

# Rural MP's defection exposes rifts in Australia's governing coalition

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Despite a series of policy backflips in recent months to appease disgruntled rural and regional voters, the Howard government has failed to prevent a potentially destabilising breakaway from its rural-based coalition partner, the National Party.

Bob Katter, the MP for the northern Queensland electorate of Kennedy announced on July 8 that he would resign from the federal parliamentary National Party and contest the next general election—due within months—as an independent.

With the government facing possible defeat at the election, Katter condemned its policies and appealed for other candidates to stand as independents to oppose “economic rationalism”. No other National Party MPs have joined him as yet, but his desertion has caused rifts within the party at local, state and federal levels, suggesting that further departures may follow.

Party office-bearers within his electorate, which covers much of inland Queensland, have opposed the National Party standing a candidate against him. At least one local official, Kennedy divisional council chairwoman Ailsa Stainkey, has predicted mass resignations from the party if it does nominate a candidate. Katter has also attracted significant support from ex-party leaders, notably longtime Queensland premier and state National Party leader Sir Joh Bjelke Petersen and former state government minister Mick Vievers.

Reflecting these divisions, state party leaders took two days to decide to expel Katter, who did not resign from the party itself. The federal leadership has nervously refrained from denouncing Katter, despite the political damage that he has done to the government. National Party leader and Deputy Prime Minister John Anderson simply declared that he had given up trying to understand Katter, while Trade Minister Mark Vaile insisted that the Queensland MP remained a “mate”.

In his statement, Katter called for a new rural-based movement with a platform of restoring tariffs and national protection. He railed against the government for continuing the “doctrines of free trade, privatisation and deregulation” introduced by the previous Labor Party government, saying they had “done great damage to Australia, and more particularly to rural/regional and owner/operator-small business Australia”. He accused party leaders of promoting policies that were often “the complete opposite” of the traditional position of the National Party and its predecessor, the Country Party.

He later made his call for a political re-alignment more explicit, comparing himself and other rural independents with the extreme

right-wing Reform Party in Canada (now renamed the Canadian Alliance), which took 50 seats in the 1993 elections, helping to reduce the Conservative Party from 169 seats to two. Katter said the Canadian party had campaigned on the same issues that were troubling rural Australia.

Katter currently has a precarious base among disaffected farmers and small business operators. His sprawling electorate of Kennedy, which covers more territory than the southern state of Victoria, illustrates the devastation caused in rural areas by the increasingly deregulated operation of capitalist markets. Hundreds of family farmers face financial ruin. Tobacco, sugar cane and dairy farmers, in particular, have been forced to abandon their operations after agribusinesses obtained lower prices overseas or elsewhere in Australia. In the latest blow, tobacco farmers have not planted crops this year because British American Tobacco has pulled out, citing high taxes and cheaper overseas crops.

Across Australia, tens of thousands of smaller farmers have been driven off the land over the past two decades, their properties absorbed by agricultural transnationals and wealthier farmers. This process has been accelerated by the financial and industrial deregulation initiated by the Labor government in the 1980s and continued by the Howard government. The impact on jobs, income and living conditions has been compounded by the withdrawal of basic services from rural and regional towns in recent years, including banks, airlines, railways and government utilities.

Since February, when the Liberal-National Party coalition suffered landslide defeats at two state elections, first in Western Australia and then Queensland, Prime Minister John Howard has desperately sought to recover support in former Liberal-National Party constituencies by reversing aspects of one economic policy after the other. Nearly all the backflips have benefitted small-to-medium business operators, retired self-employed people and farmers.

Just five days after the Queensland result, the government allowed business owners to file annual rather than quarterly returns for the newly-introduced Goods and Service Tax, effectively giving them more time to pay their tax and complete cumbersome paperwork, a policy the government had previously declared unworkable. In rapid succession, the government then abandoned a promised crackdown on tax trusts—permitting farmers and others to continue minimising their taxes—scrapped a 1.5 cent-a-litre petrol excise rise and doubled first home buyers' grants, in an effort to reverse a slide into recession.

