

## **Bill Hayden State Memorial**

**3 November 2023**

**St Mary's Church, Ipswich**

**Remarks by Paul Keating**

Bill Hayden's death is a great loss for Australia - it is an even greater loss for Dallas and her family.

Bill's political life spanned the end of the conservative years of Robert Menzies through to the height of the reform years under Labor. His arc: 1961 to 1988. And as Governor-General, out to 1995 – thirty-four years in all.

Bill was invested into the Governor-Generalship in 1989, a position he held for six years.

He arrived in the House of Representatives as member for Oxley in 1961, in an election that Robert Menzies nearly lost. He then remained as a backbench member of the Parliamentary Labor Party until 1969, when, under Gough Whitlam's leadership, he was made shadow minister for social security.

I was elected to the House of Representatives in the same year, 1969, just as Bill was taking up the shadow social security portfolio. So, I enjoyed the vantage point of observing Bill in the parliamentary caucus and the House of Representatives in all his active years in both institutions – the full span of his executive life in the House of Representatives.

And, later observing him as Governor-General. Indeed, I had the singular honour of recommending to the Queen his reappointment as Governor-General. I might also say, I had quite a lot to do with him as Governor-General.

He was an unlikely character to have occupied these august positions. A refugee from the split and broken Queensland Branch of the Labor Party, Bill managed to affect a composure that would remain an asset for him in the tipsy turvy world of federal parliamentary life as it was then.

Unburdened by a higher sense of self or driven by some innate sense of destiny, Bill got about his long and effective business notwithstanding intermittent self-doubt and occasionally, thwarted inner confidence.

Like the rest of us, he also had to deal with the human zoo which was the Labor Party at the time.

Always a party of high aspiration and altruism, it was continually wrought ineffective by an utter confusion as between objectives and means.

It kind of knew where it wanted to go but had no clear idea as to how it might arrive.

Coming out of the Second World War into the 1950s, many on the left believed in European-style socialism, some in Soviet communism, while those of more balanced view thought that Roosevelt-style Keynesianism and its easy resort to deficit budgeting, was the pathway to the holy grail of social uplift and economic improvement.

The fact is, in these years the Labor Party possessed no corporate idea of how it should develop itself or market itself, let alone in policy terms, re-orient the country.

It was in this jumble that Bill Hayden had to find his feet and part of that challenge was that Bill himself, had had faith in some of those tenets. Like many of us, he grew out of them, particularly as he took instruction in economic policy at university.

Gough Whitlam's near victory in 1969 and his powerful win in 1972 propelled Bill into the top end of the Whitlam Cabinet, wherein he was invested with the social security portfolio – the pathway to Bill's famous establishment of Medibank, which in later years, under his colleague Neal Blewett, became the Medicare we both know and rely upon today.

Bill became a big hitter. And owing to his success in social security, and with that, Medibank, as the Whitlam government struggled for coherence and relevance, Gough Whitlam invested Bill with the Treasury.

In many respects, Gough's initiative in this, gave Bill the biggest stepping-stone of his life and for his later life. He had the Treasury job for only five months before the government's dismissal by John Kerr but during that period, he declared that his role as Treasurer was to 're-establish public trust in our ability to manage the economy soberly'.

He achieved this through rigorous examination of expenditure proposals along with the development of credible revenue measures, thereby rescuing the budget balance from the policy extravagance the government had displayed since its election just on three years earlier.

This period picked Bill out as the likely successor to Gough Whitlam as party leader. And as we know, after a two-year gap – 1975 to 1977, he replaced Gough as leader of the Parliamentary Labor Party and Leader of the Opposition.

It was in this role that Bill really hit his straps.

Out the mayhem of earlier years, he brought order, focus and policy consistency to the shadow Cabinet and put together a talented front bench committed to principles of rationality and accountability.

That front bench became the turning force from the policy ordinariness and ambivalence which had characterised Commonwealth national policy in the post-War years.

It did not take Bill too long to make inroads into Malcolm Fraser's standing in the polls. He managed to narrow the gap so sharply at the subsequent 1980 election so as to bring Labor to a margin of just 0.8% in the two-party preferred vote behind the Coalition.

