

ALP LIFE MEMBERSHIP ACCEPTANCE SPEECH

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For anyone seeking an understanding of what Paul Keating's public life was all about, his acceptance speech on the occasion of his life membership of the Labor Party is required reading. Delivered extemporaneously to the 1000-strong NSW ALP Conference, an assembly which had met continually at the Sydney Town Hall for over 100 years, Paul Keating outlined his credo and some of his many achievements with an earthiness demonstrably rooted in his Bankstown working-class origins. He talks of the philosophical and ideological renovation of Labor coming from his policy construct: the golden circle of high growth, productivity and low inflation; of superannuation; of Australia coming to terms with its geography; its identity and the relevance of the republic; Australia finding its security in Asia but going there as 'us'. The speech is also a reminder of his often bruising parliamentary performances, replete with attacks on John Howard, the Packers and assorted party identities.

Thank you, one and all, delegates, friends. It's my very great honour to thank you on behalf of the group assembled here—those of us who have received life membership. All of us have had much from the Labor Party. All of us have had the joy of contributing to it. But all of us have had more from it than we have given to it. There are some of my former federal colleagues here today: Vince Martin, who was the member for Banks and Michael Maher, who was the member for Lowe. Three of my branch members with whom I went to meetings over the years and, of course, many other distinguished people. And on behalf of them, as for myself, I thank you. We all owe the Labor Party—I owe it especially because I was given the singular honour of leading it and of leading it in office. That's a privilege reserved to very few Australians.

I was always grateful for everything that was done for me by branch members, and I kept going to monthly branch meetings until I became Treasurer. That was from age 25, when I was elected, and 39 when I became Treasurer. I was still doing regular branch meetings for a few years after that, thirteen or fourteen a month. I always appreciated everyone who handed out literature for me, those who did duty on the polling booths. You know, getting to the right spot at the booth at 7:30 in the morning, putting up the regalia, the pictures, etcetera. And taking some others down occasionally! Putting things in letterboxes and taking someone else's out. For all those things. For those people who stood in the rain and in the sun and came back in the night for our celebration or our commiseration. Burnt to a crisp. I appreciated every one of them. And I used to often say to colleagues, 'We have these battles in the Labor Party, philosophical battles on the right and the left, but you know who's on your side on polling day. There's us and there's them: all of us and them, the Tories.'

So I owe a special debt of thanks to a very loyal group of people in Bankstown and in the electorate of Blaxland. I owe a special debt of gratitude to my family. My mother, who is here today, and my father, who is not, but who had the founding interest in the Labor Party. My sister and my children are here. We all love the Labor Party and the things it is able to do.

There are a lot of other people in my life who were important: Charlie Oliver, who was the State President, John Ducker, John Armitage and many friends, like Barney French. Many friends who were in the machinery at the time and mates I grew up with: Leo McLeay, Laurie Brereton and Ron Dyer among them, many of whom went to the House of Representatives, mates for life.

You know, most political parties decline over time. Most parties run out of puff or run out of energy, but the Labor Party has always been able to remake itself. Even great parties like the British Liberal Party expire. We are now 110 years old. In world terms we are an old party, because we have always been able to remake ourselves. In this vein, one of the great reforms of the 1980s and 1990s was the philosophical and ideological renovation of the Labor Party itself. We gave the country back its one true mass party, and we gave it back renovated and modernised—able to pick up the cudgels on behalf of Australia. Always useful to the country.

The strike against us by the Tories was that we could not manage the money. This was the cry through the Menzies years: 'You can't trust Labor with the money'. Malcolm Fraser was still saying it in 1983: 'You have to put your money under your bed'. But, in the end, who gave Australia the new open market competitive economy? Who gave Australia 1.5 per cent inflation and 4 per cent growth a year? Who doubled the rate of the Australian economy's capacity to grow, and with it, employment? The Australian Labor Party.

And with the Accord—the enormous cooperative effort we had over the thirteen years, with Bill Kelty leading it—the greatest leader of labour this century. We gave Australia this beautiful set of numbers: 4 per cent for wages, 2.5 per cent for productivity, and 1.5 per cent for inflation. Let me do the sum for you: $4 - 2.5 = 1.5$. That's the magic circle we left to Mr Costello and Mr Howard. The golden circle: four, two and a half, and one and a half. And that's why when Mr Costello picks up the monthly statistician's release on inflation he finds, guess what? Inflation's 1.5 per cent again. I'm sure he thinks being Treasurer is a whiz of a job. A whiz. When I got the job the inflation rate was 11 per cent. Eleven!

