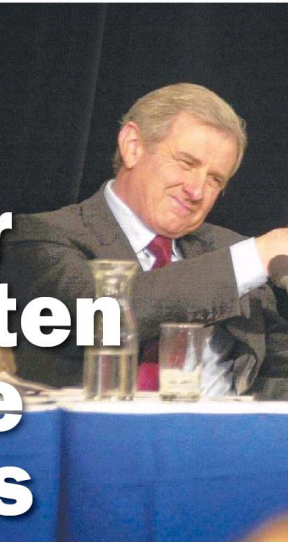


Time for Labor to listen to the adults



Head to head: Simon Crean and Peter Costello trading barbs in 1996 and (inset) the former minister speaks out on the Labor leadership on March 21.

Peter Costello



LEADERSHIP DRAMAS

A class war will not save the Gillard Government

IT GAVE me no joy to see Simon Crean blow himself up when he attempted to resolve Labor's leadership crisis. Crean is one of the few adults in the Labor caucus. His perspective stretches a little further than the next headline or the next reshuffle.

I started in Parliament on the same day as Crean in 1990. We both went straight to the front bench — on opposite sides.

Crean was born into the Labor Party. He has served it all his life. He knows that things cannot go on as they are. A huge reckoning is coming for Labor.

Still, a few things are absolutely necessary for any leadership ballot.

The first is to have a candidate. Calling a ballot without a candidate is like buying an overseas ticket without a passport. You'd better get one pretty quick otherwise the ticket is going to be about as useful as a spill in which no challenger nominates!

For the first time since 1990, Crean is on the back bench, and he made some valuable observations on his way back there. He urged

Labor to go back to the Hawke-Keating model "because that's what set this country up".

Now we can understand that Crean would not want to hark back to the period of the Coalition government from 1996 to 2007 as setting the country up for the challenges since then (particularly the financial crisis of 2008), but he could have harked back to the period after that — the Labor government of Kevin Rudd. After all, Crean had just fallen on his sword on Rudd's behalf.

It's just that no one would regard the Rudd period as successful. Just as no one would regard the Gillard Government as successful. In the years to come, no leading Labor light is ever going to urge Labor to return to the glory days of the Rudd-Gillard years.

But Crean might have forgotten that he did not always feel so benign towards Keating. On 3 March, 1997, Crean, along with Labor's then leader and deputy, Kim Beazley and Gareth Evans, appeared on the front cover of the *Business Review*

Weekly magazine under the banner "Keating is Dead". I remember it well, because at that time I was trying to reduce tariffs. When Keating reduced tariffs, the Coalition supported it. When the Coalition tried to reduce tariffs, Labor opposed it.

Crean, Beazley and Evans were making a statement that bipartisan support for economic reform was over. And it was. Labor ruthlessly exploited populist fears over the GST when we announced it the next year.

Labor has proposed no worthwhile economic reform since the Hawke-Keating years. And here is the point. If a government does not set good policy as its objective, it will be a sucker for bad ones.

Since Labor turned away from the productivity agenda, what has developed in its place?

Let me answer that in the words of another second-generation Labor MP who has also been president of the ACTU, Martin Ferguson: "The class war that started with the mining dispute of 2010 must stop."

The class warriors of the Labor Cabinet are proudly led by Wayne Swan, with comic relief from Craig Emerson. They have marked out higher taxes on superannuation as the next front in their class struggle.

Crean, Ferguson, Bill Kelty and the sensible union leaders are against it. The money that will be raised will be nothing like the money Labor needs to fund its big-ticket promises like the Gonski proposals and the disability support scheme, let alone to balance the Budget.

But it's not really about the money. It's about showing that Labor wants to kick all those (supposedly) rich people who have superannuation and help all those supposedly poor people who send their children to government schools. It's the kind of thing the Greens and the teacher unions have been salivating for.

Back in 2012, when the Government first responded to the Gonski report, it said the proposed new spending was too large. The minister, Peter Garrett, said there would "absolutely not" be a new

multi-billion-dollar cash injection to schools. "We've always said that we're going to bring the Budget back in to surplus. I think that's the most important thing we can do," he said.

It would have been important. But the Government couldn't do it.

A rational person would think that as a result the Government would scale back spending. But lo and behold, it means the exact opposite! There will now be a multi-billion-dollar spending program based on the Gonski report.

The war on miners proved a fizzer. The attack on newspaper proprietors hardly lasted a week. So the effort to find the class enemies of the people must move on to other targets. Next are those rich superannuants who will retire well at the expense of children in poor schools.

If only there were a few more adults left in the Cabinet.

Someone might speak up in the words of Martin Ferguson: "The class war must stop."

Peter Costello is a former federal treasurer