

Australia: Howard's ministerial reshuffle ignites Coalition tensions

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A ministerial reshuffle by Australian Prime Minister John Howard last week has rekindled underlying conflicts within his Liberal-National Party Coalition government, particularly involving the rural-based National Party.

Howard replaced two senior Liberal ministers; defence minister Robert Hill and family and community services minister Kay Patterson, as well as a junior Liberal minister, Ian McDonald. According to a *Sydney Morning Herald* report, the purpose of the “new look ministry” was to “re-energise and update the government” after nearly 10 years in office, in preparation for elections in 2007.

The entire reshuffle was immediately overshadowed, however, by bitter recriminations from National Party parliamentarians over the defection of one of their MP's to the Liberals. Howard used the reshuffle to dump a junior National minister and reduce the party's representation in the 30-member ministry from five to four.

Announcing his decision to defect, Julian McGauran, a longtime Senator from Victoria declared that the Nationals were a finished force in Australian politics. The move by McGauran, a member of a wealthy business family, reflects the position of those in the conservative parties, and ruling circles more widely, who favour merging the Nationals into the Liberal Party.

After 15 years as a National Party-selected Senator, McGauran declared that the party was no longer viable in Victoria. “The Federal Liberal Party is and will remain the preferred rural and regional party in Victoria and they currently hold six of the 10 rural seats,” he said.

The defection reveals that deep-going tensions within the Coalition have escalated since the 2004 election. Thanks to the lack of any genuine opposition from the Labor Party, that election gave the Howard government a majority in both houses of parliament for the first time. Before then, Howard could use the excuse of no Senate majority to stall on a series of key economic measures long demanded by the corporate elite—including the full privatisation of telecommunications giant Telstra, on which rural families and businesses depend for basic telecommunications.

The concern of Howard and his National Party partners was that the government's restructuring program had already produced serious electoral backlashes in rural, as well as urban, areas. But, following the 2004 election, Howard came under intense pressure from the corporate sector to push ahead with a barrage of legislation, which was rammed through parliament in the last few

months of 2005.

Significantly, when McGauran defected, Howard and Liberal deputy leader, Treasurer Peter Costello, chose not to try to smooth over relations with the Nationals. In fact, it is clear that leading Liberals knew of McGauran's intentions by last November. Once his defection was announced, Howard moved swiftly to capitalise on it. Without waiting for party officials to decide whether to accept McGauran as a member, Howard dropped the Nationals' De-Anne Kelly as veteran's affairs minister.

Howard claimed that because McGauran's shift reduced the Nationals to just 16 MPs, the “laws of arithmetic” meant that the Liberals were automatically entitled to an extra ministerial post at the expense of their coalition partners. His statement was patently ludicrous. In the past, Liberal leaders have boosted the Nationals' numbers in the ministry, largely for electoral reasons, and the Nationals remain over-represented in the inner Cabinet.

The axing of Kelly bore all the hallmarks of retaliation by Howard for the conduct of the recently-elected Queensland Nationals Senator Barnaby Joyce, who last year threatened to vote against the government on several pieces of legislation. The demoted Kelly is closely aligned to Joyce and others in the Nationals' Queensland branch who have been seeking to rescue the party from electoral oblivion by posturing as opponents of certain aspects of the government's free-market program.

Howard later confirmed this was the case. He publicly urged the Victorian Liberals to accept McGauran as a party member, making a direct reference to Joyce. He pointed out that the government ended 2005 by passing its main agenda through parliament. “Bear in mind that for all the talk there's been about Senator Joyce and about other things, last year we got through all of the major things we wanted.”

Howard's provocative removal of Kelly sparked public threats by Joyce and at least two National MPs, Fiona Nash and Queensland Nationals president Bruce Scott, to vote against government measures if they considered it in the interests of the National Party.

Joyce said it was now a “fairytale up there with Alice in Wonderland and Pinocchio,” to expect him to be a team player for the government. He denounced the Liberals for “pinching our Senators”. Other National Party figures were even more vitriolic, attacking the Liberals for recruiting a “traitor”. Victorian Nationals' leader Peter Ryan accused federal Liberal MPs of being directly involved in the defection of an “absolute deserter”.

In response, several Liberal MPs were equally strident, calling for the dissolution of the National Party. One prominent Liberal, Wilson Tuckey, described National MPs as “the Neanderthals of Australian agri-politics”.

The conflict wracking the coalition underscores the government’s fundamental weakness. To satisfy the requirements of business, it must accelerate a program that has already shattered much of its electoral base, particularly in rural and regional areas.

