

MR. HAYDEN: QUESTIONS AND ANSWERS FOLLOWING HIS ADDRESS
TO NATIONAL PRESS CLUB LUNCHEON, CANBERRA

Frank Chamberlain: (Agence France Presse)

Given that some of your tax proposals will undoubtedly be misrepresented to terrify the swinging voter, and given that the swinging voter will determine how many seats will give a majority in the House of Representatives and maybe the Senate, given that Mr. Fraser and the coalition parties have control of the media for all practical purposes and that their publicity is more effective than Labor's, what hope is there is a Labor Government in the next decade?

Mr. Hayden:

I understand I'm going to be given a Press Club tie when I finish. If we let Frank tie the knot it will a hangman's noose I suspect. Well I am optimistic. In 1980 I expect the Labor Party to be returned as a National Government. It will be returned not only because of the mismanagement of the Fraser Government, and not only because of the broken promises that litter the pathway of that Government, but because we have constructed alternatives and more than that, that we are prepared to take the issues, the challenges, head-on in a constructive but sensible way. Now I recognize that Mr. Fraser, indeed, has already signalled his intention to do this, in a rather hefty way -- some unkind people would say clumsy but nonetheless he's done it -- that he intends to misrepresent our commitment to these various taxes. I'm happy to take that debate on. In many ways it reminds me of the ingredients of the debate on Medibank where we had to confront vested, powerful, but minority interests in the community who were doing so well out of that system, who didn't want change and preferred to have a system that was unsatisfactory to the people and quite inefficient in the way it provided services because they thought that their own comfort and self-interest was above the self-interest of the nation. Well, in many ways there is a similarity. There are some small, vested, but powerful and wealthy interests in this community who are going to resent what we are proposing. No doubt they are going to bankroll the conservative coalition political parties quite generously. But that's one of the costs that we must take into calculation. We have a commitment to a much greater responsibility than merely currying favour with powerful, wealthy minority groups in this community. We have an obligation, and traditionally a Labor Party has sought to discharge it, to protect the rights of people in this community. We regard ourselves as a Party of social conscience and flows from this that when we make decisions on various matters, especially economic matters, we want to be certain that the distribution of any burden or sacrifice is fair and equitable. That's what this argument is about. If Mr. Fraser wants to align himself with powerful, wealthy minority groups in this community, and I have no doubt that he will, I am happy to enter that debate. I welcome the early indications that Mr. Fraser is keen to make this one of the major issues in the next election. We are already tooling up for the combat.

David Jensen: (Australian Associated Press)

You are proposing new taxes and you refer to tax weary Australians, but your new taxes, I understand, are aimed at larger companies taking a greater share of the tax burden. Would you reduce any taxes, or would you relieve any taxes of the Fraser Government and have you considered perhaps a lower tax on money earned on overtime to induce more work from people. If I can slip a very quick one in, would you also welcome Neville Wran and perhaps Bob Hawke on your front bench?

Mr. Hayden:

Just a minute - are they going to get paid overtime rates or not?

If there is room to reduce taxes in the next Budget, we would certainly be proposing that. We've got to make a distinction here. We've outlined a programme for economic recovery based on the broad parameters available in the 1978-79 Budget. I believe it is the first time it has ever been done, and done in detail in the Federal Parliament. There were markedly different priorities in the proposals we outlined. They included, among other things, reductions in indirect taxes and direct taxes - for reasons I won't go over again right now. At this stage we are reasonably sure of the rough parameters of the next Budget. Before we make any commitments we will want to see the detailed outline of that Budget. I would expect there will be some room to make some adjustments but the main point I am interested in, in presenting to the Australian public now, is that they are tax-weary and they have every right to feel tax-weary. They have been led up the garden path by the Prime Minister who assured them that he was the leader of a low-tax Government; the evidence is that the total tax bill is higher than it has ever been, except perhaps in wartime and that he is determined to raise more taxes in the next Budget. Now it's obvious because of the commitments that he has made that he is going to have to raise these taxes. The question is, where is he going to get the money from. The choice is quite obvious. Either he puts more burden on a tax-weary public or he moves to areas which have had remarkable immunity in this country, in one of the few countries in the world - certainly about the only industrialised country in the world in relation to some of these key proposals. Now, finally, would I welcome Neville Wran and Bob Hawke on the front bench -- I certainly would. I've said that on many occasions. I gather from what Neville said on the weekend, however, he is pre-occupied in NSW between now and the next election and looks forward to leading his State Party then. The decision for Bob Hawke is one that he has to make, but we would certainly welcome him.