And of course, productivity was 1.25 per cent in the ten years to 1985. A miserable 1.25 per cent! We doubled that trend productivity by taking the Accord; taking a little piece of it and putting it in every factory in the country with enterprise bargaining. As a result, by doubling trend productivity and paying five rounds of tax cuts, keeping wages growth to 4 per cent, we ended up with 1.5 per cent naturally restraining inflation. Productivity coming through the pores of the skin of the economy. That's what we gave to Australia and that's what we left to the Liberal Party. And, as well as that, getting the budget back to surplus. And that could only happen because we cut spending by about 5 or 6 per cent of GDP. The largest reduction in recurrent spending in the OECD area.

You know, whether you add the last brick to the top of the building is immaterial. There is only one relevant question: who built the structure? The answer: Labor built the structure. Essentially, growth through a cooperative model. And think about this. Four per cent for wages and 1.5 per cent for inflation means a 2.5 per cent real wage increase for everyone, every year. Over ten years, this is a 25 per cent real increase in wages. Not an inflationary increase, a 25 per cent increase in real purchasing power. Now that's what Labor governments are about. That's what it's all about here at the Town Hall. It's what it has always been about. Lifting the real living standards of working people. We brought a new word to the Labor lexicon — competition.

Competition is our word, not their word. Not the Tories' word. We set up the Competition Commission because we were tired of paying twice as much as we should be paying for cars, for telephones, for clothing, for electricity. By cutting tariffs and by lifting domestic competition, we created a low price structure, thereby allowing people's wages to go further.

Bill Kelty always knew, I always knew, that the great evil in Australia was inflation. The great evil of working Australians was inflation. This was not as true of the business community. They always did well from inflation because they were always geared and able to pass on costs. But for ordinary people, inflation ripped away their savings and put enormous mortgages on their backs. And so competition became a goal and a new idea. Part of Australia's renovation—indeed, our renovation.

In Britain, Tony Blair calls our philosophy the 'Third Way'. I said to Tony one day, 'Why would you call it the Third Way? That is to concede that there is a first and a second'. And what is the first? Unrestrained capitalism? Private initiative and private reward being everything? The sort of thing that obtained before the Depression? Well, I don't concede that that can be the first way. In that case, what, then, is the second way? State intervention? State planning? State ownership of assets? That has never worked. Didn't work in Western Europe. Didn't work in Eastern Europe. Wouldn't work in Australia. Didn't work in Britain. I said to him, 'Our way was not the Third Way, it was the only way'.

And that way was a good and open market economy grafted to a kindly social wage. With access and equity in health, in education, in aged care, in retirement incomes. Putting the two concepts together. A low inflation, high productivity, high growth economy, married to a good social wage. The thing that every party like us always sought but which we did, in fact, conceptualise fifteen years before the British Labour Party came to it. We were more interested in doing it than finding a label for it. We wanted to get the numbers on the board and to strike out for equity.

Let me just say something about superannuation. One of the things that I am most proud of is superannuation. Because next year, the ninth percentage point of the Superannuation Guarantee Charge drops into the slot. Nine per cent of everyone's wages. Everyone in the country. This is going to build \$1000 billion, a trillion, in savings by 2007 or 2008. But we had a further scheme in place that I announced in 1995; a further 6 per cent of wages into superannuation, taking the 9 to fifteen. It was 3 per cent paid as tax cuts, but paid as savings and not cash. Paid into people's individual superannuation accounts and preserved to age 55 so that there was no

decline in national savings. It went off the budget, straight to private savings, where it could not be touched. So it was 1 per cent, 1 per cent and 1 per cent of wages for each of three years: 1998, 1999 and 2000. And Bill Kelty and the ACTU agreed to match those tax cuts with a co-payment out of workers' pockets of 1 per cent, 1 per cent and 1 per cent. So, in each of those three years it became two, two and two. That is, 6 per cent over the three years. Six on the existing 9 per cent became fifteen. Fifteen per cent for everyone and vested in their own name—a world first.

But then John Howard scrapped it. In one of the first things he did, he cost the average Australian, in today's dollars, \$250,000 at the end of their working life. Just imagine what would have happened to us if we had knocked a quarter of a million off the average working person in retirement. But that's what Howard and Costello did. They preached the cause of national savings, but the first time they had a chance to put the sword through the only genuine national savings scheme we ever had, they did it because they did not want workers managing money. They just hate the fact that the industry unions have got hundreds of millions and some, billions, in their charge with the employer organisations in the industry funds. They cannot stand it. They think you have to be in a pinstripe suit and have a Liberal Party ticket in your pocket before you are entitled to manage money.

