

# The NZBR ..... Myths and Legends

**Some notes for a brief address by Dr Roderick Deane to the Dunes  
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The NZBR is a grouping of CEO's of NZ companies who share an interest in advancing the case for sound economic and social policies to achieve a better New Zealand for all New Zealanders. It is funded solely by the private sector and has no government funding.

Since 1985 when the NZBR was first established there have been four main periods of economic policy development, in all of which we have played a significant part.

The first was 1984 to 1991, the period of freeing up the financial system, floating the dollar, removing numerous controls and regulations, moving to a strong monetary policy targeted at reducing inflation, reforming the public sector, reducing taxes, creating the SOE's and then privatising most of them, and freeing up the labour market. The period spanned both Labour and National governments.

Then from 1991 to 2000 there was a period of consolidation of these policies and of most importance a move to a strong fiscal policy, including fiscal surpluses and massive debt repayment, reducing the size of the government sector and allowing the private sector to get on with the job of generating one of the fastest rates of productivity growth (output person and per unit of capital) in the western world.

The NZBR played a major role in advocating the policies which underpinned these two periods.

Then came 2000 to 2009, when the gains were slowly eroded, we returned to extensive regulatory interventions and eventually to fiscal deficits and zero productivity growth. Through this period the NZBR was criticised by the government of the day for continuing to point out the gravity of allowing ourselves to return to the old interventionist ways, to grow the government sector at the expense of the private sector, and to back track on so many of the advances we had achieved as a nation.

We entered a new phase in 2009 as the present government tries to undo the damage by tightening up the fiscal position, reduce income taxes, slow the growth of government spending, explore ways to ease the regulatory burden, strengthen the capital market, and bring rationality back to the labour market. Progress is cautious but in the right direction and we return again to fundamentals of the sort supported by the NZBR.

During this potted history, there have accumulated some myths about the Business Roundtable which warrant debunking.

#### 1. The NZBR's finest hour was the post 1984 reforms

The NZBR was formed in 1985 and members participated strongly in the reform period. The Govt needed much private sector help with SOE's, privatisation, labour market reform, tax reform, and public sector reform. But the flow of advocacy has been maintained since then. On all the Task Forces set up by the present Govt, the NZBR membership has been heavily represented. That is simply because the top CEO's and Chairmen can help the Govt get things done and bring an important commercial perspective, whether it is in the 1980's or 2010.

#### 2. The NZBR is right wing

The organisation promotes market oriented solutions and is concerned that Governments try to do too many things for which they are ill suited. We advocate an open, dynamic and competitive economy with the Government's major roles being to design and implement good public policies and run its own institutions and affairs efficiently and effectively. The right wing label is simply a red herring. Advocacy of sound, evidence based, objective economic and social policies should be a

concern for us all, right or left wing as we may be. Many of the policy proposed by the NZBR would be regarded by mainstream economists abroad as middle of the road, neither particularly right nor left wing.

3. The NZBR is a business lobby group which favours the rich

The NZBR strongly favours policies which are in the long term national interest, and not ones which simply respond to sectoral or business or short term interests. Many of the policies which the NZBR has promoted have created tough environments for existing companies, such as in the late eighties. And the organisation encompasses policies which go well beyond the business sector, such as better policies for local government, education, welfare reform, health, infrastructure, the electoral system, and so on.

4. The NZBR is too theoretical and not practical enough

Much of our research is applied and empirical, hard headed and straightforward. It is designed to get to the facts and to promote sound public policy and sound economic institutions within Government. It does take the best economic theory from the world's leading economists, but then applies that to the practical problems facing NZ society. It is too easy to dismiss good analysis as too theoretical and not make the effort to debate the issues fully.

5. The NZBR is simply a think-tank.

It is certainly a think-tank. But this claim is a diversionary one. Many of us would argue that we need more quality thinking to underpin our policies and less political poll driven analysis. The trick is to pursue the right policies, the ones which deliver growth in business and jobs, and then work out how to explain them and sell them, rather than run away from them.

Even Tony Blair, to quote his just released autobiography, observes that mainstream leftist thinking in the 20th century had become "hopelessly unreal, even surreal", and that "even Russia embraced the market after 1989".

Roy Jenkins, whose own autobiography is nothing short of brilliant, once described Tony Blair as someone carrying an immensely valuable vase across a wide room with a very slippery floor. Blair says "Not for one moment could I let myself relax, my gaze be unfixed on the precious cargo, my mind diverted from the task at hand". Whoever would have thought there would be such a close analogy between Tony Blair and Roger Kerr ?

In reviewing Tony Blair's new autobiography, some commentators in London's Daily Telegraph newspaper also described Blair as delusional. My wife Gillian quoted that back to me when I observed that the NZBR should not be thought of as simply right wing. So be it.

We do stand for individual responsibility, for choice and competition, for entrepreneurship and risk taking, for market oriented policies, for smaller government. But in doing this, we stand for policies which promote growth for all New Zealanders. We try to challenge conventional thinking and to look at things in fresh ways. We want to lift the quality of the debate.

This does mean standing up and being counted, something which may be uncomfortable for some politicians but which is the only way to advance the case for good policies.

No one has ever accused the NZBR or its Executive Director or its various Chairmen as lacking in courage or forthrightness. The policies we have advocated over 25 years have proven their worth many times over. It is a mystery to me why we keep forgetting these lessons.

Thank you and good luck.