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The Liberals Show Some Guts

John Hyde

When I was a Liberal MP, I tried to follow, however gingerly, in the footsteps of Bert Kelly who defended free trade long before that cause was popular. It was, therefore, gratifying to have my fax jammed with copies of a recent speech by Ian McLachlan, Shadow Minister for Industry and Commerce, committing the Coalition to free-trade by 2000---in essence the Garnaut recommendation. Bert must be even more delighted.

It is not, however, trade policy, but the Liberal Party, that has changed most notably. The case for free trade, though not its achievement, has been won. Today, protection is defended only by the protected interests themselves. Such is the power of 'interests', however, that former Liberal Leader, John Howard, could not have led his party to accept the policy McLachlan announced. The directionless, vaguely socialist, drifting that marked the Fraser years, and the malice that marked the Howard and Peacock years, does now seem to be behind the Liberal Party. It, rather than Labor, now sets the policy agenda, which is increasingly a classical liberal one. The Liberals' new-found courage and direction are interesting developments in their own right.

The Liberal Party's renaissance was not effected overnight. For instance, the industrial relations policy is now more than five years old. Hewson is building on the work of others, but he does seem to be building well and he has pulled the team together.

One consequence is that Coalition MPs now seem to accept that they cannot exempt from reform the privileges of favoured groups without undermining their whole strategy. As well as promising that "By the year 2000, all forms of protection for all industries will be, at most, negligible", McLachlan was able to remind us that we have already been promised:

* waterfront reform to match New Zealand's recent 100% productivity gains,

* the opportunity for employees and employers to make direct agreements on wages and conditions,

* that foreign vessels will be allowed to compete for cargo on the Australian coast,

* reform of telecommunications by the introduction of full competition, privatisation, and the placing of 'community service obligations' within the national budget,

* privatisation of government business enterprises which are only about half as productive as the OECD average, and

* the introduction of a broadly-based goods and services tax (GST) to replace the wholesale sales tax and to allow income taxes to be reduced.

This is not a bad list. To my mind, it has only two glaring omissions: health-care and rural marketing. I expect that in due course the Coalition will announce a health-care policy that is not much different from the one that the Peacock Shadow Cabinet was too gutless to announce before the last election.

Rural policy is, thus, the one remaining area where the Coalition is to be found unambiguously on the socialist side of Labor and where Labor is still providing the policy leadership. The best that Hewson has so far managed, is to prevent the Coalition from opposing Mr Kerin's liberal reforms.

The proposed GST is an example of the advantages of moving on a broad front. The principal objection to this tax is that it is regressive. But, by abolishing tariffs and the wholesale sales tax, both of which are themselves regressive, the regressive effect of the change is largely offset and the need to compensate poor people greatly diminished.

Similarly, by deregulating the labor market, the public sector monopolies, the waterfront and protected industries---all at the same time---everybody's costs are reduced, including the costs of those industries that lose privileges.

One test of an Opposition's 'leadership' is the extent to which the Government takes up its policies. An indication that this is, in fact, happening now can be gained by comparing the Coalition's 'Economic Action Plan' with current Government policy. The scrapping of unemployment benefits for the long-term unemployed, the tightening of administrative procedures for invalid pension payments, the consolidation of employment training programs, a reduction in the ease with which Austudy may be claimed, concessions made to enterprise bargaining, the mooted privatisation of Australian Airlines, the partial privatisation of QANTAS and the Commonwealth Bank, and so on, are all policies recently advanced by the Coalition. That this should happen is not so exceptional: in the late 1960s and

early 1970s the Holt, Gorton and McMahon Governments adopted one Labor policy after another.

A more confident Opposition no longer needs to carp in order to distinguish itself from Labor. When it broadly agrees, as it did about sending ships to the Persian Gulf and lowering the wool reserve price, it can now afford simply to say so. One can never be sure, but I do not think the present Coalition would chase cheap popularity the way it did with telephone time charges. Nor do I think it would as blatantly run away from a much-needed policy as it ran away from healthcare at the last general election. In short, the Federal Coalition looks less divided, more confident and more principled than at any time since well before it lost office. Again one cannot be sure, but maybe now only an ineffective rump---a relic from the Fraser years---does not accept that good government is an achievable goal worth fighting for. If that is the case, Hewson will not be undermined as Howard was undermined and, in due course, a Coalition Government is likely. The other mob are wobbly.

In the meantime, Hewson and Co will suffer the frustration of seeing their more saleable policies adopted by Labor. They must comfort themselves with the thought that they are governing from the Opposition benches. Some of them may remember an occasion in 1982. The Liberals had lost Victoria and the writing was on our wall. One Party Room Member after another advocated handouts until I am sure we were well on the way to spending the entire GDP, when Ross McLean interjected: "Malcolm! Why don't we try good government? It might be popular." Indeed it might!

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