

Reclaiming our Values

A Challenge to the Labor Leaders of Tomorrow

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Look around. In this room this evening are the labor movement's and the nation's leaders of tomorrow.

Thanks to some recent state election results, your time has come early.

Sadly, the inheritance you have been handed is a poor one. It has been dissipated by a decade or more of B-Grade politics unworthy of the movement it came from. Especially in my state of New South Wales and in my faction, the New South Wales Right.

You are the leaders of tomorrow

This evening I want to focus my remarks on Labor politics in New South Wales in recent times – but as each of you will recognise immediately, the general thrust of what I am about to say has strong relevance to every state branch and every faction in the country.

The truth is that our party is in a very serious and potentially catastrophic situation. Queensland and New South Wales have already felt the blow. Others may follow, unless the example of what Campbell Newman is doing to Queensland, or the fear of what Tony Abbott will do to the country, start to have a significant effect.

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And if we are honest, while the entire party must share the blame, my branch of New South Wales and my faction, the New South Wales Right, must accept the lion's share of it.

There must be no understating of the gravity of the crisis in my home state, no blame shifting, and no dodging of the responsibility to set things right.

The headlines about corruption emanating from ICAC and the HSU scandal must shame us all into action. But tackling corruption is only the start.

This is about renewing our sense of purpose

The party must be cleaned up. That's obvious. But more than that, it must be renewed.

Our crisis is more than just a crisis of trust brought on by the corrupt behaviour of property scammers and lobbyists.

It's a crisis of belief brought on by a lack of moral and political purpose.

To put it simply, the morality-free, managerialist, Machiavellian model of politics pioneered in New South Wales from the early 1990s onwards has gone too far.

It started with good intentions. The idea was to take the goal of winning power seriously. To take staying in power seriously. To take economics seriously.

And it led to some incredibly important and successful economic and social reforms that have raised the living standards of the Australian people immensely. Alone of the English-speaking democracies, Australia liberalised its economy in the '80s and '90s without creating a two-nation society. Unions played a big part in that.

But the economic direction we started has shifted the balance too far in favour of capital. The share of GDP going to profits, for instance, has risen steadily over the last few decades, falling back only because of the recession brought on by the failure of the U.S. and Europeans to properly regulate their banking sector. In 1974, wages as a proportion of GDP was 63 per cent. Today they are at 54.4 per cent.

When Hawke and Keating began the economic reform process thirty years ago this year, they did so safe in the knowledge that the worst features of market capitalism could be counterbalanced by the existence of a strong social wage, a union movement that was almost half of the workforce, and extensive state-owned utilities that existed to serve the community, not just their shareholders.

Today those social balancing forces are all but gone. Deregulation doesn't just mean eliminating rent-seeking any more; it can mean the destruction of community standards and the pointless exporting of jobs.

Think of what's happening at that symbol of Australian national pride, Qantas. It's a sad day for our country when businessmen like Alan

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Joyce and Leigh Clifford, who are busy sending our national airline off-shore and replacing its workforce with exploited foreigners, all while paying themselves exorbitant salaries and bonuses, are held up as the new generation of business leaders Australia needs.

They are the last thing our country needs. And it is not being economically irrational to say so.

We need to rebalance our economy so that workers and the disadvantaged share the prosperity, job security and quality of life enjoyed with increasing exclusivity by people like Joyce and Clifford.

This sort of economic thinking that has allowed this has come at a major cost to us as a movement.

I believe that over a long period of time, the philosophy of economic liberalism has taken too firm a psychological hold on our policy elite. The memory of what we once stood for has started to fade. The words social democracy seldom pass people's lips any more. Our language has become too economic and alienating to our members. Some of our MPs and ministers – including some members of this faction – have even called for Labor to become a true liberal or even a libertarian party.

I struggle to see what else but fading Labor values can account for the inexplicable decisions that sometimes come from Canberra. Decisions such as that to add flight attendants to the 457 visa consolidated sponsored occupation list. This decision gives Qantas the green light to hire overseas flight attendants and prevents those jobs being filled

by Australian citizens. How can that be justified by a party with Labor as its middle name?

