

## **Conversations with Future Generation Podcast**

### **Episode Three**

#### **Joe Hockey**

L Welcome to Conversations with Future Generation. In this series we explore the worlds of investing, philanthropy, mental health and supporting children and youth at risk with amazing Australians who are leading the way. I am Louise Walsh, the CEO of the Impact Investing Companies Future Generation Australia and Future Generation Global. Joining us today is Joe Hockey. Joe is the Founding Partner and President of the Advisory Business Bondi Partners. He is better known to Australians as Australia's Ambassador to the US. He took up that post in Washington in January 2016 and completed the appointment at the end of January this year. An interesting time to be doing the role with it being the final year of President Obama's tenure and then the first three years of President Trump's first term. Joe is even better known to Australians when he was the Treasurer of Australia from 2013. Joe began his career as a banking and finance lawyer at the law firm Corrs after studying arts and law at the University of Sydney. In fact Joe and I know each other quite well and have done so since 1985 when I was studying economics and law at Sydney University and we were at neighbouring on campus colleges, some of the best years of our lives. Joe you will probably remember that I helped you out with your first political campaign to become President of the University of Sydney Students Representative Council. You also partly inspired me to push the law firm Allens to send me on secondment to the Olympic bid in 1991. And that was after I'd learned you did something similar to kick start your political career with one of the New South Wales Government Ministers at the time. So welcome Joe to this podcast.

J Great to be with you Lou.

L Now first Joe what we might do is touch on your career journey and it's certainly been a stellar one as I said earlier. What's been your career highlight? I know that might be a tough question to start but have a go at that.

J Well it's a really good question because there's been lots of career highlights. There's things that I'm proud of and things that I know I could have done better. I have no regrets about the 2014 Budget. It was the right policy document for the time. Throughout my career I've been involved in government business enterprise reform, in initiating substantial public policy, from the Medical Research Future Fund to getting on with Badgerys Creek Airport. I think in fact the one I'm really proudest of was when I wasn't in Parliament when I was a staffer back in 1991 and I managed to convince the New South Wales Minister for Health to have some mobile breast cancer screening vans travel around regional New South Wales. And I had to find the money. I found some cuts in other parts of the government's budget and we started mobile screening, going to areas where during a drought too many women were too nervous about even spending the money on the petrol to go and get screening at the area hospital and the fact that it's still going today nearly thirty years later is a source of great pride to me and I often think to myself that it helped save a lot of lives. So yeah that's the number one now that I reflect on it.

L Well that's fantastic. That wasn't quite what I expected you to say but I do think that's fantastic and if you think about the health issues that we're facing at the moment how important health is to each and every one of us so hats off for that one.

L Fantastic. Thank you. Now your relationship with US President Donald Trump has us all intrigued.

J That didn't take long Lou to get to that.

L This is the most interesting stuff.

J I know.

L How exactly did you build that relationship? I know you're a great networker and have you got any tips for any youngsters out there who want to build their network over time. But the Trump example is a great one.

J Well you've got to be yourself. One of my career highlights was when I chaired the G20 in 2014, that was a huge event for Australia and it was coming out of the GFC. There was a lot of exhausted finance ministers, Central Bank governors and leaders, Prime Ministers and Presidents, and with Tony Abbott we drove an agenda that was about delivering reform and we didn't get all the way there but we certainly made some big changes. So you the best tip I can give is just be yourself. Be true to yourself and with everyone I've dealt with whether it be you know President Xi Jinping or President Putin or President Obama or President Trump, or be it Queen Elizabeth, it's always been a case of I've tried to be myself, a little bit cheeky, but obviously putting myself in their shoes about all the issues they're dealing with and trying to help to find a solution. And with President Trump I just was blessed to have had twenty years in politics and many election campaigns and I started to feel in my bones, despite all the polls, that he could win and so I just tried to reach out. And when no-one else would speak to Donald Trump or the Tramp Campaign in March of '16 I did. And he won. And he didn't forget it and the people around him didn't forget it and whilst there are many things that I would disagree with the President on, or many other people that I'd disagree on, I always respect the Office. And if you can put aside your own bias and just be yourself and remind yourself that you're representing your country and you've got a duty to do what's in the best interests of your country then really it's not hard.

L        Fantastic. So you don't keep still. I read last week that you've taken on a political expert role for Sky News for the upcoming election. Some would say that Joe Biden has a gifted opportunity to nail Donald Trump at the moment. Do you think he's up for the job?

J        Oh sure. I have no doubt he's up for the job. And it will be a ferociously contested election. And every election is in many ways in the United States or everywhere. If the prize is worth having people usually throw everything they have at it. And I don't think that's any different here. And before you even ask me the question Lou I don't know who's going to win because if you had have asked me in January whether the world would go into recession and lock down in February, March, April, May I would've laughed, believed it to be possible but highly unlikely. And I think it's the same now. We don't know what the next few months are going to hold, but what we do know is that it's a tumultuous time in global politics.

