

CHASE PLAZA SPEECH

ADDRESS OF HON R. O. DOUGLAS

CHASE PLAZA, AUCKLAND

1 PM, TUESDAY, 20 DECEMBER 1988

Thank you for the welcome you have given here today, to Richard Prebble, Trevor de Cleene, and to me. Thank you to the Backbone Club, for organising the occasion.

Trevor, it gives me special pleasure to have you here, presiding over this meeting.

Most of the spotlight has been focused on Richard and me. But to my mind, the man who showed the real courage through this whole situation was not Richard or me, it was Trevor de Cleene, who resigned both his portfolios, and all he said about it was: "I did it for me mate."

No!

Richard and I both know Trevor did it for New Zealand. For your children and mine, his belief in the policies of the last four years, and his conviction that they matter to the future of this country.

To make that point to you; Trevor, with a shrug, and a throwaway line about mates, has given up \$50,000 a year, two cars, the use of a chauffeur-driven limousine: and all the other perks of ministerial office:

He personally was not prepared to go along with a decision that he thought wrong. Nobody sacked him. His perks were safe. He made his own choice.

Trevor de Cleene, I salute you.

There is another thing I want to say, too, right now, before I go any further. To everyone here at Chase Plaza, and to every New Zealander, young or old:

Just two words, but two words from the heart, on behalf of all three of us: Merry Christmas! It is a wish that matters, this week, to each one of us: to our families. But next week, another wish will matter more, and matter longer: The New Year! Happy 1989: A prosperous decade in the 1990s: and after that - happy New Century.

That's why you're here today. It's why we're here: Happy 1990s - and do we get it?

Leadership is certainly one key part of the answer. Leadership is not about the past. Leadership is always about the future: Where do we want to go? How do we get there?

Your future, the future of this country is not somewhere back in the 1930s or the 1950s: our future lies out there ahead, in the international world of the 1990s and the 21st century. That's where your children and mine have got to earn their living, in the years to come. We have to face up to that world, as it is, and as it will be, not bury ourselves in the past.

As Minister of Finance for 4 years, I had just one objective, to get New Zealand - our economy, but even more important, our knowledge, training, skills, and attitudes, in fit shape to take on that challenge with the certainty that we are going to win.

Why not?

New Zealanders have always gone out and done well on the field of sport: you name it, rugby, netball, canoeing, cricket, yachting, squash.

Why just sport? Why not across the board? How do you win?

You don't win by paying low wages to people who couldn't care less about productivity.

You do not win by taxing people so hard, that effort and initiative are punished instead of rewarded. You win by excellence, by knowledge, skill, and training, by arranging it so that our people want to do well:

Want to innovate, to get rid of unnecessary obstructions, to find cheaper, smarter more effective ways of doing a better job faster, to develop new products, new processes, new methods of marketing, new ways of organising their work.

Look, every person in a job in this country knows, in their own patch, of ways to do things better. Why aren't we doing it already? Because the incentives have not been there to matter to people or to make it worth their while bothering.

That's why I wanted and still want to see personal income tax at 23 cents so that you can keep 77 cents of every extra dollar you earn in the future, for the rest of your lives.

That's why I wanted, and still want, to see everyone with a family who takes the trouble to work, at least \$70 a week better off than those who are unemployed. That's why I wanted, and still want, to get rid of the poverty traps that make a lot of low income people pay the Government 88 cents out of every extra dollar they earn when I know how to fix it so that they only have to pay 23 cents.

What's wrong with that?

I did not believe last January, and I do not believe today that one man had the right to cancel those schemes, to terminate them, single-handedly, without consultation when they had been approved and authorised by the whole Cabinet of the Government of New Zealand.

What's wrong with keeping 77 cents out of every extra dollar you earn, this year, and for the rest of your life? What's wrong with an arrangement where any working person with a family gets at least \$70 a week more than people who do no work at all?

I will tell you something else too, the mothers, the caregivers of this country lost out especially, when that package went down the drain last January. They were the people who would have got that extra payment, it was going straight to them.