These people that go on about savings. Here we had not just 3 per cent of wage equivalents coming off the budget, we also had 3 per cent coming from people's pockets. All now gone. Yet the Libs put some rinky-dink scheme in place about deductions for bank deposits. And took it away twelve months later. Our scheme would have built \$2 trillion in savings by 2015 and given everybody, at least, average weekly earnings in retirement for the rest of their life. For the rest of their life.

Now about \$40,000 a year, for the rest of our life.

Another of our contributions in office was to develop the country's philosophy, its sense of itself. Its identity, and coming to terms with its geography. The fact that we are not simply a European nation sitting in the bottom of Asia, as Mr Howard thinks, but that we are part of the whole. A country that will find its security in Asia, not a country that has to find security from Asia. We went honestly to the region saying we'll approach the region's indigenes by first dealing fairly with our own. We say, 'The Australian nation has turned over a new leaf—but by the way, we still have the concept of terra nullius, the great lie that no one was here before us'. We tried to right some of that wrong with Mabo, by recognising the prior ownership of the land by Australia's indigenes. And not by celebrating our independence, our innovation and our culture, and all we've created here by borrowing the monarch of another country. Instead, believing we should go to the region as ourselves, with our own head of state—as an Australian republic.

Lifting the sense of ourselves, celebrating our identity, going to the region as us. Enjoying the diversity of Asia, not being frightened of it. Of all the bequests one could imagine, the one given us, just the twenty million of us, alone in the world, was a continent of our own. All we have to do is steer it properly and understand where we live. To get that right. That's all we have to do. Understand where we live, and get it right. But first, you've got to know who you are. You can't be ambivalent as to who you are. Now, in this year 1999 there are still people who doubt that our head of

state should be one of us. We are in this surreal debate headed by a Prime Minister who believes in a foreign monarchy. The monarchist who never mentions the Queen. The love that dare not speak its name.

Of course, I liked the Queen, and let me tell you, I think she liked me. She sat me next to her on the Britannia, among other places. When things got a little boring, she and I would have a competition as to who made the silver on the table. At one point she said to her Private Secretary, 'I think the Prime Minister's trying to get away with my silver'.

I remember a story Dan Minogue, the former Irish Member for West Sydney, once told. His sister was a nun at Sale in Victoria and Arthur Calwell was the leader. And every year Dan used to go to the convent in Victoria to spend two weeks with his sister. After one of these sojourns in January, he came back to the first Caucus meeting of the year, Arthur greeting him. Arthur, who knew everyone's relatives by name, said, 'Dan, how's Evelyn? How are the nuns going down there?' He said, 'They're going well, Arthur.' He said, 'Tell me Dan, what are they saying about me?' Dan looked at him and said, rather confidentially, 'Well, Arthur, they're praying for you—but they ain't voting for you.' Now this is a bit like me with the Queen: I'm praying for her, but I ain't voting for her.

But John Howard is. Can you believe this? In this day and age, with all we've come to represent, the national leader can believe we should be represented by the Queen of Great Britain. What sort of fossilisation gets you thinking in those terms? The fact is we need the republic and we need it now. Not because of what it says to others about us, but what it says to us about ourselves. That's why we need it.

Howard is now appearing in his true colours, the colours that the truant press gallery pretended he didn't have. We saw it this week with taxation. I made the taxation of income the same as or in equal terms to the taxation of capital. By introducing dividend imputation and capital gains tax, I wanted equity taxed once, not twice, and capital gains fully taxed. Again it takes the Labor Party to encourage the dynamic production of income. That's why businesses are now encouraged to make more income. That's why the stockmarket has been re-rated at over 3000 now for the All Ordinaries Index. The day I became Treasurer, the All Ordinaries Index stood at 451. When I left it was 2600, a five-fold increase in value. It is now 3000. That came from a better economy while supporting the production of income—as opposed to lazy capital profits.

What did the Libs do? Quick as a flash, they're back to lurks again: back to getting people to turn income into capital. No thought about building companies. They want to make sure that the local doctor who bought a private hospital gets his capital gains at half taxed rates in fifteen years' time. That's what they're about: no vision.

