

Chapter 4

The Malta Labour Party in Perspective: 1987-98

Introduction

Following Old Labour's electoral defeat in 1987, the Malta Labour Party carried out various reforms. The process started from the electoral defeat in question, but the most significant changes took place in the New Labour era following the 1992 electoral defeat. This Chapter will put into perspective the period from 1987 to 1998, during which New Labour itself was defeated.

The Beginning of the Nationalist Era

During its first two years in power, in line with its electoral promises, the Nationalist Government introduced various social measures. These included the following:

- The abolition of the wage-freeze and subsequent salary increases;
- Stopping time-in-lieu and the start of full payment of overtime;
- Introduction of a 40-hour week for shop workers;
- Compensation to workers who had participated in union directives under the previous Labour Government (Schiavone, 1990: 162-3).

At the end of 1989 the Nationalist Government faced a major industrial conflict between the General Workers Union and the management of the Phoenicia Hotel. On December 18th, the General Workers Union commenced industrial actions at the hotel following the management's refusal to increase workers' salaries as stipulated within the collective agreement. On February 9th, 1990, the hotel ceased operating and 158 workers, most of them members of the General Workers' Union, ended up without a job. Union leader Anglu Fenech had stated a month earlier that the Union was determined to continue its industrial actions even if the hotel were to cease operating. The same General Workers' Union, in July 1986, had agreed with the Hotel management that some workers were to be sacked and that much more flexibility was to be introduced with regards to working conditions (1990: 151).

In the meantime, within the Malta Labour Party, various calls for reform and modernisation were being made. Labour's leader himself, Karmenu Mifsud Bonnici, produced statements which contradicted policies of the Government he led. A notable public statement in this regard was made by Mifsud Bonnici during a meeting at Zejtun on September 22nd 1989, wherein he stated that "we have to insist that salaries increase, even if this will bring about problems to certain factories that will have to close." (1990: 149).

The Malta Labour Party also starting involving itself in some environmental issues, in contrast with its stance a few years back, not to prioritise such matters. During 1989 Labour teamed up with environmental groups in the protest against the Government's decision to construct a new power station at Delimara, overlooking the picturesque fishing harbour of Marsaxlokk. The

power station was constructed a few metres away from Dom Mintoff's detached summer residence.

Amidst the calls for internal reform and modernisation, conflicts were cropping up within the Party. The most vociferous conflicts occurred during Labour's General Conference held during October 1989. Two prominent young Labourites who had recently resigned from their posts within the Party, namely President Dr. Toni Abela, and whip of Labour's parliamentary group Dr. Wenzu Mintoff, Dom Mintoff's nephew, criticised their Party for not doing anything to tackle the problems of violence and corruption within it.

In his speech Toni Abela said that the Malta Labour Party could not gain the people's confidence due to the fact that it was being hijacked by six or seven people (*Alternattiva*, 4th November 1989).

Wenzu Mintoff said that during the 1980s a Labour Minister¹ had sent people to beat up young environmentalists who were exerting their right to protest (1989).

Wenzu Mintoff also mentioned the 'dirty incidents' which he had witnessed when he was working at a parastatal bank. He had harsh words for the people who were involved in what he considered to be corrupt practice during the Labour administration:

“These are people who use their membership within whatever party is in government in order to get richer.....Due to so-called state intervention in these companies in which abuse has taken place, money is given when it is not supposed

to be given, they leave the country with the money, property is not constructed when it is supposed to be constructed, and people who were poor have become rich thanks to the workers' Government. Tell me, if these people remained socialist it would be acceptable, but today you are aware that they are partners of companies like the concrete company I have mentioned. They have betrayed the party.....This is a hilarious situation: everybody uses the Malta Labour Party as his toilet, uses it whenever he needs it and then changes alliance and keeps on benefiting when the time comes and others are in government.” (1989).

Both Abela and Mintoff , together with Carmen Spiteri, were sacked at the Party's General Conference on October 13th, 1989 following a decision by the Party's Vigilance and Disciplinary Board. However, Wenzu Mintoff retained his parliamentary seat as a representative of *Alternattiva Demokratika*², a new party with green credentials. The party had been set up by activists from environmental and social movements.

On March 14th, 1990, Malta's Commission against Corruption declared that there was enough evidence of corruption in construction policies carried out by Lorry Sant when he was Minister of Public Works. On March 23rd, Labour's Vigilance Board decided to suspend Sant from all Party activities. He was banned from participating as a Labour candidate in the next general elections.³

¹ Wenzu Mintoff was referring to Lorry Sant.

² Tr. from Maltese: 'Democratic Alternative'

³ This decision was revoked by Alfred Sant on April 24th, 1995 as an act of solidarity towards Lorry Sant when he was chronically ill.

That same year, the Nationalist Government applied for Malta's membership within the European Community. This was the time when the world was witnessing much political and economic change: 1989 witnessed the collapse of the Soviet bloc, and the Soviet Union itself would soon become something of the past. Liberal Democracy eventually became the prevailing system in many countries.

During the 1987-92 legislature, apart from introducing various social policies, the Nationalist Government also adopted a market-oriented strategy which boosted consumerism, especially since many foreign products were introduced into the local market. By this time unemployment had decreased from 6.9 per cent in 1986 to 3.7 per cent in 1989. By 1992 – election year – unemployment was calculated to amount to 4 per cent (Briguglio, L. 1988: 190; Ministry of Finance and Commerce, 1997b: 227, 229).

The general elections of 1992, which were to be held on the 22nd February, had one of the shortest electoral campaigns ever in Malta, and were rather calm, especially when compared to the previous elections. Galea mentions the fact that new campaigning methods were introduced by Labour and the Nationalists, such as the use of radio stations (Galea, 2000: 240-241).

Alternattiva Demokratika contested the general elections for the first time, presenting a programme based on green politics, meritocracy, as well as a challenge to the two-party system. That Party proclaimed itself to be in favour of issues which are normally considered to be radical within Maltese politics, such as divorce.

On the other hand the Nationalist Party's electoral campaign highlighted the changes brought about in Malta during the previous five years. Billboards showed pictures of trolleys full of products which could not be sold on the islands during the Labour administration. The Nationalist campaign focussed on a feel-good factor of increased consumption, economic growth, stability and serenity, which were considered by the Party to be characterising Malta now that it was under the Nationalist administration. Besides, the Nationalist Party had what Dominic Fenech describes as a "highly-organised Party machine [that] kept track of every detail and during polling day street leaders watched out for people who did not vote in the morning so as to persuade them to vote in the afternoon" (Fenech, D., 1992: 189-190).

Fenech states that contrastingly, the Malta Labour Party's campaign was "slack" (Fenech, D., 1992: 190), only matching the Nationalist campaign in terms of street campaigning and mass meetings. He adds that the Malta Labour Party tried to portray an image of a reformed party that had managed to control its violent and corrupt elements (Fenech, D., 1992: 189).