But he did more than that. With the tailwind of the upbeat 1980 result behind him, he tightened and strengthened his front bench to take the fight to Fraser and his government, a government then mired in and dealing with a recession.

The names of Bill's front bench are now, in an historic sense, recognised as the most competent Cabinet grouping ever assembled in the country, undoubtedly since the Second World War.

I name a few: John Dawkins, Peter Walsh, Ralph Willis, Susan Ryan, Lionel Bowen, Mick Young, Neal Blewett, John Button, Don Grimes, Gareth Evans, John Kerin and Michael Duffy. It was at Bill's pleasure that he included me in this grouping.

This period of Bill's leadership was hugely successful for the Labor Party, rebuilding it as a parliamentary force and competent opposition, soon enabling it to represent itself as a credible alternative government.

During this same period, Bill Hayden did what Gough Whitlam had done in Victoria 15 years earlier – he led federal party intervention into the Labor Party in Queensland, modifying it to make it fit for government, as other state branches were pulling together the opportunity of the Fraser government's vulnerability.

For a self-effacing person not driven by egotism, Bill's reestablishment of federal Labor as a real and genuine force is without doubt the crowning achievement of his long public life.

Political parties die off. The greatest political party of the nineteenth century in Britain, the Liberal party, after fighting and winning World War One, simply vanished as it entered the 1930s, never to return.

I am not for a moment suggesting that federal Labor in Australia in and around this period was likely to have vanished, but it had had but three years of elective office in the previous thirty years. Three in thirty. Bill Hayden rescued and resuscitated the Labor Party as a national force as certainly as I am standing before you today. It was his doing.

But his success at the 1980 election also brought Bob Hawke into the House of Representatives. And as people well know, it was Hawke's national reputation, his self-assuredness, the ego-driven sense of destiny that led to him replacing Bill Hayden as leader, on the cusp of the 1983 election.

Bill's humility could cope with much adversity but not with the ruthlessness of Hawke, backed as he was, by the industrial movement.

The rest of the history from here is well known. The Hawke government, put together by Bill Hayden, superintended the largest and most defining set of policy changes that Australia had ever seen – setting Australia up for thirty consecutive years of low inflationary growth – an international record that remains unsurpassed.

Bill Hayden is not with us to take a bow, but he certainly earned one.

But as the determined and quiet achiever he was, he had the presence of mind to negotiate himself into the foreign ministry as part of his agreement to give Hawke the leadership free of contest.

Bill quickly distinguished himself as foreign minister, by striding the competing ideological magnetism of the Cold War in a parliamentary party still riven by sharp divisions between the moderate right and the left – divisions which Bob Hawke himself was unable to reconcile.

At Bill's initiative, in 1983 he put into place a review of ANZUS. It was a gigantic ploy, and I quote from the Cabinet decision establishing it:

'In keeping with the objective of maintaining an independent foreign policy, Australia has reservations about giving blanket expressions of support for US strategic perceptions and activities and would be reluctant to have the ANZUS Treaty invoked as justification for such blanket support'.

A very big caveat. The Cabinet submission records that Washington ‘might take for granted our support for their thinking on other areas, and not recognise underlying differences of perspective’ – stressing the need of consultation with Washington during, rather than after, the formulation of policy’.

Bill suggesting that Australia presenting as a sycophant or supplicant would carry unacceptable risks, where our interests would simply be subsumed by Washington.

This was a big position for him to map out. He said at the time he sought to bury ‘the erroneous notion that Australia is totally dependent on ANZUS’ and that ‘diversity of opinion and attitude’ would not, in his view, affect ‘the fundamental solidarity underlying the treaty’.

It was not just a big position but a brave one.

In foreign policy, Bill clocked up other substantial achievements, including championing a peace settlement in Cambodia, broadly in the face of American resistance. A policy that succeeded some time later under the leadership of Gareth Evans.

Bill also made a particular contribution to the Hawke government, when along with a number of like-minded colleagues he put together what was called within the Parliamentary party at the time; The Centre-Left group.

