

Australia:

Election of new Labor leader marks unabashed embrace of free-market agenda

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Tuesday's vote by the Australian Labor Party's federal members of parliament to instal outspoken right-winger Mark Latham as new ALP leader signals the jettisoning of what remains of the party's nostrums of social reform. Latham defeated former leader Kim Beazley by 47 votes to 45 to take over from Simon Crean, who quit the post after two years.

Labor MPs did not vote for Latham because he was the most popular candidate. Every media opinion poll published on the eve of the vote indicated that Latham had little public support—less than a third that of Beazley, himself a largely discredited figure in the eyes of working people. In one poll for preferred prime minister, Latham scored just 5 percent.

Latham won the ballot because Labor MPs understood that his rightwing political agenda has the approval of the most powerful elements in ruling circles. Over the past seven years, ever since the landslide defeat of the Keating Labor government in 1996, Latham has been groomed and cultivated, particularly by the corporate media proprietors, notably Rupert Murdoch, for definite purposes.

In column after column in the pages of the Murdoch press and the *Australian Financial Review*, Latham has been an unabashed advocate of slashing social spending, cutting taxes for high-income earners and dismantling welfare and education entitlements in line with the requirements of global capitalism. In the name of “user pays”, “individual responsibility” and “stakeholder capitalism,” he has championed the junking of the last vestiges of the post-war welfare state.

Latham's victory is a clear and unequivocal statement that the Labor leadership has embraced this program, in the hope of regaining the support of key sections of business. They have fallen in behind Latham as the best bet for politically packaging this deeply unpopular agenda and selling it to hostile and alienated voters. Despite the narrowness of the vote, leading figures in all Labor's factions, including the various sub-grouping of the former “Left,” actively supported Latham.

Far from voicing any, even timid, objection to Latham's free-market policies, nominally Left MPs expressed open enthusiasm for them. They offered no alternative candidate—all lined up behind either Latham or Beazley, another arch right-winger. Their political prostration before this rightwing agenda is the surest measure of the complete exhaustion and collapse of any perspective of social reform.

Latham's outlook of free-market individualism was summed up in his public victory speech. “I believe in an upwardly mobile society when people can climb the rungs of opportunity, climbing the ladder of opportunity for a better life for themselves and their family,” he said. “I believe in hard work. I believe in reward for effort.”

In the guise of promoting equal opportunity, Latham is calling for an end to any notion that society has a responsibility to provide for the essential social needs, especially of its weakest and most vulnerable

members. Whatever social facilities remain will be privatised—handed over to market forces—with individuals left to fend for themselves. It is a threadbare justification for deepening social polarisation: between those who have wealth or manage to acquire it by the most ruthless means, and the rest of society who will be blamed and even vilified for failing to take advantage of the “ladder of opportunity”.

The mass media, and Latham himself, portrayed his election as a “generational” change. But the primary difference between Latham and Beazley was hardly their age—one is 42 and the other 54. Latham's victory marks a sharp political turn, one that key media outlets hailed as a step toward shifting the entire official framework further to the right.

The *Australian's* editor-at-large Paul Kelly put it most baldly: “Mark Latham has the ability to force a realignment within Australian politics as distinct from the anti-Howard incrementalism that has been the Labor way since 1996.” An *Australian Financial Review* editorial gave “two cheers” to the Labor caucus, calling its vote the “boldest decision” made by Labor since 1996, opening the prospect of “a new wave of pro-competitive economic reform”.

Likewise, the *Australian's* editorial applauded Labor for electing someone who “will not be a slave to the opinion polls, and will not be afraid to offend key Labor constituencies, including party members and the trade union leaders”. At the same time, it was more explicit in delivering Latham his marching orders. In order to obtain editorial backing, he had to work with the Howard government to push through its proposals for gutting Medicare, tertiary education and welfare.

These comments reflect mounting impatience that the process of economic de-regulation and restructuring, begun under Hawke and Keating in 1983, has stalled under Howard. Elected on the back of a sweeping rejection of Labor after 13 years of economic deregulation, privatisation, declining real wages and social conditions, Howard inflicted further savage cuts to social programs in his first budget in 1996. Two years later, he imposed the highly regressive Goods and Services Tax (GST), shifting the bulk of the tax burden onto working people.

But, facing growing popular opposition and rifts within the ruling coalition, he has since been unable to carry through any of the major agenda items demanded by corporate boardrooms: the complete gutting of social programs, the full privatisation of Telstra, removal of all barriers on slashing working conditions and sacking workers, and media de-regulation.

After initially staring defeat in the face, Howard won the 2001 election by whipping up campaigns of fear based on refugees and then the “war on terrorism” to divert the hostility to the deteriorating social conditions. He and his ministers have continued to largely rely upon such tactics ever since, despite widening opposition to them.

A new set of lies, diversions and spin-doctoring is needed to implement

the next wave of “economic reform”. This is the role for which Latham has been groomed.

After the Keating government was thrown out of office in 1996, recording the lowest Labor vote in history, Beazley sought to distance himself from the naked pro-market policies that Labor pursued in office. Labor strategists decided that to win back working class support, they had to try to resurrect the myth of a party that “cares”. In the 1998 election campaign, Beazley, a senior cabinet minister for 13 years, claimed that he had “eaten humble pie”. He referred to as many social issues as he could—without committing to any concrete solutions.

Latham, by contrast, declared the necessity to take Keating’s economic rationalist agenda to a new stage. He sought to fashion an even more market-oriented platform, based on the “self-provision” of education, health and employment services, and the imposition of “reciprocal responsibility” on all welfare recipients to repay—or work for—any benefits.

