

‘Three more years!’ – of what?

GUEST COLUMNIST
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The two major political parties need to change their priorities if they are to improve economic, social and environmental outcomes

“Three more years!” was the election night chant that ushered in the latest government, after one of New Zealand’s most convincing electoral victories.

National won because it excelled at what it has always done well – appeal to the broadest base of the electorate as possible, by providing stable economic management and proceeding with policy changes with which most New Zealanders would probably agree.

But there are systemic economic and social problems for which a “steady-as-she-goes” approach will not be sufficient. Three more years of the same could risk New Zealand’s prosperity.

As the leaders announced the major political parties’ priorities for 2015, we should think about how well they are positioned for change. What should they do so that New Zealand does not suffer from more of the same?

New Zealand’s problems stem from its fragile – not “rockstar” – economy, whose growth, since 2000, has been largely driven by non-tradable activity, rather than the investment and export-led growth required to improve productivity and living standards.

Without higher productivity growth – that is, how well a country uses its resources to produce more and better goods and services, at lower cost – New Zealand’s GDP, and therefore its capacity to help New Zealanders live more meaningful lives, will

continue to lag some 15% below the OECD average.

Without higher incomes, for example, the strong link between some families’ low socio-economic status and their children’s poor educational and health outcomes will persist. It will also become increasingly hard for governments to fund the higher pension and healthcare costs of an ageing population.

To meet such challenges, current and future governments need to make the economy more resilient, while improving opportunities for all New Zealanders; especially for those who have not benefited from past reforms as well as others, such as through uneven access to healthcare and education.

Are New Zealand’s major political parties up to the task, and what would be required?

National’s tinkering

Taking the National Party first, it has prided itself on being a popular, pragmatic economic manager. It has steered the Crown accounts toward surplus and improved the performance of the public sector, while targeting welfare payments and encouraging government agencies to partner with community groups to deliver services, such as through Whanau Ora, under the rubric of “social investment.”

Nonetheless, National has preserved the big ticket welfare programmes of the

previous Labour government, including Working for Families and KiwiSaver tax credits for middle and high income earners and interest free student loans. For too long, National’s tinkering has let wasteful consumption be funded instead of productivity-led investment.

Relaunching Labour

Right now, Labour is not much different. For all its electioneering, about developing an innovation and investment-led economy, its statist energy, manufacturing and wage policies threaten to lower productivity, and exclude low-income earners from the workforce.

With Andrew Little as its new leader, Labour has an opportunity to re-launch itself as the party of positive progressive reform that it has historically been – and which New Zealand sorely needs.

Among the issues facing Labour, surely the most important is to redefine the goal of New Zealand social democracy. Social democracy, as a movement, defines itself against social injustices and for a more egalitarian society, such as access to an adequate education and health services, adequate incomes, especially for those who are in need, and a world where people can enjoy fulfilment. Labour needs to reimagine what this means today, so that the households and workers it has traditionally represented can prosper.

Basic questions

What then should National and Labour’s priorities be? The basic questions that they – and we – should ask are: what kind of country do New Zealanders wish to live in and how best can New Zealand’s resources be stewarded to achieve this vision?

The major parties might start by adopting a different narrative from the current one of economic management. They might wish to explain that New Zealand’s economic, social and environmental outcomes rest on how well it stewards its endowments.

These include natural assets, such as the human capacity of New Zealanders, or New Zealand’s land and mineral resources, and the institutions in which previous generations have invested, such as New Zea-

land’s social and economic infrastructure, its legal and regulatory systems that provide freedom and security, or the resources of Maori and Pasifika culture.

Productivity-enhancing policies should also have a place in this vision, to help build the more resilient economy New Zealand needs to improve opportunities for all. This would mean, for example, facing up to the negative effect that higher taxes and the abatement of middle class welfare payments have on jobs and real wages, as both tend to lower productivity and hamper wage growth.

It may require an openness to alternative options to state provision of public goods and services, to help free up public funds for productive investment.

This suggests the parties should consider how entrepreneurs, and social entrepreneurs – as those who innovate, transform resources and create opportunities for people, through running businesses and providing welfare – could help to steward New Zealand’s endowments, so that the development of resources is shared between government and civil society.