The Nationals have been in serious electoral decline for more than two decades, losing a series of heartland seats to Liberals or populist Independents. The party secured only 12 seats at the 2004 election—their worst result since World War II and a far cry from the 23 seats they held in 1975. They obtained just 5.3 percent of the national vote in 2004—just over half the average of 9.3 percent between 1949 and 1996.

For much of the twentieth century, the Nationals and their predecessor, the Country Party, held sufficient seats to require inclusion in every conservative government at the federal level. Assisted by blatant electoral gerrymandering that inflated parliamentary numbers in country areas, they were able to attract rural support by championing national protectionism—high tariffs and subsidies for farm produce—and centralised marketing boards for key exports such as wheat and wool.

This program has been torn to shreds by the globalisation of economic life and the growth of agribusiness transnationals, which have wiped out many small farmers. Across Australia, tens of thousands have been driven off the land since the 1970s, their properties absorbed by agricultural corporations and wealthier farmers.

These processes were accelerated by the financial and industrial deregulation initiated by the Hawke and Keating Labor governments in the 1980s and continued since 1996 by the Howard government. The impact has been exacerbated by the withdrawal of basic services from rural and regional towns, including banks, airlines, railways and government utilities. Such are the resulting levels of joblessness, under-employment and poverty that recent research has shown that the remaining National Party voters have the lowest average incomes of all voters.

Between the elections of 1996 and 2001, the Howard government was preoccupied with trying to prevent the collapse of the National Party in the face of the rise of Pauline Hanson’s extreme right-wing One Nation Party. One Nation sought to exploit increasing disaffection with the government by combining calls for a return to protectionism with the scapegoating of refugees, immigrants, Aborigines and welfare recipients. At the 1998 election, the outfit obtained almost a million votes, triggering a concerted campaign by the government and the media to destabilise it. At the same time, Howard began wooing Hanson’s constituency and, in the lead-up to the 2001 election, adopted many of her anti-refugee and anti-welfare policies.

Even after winning the 2001 election, Howard feared re-igniting rural discontent and held back from pushing through the full Telstra sale and other equally unpopular measures. After 2004, however, he lost the excuse of lacking an upper house majority. But his numbers in the Senate depended upon Joyce and other National Party Senators—only one National Senator needed to cross

the floor to defeat any Bill.

In the end, despite his grandstanding, Joyce voted against only one minor corporate law bill. The National Party as a whole lined up behind every government measure, including Howard’s draconian industrial relations legislation that will aid the operations of the giant agribusinesses while dismantling the basic rights and conditions of workers, both rural and urban. The debacle underscored the fact that the Nationals have no alternative to the corporate agenda being implemented by the government.

The McGauran affair has deepened the rift within the Nationals between the most open supporters of this agenda and those who advocate populist efforts to distance themselves from the Liberals. The party’s leader, deputy prime minister Mark Vaile, and its Senate leader, Ron Boswell, are particularly attuned to the interests of the large exporters of oil and gas, minerals and agricultural commodities. In the other camp, Joyce and his supporters are promoting preselection challenges to Boswell and the “old guard”, posturing as champions of the party’s traditional base.

In a bid to hold the party together, Vaile was forced to convene a “council of war” of senior officials and MPs in Sydney this week to discuss tactics for recovering lost territory. After the meeting he said the Nationals would seek to “redefine” their role in the Coalition by pushing various policies, such as more spending on rural roads and tax cuts for lower-income earners as well as for the rich. He backed away from earlier talk of contesting seats held by sitting Liberal MPs in rural areas, which would have breached the Coalition agreement, sparking a vicious electoral war between the two erstwhile partners.

Whatever its short-term outcome, the conflict exposes the Howard government’s instability. A *Sydney Morning Herald* editorial warned on January 27: “For Nationals supporters, Mr Vaile’s loyal explanation of why Mr Howard had to drop a Nationals minister will have been a depressing portent of things to come, but they know the alternative—the Joyce path—heads towards destabilisation and a weakened government. Neither prospect bodes well for the party—or the Coalition.”

If the government does not face a more serious crisis, it is because the Labor Party is utterly incapable of making any alternative appeal to rural workers and small farmers. Labor leader Kim Beazley’s only explanation for the Coalition infighting has been that both camps are simply “greedy” and “interested in themselves”. He cannot make any reference to their political and economic agenda, because Labor fully supports it.

Beazley’s response is another measure of the moribund character of the Labor Party. There is now more dissent and rancour being directed against Howard from within his own Coalition, than from the nominal opposition.



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