Formerly, a number of these colleagues had had a dalliance with the Parliamentary Left, but as thinking around intractable domestic economic issues required more sophistication and nuance, this group sheared off from the organised Left to join with the Centre and the Right as these issues came up for resolution.

This was, in part, encouraged by my own friendship with Bill. He sat next to me in Cabinet - and an abiding sense of cooperation and goodwill was generated with his Centre Left colleagues, John Dawkins, Peter Walsh, John Button and a number of others in the Cabinet collective.

By mid-1983, this group had found substantial common cause with me as Treasurer, in moving to overturn the Deakin legacy of industrial protectionism which had plagued the country for the better part of a century. And as I enjoyed substantial currency with the ACTU and the industrial movement – the amalgam of reform was able to progress on a very broad front. John Dawkins and I led the Expenditure Review Committee and Cabinet in this movement for a straight decade.

Outside of Reserve Bank Governor, Bob Johnston, Bill Hayden was the first person with whom I discussed the dismantling of the crawling-peg exchange management system. This occurred in April 1983. Having a clear mind for economic concepts, Bill could see the sense of a quantity-based system for setting the value of the Australian dollar; where supply and demand for the currency set the price, rather than the Reserve Bank acting administratively. And when we finally did float the dollar on 12 December 1983, I knew, in the Cabinet, I had Bill's support for the move. He had confirmed this to me the night before. That support was broadly shared by the Centre-Left Cabinet colleagues I mentioned a moment ago.

Bill supported me in the 1985 debate on reform of the taxation system, as he did the heavy reductions in tariffs in the path-breaking 1988 May Statement of Economic Measures.

He was not a member of the Expenditure Review Committee of Cabinet, the arbiter and allocator of government expenditures. But his colleagues John Dawkins and Peter Walsh were and worked with me, Ralph Willis and Brian Howe in the massive re-ordering of expenditures thereby effecting the largest reduction in government outlays as a percentage of GDP among the OECD community of states - that is, in the Western world. A record which I understand still stands.

We reduced Commonwealth outlays from 29.5% of GDP to 23.7% of GDP over the six years to 1989. Indeed, as a group, we returned Commonwealth outlays to where they were before the Whitlam government took office in 1972. And of course, with that, the first Commonwealth Budget Surpluses, I believe, since the War.

In 1989, Bill left the reform agenda behind, as he did the foreign ministry to become Governor-General, a position in which he distinguished himself for a further six years.

He had wry moments during this period. He was at Government House to receive Bob Hawke's resignation as Prime Minister and happily for me, my appointment in his place.

On the principle of what goes around comes around, Bill would have taken some gratification from Hawke's demise, though the stiff upper-lipness of the job would have prevented him from exhibiting even a hint.

He was certainly pleased to appoint me Prime Minister for I had earlier told him, that had he not appointed me shadow Treasurer in January 1983, Hawke would not have appointed me Treasurer. I told him I owed him the Treasury appointment – and via the Treasury, the leadership of the party and the Prime Ministership.

And as it turned out, as Prime Minister, I had the pleasure of recommending to the Queen Bill's re-appointment for a second term as Governor-General.

You could say, for a number of years, Bill and I had the field covered.

Perhaps strange, but true: Bill loved life at Government House Yarralumla, in its bucolic setting. From a policeman doing rounds in Brisbane, Bill had risen to be squire of Yarralumla. Some tell me he even took up horse-riding. I don't think with colours and hounds chasing foxes, though there would be many around Yarralumla to chase, but his pastoral pursuits represented some kind of affirmation of his climb to the apex of society – a climb that was as gruelling as it was determined.

We may see the likes of Bill Hayden again, but I doubt it. He set up the Australian Labor Party to put it in a position to change the country, which it did in fundamental terms. This is his enduring achievement.

Dallas, Georgina, Kirk and Ingrid, bear the burden of Bill's loss. To lose a husband of 63 years, is a shocking deprivation. And to lose a parent is a loss one lives with forever. We join them in their sorrow. We can only comfort them in acknowledging Bill's gigantic contribution to the country and its debt to him.