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THE BIG PICTURE

Time for Labor to turn libertarian

IN THE corporate jungle, as in nature, only the adaptable survive.

A business must understand how its market is changing, constantly innovate and be prepared to reshape its product to new realities.

The same goes for political parties, particularly when they have been struggling for a long time for market share and brand recognition.

They, too, must recognise when the market has shifted and adjust their product accordingly.

For Federal Labor that time has come. And some within its ranks are thinking deeply about where the party should be headed – not just about the tactical issues of politics, or how to tart up the same old brand, but how Australia has changed and what they need to do to reinvent their party as a modern, viable alternative government.

They are attempting to meld the progressive social and environmental positions of Old Labor with the new realities of a deregulated, globalised and affluent economy. It is a synthesis which seeks to harness the power of the free market to deliver better services, to encourage self-reliance, to replace the welfare state with a society based on reward for effort and in which government expands opportunity and provides incentive rather than offering vote-buying “gifts”.

There are big implications for business in the sort of policies this rethink could eventually throw up.

The rationalist revolutionaries pursuing this new Labor philosophy include some now on the front bench, such as shadow finance spokesman Lindsay

Tanner (who actually hails from the Left of the party), and some in the backbench wilderness, such as Queensland’s Craig Emerson.

Last week Emerson gave an important speech to the Centre for Independent Studies, an organisation not noted for its support of socialist principles, in which he proposed a profound change of direction for Labor.

“Progressive political parties like the Australian Labor Party are now beginning to ask: where to now for the open, competitive model? Labor’s modern philosophy needs to be defined against the background of a total breakdown of the old Left-Right divide,” he argued.

“An error has been made in transposing Labor’s immutable values into the modern world of rising affluence. It has been an insistence by traditionalists that those values must continue to be based on class struggle.

“But the affluence created by the policies of the Hawke and Keating Labor governments has broken down the class barriers. The beneficiaries of that prosperity no longer see themselves as belonging to a working class that struggles daily against capitalists. In so many ways they *are* the capitalists.

“The modern Labor Party should not only acknowledge this new world – it must embrace it as its own creation.”

Some elements of Emerson’s party might find some of the policy prescriptions flowing from this to be extremely confronting. (Just how confronting may be gauged from the fact that among the audience who stood up to praise his CIS talk was the flint-dry former chief of Treasury, John Stone.)

Echoing the broad philosophy,

if not the precise policy detail, of Tony Blair’s New Labour in the UK, Emerson talks about cutting back the welfare state, cutting income taxes significantly to increase incentives and reward effort, breaking down the public-private divide and introducing a much more competitive model for the education and health systems, more private sector involvement in delivery of public services and adopting a more market-based approach to environmental problems.

In a reversal of the traditional brand identities of the mainstream parties, he says Labor should position itself as the party which stands for reducing government intervention and deregulating the economy.

“It would be against the national interest for Labor to compete with the Coalition by promising a bigger welfare state and more government intervention. As the Coalition well and truly colonises the territory of the welfare state, Labor should position itself to occupy the ground of individual freedom, self-fulfilment and self-reliance,” he says.

“Labor’s message should be: we will get government out of your faces and allow you to earn the incomes and buy the services you need, where you need them.

“All of the instincts of the traditional Left when the market collides with family and community is to fetter the market; to regulate it through legal limits on hours that can be worked and on prices that can be charged.

“But such regulation comes at a cost to the prosperity to which all people have a legitimate aspiration and which they can choose to take in monetary and non-



monetary forms.

“Rather than sacrificing prosperity and the taxation revenue a government can gain from it to expand opportunity, the modern Labor Party should fashion a new dynamic where economy meets society . . . economy and society are not adversaries but allies.”

It may be some time, if ever, before Emerson’s agenda actually bears fruit as policy implemented in government.

But it is refreshing that he and other Labor figures are thinking outside the square and articulating a real alternative to the current reform-challenged,

talkback driven conservatism that tends to be dished up in the political marketplace by both sides.

While it could have broader appeal, if sold right, it could be especially attractive to the emerging new voting bloc who like rationalist economic policies but also identify strongly with progressive social and environmental positions. Simultaneously economic “drys” and social “wets” whose interests transcend the traditional Left-Right class divisions, they have no natural political home with either mainstream party at the moment.

The business community

should take also heart at it, and not just at a philosophical level.

The more dynamic economy – and the new markets for private sector in what Liberal policy guru Gary Sturgess has dubbed the “public service economy” – that this strain of thinking could eventually nurture is something business should be barracking for, regardless of which side of politics is putting it forward.

Big implications for business.