The Malta Labour Party and the General Workers' Union, which teamed up once again as the Malta Labour Movement, presented a manifesto entitled '*Flimkien Nibnu mill-Gdid*'⁴. In the manifesto the Movement highlighted what it considered as the Nationalist ruin of Malta's foundations, due to rising national debt, corruption, a lack of a sense of security, increase in criminality, and rising cost of living. The Nationalist Government was accused of instilling egoism and lack of respect for one's neighbour (*Moviment tal-Haddiema*, 1992). The programme also bound a Labour Government to ensure transparency and give the Opposition and Parliament the power to scrutinise the Government of the day.

Other proposals that featured in this manifesto included the following:

- A return to the housing system which had been in place under the previous Labour administration, by means of which plots would be allocated to workers;
- The approval of co-operatives of wholesalers and consumers within a competitive economy, so as to import quality products at the cheapest prices possible;
- State aid to industry which catered for the local market so as to become more efficient and satisfy consumers' needs;
- Preferential treatment to the self-employed such as by means of subsidies and lower electricity rates;
- Creation of an industrial free-trade area with the European Community, with special arrangements for local industries. By means of the agreement, trade between the EC and Malta would not be subject to import duties, but each part would be able to impose such duties as each deemed fit, to other countries; (1992).

Dominic Fenech states that the major issues raised during the campaign were in his words 'non-ideological'⁵: "consumer choice, less government, modern living, on the positive side; rising criminality, abuse of power, mismanagement of public funds, on the negative side (Fenech, D., 1992: 192). Indeed, the slogans of the two major political parties were quite similar, both emphasising social unity: *Solidarity* on one hand, *Together* on the other.

The Nationalist Party once again emerged the winner in the 1992 general elections, with an impressive 13,000 vote-majority, up from the 4,000-vote majority in 1987. In fact, the

⁴ Tr. from Maltese: 'Together We Will Build Anew.'

Nationalists attained 51.77 per cent of votes, compared to Labour's 46.53 per cent and the 1.7 per cent obtained by first-time contestants *Alternattiva Demokratika*. The Nationalists obtained 34 parliamentary seats, 3 more than Labour. *Alternattiva Demokratika* did not obtain any parliamentary seats, given that within the Maltese electoral system of 13 five-member constituencies, a party winning up to 15 per cent of the national vote would still obtain no parliamentary seats. The turnout within these general elections matched that of 1987, at 96.1 per cent.

Following Labour's electoral defeat, Karmenu Mifsud Bonnici resigned as leader of the Party, addressing the Party's delegates in a historic speech during a General Conference.

Dr. Mifsud Bonnici stated that the Malta Labour Party should not deny its principles, but on the other hand it should feel the pulse of the electorate and update itself. He added that Labour should update its policies and improve its internal organisation and public relations, as well as recognise that various changes had taken place in Maltese society, not least of which being the expansion of the tertiary sector within the economy. Therefore, he added, Labour should not only be supported by industrial workers but also by youth, intellectuals and the middle class (*KullHadd*, 6th August 2000).

Karmenu Mifsud Bonnici also mentioned some major failings of the Malta Labour Party during 1987 and 1992. According to him, the most serious question was the need to dismantle the statutory merger between the Malta Labour Party and the General Workers' Union. He claimed that although the merger had been fruitful in the past, it was not any more. This was due to

⁵ Given that I am adopting the Althusserian approach to Ideology I disagree with Fenech on the lack of ideology in such issues, as they are very much related to values.

changed circumstances and the failure to convince other unions that the merger was in the interest of “workers and all the Maltese people” (2000).

Karmenu Mifsud Bonnici nominated Dr. George Vella to take his place, but Vella declined the offer. Subsequently, three candidates contested the post of leader, these being former deputy leader and member of Parliament Dr. Joe Brincat, former Minister Lino Spiteri and (co-opted) member of Parliament Dr. Alfred Sant. Sant won the election held during the Party’s Extraordinary General Conference on March 26th, 1992 and was proclaimed leader of the Party and of the Opposition.

A few days before the General Conference in question, on March 10th, 1992, the statutory union between the Malta Labour Party and the General Workers’ Union was ended. By 1990 Malta was the only European country in which a major trade union formed part of a statutory tie with a political party (Schiavone, 1990: vii).

Writing in *The Malta Independent* about the leadership contest, Dom Mintoff stated that he tried very hard to avoid making the same mistake as he had made with the previous leadership question when he had stepped down. Indeed, Mintoff stated that that time his hands were cleaner than Pilate’s (The Malta Independent 15th August 1993).

Into New Labour

The appointment of Alfred Sant as leader of the Malta Labour Party meant that now an economist was leading the Party.⁶ The first proclaimed aims of the Party's new leader included the construction of new and modern party headquarters away from Bormla's *Macina* to the more centrally located Hamrun, as well as the creation of a Party television station, *Super 1 TV*. Another aim was to publish a new Labour weekly newspaper, *KullHadd*⁷, which started being circulated on June 25th, 1993 replacing former Labour newspaper *Il-Helsien*⁸. In the meantime, during summer 1992 the Malta Labour Party also launched a door-to-door fund-raising scheme for its new headquarters.

A few months after being appointed leader of the Malta Labour Party, Alfred Sant ended the closing speech of the Party's 1993 Annual General Conference by stating that the Malta Labour Party had to be open for everyone. In his words "Our members have to explain to everyone that *min mhux kontra taghna huwa maghna*⁹." (*In-Nazzjon Taghna*, 5th February 1993). The slogan – symbolising a stark contrast with the Mintoff and Mifsud Bonnici Governments - was to be used quite frequently by Alfred Sant. Sant also wanted to make it clear that his Party was committed to eliminating nepotism, patronage and corruption from Maltese politics (*L-Orizzont*, 3rd September 1993).

⁶ Alfred Sant, the son of a civil servant, apart from being an economist and a graduate in Maths and Physics, has also authored various novels and plays⁶. He previously held posts as Party President (1984-88), Party chairperson of its department of information (1982-84), executive in the Malta Development Corporation (1980-92) and second secretary in the Maltese embassy in Brussels (1970-74), being in charge of relations between Malta and the EEC. He had also previously been co-opted to Parliament on December 9th 1987, following the death of Labour member of Parliament Joseph P. Sciberras (Galea, 2000: 182).

⁷ Tr. from Maltese, having two meanings: 'Every Sunday' and 'Everybody'

⁸ Tr. from Maltese: 'Freedom'

In Summer 1994 the Malta Labour Party kicked off its electoral campaign. By now Malta had witnessed various changes from the time when Labour was last in government. The feel-good factor created by the previous Nationalist administration was still going strong. In 1994 unemployment was at a relatively low 4.1 per cent, and Gross Domestic Product reached Lm901.8 million, up from Lm769.6 million in 1992 and Lm430.6 million in 1986 (Briguglio, L. 1988: 190; Ministry of Finance and Commerce, 1997b: 227, 229; Ministry for Economic Services, 1999: 211, 213).

