

# Australian Labor Party's anti-GST policy left in tatters

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Remarks by John Della Bosca, special minister in the New South Wales state Labor government, and the man marked down to take over as Australian Labor Party national president, have blown open the yawning contradiction at the centre of the ALP's policy for the next federal election.

Under the leadership of Kim Beazley, the ALP had been planning to fight the election, due to be held by October next year, on opposition to the Goods and Services consumption tax introduced by the Howard government on July 1.

Not that the ALP intended to repeal the Howard government's tax measures, which hit low-income earners while providing increasing tax cuts up the income scale. Rather, under the Beazley plan, the ALP will denounce the GST in opposition and then retain it in office, while promising some, as yet unspecified, "roll-back" in its effects.

Voters are, of course, well used to seeing political parties make promises during election campaigns only to renege on them once achieving office. However Beazley's plan has added a novel twist to this scenario—denouncing the GST as unfair and regressive while in opposition and then, at the same time, committing the ALP to retain it if returned to government.

A leading member of the NSW right wing faction of the party, and regarded as a key power broker in the ALP, Della Bosca has considered for some time that the ALP should drop its opposition to the GST. He took the opportunity in an interview with *The Bulletin* magazine this week to voice his disagreements, both with the GST policy and Beazley's leadership style.

"I think the problem we've got now with the GST is that it's going to be a bit of Y2K. Big shock horror. Lots of grizzling, but then people saying, 'Oh so what?'"

As for Beazley's policy of roll-back, based on further exemptions from the tax, this would only make it more

difficult for small businesses to calculate and collect. Rather than roll back the tax, Della Bosca claimed it should be rolled forward and reimposed on fresh food, included in the Howard government's original plan but then dropped in a deal with the Australian Democrats to ensure the passage of the legislation through the Senate.

When news of *The Bulletin* article reached leading ALP circles on Tuesday afternoon, it was a case of emergency damage control. By early evening Della Bosca had issued a statement that he would no longer be seeking the position of ALP national president in three weeks, a position he had been assured of after being endorsed by Beazley and the majority of faction leaders.

In a radio interview the next morning Della Bosca proceeded to add a touch of farce to the political drama insisting that, notwithstanding his comments in *The Bulletin* interview, he nevertheless supported the "federal parliamentary Labor Party's policy of roll-back."

When it was pointed out that this was in direct contradiction to his remarks now hitting the newsstands Della Bosca persisted: "I am telling you what my views on the GST are now. They're unequivocal, and I remain committed to the view that the policy of rollback is very important for the future of Australia."

How a policy "mess" could undergo such a miraculous transformation in the space of just 24 hours, Della Bosca did not elaborate.

But the overt cynicism displayed in his remarks is not, however, a personal trait. Della Bosca's views are shared by many of his colleagues throughout the Labor Party, even as they denounce the GST. In fact it was a Labor government, under the urgings of the then Treasurer and later to be Prime Minister Paul Keating, that first moved to introduce a consumption tax in 1985, only to pull back at the last moment.

The conflict concerns not simply the GST but the entire platform of the Labor Party and it has been simmering for

at least two years. During the 1998 federal election campaign, Della Bosca was engaged in a public spat with the party's then national secretary, Gary Gray, over Labor's concentration on opposition to the GST and its proposal to introduce a capital gains tax.

The Labor leadership had come to the conclusion however that, after its drubbing at the 1996 federal elections, when voters deserted the party in droves, it had to present a softer, more reformist-sounding image than the “free market” rhetoric and policies of the Keating years.

But Della Bosca was not alone in his opposition to this approach.

According to *The Bulletin* report: “Gray's campaign focused on what some in the party would call ‘the rustbucket’ while Della Bosca was bellowing that they had to unlock Howard's grip on the ‘aspirational Australians’” and that while “voters are having a bit of a moan about growing inequality, they're ringing their broker to buy a few more shares.”

In other words, while the ALP has long ago abandoned any practical policy commitment to social equality, it should bring its rhetoric into line with its practice and drop even verbal opposition to the government's redistribution of wealth up the income scale.

The fetid atmosphere within which these issues are being discussed was also inadvertently revealed in the interview when Della Bosca, a self-confessed admirer of Clinton's former “spin doctor” Dick Morris, canvassed the possibility that Howard's “safe and narrow” image could perhaps be undermined by suggesting he was someone “dare I say it, that you trust to be alone in a room with your wife?” Realising he might have gone too far, Della Bosca hastened to add that of course “you could trust Kim with your wife.”

While the immediate outcome of the affair is the sidelining of Della Bosca, at least for the present, the longer term consequences will impact heavily on Beazley and the formation of ALP policy.

Commentary in the media, which has backed the Howard government's economic policies and the GST in particular—their only criticism being that he has not pursued them vigorously enough—was to insist that Della Bosca's comments were correct and constituted a “wake-up call” to the ALP.

According to an editorial in the *Sydney Morning Herald*: “The first thing to be noted about the indiscretions of Mr John Della Bosca is that much of what he said was dead right” drawing the conclusion that the

challenge for Beazley “once this storm has died down is to review strategy.”

Rupert Murdoch's media flagship the *Australian*, which has previously publicly castigated both Howard and Beazley for not having policies to meet the requirements of economic globalisation, took a similar editorial line. “John Della Bosca's message to Kim Beazley—that the Labor Party should not automatically oppose the GST—has been falling on deaf ears for at least two years. Now the Opposition Leader must take notice and, more importantly, reassess...”

“The concentration on the GST and rollback commits Mr Beazley to fighting the last two election campaigns all over again. It is a fight that was lost in 1998. Mr Beazley would condemn us all to a rematch, one that is certainly not worth having, considering that Labor has no intention to scrap the GST.”

And it, too, drew the conclusion that a policy review was necessary. “The message for Mr Beazley from all this is clear: the ALP must place policies of an alternative government before the electorate.”

The *Australian Financial Review* took the same stand. “John Della Bosca is not only very much from the right of the Australian Labor Party,” it declared, “but he is also very right about the goods and services tax.”

While Della Bosca perhaps deserved some time in purgatory for upsetting the internal balance of the ALP on the eve of a national conference, it continued, his interview nevertheless meant that Beazley “should be planning an election strategy that relies on more than scare-mongering about the GST.”

In other words, in the view of the dominant sections of the bourgeoisie, while Della Bosca himself may have to play the part of “fall guy”, his comments have opened up a necessary campaign to shift the policy pronouncements of the ALP, and possibly the leadership of the party itself, away from references to the fears and insecurities of “rustbucket” voters to more directly address the requirements of capital and the “aspirational” layers who benefit from it.



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