Mungo MacCallum: (various publications)

You started your speech by saying essentially that Mr. Fraser's forward promises mean that he will have to find an extra \$1,000 million worth of revenue somewhere and you've then outlined the ways in which you would raise that extra \$1,000 million worth of revenue. Wouldn't it be simpler to simply abandon some of Mr. Fraser's former promises without arguing about the equity of the new taxes you propose, and if you

Mungo MacCallum: (continued)

are not prepared to abandon them, would you tell us whether you would in fact reduce the coal export levy, transfer Government revenue to domestic oil producers, full-stop valuation, 2 percent real increase in defence expenditure, elimination of death duties and so on. It seems to me that you are attempting to raise money by means which you consider equitable to fulfill Malcolm Fraser's promises, which I assume you don't.

Mr. Hayden:

This week has been a week of rapture and joy for me, except when the writer of "various publications" rose, because I got up on Tuesday morning in Melbourne - you mentioned me helping Malcolm Fraser out - and read in the newspapers that Kevin Newman felt he couldn't confidently proceed any further with an energy policy unless he had my support. I went back to my office waiting for the phone to ring all day expecting when I picked it up that the voice on the other end would say "Bill, it's Mal here, I'm in trouble with the economy". But then I reflected it's more likely that Leonard Breshnev will telephone Pope John Paul II to ask for doctrinal correction before that happens. What I am trying to point out is that a situation is arising in the next Budget that Mr. Fraser has to confront as a result of promises he has made. He has one or two major options open to him. One is that he raises personal taxes and indirect taxes, and we reject that. The other is that he moves into these areas that we have spoken about. Now the next Budget is going to be his Budget, or maybe Andrew Peacock's, or someone might want to help him out, but someone in the Liberal Party I expect will be introducing, or in control of the Parliament, the Government, at the time of the next Budget. So I am making that point quite strongly. But of course, our priorities are going to be quite different from them but we have to understand that some of the things he's proposing anyway are covered by the things I am recommending. For instance, the abolition of the excise on the export of coal would in fact be integrated into the resources rental tax. Similarly, the petroleum revenue tax would absorb that sort of money, that \$110 million, which will be transferred out of revenue in the next Budget to the domestic petroleum developers of this country. So quite obviously, our whole thrust will be considerably different from theirs. I don't really have enough time to outline how completely the philosophical approach and the sets of priorities as a result of that would be different from Mr. Fraser's, but it is implicit in the alternative that I am offering that we not only wouldn't do things that he is proposing, we would take things in another direction.

Greg Hywood: (Financial Review)

Besides how much to tax people with jobs, there is a question of what to do with people who don't have jobs to be taxed, and you only covered unemployment very lightly in your speech. What you did say was your economic programme would generate about 5 percent non-farm growth resulting in about 130,000 new jobs. Given that a number of people are bound to re-enter the work force once jobs become available, 130,000 new jobs may

Greg Hywood: (continued)

not have the impact on existing rates of unemployment it might first seem. That's assuming your Government could reach a 5 percent non-farm growth rate. I ask you therefore, what rate of unemployment you regard as a realistic target in Australia, and further, to what extent would your Government be prepared to create jobs by subsidisation? This Government spends around \$120 million on employment and training programmes, how much would your Government spend?

Mr. Hayden:

What you point out is perfectly true. It's been the experience in a number of developed countries in recent years, which have gone through recession and then at an appropriate time sought to stimulate recovery. In this country we have about a quarter of a million people hidden unemployed. It's very simple to work out from workforce participation rates which continue to decline in Australia. There is no doubt that as a recovery gets under way people who've dropped out of the workforce will start registering and tend to hold up the rate of unemployment. But then one's got to point to the positive progress which has been made, and 130,000 jobs is a significant rate of advance. Now if it were possible to achieve a greater rate of advance than that, we would be in the business of doing that, but it is my own belief, that is a very sober judgement of the situation, that that would be about the maximum that you could achieve in the first year and how much you could achieve in the second year would be determined by a lot of circumstances, many of which would be quite volatile and not predictable at this stage. I would see a Labor Government undertaking a sustained programme of economic recovery and wearing down that unemployment problem. What is the ultimate level of unemployment in this country - well, again it depends on the philosophical inspiration that guides a political party. If you believe, as the Government does, and as Treasury does, and as not a few financial writers do I have noticed, that it can all be left to the market forces, then you are going to end up with permanent levels of unemployment in this country and a situation which would be regarded as more fully employed in the economic sense, of around about 4 percent -- 3 1/2% to 4%. I believe closer to 4 percent. Certainly the Crawford Committee of Inquiry had made it abundantly clear the responsibility, or the accuracy, of reliability of that sort of analysis and furthermore the dangers of leaving the whole process of change and recovery merely to market forces. This brings in another matter which is the issue of longer term economic management. This is lost sight of in the hurly burly of debate about the cyclical problems because they are immediate, they are pressing, and people are worried about them. But underlying the overall malaise of the economy is this longer term problem. We are committed to economic planning. We are also committed to manpower planning. It's like bringing out a bad relation and presenting him to rather dignified guests I suppose to say, but we are committed to manpower planning. There has been some sort of respectable reticence about quoting this in our society. Surely the Crawford Committee Report has made it abundantly clear unless we start some sort of programme of manpower planning, we are going to be in dreadful trouble in this country trying to handle recovery in the years ahead, let alone handling the sorts of economic - competitive economic - challenges pressing in on us internationally

Mr. Hayden: (continued)

already. Now, finally, two points - other points you mentioned - what level of unemployment do I regard as historically achievable in the future for full employment - I would be wanting to see us get around 2 percent or even better, over time. Now, I don't accept that pessimistic conclusion that we've got to live with something like 4 percent. That's totally unacceptable to me. There are so many things to be done in this community. I'm quite convinced that is a matter of Government having the wit and the wisdom, the determination to create the policies and get out and start them working in the community.

Finally, would we subsidise employment type programmes? That's been the whole thrust of what we've been saying for some time now. We proposed expenditure in the public sector, directly in that area or through it, in support of the private sector. In those areas where there is a great deal of slack capacity, which means simply high levels of unemployed people, resources which aren't being used which can be brought together and used productively -- and that will generate demand not only for the commodities being produced but multiplying out within the economy.

We are also prepared to subsidise wages for net additions to the work force of establishments beyond a specified date. The subsidy would be the equivalent of unemployment benefits. Now, our conclusion is that it is better to subsidise people who would be otherwise unemployed and unproductive, on unemployment benefits, in that way productively. They are going to be happier. There will be much less economic dislocation and a considerable reduction in social distress.

Looking at a range of things, voluntary early retirement is another thing that we are looking at. You probably know that Mick Young is following in the steps of Freddie Daly, about to become our next most prominent author, he is writing a book on this subject which will detail quite extensively the sorts of programmes that we have in mind.

Laurie Wilson: (Seven National News)

You've been at the helm of the Labor Party now for something over 12 months and yet we still seem to be reading stories, hearing discussion about how well you can cope with the pressure; whether or not you are going to be able to bear the burden of leadership. I wonder just how much you are concerned, how much you worry, perhaps how much you are annoyed by the persistence of these stories and whether in fact it worries you that they could become politically damaging in terms of the public mentality towards your capacity to lead the Labor Party.

Mr. Hayden:

No, I've been in Parliament 18 years now and one learns to live with these outrageous slings and arrows of misfortune that are directed at me, shafted towards me by insensitive members of the press. I am tempted to do a Gough Whitlam, with all of its dangers, and say the one thing that restores my confidence is the full knowledge that God walks with me. But not only is it dangerous, I know it can't be true because Mr. Bjelke Petersen has a monopoly on that - right? Although as one theologian said to me in Brisbane last year, it's not that he should happen to think that God walks with him that worries me, it is that he is so damn sure that he is ahead of him all the time that disturbs me. Anyway, am I worried? No, I'm not. I went through Medibank with all of those outrageous gossip tales which were going around, pubbed about, I was rather flattered that so many people took so much of me. And as my good friend, Mr. McNichol in the Bulletin, making some obscure references which look like he is politically grave digging to try and get something going, I just want to assure you, inspite of any differences I have with Mr. McNichol, have enormous respect for him. He is a sort of an aged seer of the press gallery. He is, in many ways we owe him a lot; what he has done for journalism, what the cylindrical record did for the recording industry. In fact, you probably gather I'm starting to look forward to it.