Malta was witnessing stark changes within the occupational structure. The period 1985-95 was characterised by hefty increases in professional, technical, administrative, managerial, clerical and skilled-manual employment and corresponding decreases in unskilled-manual employment. Besides, more women were entering the labour market. (The Malta Independent, 28th February 1999). Within University – now free from the student-worker scheme, student population increased fivefold between 1984 and 1996 (Malta Government Web page – <http://www.magnet.mt/economy/surveysep98>).

During the 1990s Malta also witnessed increases in consumer spending (Central Bank of Malta, 1998: 153-158; United Nations Development Programme, 1996: 44). In this regard, sociologist Noel Agius observes that one of the biggest growth areas in the Maltese economy during this period was the expansion of supermarkets, which were previously rare (Agius, N. 2000: 56). According to sociologist Anthony M. Abela, the 1990s also witnessed a lowering of intolerance levels in political matters, and higher levels of happiness than in the 1980s (Abela, 1994).

⁹ Tr. from Maltese: ‘those who are not against us are with us’ – as opposed to the previous Labourite saying ‘*min mhux maghna kontra taghna*’ (Tr. from Maltese: ‘those are not with us are against us’)

Alfred Sant's policy of '*min m'huwiex kontra taghna huwa maghna*' featured prominently in Labour's campaigns. New Labour's alliance-building policy was being put into practice. On September 11th, 1994, during a Labour discussion in Gharghur, Alfred Sant promised that once elected to power his Government would change legislation enacted by the Labour Government in 1976, in order that amended industrial legislation would give recognition to the associations of the self-employed which would be equal to that enjoyed by the other unions. Sant also expressed his support for the traditionally Nationalist-inclined General Retailers and Traders Union in their opposition to VAT, stating that they had "every moral right" to take that stance (The Times, 12th September 1994).

The Malta Labour Party also took advantage of hunting and trapping legislation introduced by the Nationalist Government in 1994, which included serious restrictions on these activities, causing uproar by the strong hunting and trapping lobby. The Malta Labour Party signed an agreement with the Association of Hunters and Trappers which listed measures that a Labour Government would implement to further liberalise hunting and trapping (The Malta Independent, 27th October 1996).

In September 1994 the Nationalist Government issued a Presidential Pardon to convicted Brazilian drug trafficker Francisco de Assis Queiroz, on the grounds of his medical condition. During the same period a pardon was also issued to Joseph Fenech known as *Zeppi l-Hafi*¹⁰, a Nationalist activist who was also convicted for drug and murder-related charges. Fenech was pardoned on the grounds that he would provide vital information to the Government about pending cases of drug trafficking. The Malta Labour Party immediately attacked these pardons claiming that the Nationalists were defending 'barons'.

Indeed, the term ‘baron’ started to be used frequently by the Malta Labour Party, within slogans such as ‘*pajjizna mmexxi mill-barunijiet*’¹¹, which was used interminably in Labour press releases, press conferences, advertisements and propaganda material. The people who were being referred to as barons included Nationalist Ministers, prominent businessmen with Nationalist orientations, alleged drug traffickers, land speculators and notorious Nationalists.

Examples of cases considered by the Malta Labour Party as having involved ‘barons’ included various presidential pardons, awarding of contracts and development projects (Mifsud, J., 1995). One such development project which Sant’s Labour was opposing with all its might - the construction of an airstrip at Ta’ Lanbert, Gozo – had been proposed by the Labour Party in its 1987 electoral manifesto (*Moviment tal-Haddiema*, 1987: 57).

At the beginning of 1996, the Malta Labour Party published its manifesto ‘*Ic-Cittadin L-Ewwel: Il-Politika Gdida Laburista*’¹² described by Alfred Sant as a full modernisation of the Party’s policies during the preceding three and a half years (Malta Labour Party, 1996a). ‘*Ic-Cittadin l-Ewwel*’¹³, had originally been used by the Democratic Party as its electoral slogan during the 1987 elections (*Partit Demokratiku*, 1987).

New Labour’s manifesto spoke clearly in favour of the participation of various sectors in the country’s decision-making processes within a free market economy that controlled monopolies and ensured justice in tax collection and redistribution. Labour’s vision was stated to include the

¹⁰ Tr. from Maltese: ‘Barefoot Joe’

¹¹ Tr. from Maltese: ‘our country is led by barons’

¹² Tr. from Maltese: ‘Putting the Citizen First – The New Labour Policy’

¹³ Tr. from Maltese: ‘The Citizen Comes First’

introduction of various rights as well as adherence to the concept of sustainable development. Other proposals included various mechanisms to ensure justice, accountability and transparency; gender equality; safeguarding of agriculture; educational reform; and the introduction of various training schemes (Malta Labour Party, 1996a).

Certain specific proposals within the manifesto stood out when compared to previous manifestos.

These included the following:

- The need to abolish levies, given that they had become an extra tax on consumers;
- Revision of social benefits, in order that the small self-employed and their families would enjoy the same benefits as workers;
- The allotment of all necessary space for hunting and trapping to be practised legally in order to strike a balance between the environment and hunters and trappers ;
- Recognition of citizens' right to choose private medical services in day-clinics and hospitals.
- Co-operation between the State, the Church, and private schools; and the allocation of full space for the operation of private schools (1996a).

In *Ic-Cittadin L-Ewwel: Il-Politika Gdida Laburista* the Malta Labour Party also harshly criticised the VAT regime, which Labour considered to be in place in order to satisfy the European Union. Harsh criticism was also reserved to what the Party considered to be political interference in order to protect criminals (1996a: 93-94).

On Monday 23rd September 1996, the date of the general elections was announced: October 26th, 1996. This meant that a short electoral campaign was to follow. It also meant that Parliament was

to be halted six months before its maximum termination date, and a few weeks before Budget day.

By the end of 1996, Malta's Gross Domestic Product had increased to Lm1,052.9 million from Lm769.6 million in 1992. During the same period unemployment increased marginally from 4 per cent to 4.4 per cent (Ministry of Finance and Commerce, 1997b: 227, 229).

A few hours after giving the election date, Alfred Sant publicly announced that a Labour Government "will be a government of all the Maltese and Gozitans." (Malta Labour Party, 1996c: 28). The Malta Labour Party subsequently embarked on its electoral campaign, entitled '*Maggoranza Gdida ghal Malta Moderna*'¹⁴. By now, the Malta Labour Party was being referred to as '*New Labour*' by the Party itself, and various 'old' symbols such as the Party's torch emblem were nowhere to be seen, more modern images having taken over.

The electoral programme of the Malta Labour Party for the 1996 elections, '*Ic-Cittadin l-Ewwel – Vizjoni ghal Malta Moderna*'¹⁵, was almost totally based on the electoral programme published a few months before. New Labour gave importance to the concept of full security for the citizen. Sant also intended to remove power from the hands of a few 'barons', whether in the economy, environmental destruction or drug trafficking (Malta Labour Party, 1996b).