In recent weeks, the government has given retirees and farmers cash benefits in the annual Budget; renounced plans to recover some over-paid family allowance payments from those, mostly self-employed, who underestimate their annual income; and made it easier for contractors to pay tax at the company rate of 30 percent, rather than the highest income tax rate of 47 percent.

According to an estimate in the *Australian Financial Review* this week, the Budget allocated some \$4 billion over five years to various rural “adjustment” schemes and infrastructure projects, including financial packages for farmers in politically volatile electorates. The government has also backed away from the immediate privatisation of the remainder of Telstra, the government-owned telecommunications company, on which many rural and regional people depend for subsidised telephone and Internet access.

The fact that Katter has made his break nonetheless, after months of threatening to do so, indicates that, despite these limited concessions, the National Party continues to face bitter discontent in its rural heartland. Katter has said that his resignation was triggered by an angry meeting of local tobacco farmers, who warned him that he would lose his seat if he did not break with the government.

Media commentators have generally given the false impression that Katter had no fear of electoral defeat because he retained his seat with a healthy majority at the last election in 1998. But in the early 1990s he held Kennedy—which also includes the mining town of Mt Isa and other regional working class areas—with only a slender margin. He has boosted his vote by attacking the Liberal Party and some National Party leaders, particularly over tariffs and the Telstra sell-off. “He has made a career out of bashing his brethren, “ one *Australian Financial Review* commentator observed.

In 1993, Katter described the pro-market policies of Liberal leader John Hewson as “lunatic” and he once blamed “slanty-eyed ideologues” for Howard government policies. Last year, Communications Minister Richard Alston called him a “national disgrace” for opposing the Telstra sale. Earlier this year, Katter attempted to oust the National Party Senate leader Ron Boswell and urged the Nationals to swap voting preferences with Pauline Hanson’s extreme right-wing One Nation party.

Like Hanson, Katter combines denunciations of pro-market reforms with anti-Asian prejudice that harks back to the “White Australia” policy. But he has not immediately joined One Nation and seems to be keeping his distance. Katter, whose father held the Kennedy seat before him, is appealing more directly to the traditional rural base of the National Party. He appears to be hoping that he can emerge at the head of a “third force” of so-called independents, usually former National Party or One Nation candidates, grabbing a substantial share of the one million votes that Hanson’s party obtained at the 1998 elections.

Three years ago, Hanson originally enjoyed overwhelming promotion in the media. Her party provided a right-wing, nationalist outlet for the discontent in both rural and outlying urban areas with the high levels of unemployment, poverty and inequality associated with the Labor-Liberal program of economic deregulation. When her early electoral successes threatened to

destabilise the two-party system, however, the media turned on her. Moreover, her anti-Asian utterings undermined Australian business and strategic interests, particularly in key Asian markets for agricultural and mining exports.

In an editorial, the *Sydney Morning Herald* wrote approvingly of Katter’s move as “a fascinating development” and opined that “it is the fault of the major parties if large groups of regional Australians feel so disenfranchised that they turn elsewhere”. Indicating a preference in ruling circles for Katter over Hanson, the newspaper concluded that: “If they do, it is surely better that they look to local Independents than to an extremist party like One Nation.”

Whatever the immediate calculations of Katter and his associates, whose financial backers reportedly include prominent rural businessmen, his defection is symptomatic of the disintegration of the National Party, one of the central institutions of Australian parliamentary politics.

For much of the 20th century, the Country and National parties were able to garner a majority of votes in rural areas by championing high farm tariffs and subsidies. With the assistance of electoral gerrymandering that inflated parliamentary numbers in rural and regional areas, they held sufficient seats to require inclusion as a coalition partner in every conservative government at the federal level since the 1920s.

Notwithstanding Katter’s attempts to resurrect rural protectionism, the National Party’s previous program has been completely undermined by the increasing globalisation of economic life, including agricultural production, over the last two decades and its social base is increasingly disaffected and fractured. Despite the government’s attempts to shore up its rural support, the next elections will undoubtedly see a further decline in the National Party’s electoral fortunes.



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