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BLAIR'S NEW LEFT WARNING TO MURDOCH

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TONY BLAIR warned the high command of Rupert Murdoch's media empire last night that the Thatcherite free-market policies they espoused in the 1980s had failed to provide the social and economic stability needed to manage the technological revolution they unleashed.

In a bold pitch for the new Labour Party he is shaping, Mr Blair used the controversial platform provided by Mr Murdoch's invitation to Australia to admit the failures of "the Old Left" - "rigid economic planning and state controls" - and to denounce the divisive legacy of the New Right.

Addressing News International's senior executives at the exclusive Queensland resort of Hayman Island, he made no discernible concessions to the Murdoch world view other than to suggest that, in her assaults on vested interests, "Lady Thatcher was a radical, not a Tory".

It is a view the avowedly anti-establishment tycoon purports to share. But Mr Blair, whose aides were presenting the speech as one of his most ambitious yet, insisted "the claim that New Left is just a fancy way of saying Tory is false. The left-of-centre will act to organise and prepare a country for change.

"The choice is not between resisting change and letting it happen; nor between the state trying to run industry and some crude version of laissez faire liberalism."

Faced with "revolutionary change" - alongside the collapse of many traditional certainties about family, community and religion - the central question of modern democratic politics was how best to provide economic security and social stability within rules "accepted by society as a whole - and enforced". He also defended Labour's wary pro-Europeanism against the "insular nationalism" which papers like the Sun have promoted.

In a telling paraphrase of Bill Clinton's campaign team slogan, he added: "It's not just the economy, stupid. The task is to combine the preparation of a nation for economic change with the re-establishment of social order" - an immense task where the moral challenge would be as great as the economic one.

Many people who voted Tory in the 1980s were anti-Establishment and "saw part of the left as well as the right running that Establishment". With a swipe at Oxbridge, the law, outdated parliamentary practice and a divided education system - of all of which he is a product - he complained that many Thatcherites had not wanted to bust, but to "buy out" the old regime.

He added: "The era of the grand ideologies, all encompassing, all pervasive, total in their solutions - and often dangerous - is over. In particular, the battle between market and public sector is over."

Mr Blair who has been criticised for accepting Mr Murdoch's invitation and offer of a free return flight, told reporters in Sydney: "We're not here to flirt with anyone, we're simply putting our case."

"It's an important opportunity to address a very large news organisation and put the Labour Party's case and the case of the left-of-centre the world over." Before 200 Murdoch staff at the tropical hideaway he also conceded that Labour's relations with News International's papers have been poor in the past. "There have been changes on both sides. The past is behind us."

Unhappiness about the direction of New Labour surfaced again yesterday in reports that key shadow ministers, like Robin Cook and David Blunkett, have attended meetings at the Commons of a group called What's Left. All they were doing, they said last night, was explaining party policy to sceptics.

A Guardian report that Peter Mandelson MP is chairing a new policy revision group was explained. He was merely there to help "write sections of speeches and background papers for the party leader". But, given the pace of change in Mr Blair's first year, tensions are hardly surprising. He told the Murdoch conference that by "by the next election over half our members will have joined since the last election. It is literally a new party."

His visit has received extensive publicity. Mr Blair said the government of Australia's Labour Prime Minister, Paul Keating, had managed to ally economic sense and progress with strong social values.

"That combination of a fair society and a prosperous economy is one that's devoutly to be wished by any, sensible, modern left-of-centre party."