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ON THE DRY SIDE 158 WHAT IS WRONG WITH THE LIBERALS? John Hyde

The Federal Liberal Party should cheer up, stop navel-gazing and concentrate on its policies.

It has not done well in the parliament, it is divided by factions, it is down in the polls, and the South Australian election was no help. But it hasn't got everything wrong.

Australia has undisputed economic difficulties. The Liberal Party has the ideas which are relevant and it is trying to lead with them. In this sense it is now the radical party. For the first time in years it has something to be proud of. Yet the Libs are as miserable as bandicoots because they have not won public acclaim for their radical positions after a couple of months' trying.

The demand from Mr Steele Hall and others that the Party should abandon those ideas in the hope of attracting votes is a demand that the party return to 'not socialist' politics, borrowing every idea that it feels it can get away with and not believing in any: a return to the directionless amoral pragmatism that got Australia into the present mess.

The Libs have a better-than-even chance of winning in 1987. Economic activity is at a very respectable level, but it has been achieved by massive deficits and rapid growth of the broad money supply. These policies are not now being maintained and cannot be. Another two years of them would cause a spectacular collapse of the dollar.

To shore up the dollar, the Government has gone for tight money with higher interest rates. The high growth strategy has already been abandoned. The only way to get high growth between now and 1987, without a haemorrhage on foreign account, is with a substantial fall in real wages. If Keating and Co can engineer that without too much industrial trouble they would deserve to be re-elected, but I can't see it happening.

Parliamentary performance matters because it affects the way politics are reported, but its effect on voters is indirect and marginal. Mr. Keating is a fine Treasurer and a merciless political street fighter who has dominated the Opposition in Parliament. To do so, however, he has used truth selectively, avoided answering questions, and simply abused his opponents.

The Opposition has not always made good use of its opportunities to score political points. Fans of political theatre see this as weakness. Perhaps it is, but I still cherish the belief that there is more to politics than the daily scandal-mongering.

Malcolm Fraser dominated Bill Hayden but the press gallery turned against his continual head-kicking and the public weren't particularly interested in it. He contributed to Hayden's downfall, but Hayden's drover's dog could have beaten him in

1983. Mr Keating cannot always rely on debating points like 'you mugs opposite', 'sleazebags' and 'harlots'.

The conventional wisdom that the public will not vote for a divided party is half true. A party riven by distrust and antipathy has problems and the Liberal Party now suffers some of these. The Opposition has been plagued by leaks such as that of the shadow cabinet minute dealing with its intended attitude to the tax package.

However, I predict that the dissidents will largely stop this sort of thing, because there is nobody who could realistically challenge John Howard in the time available.

This problem, such as it is, is of course not peculiar to the Liberals; Labor has at least as many good haters.

A party which tolerates differing opinion is not necessarily a divided party. Throughout its most successful years the Liberal Party consciously distinguished itself from Labor by allowing its MPs to disagree with the party line in public.

When leadership interprets public disagreement as disloyalty, political debate is reduced to ritual incantations - the sort of rubbish served up to branch meetings. What is worse, MPs come to believe it. The received wisdom becomes ossified, the party becomes reactionary, and goals and reality are sacrificed to serve yesterday's ideas and yesterday's men. Such a party would not be fit to govern.

The dries were once a minority within the party. If they had not spoken out publicly they would have remained so. The wets are likewise entitled to publicise their disagreements. Mr Howard must now hope, not unreasonably, that the press will draw sensible distinctions between revolt and disagreement.

Mr Howard's personal fall in the opinion polls has been spectacular: but his ratings now compare with Mr Fraser's for most of his time as PM. The most serious tumbles seem to have been associated with indecisions, such as with the tax package.

It is instructive to look at the issues which have gone against him.

Privatisation has been the victim of the public sector unions which are running an expensive self-serving campaign. The privatisation argument will be won in the end, if only because it is a world-wide trend affecting even the communist block. The ALP, under the guidance of Keating, Button and Kerin, is taking decisions out of the command economy and placing them in private hands.

Interest rates were dishonestly turned against him in the South Australian election. As the Campbell report made clear, regulated housing rates discriminate against the poor. They also compel the

business sector to carry more of the burden of monetary restraint. In the long run it is productive investment, not housing, that will rescue the Australian economy.

All that need be said about the Industrial Relations Club is that it is out to get him.

Howard wants a nation without privilege, in which everyone is equal in the market and before the law. The Liberal Party has deliberately upset some of the most powerful interests in the land. The extent of the reaction is surprising but the fact of it is not.

The Liberals have two years in which to win their arguments. They cannot turn back now without facing charges of weakness and inconsistency - in short without destroying themselves.

They should give a human face to their policies but they cannot recant. They have nowhere to go but on. They have no time for morbid despair. Their crusade is only half begun.