As regards the economy, the electoral programme stated that "The private sector would function as the motor of economic development." (The Times, 1st October 1996), within a context of fair competition, and that industry should remain the chief pillar of the economy. Special reference

¹⁴ Tr. from Maltese: 'A New Majority for a Modern Malta'

¹⁵ Tr. from Maltese: 'Putting the Citizen First – A Vision for Modern Malta'

was made to tourism, which would be given a big boost especially due to the introduction of the Ministry for Tourism, the elimination of VAT and the strengthening of the forward-buying rate (Malta Labour Party, 1996b).

As regards government finance, it was stated that a Labour Government would control public expenditure and reduce Income Tax if it was feasible to do so. The Labour Government would also replace VAT within 6 months “with a structure of taxes and duties equivalent to those prevailing prior to the 1st of January 1995” (The Times, 1st October 1996), and would introduce the concept of ‘fiscal morality’, so that everyone would pay just taxation rates (Malta Labour Party, 1996b).

The programme also promised to make Malta a Switzerland in the Mediterranean, which, according to the Party would unite Malta’s European and Mediterranean international orientations, short of EU membership. In a nutshell this would mean that

“A Labour Government will target a contractual arrangement with the European Union that would envisage the setting up of an industrial free trade zone within a reasonable time scale. Coupled with this there would be bilateral agreements in foreign policy, security, and co-operation in the technical, economic, financial and social fields.” (The Times, 30th September 1996).

Other specific promises and proposals in the electoral manifesto included the following:

- Withdrawal from N.A.T.O.'s Partnership for Peace programme, which Malta had joined a short time before;
- The continuation of the University stipend system;
- The introduction of a scheme by means of which British service personnel would be able to receive full services pensions without forfeiting their Maltese state pension; (Malta Labour Party, 1996b).

During the electoral campaign that followed, Alfred Sant made it clear that when in government he would not carry out any retaliations and would not allow anyone to carry out revenge on anyone (Agius, F., 1996: 10). Other promises made by Sant during the electoral campaign included the reduction of water and electricity rates if the tariffs were found to be unjustified (1996: 31) as well as revision in the structure plan so as to provide plots and build apartments which were affordable to young couples (1996: 72);

On October 11th, the Malta Labour Party held a meeting with Dockyard workers at Gavino Gulia square in Bormla, the same place where Dom Mintoff had held a notorious meeting with Dockyard workers in 1973. Sant stated that the Dockyards should be a main pillar of the Maltese economy and should be modernised. During the meeting Sant emphasised that

“the Dockyards remain being led by the workers themselves. A new Labour Government would show no signs of agreement with anything that goes against this principle.” (1996: 56).

The thirtieth day of Labour's electoral campaign saw Dr. Sant and Dr. Fenech Adami confront each other in a debate on state television. Sant's interventions were always on the offensive, and he talked about the cost of living, the poverty of state education, drugs and the people involved in drug-trafficking, criminality, "rampant" corruption, the "scandalous" case regarding the construction of the San Raffaele Hospital, the bus-ticketing case, and the presidential pardons to Queiroz and Zeppi l-Hafi (1996: 78).

In contrast to its electoral campaigns during the 1970s and 1980s, New Labour's campaign was characterised by its calm and civil style. The electoral campaign also emphasised the 'winning team' led by Alfred Sant and Party Deputy Leaders Dr. George Abela and Dr. George Vella, respectively a lawyer and a doctor who projected the image of being moderates. Abela was also legal advisor of the General Workers Union.

Dom Mintoff, who once again was to contest the elections as a Labour candidate in the working-class second district, held a number of mass meetings that contrasted highly with those of New Labour. He spoke on a truck, accompanied by Labourite militants such as Dockyard Chairperson Sammy Meilaq and Edwin Bartolo. There were no New Labour symbols around him. He even spoke with his usual style, referring to the "past of the Socialist Movement", "us and them", affirming that "we always boasted of being Socialist and we were never afraid" and that "what we teach was taught by Christ." (Nationalist Party Information Office, 1999: 16). During his meetings, Mintoff never referred to Alfred Sant or to Labour's policy updates. Neither did he use Labour's slogan '*Ic-cittadin l-ewwel*'. Instead, he kept on using his old battle cry, '*Malta l-ewwel u qabel kollox*¹⁶'. The Labour media did not report these meetings.

The Nationalist Party's electoral campaign, based on the slogan '*futur*'¹⁷, emphasised Malta's future within the European Union as well as the achievements of the Nationalist Party, be they employment, development and standard of living. The Nationalists also portrayed Alfred Sant as an untrustworthy politician, emphasising his role as President of the Malta Labour Party during the 1980s.

Commenting on the electoral campaign, Dominic Fenech recalls that the mailing campaigns of the political parties were so intensive that the volume of mail exceeded that of the Christmas period. Fenech also mentions the fact that for the first time in Maltese political history, the Opposition Party was in a position to give its own version of the events on the television, given that Labour had its own television station, unlike the Nationalists (Fenech, D., 1997: 165). Another observation made by Fenech was that the electoral campaign was characterised by a Presidential style, with the leaders of the dominant political parties being given major attention (1997).

The Malta Labour Party cruised to victory in the 1996 elections, obtaining a one seat majority over the Nationalists, thus ending nine and a half years of Nationalist rule. From a 13,021 vote deficit, the Malta Labour Party won the elections by 7,633 votes, reflecting a swing of 20,654 votes - the largest ever in the history of Maltese politics. The turnout for the elections – 96.2 per cent - was basically equivalent to that of the previous two general elections. Labour obtained 50.7 per cent of votes, while the Nationalists obtained 47.8 per cent. Labour's majority was the smallest ever majority obtained in Maltese elections. *Alternattiva Demokratika*, representing 1.5 per cent of voters failed to win parliamentary representation, given the Maltese electoral system.

¹⁶ Tr. from Maltese: 'Malta comes first and foremost'

¹⁷ Tr. from Maltese: 'future'

This system was by now even more favourable to the two dominant political parties. In fact in 1995, the law was amended so that the party with the relative majority of votes would be awarded an absolute majority of seats, provided that only two parties would have obtained parliamentary seats.

The New Labour Government

Alfred Sant's first address to the nation as Prime Minister, broadcast on state television, was a remarkable eulogy to the new slogan wherein *min mhux kontra taghna huwa maghna*. In his words,

“It is not true that elections produce losers and winners if we keep before our eyes the ideal of a united people, a people who lives together as one society, as one family. There will be differences between us. It is inevitable to have differences within a democracy. Many times differences give citizens the chance to choose. But once the choice has been made, unity would still remain in existence. Unity, within which all of us would feel part of a small country, true, but a country with big values, solid traditions, one family which produced much in the past and by means of which much good was produced. We intend to keep on building on the good things that have been done and to remove all that was perhaps not done well in the past, whoever did it, and we will look forward. We want to be a Government of all Maltese and Gozitans in the fullest democratic sense wherein the Opposition would have the fullest opportunity to express itself, explain its

views and affirm the values which it believes in as much as we believe in them ourselves” (Agius, F., 1996: 82).

