

\*FIN\* ON THE DRY SIDE 228

HOWARD III John Hyde.

Federal Opposition politics is, to put it mildly, 'fluid'. Almost anything is possible and a Howard minority government after the next Federal election is among the less unlikely possibilities. It will require some diminution of the continual bucketting Howard is receiving from his erstwhile allies and a National Party that has talked itself into a position where it is unwilling to form a coalition on Howard's terms. Want of the first condition gives victory to Labor; want of the second produces a coalition.

The Liberals' slump in the opinion polls after nearly a year in front of Labor coincided with the Joh for PM campaign. The promised tax cuts would not have helped Labor but the extravagant abuse heaped on most senior non-Labor politicians in Canberra by Joh is a gift to Labor. If the public rancour does not subside before the election campaign, the opinion polls will prove to have been precursors of the third Hawke victory.

National and Liberal MPs can afford to disagree with civility but they cannot afford to belittle each other. Senator Reg Withers was once fond of pointing out that the Coalition usually defeated Labor because it was understood to comprise the more competent socialists. I am sure he was right. During the sixties and seventies the Liberal Party's chief advantage was that it was generally believed to be less likely to make a muddle out of government than Labor. The public were right most of the time as the Whitlam episode showed. Much has changed since then: socialism has slipped from vogue and Labor is looking a pretty competent deregulator. If, by the election, the Opposition does not look as though it can bring competence to the business of government many Australians, who otherwise would not, will give their primary votes to Labor.

Open conflict within non-Labor will cause them to lose even greater numbers of preferences. Because many Nat. voters' are more at home with Labor than the Liberals, National Party preferences always leak. These voters are rural socialists who want regulation, compulsory marketing and countervailing force (as opposed to deregulation) to stop union thuggery. These people will not blindly follow a National how-to-vote card directing preferences to people Joh has ridiculed.

Unless Sir Joh tones down his abuse he will be held responsible for the Labor victory. The point is obvious and, as Joh is a professional politician, I think he will be will lay off the Liberals; particularly as abuse has not brought Howard to heel.

The Liberals also have to cope with internal divisions. At least three reasons are advanced for these: Howard is not a good people manager, the party is plagued by people with large egos and little honour and genuine philosophical divisions. All three are true and not one is entirely new. Howard is surely no worse with people than Malcolm Fraser was, or than many successful leaders have been. Political parties always include people prone to ego-tripping. I understand there are rather more than usual who will 'background'

journalists about their colleagues' sins but do not forget that large lumps of three Fraser budgets were given to journalists before delivery to the parliament.

Howard has put his stamp on the shadow ministry much as Mrs Thatcher did in The United Kingdom. But, unless several people have changed their positions radically and recently, he has not excluded the 'wets'. What has changed, and I believe it is the prime cause of the Liberal Party's internal tension, is that the party now has clear positions on at least some important issues.

Liberal policy documents, written to offend no-one, were remarkable only for internal contradiction, lack of precision and weasel phrases like 'when circumstances permit'. They never took a courageous stand on anything, contained something for everyone and committed no-one. They were unimportant and the media wisely ignored them. The Libs now have identifiable positions on labour markets, taxation, some expenditures, education, some transport options and trade. The party has adopted a broadly consistent philosophical position that is individualistic, against privilege and sceptical of the abilities of elites to prescribe for others---pretty much early nineteenth century liberalism. Important vested interests are disadvantaged by it. People within the party with hearts of gold and confidence in their own ability to use the authority of the state to do good feel that party has abandoned their causes. The Libs lack Labor's experience of these tensions.

As policy was developed the philosophy developed automatically. It had gone far further than most people except the coercive do-gooders within the party realised when the Joh push (temporarily) halted the process. (I think the philosophical development was a necessary consequence of thinking seriously about policy; others, I have no doubt, believe the philosophy came first and the policies were derived from it.)

The process was diverted into irrelevancies by the threat from Queensland. One irrelevancy was the equal opportunities legislation over which Senator Baume resigned. The capacity of that piece of legislation to either improve or harm the status of women is minimal; women's lives will be affected far more by foreign debt.

Howard cannot stop real differences receiving public airing---nor should he try. A shadow ministry must toe an agreed line, but back-benchers are under no obligation to do so. So long as they don't say anything 'off the record' which they are not game to attach their names to they will probably do the party little harm. I don't think they will destroy the Liberal Party for the same reasons the Heathites did not destroy Thatcher's Conservative Party.

The Liberals are likely to be the second largest party in the next parliament. If the disgruntled Libs and the Queensland Nats moderate their abuse of John Howard, the Nats and Liberals should in the economic circumstances hold more seats between them than

Labor. At this point they can form a coalition on Howard's terms which will include key Liberal policies. Sir Joh can, and probably will, change Liberal policies by changing public expectations but he is most unlikely to ever be in a position to bargain directly with Howard from a position of strength.

If Ian Sinclair (or Sir Joh) were to refuse Howard's terms for coalition he cannot then avoid choosing between Labor and the Liberals on the inevitable confidence motion. If he were to give government to Labor his supporters would desert him in droves; he won't.

By the end of the year policy differences between the parties may not be a big hurdle. Sir Joh has employed John Stone to help him write his policies. Mr Stone is an experienced administrator and a conservative economist. He may be given to wishful thinking about what can be achieved politically but he has the deserved reputation for being utterly hard-nosed about economics and administration.

I am sure he knows the ball is at his feet.

Flat tax cannot be Sir Joh's only policy. The policies which he takes to the Federal election have to be a credible whole and not too wet. They should slash expenditure, open the borders to trade, deregulate and privatise with the very best.

But as well as this, Sir Joh will have to have shown he is serious: to demonstrate his bona fides, he will need to have already introduced similar policies in Queensland. Until now Queensland has been a fairly socialist State with a relatively large public sector, much regulation, large State Government debt and an economy that has not shone. Queensland has natural advantages of resources and climate and deregulated and privatised with a shrinking government it will be the place to invest.

This should make coalition formation easy but if Labor does not have a majority and the Nats will not accept the Liberals' terms then the Libs can go it alone. This will be a nuisance as the Nats may vote with Labor, as they often do in WA and Victoria. They will not, however, bring the Liberal government down.  
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