Paul Lockyer: (ABC)

With a simmering situation persisting in the Queensland ALP, just what needs to be done now do you think in that State to give the State Branch perhaps a cohesive base to pose a threat in State politics there, and not only that but to give you a solid base to perhaps win Federally?

Mr. Hayden:

The situation there I think probably got more importance and attention in the media than it deserved and it seems to have settled down now. As I pointed out, the best regulated families have their tiffs from time to time. I wouldn't suggest for a minute that the Labor Party is above that sort of little contre temps that occurs. I expect that we will be making a lot progress in Queensland, Federally and of course in association with our different State branches. We are working out an integrated systematic programme of campaigning activity. In the next few weeks it will be under way and it will start off at a fairly heavy pace and it will build up. We intend to win in 1980 and our Branch units are just as keen as we are that that should be achieved.

Laurie Oakes

I've got three questions. The first one is, which one is the sixth commandment; secondly, as an alternative to the introduction of new taxes have you considered possibly introducing a new gambling game, presumably administered by a friend of the Labor Party such as Sir John Kerr; and thirdly, can you tell us what stage your proposal for a wage-tax trade-off has reached. Have you got down to discussing specifics with Mr. Hawke and the union movement.

Mr. Hayden:

I'm sure that Mrs. Oakes will be extremely reassured to know that Laurie doesn't know what the sixth commandment is. I suppose if Sir John Kerr was in charge of any gambling game, it would have to be black-jack. The wages-tax trade-off, well we are in the process of working on that. Ralph Willis and I have got to do a lot more work. The Australian Labor Advisory Council, which is a constituent part of our organisation, will be meeting again - I think it is April - and Ralph and I will have to produce some solid material there. But we are extremely encouraged by statements of Bob Hawke. Bob Hawke has said publicly and repeated at our last (inaudible) meeting that the situation he sees in the future is such that while he would want the union movement to oppose reduction in real wages, because of the serious unemployment problems we are going to see, which I referred to a few seconds ago and you will recall that Bob was a member of the Crawford Committee of Inquiry, he would prefer to see additions coming from productivity which in the normal circumstances would have gone to the wages sector, being redistributed to help those who would otherwise be out of work. Now that seems to me to be an extremely responsible approach from the trade union movement. It is on that basis we are responding because it slots in very closely with the sorts of things we have been thinking about.

Stuart Simson: (National Times)

There are some indications that the economy is growing at a greater rate than the GDP forecast in the last Budget. If we are in the throes of some sort of upswing, does this change the Federal Opposition's economic policy as outlined after the last Budget, particularly with regard to the level of Government spending.

Mr. Hayden:

No, I expect that the total level of GDP will be higher than the Government forecast in its Budget. I am most sceptical as to whether the total level of non-farm GDP will be as high as the Government forecast in the Budget. The increase in the total GDP comes as a result of good weather, happy circumstances for the farm sector, in some areas only. It has lost sight of the fact that, by many commentators, that there are still substantial areas of the farm sector which are depressed. Now, you've got to look at the different approach which our proposals reflected in the alternative Budget to those adopted by the Government. We are concerned about two things; bringing down inflation and bringing down unemployment. The evidence is quite clear that in spite of the movements which have been taking place in the economy, and I would want to see a lot more solid evidence over a sustained period before I change my attitude on the thrust of what we are proposing, but in spite of whatever movements might be showing up predictions coming from within the Public Service and from within other informative sources, is that unemployment will continue its inexorable rise and that we will see something like more than 9 percent of unemployment - unemployment among the work force members in the near future. We are going to see increased interest rates, that inflation is going to be jammed. The last

Mr. Hayden: (continued)

Budget did nothing for these problems. What we are saying is that Government programmes have to be implemented which will generate activity and create jobs, and secondly, that that has to be done in areas which will not aggravate inflation and thirdly, by a judicious cut in indirect charges of taxes at the Government level, instead of the increases the Government introduced; bring down inflation. Now, our calculations of the inflationary effect of the Government measures was spot on, just as our calculation of the reduction in inflation by the sorts of changes we are talking about, bringing about a 2.5 percent reduction is a fairly reliable assessment of the benefits of our programme. It is a different approach entirely to what the Government is adopting. We just won't accept that more unemployment must mean more inflation and when you get more and more unemployment and you run into trouble like the present situation with inflation starting to jam and perhaps tilting upwards, the Government presumably considering resorting to even more unemployment or at least being quite calm and indifferent at the prospects of unemployment on the advice of its own Department in this area exceeding 9 percent in the near future.