L        It's certainly a bizarre year, there's no doubt about that so, even the first half, so but who knows what's going to happen in the second half.

J        Well that's right. And I think people need to be mature enough to understand that. It's a question I get asked all the time, who's going to win. Well I'll give you my best view a day or two before the election but certainly not before then.

L        No. Well what's interesting is it actually wasn't one of my questions. So there you go.

J        Oh!

L        Now we can't really talk about COVID without talking about President Trump. The pandemic has certainly been an eye opener into Trump's leadership style. Have you got any comment on that one?

J Well he certainly has a unique style but I'm working hard, and I think it's the duty of everyone that lives here in the United States and has an interest in Washington, you've got to work really hard to understand the history of the city and the history of the United States. This was a nation that was born out of revolution. And then you know after a brutal revolution everyone formed the view that if they don't protect themselves and their family then no-one else will. And that was confirmed if you like by one of the most brutal civil wars in the history of humanity and more people died in the US Civil War than the United States lost in every other war combined, World War One, World War Two, Vietnam, Korea, the whole lot. And it brought siblings against siblings. And based on race, in part. It was actually started as an economic battle but it ended up being about slavery and race. And it still runs strongly through the DNA of the United States, that you have to stand up for yourself and don't rely on the State to protect you, we want the State to protect you but we want them to protect us as citizens here. But at the end of the day that's one reason why you have a gun culture here. In fact, one of my neighbours during the recent protests here in Washington DC rang 911 there was no answer because they were busy. And if you're in distress and you ring 911 and no-one answers the phone and you're threatened what do you do, how do you react. And it becomes a part of the culture that you protect yourself. Now Donald Trump in many ways embodies a part of the culture of the United States which is about self-sufficiency, about making sure that you're independent, that you put the country first, but the country always come behind your family and the community. So that embodies itself in his mantra, make America great again, which in fact was previously uttered by Bill Clinton and a range of Presidents over the years. So he looks at the United States like many other world leaders would look at their country, and thankfully not Australia or New Zealand, and he says well what is the cost of lock down, what is the human cost of lock down, and makes a decision that involves potentially the loss of life. And of course in war Generals make an estimate of casualties whenever they engage in conflict. No-one would think leaders would do it. Did Donald Trump do it, I don't know, but obviously he kicked into

action when it looked like there was going to be somewhere between two and four hundred thousand Americans die, but at the same time the lock down had a profound impact on the community. And now I just think there's general defiance of a range of measures that have been recommended to try and reduce the impact of coronavirus and the nett result is that America's getting on with it and they're still going to lose a lot of lives along the way.

L Thanks for that. And I just wish something could be done about that health system over there.

J Well it's a competitive system and yeah it's not the system I'd want for Australia but it is a system that has delivered extraordinary innovation over a long period of time. It's a system that hasn't got the safety net that I would hope it would have. But a lot of the drugs we consume in Australia, a lot of the innovation that we have in our hospitals in Australia has come out of the United States and there's a cost to that. And part of it is the competition between the public sector and the private sector here. And it's also the fact that there is often no direct link between the provision of medical services and the government here. And because there's no direct link in the way there is with Medicare in Australia or with the public private hospital partnership in Australia then it's a much harder system to manage. And the hospital system in New South Wales for example is one of the largest single hospital systems in the world. So the Premier Gladys Berejiklian, who did a fantast job, she was able to know what the inventory was of PPE in a very short period of time. Whereas in New York State the Governor Andrew Cuomo was months into sorry weeks into the coronavirus and still couldn't get the private sector to report what inventory was available, truthfully, and therefore wasn't able to redeploy assets to those areas most in need.

L I'd like to have a chat about the US China relations. And I've got a couple of questions on that one. So to start with, how worried are you that Australia will be caught in the middle

of the China and US relations? Do we need to take a side or can we appease both countries from a trade perspective?