What's wrong with having incentives for low-income people, instead of incentives just for high-income people?

David Lange should be answering some of these questions!

He had given me his private assurance that he would not cancel, because new and better information was in the pipeline, coming forward to him. I had promised to present it as soon as I returned from overseas.

Why did he break that assurance? Why did he act while I was still overseas? Why did he act without consulting Cabinet, without even consulting the Deputy Prime Minister? He could have phoned me and told me what he was doing.

Why did he leave it for journalists to tell me, by waking me at 2 in the morning after he had taken action?

They are fair questions.

He gave me and other senior Ministers his assurance before we announced the package, that he did not want to stop it, that he intended in January to come back for his holiday early to help promote it to the public! On that assurance, we went ahead.

Did he keep it in January? Why not?

Other Ministers and I had taken those assurances seriously. We relied on them. We acted in line with them. That was in good faith. Why was the rug pulled out from under us?

Why did the Prime Minister in June, make a speech declaring to the nation that the deficit was \$3.2 billion? when in fact it was \$1.4 billion? Who gains by that?

Why did his office telephone a foreign capital to warn people in June that a TV programme was going to claim a damaging deficit blow-out, and impact adversely on New Zealand in the financial markets of the world?

They knew there was no blow-out. They knew about the programme. They could have stopped it simply by providing accurate information. Why not stop it?

Why did they not even bother to inform my office that the programme was going to run, when they were telling people on the other side of the world that it would be damaging? Who gained by that?

I know who lost. The whole of New Zealand lost.

Why sack Richard Prebble, when he and I and the Treasury and the Prime Minister's own staff, were busy preparing an agreed paper which Cabinet itself had requested?

Why did David Lange decide that as Minister of Finance, I did not have the right to choose my own staff?

I cannot answer those questions for you. I do not know of any answer that makes sense.

Each one of those actions undermined the stability of the markets, and the assurance the Government was trying to give to the people of this country about our policies. At every turn, as a Minister of Finance, trying to do my job, I found the deck stacked against me, every attempt I made to give the markets of the world and the people of this country faith in the stability and the direction of our policies, a new crisis was created. There is no way, in those circumstances, that I or any other Minister of Finance could succeed.

That is why interest rates today are 2-4 percent higher than they should be and they would have been if the Government at the highest level had honoured its commitment to the stability of policy we all promised you at the last election.

Every homeowner is paying the price for that today, every business in the country. Investment we could have had has not taken place, because at that price, it is no longer worthwhile.

We have today the highest real interest rates in our history. That is nothing whatsoever to do with Rogernomics. It is the result of the constant undermining of Government economic policies, throughout the last 12 months.

All of that could, and should, have been avoided, if New Zealand had simply been governed through the normal, constitutional, democratic processes of Cabinet and collective Cabinet responsibility.

For a year, I hung in there, in the belief that if I hung in, I could somehow moderate the process, cool things down, and help find a way back to normality. The pace of those events did not slow down as the year progressed, it accelerated.

I came to see, in the end, that by hanging in there, I was participating in a charade. My efforts to fix that and the resistance to those efforts were tearing both the Government and the Nation apart. And I saw for the first time that I had not been, in reality, the real Minister of Finance in New Zealand for almost 12 months.

I had been powerless against those disruptive forces to do my job the way it should have been done. At that point, I said to the Caucus; I, Roger Douglas, will not allow this charade to go on one day longer. A choice must be made! Choose David Lange or me, but choose you must.

To help the Caucus make that judgement, I have taken it upon myself to tell them and tell New Zealand accurately and truthfully, exactly what has happened at the highest levels in Government over the past 12 months. Know the truth, and the truth shall set you free!

A lot of outrageous things had happened in that year and one of them was certainly the way a leading Wellington newspaper described my doing that. The headline was: "Douglas dumps the dirt", and the journalist who wrote that story said in it: "this was Douglas's final act of treachery, the dumping of the dirt."