Max Hawkins: (Brisbane Telegraph)

May I ask you on a couple of other matters relating to ALP affairs in Queensland: although the Queensland ALP Parliamentary leader in Queensland, Mr. Ed Casey, has voiced strong opposition you have said very little, if anything, on whether or not you support Senator Georges and Mr. Uren as Federal Members of your caucus in their participation in street marches in Queensland. What is your attitude to this issue and secondly, how regularly do you expect to sit on the new Queensland State Administrative Committee of the ALP and if you aren't able to sit, who if anyone will represent you?

Mr. Hayden:

I will make the decision who will represent me when I can't sit there. Of course quite obviously the appointment and the proposal, or the provision of the rule, was based on the assumption that the Leader's respectively, State and Federal, would attend as much as they could. My attitude on the street marches has been one that I have consistently expressed and that is that Senator Georges and Mr. Uren are perfectly entitled to participate in those demonstrations if that is their inclination, if they have concluded that that is what they should do according to their conscience, according to their belief of how important that matter is. I have defended their right to do that. It doesn't mean that I believe that that is my priority commitment. It is not at all. I believe as leader of the Labor Party I have other constructive, and I suspect more effective, ways of trying to bring change about and I pursue those to various forums which are available.

Trevor Gilmour: (West Australian)

A necessary prerequisite to implementing any of the economic priorities you have outlined here today is the process of winning seats. Western Australia and Queensland in particular in the past have been weak links in the Labor Party's performances.

Trevor Gilmour: (continued)

You've referred to the Queensland situation, I wonder if you would like to see some action on the West Australian front. Could you detail your thoughts on that point please?

Mr. Hayden:

Well the State Branch of the Party in Western Australia took a poll out in that State a few months ago. It shows us Federally well ahead of the present Government so I can't complain. In terms of seats, well, you know that the re-distribution makes it very tough for us in Western Australia. We had hoped to probably pick up two seats as things stand now, but there has to be another re-distribution because of population growth so really the whole speculation is in the melting pot until we see how that redistribution comes out.

Bill D'Arcy

I assume the Labor Party is still committed to the creation of an egalitarian society, you certainly alluded to that during your speech. Given that the Labor Party is committed to the restoration of Medibank in its original form, given that the Labor Party believes in health care for all, why is the Labor Party allowing a free vote on the Lusher motion, a motion which has nothing to do with the question of abortion but has everything to do with making health care the right of the rich?

Mr. Hayden:

That's not quite true. I am assured by the Medibank practitioners that even if Lusher's motion were to be carried that there are ample items under the Health Insurance proposals which would cover abortion-type procedures, but put that to one side. Why are we allowing a free vote? Well, there a lot of people who have very strong feelings on this and they are deeply held. They are religiously based and their attitudes have to be respected. They would see, and do see, the proposals as methods which recognise and facilitate abortion-type procedures and to them it is a rather crunching experience to be told if that were to happen that they would have to support that sort of change against their will, against their firmly held, quite deeply held beliefs. They are in no different position from people like Bill D'Arcy and me who believe that Mr. Lusher's recommendation ought to be tossed out. If we were to be confronted by a situation where people oppose, or support the Lusher view is a better way of putting it, sought to bound us to support the Lusher motion. It's the last thing I would want to do. The final thing is just a matter of plain politics. Once a Party starts binding all of the members of that Party to vote on this matter or matters like this in the Parliament then it is London to a brick that the people on the other side of the House are going to be bound too and the chances of people exercising independent judgement on these matters, and I hope would hope prevailing against the Lusher amendment, would be totally destroyed. So whichever way you look at it, the justification to me is quite overwhelming.