who refuses to return to the front bench because of the lack of 'serious policy discussion' within the shadow cabinet. The ideas of Mr Latham, rather than those of Labor's old guard, are the future of the party. Labor has to reform--or languish.'

Such outright newspaper endorsements of individual Labor leaders are rare. They indicate that influential forces are looking upon Latham as a potential future leader, as they did his mentor Gough Whitlam when Whitlam risked his political career to shift the ALP further to the right in the 1960s.

Other commentators have not embraced Latham openly but have pointed to the model provided by Blair in Britain and Clinton in the United States, contrasting it to the performances of both the Howard government and the Labor leaders. With the election out of the way, the media pundits immediately began to decry the utter

unreality of the campaign and the lack of a program on either the government's or Labor's part to even acknowledge, let alone respond to, the developing global economic meltdown.

One of Rupert Murdoch's writers, Greg Sheridan, last Friday lambasted Howard for oscillating between general political timidity and support for 'bold but irrelevant reforms' such as the GST. Instead, a government was needed that would talk about radical deregulation of the labour market and 'an enterprise culture'. In a column in the *Australian*, Sheridan offered the following advice: 'Both Blair and US President Bill Clinton hide their right-wing policies behind the rhetoric of the 'the third way'.

'The third way, let's be clear, is complete baloney. Blair cut benefits for single mothers. Clinton passed welfare reform that severely limited the availability of welfare over time. These measures would have warmed the hearts of Ronald Reagan and Margaret Thatcher. They have nothing to do with social democracy.'

Likewise, Christopher Henning observed in the *Sydney Morning Herald* on Monday that previous Labor prime ministers Gough Whitlam, Bob Hawke and Paul Keating had all practised the Third Way, without thinking up the term. 'Put simply, the Third Way is left-wing governments introducing right-wing policies. Blair can't say openly to his supporters 'Margaret Thatcher was right and we were wrong'. Such a statement would undermine the reason for his party's very existence. He has to pretend the opposite.'

Ross Gittins, the economics editor of the same newspaper, was scathing in his condemnation of the Beazley leadership for throwing out Labor's policies of economic rationalism, only to replace them with a weak version of the 'economics of nostalgia' pursued by Pauline Hanson's extreme right-wing One Nation party: 'A little protectionism, a bit of industry policy, an attack on the Industry Commission, some government spending and a retreat from enterprise bargaining to centralised wage fixing. Plus a pie-in-the-sky target of 5 percent unemployment.'

Even more blatant was Gittins' subsequent insistence that, for all the pretences of a voting democracy, Labor's leaders would not be re-elected unless they adopted a new program that met with the approval of the 'elite' and the 'opinion leaders,' that is, the spokesmen of the ruling class.

'If it wants to win next time, Labor will have to make up this intellectual deficiency. It will need to come up with policies that are forward-looking, coherent and convincing. Policies the nation's opinion leaders don't carve up and discredit, but can take seriously and maybe even recommend.

'Anyone who imagines they can get themselves elected against the derision of the despised 'elite' is kidding themselves as much as Pauline Hanson was.'

It is this challenge that Latham has sought to address in his book--how to repackage the Labor Party so that it purports to advance policies to secure social justice and equity, yet implements the demands of the 'elite,' driven on by the pressure of the globalised capitalist market, for the dismantling of all the past social welfare-style concessions made to the working class.

His volume, previously reviewed at some length on *the World Socialist Web Site*, provides an insight into why he is enjoying such public promotion. Under the banner of reforming social

welfare to meet the new conditions resulting from globalisation, Latham outlines a program for abolishing welfare entitlements.

Utilising slogans such as 'reciprocal responsibility' and 'self-provident savings,' he advocates a system where social welfare recipients are obliged to repay the assistance they receive, just as tertiary students must now pay back the cost of their courses under the Higher Education Contribution Scheme (HECS), first introduced by Labor.

To cope with the fact that transnational corporations now transfer their operations to other countries if taxed too much, Latham proposes a 'progressive expenditure tax' (PET). Stripped of its political camouflage, it is basically a highly regressive consumption tax that shifts the burden of taxation onto the working people, even more than the Howard government's proposed GST. Latham's tax would specifically target spending, slashing the taxes of the wealthy who are able to save or invest the bulk of their income. By one estimate, a worker on \$40,000 a year could face a marginal tax rate of 400 percent under Latham's PET, while an executive on \$400,000 could enjoy a tax cut of around \$125,000.

What then is Latham's political role? Those who wield the economic power are casting around for new political formulae to mask the destructive tendencies of the capitalist market. They are far from confident in the Howard government's capacity to deliver their agenda, particularly with the free market increasingly failing on a global scale and becoming discredited among masses of people.

Latham, sniffing the wind as Blair did when the British Tory government under John Major proved unable to sustain Thatcher's social assault, seeks to refashion the Labor Party to meet big business's new needs. He is prepared to stand outside the Labor leadership in the short-term to do so.

Whatever the individual fate of Mark Latham, his stance is another indicator of the breakup of the traditional parliamentary parties and the opening of a new period of political volatility.

*See Also:*

Vote for two traditional parties falls to new low  
[October 6]

The Political Economy of 'New Labor'  
[June 27]



To contact the WSWS and the  
Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**