I have just one thing to say about that. People in a democracy depend totally on the truth to make sound judgements and wise choices for their own future. If telling the truth to the public ever comes to be labelled as treachery, there is no hope for freedom or democracy or the way of life we value.

If we allow the truth to be labelled as dirt, and discarded, you can forget about progress. The accusation is an outrage against me, and against you.

Mr Palmer has pointed out that in giving the public true and accurate information, I have in fact offended against certain constitutional niceties. That was not my intention. I respect them as much as he does. But the value of constitutional conventions is perverted, not upheld, when they are used to protect incorrect statements from being exposed. That is not what they are there for.

I want to be blunt about the damage done to New Zealand by this year-long wrangle and the economic disruption it caused. If you have an average mortgage, you are, right now, paying \$20 a week extra for the cost of that disruption. If that does not sound much, then multiply it by the number of households right across New Zealand. That is the sum the people of New Zealand could now have been spending freely on goods and services that create new jobs throughout the economy.

I, Roger Douglas, am accused constantly of creating the unemployment that plagues this country today. I reject that accusation.

David Lange says the present level of unemployment is unacceptable in a civilised country. I agree with him. The plain fact is this: If I had been permitted to do my job for the Government without constant disruption generating continuous uncertainty, I say bluntly to you we would have been 20,000 to 40,000 jobs better off today. Jobs we could have had, should have had, right now, this Christmas.

I say to you it is not me, not my policies that are to blame for that 20,000 to 40,000 people without jobs right now as a direct result of that disruption. I care about unemployment. I care about curing it. I don't talk about it. I get on with the job.

That is why the Caucus has to be forced whether I win or lose tomorrow, to make this choice. The responsibility is theirs to get it right and the blame will be theirs, if they get it wrong. Tomorrow, as far as I am concerned, is not the end. It is the beginning.

I have never set out before in my life to put myself forward as a leader of the Labour Party or a leader of the Government. The time has come now when I have no choice. I know I could do a better job than we have seen done this past year.

I do not intend to make the debate in any way a personal attack. What I intend to do is get out in front of the public, and expose what I see as the issues that matter to this country's future. I intend to say to you and to New Zealand what I believe we need to do about them.

I intend to make sure this nation thinks those issues through and that no one, in future, will be in a position to ignore them or sweep them under the mat. That is not a contribution to political destabilisation in New Zealand.

Having been deprived of the power to fulfil my responsibilities to you as Minister of Finance it is the best thing I know how to do, to contribute to the continued good government of New Zealand. I want you to know where I stand on race, on law and order, on women's issues, on poverty traps.

I want everyone in this country to know that, without spending one extra cent, we can get 50 percent more health care, and better health care, out of our hospitals. I want you to know where and how this country has been throwing jobs down the drain when we could have been creating them.

I want you to know that it matters to me and to New Zealand to have a sound, democratic Labour Party fit to lead us forward to the year two thousand and thirty. One which draws inspiration from the 1930s, but does not bind itself solely to 1930s thinking.

Your living standard has fallen in your lifetime from 3rd in the world to about 30th. Unless we turn past history around, then it will fall in the lifetime of your children from 30th to 60th place or worse.

That is why I have told the Caucus I will no longer serve as Minister of Finance under the leadership of David Lange and that I am fully prepared, if they want me, to stand for the position of leader of the party myself tomorrow, to defeat him. I know I can do a better job for New Zealand than he will over the next two years.

I can win the 1990 election for the New Zealand Labour Party, based fairly on the merit of what we can deliver in real benefits to our people. If Caucus, tomorrow, rejects that offer, I will not be dismayed and you should not be dismayed either.

Richard Prebble, Trevor de Cleene and I and the other Ministers still in Cabinet who support our policies do not intend to vanish, or go away. There is a job to do for New Zealand. The future depends on doing it well. You want it done well. I intend to play my part.

If we can persuade the whole country to take that attitude, we are going to win the battle.

The future is ours.