Unlocking potential

This underlines the importance of policies that could more fully unlock the potential of entrepreneurs to create opportunities. Championing entrepreneurs and social entrepreneurs could also fit with social democracy’s ideals of opportunity creation and participation.

Encouraging entrepreneurship generally might see New Zealand concentrate on what is important for wealth creation, rather than wealth redistribution.

The major parties would do well to consider a different political narrative that acknowledges New Zealand’s future challenges, and the complementary roles that the government and entrepreneurs can play in nurturing national endowments and improving productivity.

Only when they see the world differently, and change their priorities, will they be able to lead New Zealand to meet its future challenges and enable more New Zealanders to enjoy a prosperous future.

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In Tray

The secret diary of Derek Fox

Monday

Once again I have been asked if I still believe the editor of the French magazine has paid the price for his assumption of cultural superiority and arrogance.

As I’ve already said in my Official Statement, he was the bully believing he could insult other people’s culture with impunity and he believed he would be protected in his racism and bigotry by the French state.

Well he was wrong – and now he has been severely bitten on the bum for his arrogance.

Power cultures all like to use the old chestnut of freedom of speech when they choose to ridicule people who aren’t exactly like them, and mostly they get away with it. These guys liked the privilege but didn’t think they’d be caught up in the ramifications – they were mistaken, and I hope they will now reflect very hard on the effect their cartoons have had on people who don’t like them.

Tuesday

Yet again we have seen the power of the indigenous people, this time in Europe where the plucky Greeks have finally given their white masters the heave-ho, and not a moment too soon.

They’ve told the Berlin buffoons where they can put their bailouts and not a moment too soon.

The effect of their vote has been immediate.

Overnight, the Greek economy has surged, crime has stopped completely and, according to my sources, a new hospital is being built every 10 minutes and, perhaps most significantly, house prices are poised to rise by a staggering 300% in the next month alone, which means we’ll be hearing a lot about it in the Auckland media! This is what happens when a people tired of being ruled by their white overlords rise up and take economic matters into their own hands.

Tonight let’s pour a glass of sav blanc and listen to the great Demis Roussos with new ears!

Wednesday

Once again the whingers in the white establishment have found something utterly irrelevant to prattle on about: the flag being lowered to half-mast on Auckland Harbour Bridge to mark the passing of a great civil rights leader in Saudi Arabia.

Get a grip, folks – and get a bit of history while you’re at it. The late King Abdullah bin Abdulaziz was a civil rights leader cut from the same moderate cloth as Dr King, Nelson Mandela and even myself.

True, some of his “excesses” were not what the Eurocentric chattering classes in Auckland and Wellington might have approved of but I believe many will come to see him as the force for modernisation. And the late king’s moderate commitment to beheadings and the like sent a very strong message to the eurocentric world that wrong-doers everywhere can expect a firm tweak on the nose.

Thursday

Yet again the black underclass of America is paying the price for white privilege. I refer, of course, to the snowstorm that has buried parts of their country’s eastern seaboard.

Interesting, isn’t it, that snow always seemed to be coloured white? But how long that may continue is a matter of some debate. Surely it’s only a matter of time now before my brothers in the struggle rise up, pick up their firearms and give the white devils the finger in the tummy that so many of them richly deserve.

Friday

Once again the reactionary media is attempting to shut down debate. I’ve been on the laptop all morning posting updates to Tina Nixon’s Facebook page and as yet no one has seen fit to craft any of them into a news story.

My bum is feeling rather bitten.

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Private Wealth Advisers

Welcomes...

Ben Lavender

Ben has joined our team as a private investment adviser where he will specialise in investment advice, and financial planning. He also brings a strong background in operations and process management. Ben was previously a senior financial adviser with Westpac New Zealand and is an Authorised Financial Adviser (AFA), and Certified Financial Planner (CFP^{CM}).

Ben holds a degree in Commerce from the University of Canterbury, a Diploma in Business Studies from Massey University and a National Certificate in Financial Services.



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