Sant’s first decisions as Prime Minister included Malta’s withdrawal from N.A.T.O.’s *Partnership for Peace* programme – carried out a mere forty-eight hours after taking office – and the freezing of Malta’s application to join the European Union, a decision which was criticised by various constituted bodies.

Upon appointment as Prime Minister, Alfred Sant also ordered that no transfers be carried out in the Civil Service (Muscat, J. 1998: 42). Some heads within the Civil Service and Public Corporations retained their place, which in itself was something new in Maltese political history. Perhaps the most notable example was that of Marin Hili, who remained head of the Malta Freeport. Hili was a member of the same family that was labelled as being made up of ‘barons’ by the Labour opposition a few years and again months before taking office.

The Labour Government also appointed a tribunal to investigate injustices committed by the Nationalist Government before the establishment of the Ombudsman (Muscat, J.: 1998: 42). Another early decision was the withdrawing of two controversial development projects proposed during the previous administration - the construction of an airstrip in Gozo as well as the construction of factories on agricultural land in Marsa (1998: 38).

The new Government also carried out decisions that reflected its gender-oriented policies. The new Speaker of Parliament was a woman - Ms Miriam Spiteri Debono. Besides, a Parliamentary Secretariat for Women was set up, within the Office of the Prime Minister. These decisions were

other ‘firsts’ with regard to gender equality carried out by the Malta Labour Party. One similar decision in this area was the appointment of Agatha Barbara as President of Malta during the 1980s by the Labour Government.

Two other significant decisions were the assignment of a cabinet member whose portfolio was the self-employed – another first in Maltese politics, and, reform within the power structure of the Drydocks, wherein contrary to what was promised before the elections, the Council was now dominated by the Government and not by workers’ representatives.

One of the first tests for the New Labour Government was a hunger strike carried out by activists of the ‘*Front Against the Hilton*’, an alliance made up of activists from movements such as *Moviment Graffiti*¹⁸ and Friends of the Earth. The Front had been carrying out a campaign against the proposed Hilton development project, which was being criticised for causing much environmental damage on land which until then belonged to the Government. The developers purchased the land involved in the area from the state for a mere Lm191,000. The characteristics of this project were very similar to those of other projects that the Labour opposition labelled as having to do with ‘barons’ (Briguglio, M., 1998).

Protests against the Hilton development project had been organised a few days prior to the 1996 elections, including direct action on the development site a few days before the elections. The Malta Labour Party had instilled hope in the Front members that it would look into the matter. But when it became evident that this would not occur, a hunger strike was held by three activists¹⁹ were later on joined by another two. The hunger strike was held in front of the Office

¹⁸ Tr. from Maltese: ‘Graffiti Movement’

¹⁹ I was one of the activists.

of the Prime Minister and ended after six days, when the Ombudsman decided to investigate the development project (1998: 38-42).

The Ombudsman subsequently concluded that the while the granting of land was not illegal, it constituted “a case of bad administration without due consideration to the national interest.” (Ombudsman, 1997: 13). Prime Minister Sant declared that his Government would follow the Ombudsman’s recommendations, but remained silent on the Hilton project itself (Briguglio, M., 1998: 44).

The Hilton project - now christened ‘*Portomaso*’ - kept on going ahead, amidst the silence of the Labour Government and the Nationalist Opposition (1998: 50-52).

In the meantime, the owners of Portomaso – the Tumas Group - had acquired a substantial share (25%) of the Fort Chambray project, which Labour had heavily criticised when in opposition, and was also granted a beach concession for its Dolmen Hotel in Bugibba (1998).

Alfred Mifsud, the financial controller of the developers, Easysell Ltd (later on renamed Tumas Group) and main spokesperson for the group in the Hilton project Public Hearing, had also been the architect of Labour’s fund raising campaign during 1992-96 (1998: 35). Upon Labour’s electoral victory, Mifsud was appointed Chairman of the Mid-Med Bank (now HSBC) – one of Malta’s leading banks, in which, at the time, Government was the major-shareholder. Mifsud was also giving other important duties within the New Labour Government (1998: 38).

A few months after being elected, the New Labour Government presented its first Budget. On presenting it, Economic Affairs and Finance Minister Lino Spiteri stated that the Labour Government inherited a financial situation much worse than expected - the deficit was three times as much as that projected by the Nationalist Government in the previous year's Budget, resulting in a deficit of 9.3 percentage points of the Gross National Product. Indeed, for the first time in Maltese history, the Nationalist Government had left a deficit between Revenue and Expenditure (Ministry for Economic Affairs and Finance, 1997a: 5-6).

Among the measures decided upon in the Budget, Spiteri mentioned the prioritisation of the Education sector, the containment of overtime costs in the public sector; further allocation for the controversial San Raffaele Hospital Project; and the strengthening of investigation of tax returns of companies and individuals (1997).

With regards to the VAT issue, Spiteri stated that the new customs duty that would replace VAT would remain at 15 per cent on all EU imports except for food, medicines and educational products. On the other hand, the tourist industry would be subject to 5 per cent taxation instead of the 15 per cent which were being paid under VAT. Regarding the issue of fiscal receipts upon payment – a hot issue in the previous electoral campaigns – Spiteri proclaimed that providers of goods and services would still have to issue such receipts upon payment (Ministry for Economic Affairs and Finance, 1997a: 85).

Other Budgetary measures included various increases in duties, registration taxes, and charges on services. On the other hand, the Budget gave the go-ahead for the implementation of a scheme

whereby British-service pensioners who had their State pensions reduced would now start receiving full pensions.

By the time of the 1997 Budget, the New Labour Government had introduced a new word in its vocabulary – *'hofra'*²⁰ – referring to the deficit and debt which was left by the Nationalist administration. As a matter of fact, Labour continuously started referring to the adverse economic situation. In this regard, psychologist Edward J. Clemmer states that “ ‘doom and gloom’ have generally been the drumbeat of Labour, before, during, and after its brief term in government” (Clemmer, 2000: 71).

During March 1997 – a few weeks after presenting the Budget - Lino Spiteri resigned from his post as Minister of Finance, to be replaced by Leo Brincat. Spiteri's declared main reasons for resigning included his lack of agreement with the Labour Government over the European Union and VAT issues.