The fact is, Labor true believers are not motivated solely or even in large part by the economic reform project of thirty years ago. They are at heart social democrats. They believe that market-based economic reforms should be considered on their merits, as policy tools, not as matters of almost religious policy principle by a social-democratic party like ours.

Think about it: No Labor Leader has ever received a standing ovation by promising to reduce public spending as a proportion of GDP

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or to increase the share of GDP going to profits over wages and salaries – and they never will.

But they do receive standing ovations and win elections by opposing Work Choices. And they win supporters by demonstrating how purposeful government action can help build a stronger economy and community. Like at Sydney Ports, where good regulation has led to big productivity gains by working with the transport industry, its employees and owner drivers – all in the face of strong opposition by self-interested and destructive stevedoring operators.

I must say, despite what I've said so far, I have been greatly heartened by the recent policy announcements from Prime Minister Gillard.

Reductions in tax breaks for the super wealthy to fund initiatives like the Gonski reforms to school education and the National Disability Insurance Scheme – those are the sort of priorities Labor governments should and

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must stand for. We should congratulate her government for having the guts to follow the Labor way. The Government is demonstrating that renewal lies in giving greater emphasis to solid Labor values. The party organisation and the factions must do likewise.

If we want to save our party we have to reach out to the Australian people with the values that have always inspired our movement: a just society that empowers every community and every citizen to share in our nation's success.

That's when Labor is at its best.

And it must be people like us who take the lead in reformulating our Labor message for this decade and beyond.

The rich legacy of the Right

More to the point, it must be you – tomorrow's leaders from the party's Right.

Think of who you are and the footsteps you walk in. Especially if you're from New South Wales.

Today the New South Wales Right may be a by-word for what is wrong with Australian politics.

But it wasn't always so.

Ben Chifley helped lead the creation of one of the most successful and egalitarian nations on earth.

Time after time, it has been the New South Wales Right that has dragged our party out of the depths of despair and intellectual irrelevance to shape our country's response to its greatest tests.

Think of 1931. The bottom of the Great Depression. Our party was hopelessly split, thanks mainly to the intellectual feebleness of its economic program at that time. Within a decade, reinvigorated by the ideas of Keynes, and the dreams of a better post-war world, Ben Chifley helped lead the creation of one of the most successful and egalitarian nations on earth.

Think of the 1960s. Once again, split, stuck in time warp, Labor needed a leader who could appeal to a new generation of voters with a program to modernise our party and our country under the banner of idealism. New South Wales gave the party Gough Whitlam. Ask your parents and your grandparents what he meant to us. Watch their eyes mist over when they talk about the hope he provided.

Then, in the early 1980s, again it was the tough-minded New South Wales Right machine that did most of the heavy lifting to get us back into power within just seven years of the Dismissal. It won the leadership for Bob Hawke and gave us Paul Keating and many, many other great ministers.

In each case, it was the Right and particularly the New South Wales Right leading the way. Not just as managers and number-counters, but as policy thinkers and motivators. They took the party in new directions and saved it. That's the standard you have to live up to.

You have to be worthy of it.

Now what is it that all these generations of leaders had in common? Not just toughness, although they had that in spades. Not just a sense of electoral reality, although they had that in spades too. It wasn't just the dark arts of politics, the back-room dealing, the ability to count and deliver caucus votes, the spin-doctoring. Those things were secondary. The historians of the next century will barely remark upon them. Above all else, they had intellect. They were motivated by a bedrock of Labor belief that informed everything they did. And they were able to apply that idealism to the times in which they lived.

When Chifley moved on from Scullin's program; when Whitlam moved on from Chifley's; when Hawke and Keating moved on from Whitlam's, they did so not with any disrespect to the past, but because that was the best way to advance the Labor cause.

Saying we must move on from the Hawke-Keating era, means no disrespect to them and what they achieved. It is merely to point out that every generation must move with the times. The Hawke-Keating era began 30 years ago next month. Arguing that Labor must continue the agenda of 1983 is like arguing that Hawke and Keating should have continued the Chifley-Evatt agenda on 1953. A great reforming party must move with the times to remain relevant, but it must keep its values intact.

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Accepting the challenge

Who is going to move it forward? Where are these new reformers going to come from?