Again, the regional deputy point. You know why it took a week for Howard to deny the regional deputy claim? Because he actually believes it, that's why. It took him a week to get out of it because that is what he did in fact say to the journalist. The journalist followed the words. This is Howard's view. The disappearing Howard doctrine. The unbearable tension between Howard's view of the world and the world as it really is. He keeps getting mugged by reality.

We're about to discover the cost of a defence policy that tries to find our security from Asia. From Asia. As if we hadn't learnt. So many of us have had and lost members of families in our first major engagement in Asia in the Second World War, 50 years ago. We must know that our security can only be found in Asia, not from Asia, as Mr Howard would have us believe.

At the beginning of the new century, we have a Prime Minister who believes in things that obtained at the beginning of this century. Security from Asia, the monarchy, powerful friends, except now it's not the British Navy, it's the United States Navy. Now the deputy. The charge against us by Howard was that we let the United States relationship rot. Did you notice just a month or two ago when Howard when to see Bill Clinton, he got only twenty minutes with him? Twenty minutes and no photo. No photo. Now, if I'd got only twenty minutes, the foreign-policy writers would have been wringing their hands. It would have been, you know, he only got twenty minutes. You might remember, as Prime Minister, I was ensconced in Blair House with Annita, with all the relics of American history around me for a week (that's the President's guesthouse opposite the White House). You almost expected Dolly Madison to pop out of the cupboard. The only one that popped out of Howard's cupboard was the guy checking the mini-bar at his hotel. No Blair House for him.

This is supposed to be the fellow with the special relationship. And who were the two people he sent to manage it? Andrew Peacock in Washington and Michael Baume in New York. Now, get that! Andrew only knows Republicans and Shirley MacLaine! The problem with this is there's a Democrat administration in office.

But to compound everything, Howard is now presenting himself as the champion of human rights. Not human rights for Australia's indigenes or an apology for the stolen generation. Not human rights—extinguishing native title under pastoral leases given our indigenes by the High Court. Not those kinds of human rights. The man who was critical of us over our anti-apartheid policy; who called policies like the elimination of nuclear weapons 'a stunt', who played fast and loose with Pauline Hanson's racism? Now he is offering himself as our human rights champion in Asia. That's what he would have us believe. If we were silly enough to believe it. The persuasive one who went to President Habibie of Indonesia over Timor. The transitional President who couldn't deliver the country or the army. The one who was not able to pull the country and the army into the decision.

Let me say a few things about Timor. It was never that the Timorese were not entitled to autonomy or independence. The matter was how you would slip the card out without the pack falling in. That was all it was ever about.

In this country, the nation preceded the state. We were a nation before we became the Commonwealth of Australia. In Indonesia the state preceded the nation. When the Dutch left they became the Republic of Indonesia before they became a nation. Soeharto's concern was always how the nation should hold together. He believed that if one bit let go, the whole lot would start to fall away. And that's why as an old soldier he was adamant about East Timor. It is not that Whitlam, Fraser, Hawke and I didn't press him. We did. It was just that he believed his state would disintegrate before the sense of nation was able to hold it together.

The fact of the matter is, the only reason there was ever an opportunity to do something about East Timor was not because John Howard discovered human rights, but because Soeharto left. And another President came—one who thought he could play with the issue and do something with it. Howard claims to be battling in the name of principle, not interest, but his policy has as its genesis the lowest interest of all—rank domestic opportunism. He thought he would come at the Australian Labor Party from the left. He thought he would tie up the Catholic church and the East Timor lobby by coming at Labor from that quarter. That's what it has been all about.

The big impact on the Liberals was the French testing in Mururoa. They couldn't believe their good fortune when they tapped a chord over the French tests, when people believed we were too tardy in making objections to the French. And ruttled into the Howard and Downer minds is that inside the Australian body politic are foreign policy issues that strike a domestic chord. Howard didn't play the human rights card in Timor; he played the Mururoa card. He played the opportunist card to come at Labor with political angling from the left. This is the reason he made the move.

Is Australian policy now one of unqualified support for ethnic self-determination à la Timor? This is one of the questions he should be asked. Is our policy now one of unqualified support for ethnic self-determination anywhere? And if so, what principles apply? What are the principles that will govern Australian foreign policy? Australia does not have the capacity or the power to impose its preference or its values on the rest of Asia.