In the meantime, the New Labour Government process for the removal of VAT was heavily under way. Various consultation and information meetings were held with the public in general and the self-employed. Eventually, during the summer, the replacement of VAT was introduced and christened 'Customs Excise Tax' or CET. This new tax was to be charged at 5 per cent on services and tourist services, as against the 15 per cent taxed under VAT. Small industries producing for the local market enjoyed preferential treatment under the CET, as their raw material imports could be purchased free of tax. Therefore, value added locally was being taxed less than imports. Indeed, excise duties for EU imports were calculated to increase to 21%. Besides, CET dismantled the refund system that existed under the VAT regime.

The Nationalist Party immediately criticised CET, as did various constituted bodies such as the Confederation of Malta Trade Unions, *Union Haddiema Maqghudin*²¹, Employers Association, and the Chamber of Commerce (The Malta Independent, 26th October 1997).

During Summer 1997, the New Labour Government made two more unprecedented political moves. The first was that in July 1997, Prime Minister Alfred Sant appointed the Commission for the Future of the Family, which was to discuss the possibility of introducing divorce in Malta. The absolute majority of members of the Commission agreed that this right be introduced in the country (Muscat, J.: 1998: 33). The second political move was that on 21st September 1997, Alfred Sant became the first ever Labour Prime Minister to take part in the celebrations of Independence Day (1997: 10).

In October 1997, Dom Mintoff started to show signs of disagreement with Sant's Government. At this time, the Nationalist Opposition presented a motion to discuss Malta's relationship with the European Union. Mintoff stated in Parliament, that he did not agree with the Opposition's motion, but that he also did not agree with the way in which the Government was leading the country (Nationalist Party Information Office, 1999: 26).

On November 5th, 1997, the New Labour Government presented its highly controversial second Budget, which kick-started a series of conflicts that would ultimately lead to its downfall. Minister Leo Brincat stated that government deficit, which had reached a record figure of Lm107.2 million (excluding Lm3.2 million foreign loans) in 1996, was projected to reach

²⁰ Tr. from Maltese: 'hole'

²¹ Tr. from Maltese: 'United Workers' Union' (UHM)

Lm121.1 million in 1997 (after excluding Lm4.2 million foreign loans). This amount was calculated to represent 9.4% of Malta's Gross Domestic Product (Ministry of Finance and Commerce, 1997: 25).

The Budget included various austerity measures that, according to Leo Brincat formed part of a three-year strategy that would spread out the imbalance in an "appropriate way" (1997: 67). The measures in question included the following:

- Recruitment in the public service would be put on hold, save for areas of health, care of the elderly and education; and a Cabinet committee would monitor the requirements and advise Government on the issue;
- A 5% reduction on the Government's recurrent expenditure regarding non-fixed costs;
- The introduction of a fee of Lm1 for every medical certificate issued by doctors in Government service to public employees;
- The introduction of a 50c fee for every medical prescription by Public Health giving medicines for free;
- Increases in charges on licences, registration taxes, service charges and duties;
- The re-introduction of compulsory declaration on Capital Assets;
- Steep hikes in electricity and water consumption rates, doubling the old tariff rates;
- The introduction of a new sewerage tariff;
- Price increases of liquid petroleum gas;
- Reduction of stipends to University students (save for students attending the Institute of Health Care), wherein 50% of the stipend would be by way of a loan, as against the previous system wherein the full amount of the stipend was a grant (1997).

The Budget also included a privatisation programme. The Government was to sell 40% of the assets of the TeleMalta Corporation and the Malta International Airport Authority. Minister Brincat stated that discussions with the Unions would start immediately and that 20% of the proceeds from these sales would be used to help restructure and modernise the country (1997: 104-5). Besides, the private sector was invited to participate in the management of certain companies (1997: 95).

There were various reactions to the 1998 Budget. The two major trade unions, the *Union Haddiema Maqghudin* and General Workers' Union resorted to contrasting measures. The former criticised the Budget strongly and carried out mass-demonstrations, while the latter announced that it would carry out a scientific study of the impact of the Budget on workers. Other notorious reactions included that of university students, who, during Budget speech held a mass protest in front of Parliament against the reforms in the stipend system. The protest formed part of a week-long campaign against the new system.

However the most politically significant reactions to the 1998 Budget – and to the New Labour Government in general - was Dom Mintoff's. From now on the stability of Sant's Government was heavily threatened. On November 10th, Dom Mintoff voted against a Government motion on the procedure for discussing the Budget, but the motion obtained a majority of votes due to a mistake on the part of a Nationalist member of Parliament, Francis Agius. The vote was characterised by tension and much noise (Nationalist Party Information Office, 1999: 41).

By then Mintoff's parliamentary interventions were directly criticising the New Labour Government on various aspects. On November 19th that year, Mintoff stated that the New Labour Government's cardinal error was forgetting that the Malta Labour Party was a workers' – rather than a citizens' – party, "because its belief is to protect the worker" (*Il-Mument*, 23rd November 1997). During his interventions Mintoff also spoke about Malta's foreign policy, and appealed for co-operation between the two Parties in Parliament (*The Malta Independent*, 16th November 1997).

Mintoff frequently abstained from voting with regards to the Budget, for example in connection with specific Ministries' budgets. This was after his questions were ignored by Labour speakers. On each occasion, the casting vote of the Speaker of the House had to be used. However, Mintoff finally voted in favour of the Budget and Labour remained in power. Yet he kept on criticising Sant's Government, appealing for a discussion during the Labour General Conference. But this seemed to fall on deaf ears.

In March 1998, a motion presented by the Nationalists condemning the Labour Government's foreign policy, did not gain a majority of votes. However, a Government motion in favour of the policy did not gain a majority of votes, too.

In April 1998 the New Labour Government suffered its second major casualty following the resignation of Lino Spiteri from the post of Minister of Finance – Party Deputy Leader for Party Affairs. Dr. George Abela resigned from his post of consultant to Prime Minister Dr. Alfred Sant.

On April 28th, a major feat occurred with regards to New Labour's 'Switzerland in the Mediterranean' policy. Malta, represented by Minister for Foreign Affairs and the Environment Dr. George Vella - who also happened to be Labour's Deputy Leader for Parliamentary Affairs - signed an agreement with the European Union which, among other things, stated,

“The Association Council recognised that a free trade area between the EC and Malta should be fully WTO²² compatible and cover substantially all trade”

(European Community – Malta Association Council , 1998a: 1).

With regard to agriculture, a hot issue in New Labour's EU-related policy, the agreement said “The respective agricultural policies of each Party should be taken into account, including the sensitivity of certain products” (1998a).

The agreement also stated that Malta's industrial restructuring programme was to include changes in Malta's taxation system – including CET – which would conform with the Association Agreement and the World Trade Organisation. Among the issues highlighted by the agreement wherein bilateral co-operation could be developed, one could find energy, environmental protection, industrial co-operation and regional and cross-border co-operation (1998a).

Robin Cook, Minister of Foreign Affairs of the British New Labour Government and President of the EU Association Council, delivered an official speech on the joint agreement between Malta and the European Union, in which he highlighted the main points within the agreement, adding that

“Such a free trade area should cover substantially all trade without excluding any sector. Agricultural trade should be progressively liberalised taking as a starting point traditional trade flows”

(European Community – Malta Association Council , 1998b: 2).