J Well at this stage it's not either or. It is, from a national security perspective Australia has to put its people first and there is only one partner and that's the United States. And we're crazy if we ever walk away from the partnership we have with the United States. When I was Ambassador we had military personnel, we still do, in thirty-two US States. We are in many ways their closest military partner. We're most importantly their closest intelligence partner. And the formidable partnership we have with the US protects Australians every single day from potential terrorist attacks, from malevolent forces that are trying to break into our essential computer systems. It protects Australians around the world. And I was there when there was an attempt to rescue an Australian who was held hostage by malevolent forces in Afghanistan, and I was sitting in a secure room watching brave American soldiers go into horrific circumstances to try and rescue an Australian. And ultimately they were successful. But there's only one country in the world that could do that at that point in time to rescue an Australian citizen and that was the United States. And those things happen behind the scenes on a more regular basis than people know. And I was twenty years in politics and I was on the National Security Committee of Cabinet and instinctively I knew that we worked so closely with the US but it was only when I became an Ambassador, went out to their facilities, went onto their warships, went to their Commands, of Cyber Command or National Geo Spatial Intelligence Agency or the National Security Agency or the CIA or the FBI, and saw what we did with them, it's only then that I truly understood how fortunate we are to have them. Now we've also been blessed with a fantastic working partnership with China. I first went to China when I was twelve years of age and it was a very very different country then. And you and I and many of your listeners have been privileged to have witnessed the empowerment of more people through China moving forward than any other generation. The fact is that China's economic ascension has seen more people come out of poverty than at any other time in history, and we should be

proud to have been a partner on that journey. But the views of Beijing and the aggression of Beijing towards Australia is unacceptable and it's so important that that remain a bipartisan position in Australia, that we will not cower to bullies, no matter who it is. Whether it be the US at its worst, or China or any other country, we do not bow to bullies because they'll never respect you if you give in to them.

L Here here. I totally agree with that. Do you think China will continue to penalise Australian industries, say with barley or beef etcetera, for supporting the US and for calling an inquiry for COVID?

J Well we've always got to do what we believe to be right. And you can nuance it with diplomacy but what I've found in only my four years of diplomacy, because I don't think anyone said I was terribly diplomatic as a Minister, but what I think I've found is that you can nuance positions without giving up your core principles, and importantly you can make a point without trying to humiliate. I've never found that I've got my way by humiliating someone. You always pay a price for that. So you know it's important to take a nuanced position with China. But at the same time it's got to be crystal clear what our positions are on various issues so there's absolutely no confusion. And I think that is the best way diplomatically to handle some of these relationships with other countries. They should know where you stand, you make it clear, but don't try and humiliate them along the way, whether it's China or anyone else, because that never works.

J It's going to be a difficult period there's no doubt about it. And I see the growing rivalry between China and the United States as one of the most significant threats to global economic stability and geopolitical stability over the next decade. China hasn't got a friend in Washington DC and there is a residual fear in parts of the White House and the Administration that the Democrats will go further in their anti-China sentiment than even the Republicans. But that's because there's cause for it, that the aggression of China towards

the US is being reciprocated now by the US, and it's going to be a very difficult period. But Australia will have to get the balance right and that's going to require not only deft diplomacy but deft politics and you're absolutely right Marise Payne is a top-shelf operator in this space, and Scott Morrison. And to his credit Anthony Albanese and no-one in the Labor Party is really trying to exploit the divisions and when they do I think common sense prevails.

L      Okay thank you. Now look it's certainly all happening in the US of late. I'd like to have a bit of a chat now about Black Lives Matter. What does that look like in America at the moment, the political implications for Donald Trump and the probability of reform. Have you got any comment on that?

J      Yeah look all nations have some element of racism. Let's be frank, when you look around Asia racism is writ large, and in many parts of the world racism is a horrible part of the DNA of a number of different countries. And good people need to stand up against racism. There is a long history of conflict here in the United States between African Americans and white Americans and that's tragic. That's tragic. And slavery is the foundation stone and can you think of anything more degrading for a race than to be subject to slavery. So it is a long history of pain. And look the last lynching in America was in Mobile Alabama in 1981. And so some people believe that God's on their side when they engage in racist behaviour and that couldn't be further from the truth. And it's also a case that it's a very complicated policing system here in the US. There are eighteen thousand different police forces in the United States, eighteen thousand. And I was shocked when I came here and saw that our local community has its own police. Then you've got the Secret Service. Then you've got the Metropolitan Police. The National Cathedral has its own police force, they wear police on their jackets and they carry guns. And of course every county has a sheriff and every city has police commissioners etcetera etcetera. And there are systemic issues. One is that a bad policeman, a rogue policeman after being thrown out of one police force is able to cross a border and go and work in another one without any record. It's also

the case that there are some counties and cities that allow violence that Australians would find objectionable against some individuals in the name of the law. So there needs to be reform, sensible reform. I think sensible people accept that. And it's part of a continuing journey of making amends. Having said that it's a pretty frightening place America to be a policeman or a policewoman. They're incredibly courageous. Because of the gun laws so many of them walk up to a car not knowing if the driver is going to pull a gun on them. And so they live on edge. The policemen that I speak with and policewomen they're on edge. They're on edge.

L        Yeah. No it's a challenging time. I You've got a lot of challenging issues there at the moment. But you're right in on the action.