We can't know for sure. But I'll tell you where they *should* come from.

Right here in this room. You have to be the heirs of Chifley, Whitlam, Hawke and Keating. You are the people we are looking for.

But let me tell you also that that isn't going to happen unless the culture of this faction and our party changes.

The hope for the New South Wales Right and the Australian Labor Party more generally lies in breaking the B-Grade culture – the Obeid-McDonald culture – that has dominated us for far too long.

It lies in replacing those B-Grade wannabes with A-Grade leaders – serious Labor thinkers who are driven by the eternal ideas that lie at the heart of Labor's cause: justice, equality, solidarity, and responsibility to the community and the nation.

It's no coincidence that the best politician to come out of New South Wales in the last two decades has been someone with the intellectual drive necessary to rise above the nonsense going on around him – Bob Carr.

What does all this mean in practice? It means more than just rule changes.

Yes, some rules will need to change. But changing the rules alone is won't get us there. There is no such thing as a party rule that is immune from manipulation. If there is a will there is a way – everyone knows that. And with due respect to John Faulkner and others – reform of the ALP has to go further than mere rule changes. It has to be about changing political behaviour. It has to be about injecting

what we do with real Labor purpose and belief. If those things don't also change, nothing will.

What we need is a change of culture, to become a party whose policies reflect the values and politics of our members and supporters.

In a word, what we each must demonstrate is leadership. Intellectual leadership. Moral leadership. It means devoting our political energies to the things that are truly important.

And those things are idealism, intellectual strength, championing policy that is grounded in Labor values, and reaching out to overcome the toxic lack of trust that has poisoned our movement in recent times.

I want every one of you in the audience tonight to ask yourself some big questions. Are you up to that challenge? Can you accept that our party's culture must change? Can you exemplify that cultural change in your own political behaviour?

You have to be the heirs of Chifley, Whitlam, Hawke and Keating. You are the people we are looking for.

Can you commit yourself to working with others to create a new policy agenda for our party?

Most of all, can you accept the moral duty to lead that change? Can you?

If your answer to those question is 'no', then I humbly suggest that you find another vocation. Because there is no future in a party that refuses to move on.

Like cockroaches, B-Grade politicians are able to thrive on the corruption and detritus that lies under the dishwasher. But real leaders thrive on substantial policy success.

The Labor Party exists not to make its servants rich but to make its supporters lives richer than those of their parents.

If your reason for being here tonight as a member of the Right of the ALP is to get a well-paid job in the machine, work the backrooms and make highlevel contacts in the corporate world, with a view to perhaps one day setting up your own consulting firm or becoming a property or mining speculator, then I say *you're not welcome here*. You're not one of us. You're not the sort of person that Ben Chifley or Gough Whitlam or Bob Hawke or Paul Keating would want to identify with.

There's already a perfectly good party that exists to make its functionaries rich through insider information – it's called the Liberal Party.

You know, if you ever in your life start to feel soft about our opponents, just remember one thing. While the union movement and the Labor Party proudly stood four square for justice for Bernie Banton and his mates as they were dying of asbestosis, the current deputy leader of the Liberal Party was proudly representing the people whose products poisoned them. As I have said, politics may be a tough business, but it ultimately involves morality. And we have to make sure that our

behaviour passes the moral defensibility test in everything we do.

The Labor Party exists not to make its servants rich but to make its supporters lives richer than those of their parents. It's when we forget that that we lose our way. And that's why, no matter what changes the future brings to our party, the union-party link must remain strong. It will always be an important way of keeping grounded and in-touch with the lives of working Australians.

What we need is a change of culture, to become a party whose policies reflect the values and politics of our members and supporters.

So I want you to go out of this conference having thought and debated long and hard about your role in continuing the Labor story.

As I have said: the current generation has left you a poor inheritance in terms of parliamentary seats and electoral popularity. But our party has left you a priceless historical legacy to emulate. The sooner you start to emulate it, the better our party will be.

Each of you knows in your heart of hearts that you can do better than your immediate predecessors. Now go ahead and prove it.

Thank you.



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This is an edited version of the speech delivered on 1 February 2013.

Authorised by T. Sheldon, Sydney.