In the lead-up to the 1998 poll, he published a book, *Civilising Global Capital*, insisting that Labor had to re-fashion itself along the lines of Blair’s “New Labour” in Britain. It had to implement the demands of the globalised capitalist market, for the dismantling of all the past social welfare-style concessions made to the working class, while somehow purporting to advance policies to secure social justice and equity.

He proposed, for example, that poor families should have their social welfare payments reduced if they failed to “accept their proper responsibilities as home educators”. Latham dismissed the notion that chronically under-funded public schools were a source of social inequality. “Educational disadvantage cannot be resolved simply by providing better schools for the poor,” he wrote.

Beazley, however, balked at adopting Latham’s proposal for self-funded tertiary education—a step toward a wider voucher system for education—fearing the hostile response of parents, students and academics. After Labor lost the election, Latham refused to serve in Beazley’s shadow cabinet—a decision for which he was firmly applauded by the media—and remained on the backbench until after the 2001 election. While in self-imposed exile from the Labor leadership, Latham was regularly featured in the Murdoch media and the *Australian Financial Review*, writing opinion pieces under headlines such as: “The poor need capitalism” and “It’s time for Labor to jettison the Left”.

In the 2001 election, Beazley calculated that the hostility toward the Howard government would be sufficient for Labor to regain office. His policies were virtually indistinguishable from Howard’s. When Howard resorted to vilifying asylum seekers and ramping up the “war on terror,” Beazley stood four-square behind him. This bipartisanship allowed Howard to recover sufficient electoral support to retain office for a third term.

After his defeat, Beazley was replaced by Crean, who declared the necessity to offer policy alternatives. Yet, the policies still remained little different from Howard’s. Even Labor’s pretence to oppose the Howard government’s GST was dropped.

Reinstated to the shadow ministry under Crean, Latham began to promote himself as a “larrikin”—posturing as a name-calling opponent of the political, media and corporate establishment. It was a crude attempt to recover Labor’s support among working people. Earlier this year, for example, amid mass opposition to the Iraq war, he denounced George Bush as the “most incompetent and dangerous president in living memory” and labelled Prime Minister John Howard an “arse-licker” for joining the invasion.

As Latham has been at pains to emphasise this week, his remarks were not intended to call into question the US military alliance. At his media conference he reiterated his commitment to the so-called war on terror, emphasised his life-long attachment to the American alliance and declared his wish for a “very, very good relationship” with Washington. To some

extent, Latham’s position reflects those sections of the Australian bourgeoisie that have reservations about the closeness with which Howard has tied his government to the Bush administration, possibly threatening their lucrative operations throughout the Asian region.

Above all, however, Latham’s rhetoric was an attempt to breathe new life into the Labor carcass. As he explained in a volume of speeches published in June under the title *From the Suburbs: Building a Nation from our Neighbourhoods*, it was fundamental to the “revitalisation of Labor”: “We need to be anti-establishment. The outsiders want us to shake the tree, to rattle the cage on their behalf. They want us to be less respectable and less orthodox.”

Upon his elevation to the post of shadow treasurer this August, Latham moved to re-assert his credentials with the business elite as the flag-bearer for a new wave of Keating-style “economic reformism”. Among his proposals was one, borrowed from the Blair government, to allocate every newborn child an investment account that would mature at age 18, in order to create “a society of owners, not just a society of workers”. Latham’s scheme would accelerate the privatisation of education and other essential services, requiring individual families and their children to pay their own way.

He also attacked the Howard government from the right on economic and social policy, accusing it of becoming an extravagant, pork-barrelling and wasteful administration, which had squandered billions of dollars. It was no accident that Keating welcomed Latham’s win as a “new beginning”. Just as Keating carried through economic de-regulation that the previous Fraser government of 1976 to 1983 failed to implement, Latham hopes to gain the backing of the corporate elite by outbidding the Howard government on economic policy.

Latham is seeking to mould a constituency for a renewed social assault, appealing to the most confused, alienated and backward layers among working people, as well as more affluent elements. Thus, he has no disagreement with Howard on demonising refugees. In the past, he has lambasted Labor Party members who called for moderating the mandatory detention of asylum seekers as a “gentrified left-wing group” who are a “soft touch” on refugees.

Latham cynically trades on his childhood in the Green Valley public housing estate in Sydney’s working class western suburbs to identify himself as a self-made man—a model for his view of an “upwardly mobile” society. In reality, he is a grasping, self-serving political hack who was bureaucratically installed in a series of Labor Party posts from an early age and has been a full-time party functionary throughout his entire adult life.

Among the myths that he peddles is that he represents a new generation of “aspirational” voters. But what aspirations does he mean? All working people have hopes and dreams—for decent living standards, well-paid and secure employment, high-quality health, education and social services and a better, peaceful future for their children. These are social aspirations that can only be realised by collectively reorganising economic and social life to free it from the dictates of private and corporate profit.

Latham’s social prescriptions have the opposite content: to provide the means for setting working people against each other and imposing ever-greater social inequality. Several weeks ago, echoing one of Murdoch’s pet themes, Latham issued a call for reducing taxes for higher-income earners—those earning as much as \$80,000 a year.

Latham’s election is the end-product of a protracted political process. Since 1983, Labor has abandoned in practice its previous program of social reform. With Latham, Labor has now openly and unequivocally adopted unrestrained free-market policies in order to satisfy the appetites of global capital, which will inevitably create deepening social polarisation.



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