J        Well and a long history Lou. If you look at it, for example the two examples that I cite, in 1922, and I know that's a long time ago, but forty thousand members of the Klu Klux Klan marched through the middle of Washington DC, and quarter of a million people came out to support them on the streets of Washington DC. That's in 1922. And in 1932 the President Herbert Hoover, worried about an uprising by war veterans from World War One during the Depression, he ordered General MacArthur to effectively shoot war veterans that were protesting for the money and the pensions that they needed to survive the Great Depression. And two of the officers that were supporting MacArthur were George Patton and Eisenhower and you know they were scarred by the experience. So for example it wasn't any surprise in a sense that modern day Generals, former Chairman of the Joint Chiefs of Staff, came out and said, hang on we don't shoot our own people, the military does not take on the people of America. If the military doesn't support the public the public will not support the military. And that's been a partnership in place for years and there's been moments when it's been sorely tested, with great cost. And so there's a lot of history that people need to be aware of in order to understand what's happening today in DC.

L I can see that your American history skills have gone through the roof.

J We give advice to clients and we help with transactions at Bondi Partners and we do lots of different things but I set it up with a specific focus on making sure that Australians better understood the real America and Americans better understood the real Australia. And no-one's been in this space and yet they're our biggest security partners and our biggest investor by far and our second biggest trading partner and probably will one day be our biggest trading partner again.

L Fantastic. So look you've seriously been exposed to the world of philanthropy of course living in Washington DC during and post your term as the Australian Ambassador. What are your thoughts on how Australia can do it better? What can we learn from the US because they're so good at it over there?

J Yeah I think people should be more overt with their generosity and I get so frustrated when I meet high net worth individuals in Australia that are tight, are not generous, that need to be asked to be generous. And then when they give money, which is not a significant amount of money, they think they're being generous, and it's all wrong. I mean you can't take any of your money with you. And that's why I love people like Andrew and Nicola Forrest. I mean they really wear it and they give and they never say no. And there are many people like that in Australia. There are incredibly generous people. But I love in America that there's competition for the generosity and the first point of call for someone who is philanthropic is not to try and get the government to match them dollar for dollar. It is I want to be generous, I don't mind if you put my name on a building or recognise it, maybe that'll encourage others to be generous as well, and that's really impressive. I don't know how many times over the years people have said to me if I give this much to charity would you match it. I don't mind the approach, but I do mind if they've got the financial capacity to do it all, but they want to effectively ask the taxpayer, who at the end of the day is as much

Betty Bankstown or Brian Broken Hill as it is your next door neighbour. To ask for their money to match your generosity I think is a little bit rich. So I would ask people to be generous, and not be afraid to talk about it, even though you get the pain of everyone asking for your money. But be generous because I think it's a good thing to do and I try and live it. That's a sacrifice you make for hopefully for good political life and good public life but also financially where you can.

L      Alright well look one last question, and hopefully this is probably one of the easier questions to end on. Who's been your biggest inspiration?

J      Oh you know my Dad.

L      Thought you might say that. Can you talk a bit about that?

J      Yeah. Oh it's pretty hard. But his father, he was born in Bethlehem, and his father walked on him the day he was born, had to grow up in an orphanage, made his way through the military at a very young age, British Army in Palestine. By good chance came to Australia as a refugee and did it from there. Without my parents I wouldn't have been the person I was obviously. It's right to say I wouldn't be here because I wouldn't be here but it's the values that come through and I'm most impressed with every parent that is a better parent than that which they had. For people that come from really adverse circumstances and had bad parents or had a really tough upbringing, and when I see them working as incredible parents and they're the greatest people on earth because they've overcome everything they were taught or everything they learnt and everything they experienced to be their very best and they're the greatest mentors you can ever have.

L      Yeah. I share that one with you because I absolutely understand the value and still do to this day. I've lost my father as well but you know I'm hanging on to my mother as long

as I can believe me. Alright well look on that note Joe I just want to say a huge thanks for joining us today. It was a privilege to delve into your career and some of your personal life especially in the latter years. It's certainly been a cracking ride so far, and I'm sure that will continue knowing you. So thank you.

J Well Lou thank you and to all of those listening thank you so much and thank you for helping me build a great country in Australia. And also thank you for giving us Louise Walsh. She was my first running mate when I ran for President of the SRC at Sydney University, and when I approached her she said what is the platform of the party we're forming. And when I said I haven't got a platform but we're going to have a good time she signed up and without Lou's help I wouldn't have been President of the Sydney University and who knows I might have ended up doing something else not quite as salubrious as a political career. So thanks Lou and all the best to you.

L Thank you. I'm looking forward to the fourth episode of Conversations with Future Generation which we will release in July. So continue to stay safe and goodbye and thank you.