In June 1998, the New Labour Government fell into deep crisis. The Government tried to achieve parliamentary approval for a resolution on a 99-year lease of government-owned land at the Birgu seafront, to Cottonera Ltd., for the construction of a yacht marina. The land in question is in the heart of the pro-Labourite and working class second district, and is a popular leisure area. The motion was presented on June 2nd. On the following day, the Nationalist opposition presented an amendment to the motion, and On June 5th Nationalist Leader Eddie Fenech Adami addressed a press conference and asked for more information on the project (*Il-Mument*, 6th June 1999).

Following the Government’s proposal, Dom Mintoff declared that he would have to vote against the project, although he was not against development in Cottonera (Nationalist Party Information Office, 1999: 97).

Indeed, on June 8th, Mintoff voted against the Government over the Cottonera project. Alfred Sant counter-acted by informing the Labour parliamentary group that he was not ready to remain their leader unless he had the support of the majority. On that same day, amidst much pro-Sant propaganda on Super 1 Radio, the Malta Labour Party declared that it would hold a press conference the following day in Birgu (*Il-Mument*, 6th June 1999).

²² World Trade Organisation

On June 9th, Alfred Sant addressed the conference-turned-mass-meeting in Birgu, and offered the leadership of the Government to anyone within the Party who could gather a parliamentary majority. He also asked for Dom Mintoff's resignation from Parliament. Sant did not mince his words and said, "if Mintoff really believes that Malta is first and foremost then he should resign immediately from Parliament." (*L-Orizzont*, 10th June 1998). The Prime Minister also alleged that Mintoff was conspiring with the Nationalist Party and with Shadow Minister for Foreign Affairs Professor Guido de Marco, and that he was talking with the Libyans behind everybody's back. Sant ended his speech with a bombshell. In fact he declared that he would not pronounce the slogan '*Malta l-ewwel u qabel kollox*'²³ because it had been betrayed. The national anthem was played at the end of the Prime Minister's speech (1998).

On that day, too, the National Executive of the Malta Labour Party declared that it had full confidence in Alfred Sant and that it did not want anyone to replace him. Mintoff's behaviour was condemned without any reservations by the Executive of the Malta Labour Party. Executive member Alex Sceberras Trigona - who had served as Minister of Foreign Affairs between 1981 and 1987 and who was then a parliamentary backbencher - voted against the motion (*Il-Mument*, 6th June 1999). However, the Labour parliamentary group - in the absence of Dom Mintoff and Lino Spiteri - unanimously declared its absolute loyalty to Dr. Sant. The Party's Candidates' Section followed suit (*L-Orizzont*, 11th June 1998).

Long discussions in Parliament about the Cottonera project followed for a number of weeks, and Mintoff himself spoke for about nine hours in Parliament. Thousands of Maltese people were glued to their radios, listening to Mintoff's marathon speeches. As journalist Saviour Balzan put

it “Radio Malta has never had such a faithful listenership and World Cup²⁴ viewing such a lousy following.” (The Malta Independent, 21st June 1998).

During the parliamentary sitting on June 16th, Sant kept on appealing to Mintoff to resign, stating that the second vote on the project would also be a vote of confidence in his Government. If the vote was lost Dr. Sant would resign and ask the President of the Republic for fresh elections. Even if Mintoff abstained and forced the Speaker to vote, this would still be considered as a vote of no-confidence (*Il-Mument*, 13th June 1999).

The declarations by Sant and the organs of the Malta Labour Party seemed to have no effect on Dom Mintoff. The octogenarian now heavily criticised Alfred Sant for his grip on the Party machinery, which, according to him, was resulting in a situation where the Deputy Leader for Party Affairs Dr. George Abela was rendered powerless. The former Prime Minister proceeded by stating that “it was the soul, the beliefs, that made the Party, and that was the crisis now facing the Malta Labour Party.” (The Times, 21st June 1998).

Amidst a barrage of criticism against Dr. Sant, Mintoff said that once the Prime Minister withdrew his charge of treason, he “would be prepared to help him, in the interests of the Party and the country, to come out of this situation with the least possible harm and with honour.” (1998).

²³ Tr. from Maltese: ‘Malta first and foremost’

²⁴ The ‘France 1998’ football World Cup was taken place during the time. World Cup football games are viewed by thousands of Maltese people, and tensions are very high during the competition, especially due to the rivalry between frantic supporters of the English and Italian national squads.

In the meantime, various mediation meetings were being held between Dom Mintoff and prominent members of the Malta Labour Party. However they did not seem to produce any tangible results (*Il-Mument*, 20th June 1999).

On 7th July Mintoff voted against the Cottonera project for the second time, after declaring that he was abstaining, and thus the project was outvoted. Prior to the voting, the Government had ignored an appeal for the re-negotiation of the Cottonera project (*The Times*, 8th July 1998). During that heated parliamentary session, Alfred Sant, in contrast with the calm and civil image he had usually tried to project, stated that “from now on the Government is declaring war... war... war... on the Nationalist Party.” (*Il-Mument*, 4th July 1999).

Tensions ran very high during that parliamentary session. Mintoff and Scerberras Trigona were insulted by various Labour deputies, and a heated argument between Lino Spiteri and Labour deputy Anglu Farrugia arose. Eventually, Mintoff and Transport Minister Joe Debono Grech ended up grabbing each other by the shirt after the latter accused Mintoff of being a traitor. When Mintoff left Parliament, various Labour supporters started insulting him, calling him ‘traitor’ (*Nationalist Party Information Office*, 1999: 124).

The Malta Labour Party proceeded to hold an extraordinary General Conference – ‘*Ir-Rebha Taghna Terga’ Tkun*’²⁵ - between July 9th and 10th, 1998. 93 per cent of delegates present for the conference condemned Mintoff’s behaviour. He was also prohibited from contesting elections on behalf of the Malta Labour Party, and Alfred Sant was given the right to call for early general elections when “it would be politically and materially possible in the interests of the country.”

²⁵ Tr. from Maltese: ‘Victory Will Be Ours Again’

(Galea, 2000: 244). Out of 880 delegates who were eligible to vote, 715 gathered their vote and 665 voted in favour of Sant's motion. During the conference, Deputy Leader George Abela made it clear that he did not agree with the decision to hold general elections, declaring that he was ready to "stop here." (*Il-Mument*, 4th July 1999). George Abela's opinion was shared by Alex Sceberras Trigona, John Zammit Dimech and International Secretary Michael Falzon, who stated their opinions on the second day of the conference. On July 11th, Alfred Sant confirmed that early general elections would be taking place and Dr. George Abela officially resigned from the post of Deputy Leader of the Malta Labour Party (*Il-Mument*, 11th July 1999).