When Soeharto used to say, of Timor under pressure, 'No' to me and 'No' to Bob Hawke, what did people want us to do? Invade the place? Commonsense dictates, as Gareth Evans said during the week, 'There must be a balance between realism and moralism'. Knowing where to steer. Knowing where we must go and where we can go. The problem is that the Howard government does not know where Australia's vital interests lie.

To our immediate north are 200 million people. Indonesia, the fourth-largest country on Earth. The biggest Islamic country in the world. We are locked together for eternity. Our vital interests are about managing that relationship among others, but Howard doesn't understand where those vital interests lie. He does not pursue a policy which supports them.

In three years, Howard now has our largest, nearest neighbour at our throats. Yet he promised to make us relaxed and comfortable. I wonder how many Australians now feel relaxed or comfortable with John Howard's policies as the regional deputy, as the sabre rattler. We are having a debate now in the newspapers about how we should pump defence spending so we can go around as the US deputy, putting our values on the rest of Asia. Of course, Australia will always stand for its democracy, its liberty, its human rights, its heart, its compassion. But not all societies are like we are and we have to approach them in a way that gets the maximum result. This does mean steering between the issues of realism and moralism—what can be achieved. Reasonably achieved.

Let me now say a few harder things about the next few years: about who is with us and who isn't. Who are friends and who are not. And we should be beware of a few malevolent interests out there, especially those tied up with Channel Nine and associated with the Packer family.

Now, the Packers are sniffing the breeze. They are not silly at Park Street. They've watched Beazley get more than half the votes in 1998, they've watched Carr win, they've seen Beattie win, they've watched Bacon win and they've watched Kennett hang on by a gossamer thread.

So what have we seen this week? An article in the Sydney Morning Herald by Graham Richardson, little Richo. A full article. Not a comment, an article telling us Kerry's just a working-class hero. That Kerry is offside only with Keating, not the Labor Party. That he's basically not a bad bloke. Well, let me tell you this: don't believe him. In this Victorian election a couple of weeks ago, this working-class hero and his network did everything possible to stop Labor in Victoria. Nothing to do with me or anything about me. The first thing they had was a special anti-Labor piece on the Sunday program on branch-stacking in Victoria. Then they had Jeff Kennett going for a ramble in his garden on Burke's Backyard. A nice little humanising piece. And then another puff piece about Jeffrey on 60 Minutes. Guess what? All timed to do maximum damage to Bracks and the Victorian Labor Party.

I will tell you this, if we let one editorial opinion manage the biggest television network, manage the biggest clutch of magazines, manage the biggest website, ninemsn and the Sydney Morning Herald and The Age and the Financial Review, we would have rocks in our head. Rocks in our head.

I stood up to Packer (in office), and I'll stand up to him again. His network had those toadies at 60 Minutes, the Paul Lynehams of this world, prostitute their journalism chasing after me without even asking me a question on the record. But the thing is—they'll be snivelling back to Beazley's office the moment he becomes Prime Minister. Now, I like little Richo. But I don't want him anywhere near Kim Beazley's office, and Kim shouldn't either.

When the chips are down you can see who is with you and who isn't. In 1995, when it mattered, people like Richardson had smart little pieces in The Bulletin while hopping into us on the television networks. There were really no institutional forces on our side, only the unions. It's only ever the unions and ordinary working people.

Kim Beazley Snr used to say, 'The party of social attack has to be exemplary'. There is a much higher bar for Labor; we have always got to pass a bigger test. They expect the others to be not up to much. To be not about much. But us, they expect us to be better and we have been better.

We have remade Australia; remade its economy, while giving it a sense of egalitarianism and fifteen years ahead of the Third Way in Britain. An economy that grows twice as fast as it used to grow under the Liberals. They averaged 1.8 per cent in the ten years to 1985. We average 4 per cent. But we do it with the universality of Medicare. Look at schools: when we started, three kids in ten

completed Year Twelve. Now it is eight in ten. And we trebled the number of places in universities from 200,000 places to just on 600,000.

We have done these social things, but we have to get it right in Asia as well. We must understand where these economic things are. We must go to Asia as an Australian republic. If we stand for real values and real policies, we'll win.

I don't have to say, here, 'Keep the faith'. Because this is the home of faith—of the true believers. Everyone here believes in Labor. But we need good candidates out there who can win seats. We can beat the Liberals. We can win next time. We can give Australia the direction it deserves in the twenty-first century, rather than being led by a throwback from the beginning of the twentieth century.

Thank you very much for the life membership: it is a compliment I will cherish.