On 6th August 1998, Alex Sceberras Trigona wrote to the General Secretary of the Malta Labour Party, Jimmy Magro, informing him that he would not be contesting the general elections. Sceberras Trigona stated that if elections took place, they would not bring about social justice, but would only pit one Labourite against another. He criticised Labour for lacking social justice, and for having used its supporters as 'puppets' since October 1996. The former Minister of Foreign Affairs during the 1980s also stated that in the recent General Conference, as well on the Party's television and radio stations, only one version was being heard (*Il-Mument*, 7th March 1999).

Dom Mintoff did not participate in the general elections for the first time in fifty-three years. Mintoff had previously contested all fourteen elections since 1945 and had been elected in all of them. Between 1950 and 1981 he was consistently the most popular candidate, always obtaining the highest number of votes and being elected from both districts in which he stood for election. In the 1996 elections Mintoff obtained 6,208 first count votes in the Cottonera district (*The Times*, 13th August 1998). Former Ministers and Labour heavyweights Lino Spiteri and Alex

Sceberras Trigona did not contest the general elections, either. On the other hand, Joe Brincat, former Deputy Leader who had fallen out with the Malta Labour Party under Sant's leadership, resigning from the Party while maintaining his parliamentary seat up to 1996, decided that he was to return and contest once again with the Malta Labour Party.

In its electoral campaign, the Malta Labour Party used the slogan '*Valuri Sodi – Vizjoni Moderna*²⁶', and in its electoral manifesto with the same name, made many proposals and promises that it had already made in the 1996 electoral campaign (Malta Labour Party, 1998a). The electoral manifesto proposed that of completion on the free-trade zone agreement with the European Union in between five and seven years' time,

“a Labour Government would once again consult its citizens and ask them to consider and decide whether they preferred to continue to develop ever closer relations with the European Union according to the same model and parameters adopted by the present Labour Government or whether they would opt for taking a further step towards full European Union.” (The Malta Independent, 1st September 1998).

With regard to Labour's agreement with the EU, the programme declared that Agriculture would be excluded from the Free Trade arrangement with the Union and that necessary changes to the CET system for the setting up of a Free Trade Zone would start to be implemented by the following year (Malta Labour Party, 1998a).

²⁶ Tr. from Maltese: 'Sound Values – Modern Vision'

Commenting on the electoral campaign, Dominic Fenech states that the Malta Labour Party put much emphasis of the differences between the new and the modern on the one hand, and the old and the outdated on the other. The former category was being considered as representing New Labour. On the other hand, the latter category was clearly referring to the Nationalists and Dom Mintoff (Fenech, D., 1999: 196).

The Nationalist Party re-used its 1996 theme which depicted Labour's leadership as untrustworthy. The Nationalists also promised to cut back the utility rates and to reverse various unpopular measures imposed by the Labour Government. Besides, the Nationalists promised to keep on following the road taken prior to 1996, and thus re-introduce VAT and to pursue EU membership.

On its part, *Alternattiva Demokratika* participated under the moniker of '*Alleanza Gustizzja Socjali*²⁷', amidst rumours that Dom Mintoff would be participating with the Party.

By 1998 the economic situation was relatively worse-off than that inherited from the previous administration. Indeed, Gross Domestic Product increased from the 1996 level - Lm1,052.9 million - to Lm1193.6 million at the end of 1998, but at a slower rate, down from 4 per cent to 3.1 per cent (Ministry for Economic Services, 1999: 43, 211). Unemployment and inflation both increased – the latter from 4.4 per cent at the end of 1996 to 5.0 per cent in September 1998, (1999: 213) the former from 2.5 per cent in 1996 to 3 per cent in 1998 - double the figure of advanced economies (1.5 per cent) and the European Union (1.4 per cent). (1999: 11).

²⁷ Tr. from Maltese: 'Alliance for Social Justice'

That did not augur well for Sant's Government, particularly in a country where, according to Anthony M. Abela, materialist values continued to be prioritised by many Maltese people (Abela, 2000: 217). Besides, as Political Scientist John C. Lane puts it in his analysis of the Maltese electoral system, "At the end of the 20th century, there are signs of some loosening of traditional party loyalties and a lessening ideological division between the parties." (Lane, 2000: 218).

The Nationalist Party reversed the electoral result of 1996 back to the 1992 situation, obtaining a 13,000 vote majority, which resulted in a 5 seat majority, an increase of 2 seats under the previous Nationalist Government. The Nationalists obtained 51.8 per cent of votes, against the 47 per cent obtained by Labour and 1.2 per cent obtained by *Alternattiva Demokratika*. Once again, the Greens did not win parliamentary representation.

When the election results were out, it became clear that Labour had suffered its greatest losses in the Labour strongholds, and notably in the second district - Mintoff's home constituency (Fenech, D., 1999: 196). Besides, two Ministers, Professor Edwin Grech and Freddie Portelli - whose responsibilities included social issues such as Health and Housing - failed to get elected (*Il-Gens*, 11th December 1998).

When publicly announcing electoral defeat, Alfred Sant – who became the first Prime Minister in modern Maltese politics to lose his majority after only 22 months in power - stated that "I will not apologise on anything and to anyone." (*Partit Nazzjonalista*, 2000: 4).

Alfred Sant was re-elected as leader of the Malta Labour Party, being uncontested and obtaining 98.4 per cent of votes of the delegates present. He immediately labelled the new Nationalist

Government as 'illegitimate' on the argument that his Government had to call for early elections due the fact that it only had a one-seat majority in Parliament, which did not reflect Labour's 8,000-vote majority. Sant said that on the other hand the Nationalists, with a 13,000-vote majority had obtained a 5-seat majority in Parliament, thus pointing out an inconsistency between votes obtained and parliamentary seats. He concluded that therefore illegitimacy of the Nationalist Government reflected gerrymandering in the way in which the confines of electoral districts had been decided on (Galea, 2000: 245). Sant also made it clear that there could be no consensus with a party that conspired to bring down his Government (Fenech, D., 1999: 197).

Conclusion

This chapter has shown how, following the defeat of Old Labour in 1987, the Malta Labour Party was transformed into New Labour, resulting in the electoral victory in 1996. In the process, the Party's merger with the General Workers Union was disbanded, and the Party managed to win support from various categories and classes which it had previously alienated. New Labour also did away with the violent and socialistic image of Old Labour, presenting itself as a modernised and moderate party. However, as shown above, New Labour itself had its problems once in government, including the struggle with Dom Mintoff, and a lack of popularity with regard to various economic measures.

One can see that throughout its history the Malta Labour Party functioned within different social contexts and political settings, and also adopted particular strategies in different electoral campaigns. Of special interest to this thesis is the way in which Old Labour developed into New Labour. Following a brief analysis on New Labour and the Third Way in Britain and Europe, the

following chapters will analyse Old and New Labour by applying the theoretical concepts which are being utilised in this thesis.