

Tribute to Roger Kerr
By Janet Albrechtsen, *The Australian*, 09 November, 2011

Many people have good intentions. Some fall for the fatal conceit that good intentions are all that count. Far fewer are able to couple good intentions with positive results. Roger Kerr, who died on October 28 in Wellington, was one of the few who did both. Most people won't know that Kerr played a critical role in turning around the economic fortunes of New Zealand in the 1980s, which is why this largely unknown man ought to be saluted.

As Bryce Wilkinson, a New Zealand businessman and long-time friend of Kerr, said during his eulogy last Thursday, during the 60s and 70s "there was an abundance of limited choice. Blanket foreign exchange controls, high tariffs, tight import quotas. No new cars for ordinary people. No weekend shopping. Queues to get mortgage finance."

And so on. Muldoonism threatened to bankrupt New Zealand. The NZ economy bore a striking resemblance to an eastern European economy of the time, recalls Ralph Norris, a New Zealander who headed up the ASB Bank and Air New Zealand before becoming chief executive of Commonwealth Bank.

Kerr, as assistant secretary at the NZ Treasury and as head of the NZ Business Roundtable, was instrumental in guiding reforms that would dismantle Fortress New Zealand: floating the NZ dollar, liberating the labour market, lowering taxes by introducing a broad-based consumption tax, ridding the economy of protectionist subsidies and tariffs, privatising state-run businesses and more.

Former prime minister John Howard told *The Australian* that "pound for pound -- using the boxing expression, not financial expression -- what New Zealand did in that period was probably the most remarkable in the Western world".

Kerr had the ear of government reformers such as Labour finance minister Roger Douglas and later National finance minister Ruth Richardson. He was the voice of reason, says Norris. "If NZ had not taken the sort of policy prescriptions that Roger was a great advocate for, NZ would look a lot like Greece today."

For a quarter century, Kerr led the non-partisan NZ Business Roundtable. Nigel Lawson, former chancellor of the exchequer under Margaret Thatcher, describes it as "an institution unique in the world". This was no lobby group. Kerr ensured the focus was on the long-term interests of New Zealanders, never the short-term sectional interests of its business members. Indeed, Kerr realised early on that business, which had enjoyed tariff walls and the like, had become a hurdle to economic reform.

Phenomenally bright and rigorous in his thinking, Kerr managed to persuade business to think of New Zealand as a trading nation able to harness the power of international markets.

More importantly for Kerr, the result of each economic reform must be to improve the lives of ordinary New Zealanders. Take inflation. Kerr encouraged a generation of economic rationalists at NZ Treasury to recognise that inflation was a tax on poor people, a tax on people on fixed incomes.

Take welfare. Realising that New Zealand's welfare system verged on becoming a hammock rather than a safety net, Kerr pursued social welfare reform. And he made the crucial link to jobs, says Norris. You need to make the economy more dynamic to create jobs for those who previously have been held down by welfare. In fact, New Zealand went far beyond Australia in deregulating its labour market. And that move created jobs. That was the whole point of the reform.

The "New Zealand experiment" was closely watched by other nations, especially Australia where Bob Hawke and Paul Keating would follow New Zealand's lead. "The fact that such a small country was taking steps down the path of liberalising its economy was a bit of an admonition to Australia

that it was doing badly and had to lift its stocks," says former treasurer Peter Costello. And we did.

Under Kerr, the Business Roundtable advocated policy on just about every important public policy, from economic and welfare reforms to public service and health improvements, to decentralising education and exposing the flaws of New Zealand's mixed-member proportional voting system. As The Wall Street Journal noted in its tribute to Kerr yesterday, "True to form, just a few days before his death, Roger released a statement excoriating John Key's National government for not 'maintaining a culture of spending restraint'."

Kerr's research was prolific, persuasive and painstakingly rigorous. He understood how to get the ideas into the public arena. It was not just about producing one policy paper. It was about dozens of papers, says John Roskam, head of the Institute of Public Affairs in Melbourne. During his time working for the Kennett government in Victoria, Roskam says, Kerr's ideas influenced the Victorian government in many areas: education and curriculum reform, privatisation of state assets and, when the states still controlled industrial relations, labour market reform. According to Roskam, "the contribution of Roger to the Anglosphere was to show that good policy can be good politics".

No one at our business organisations in Australia has done what Kerr has done. Too many are more interested in flannel-mouthing government ministers with flattery than pursuing real reform. As treasurer, Costello once pushed hard for Kerr to take over the leadership of the Business Council of Australia when it became vacant. Costello laments that it didn't happen.

"I don't think Australia's large business organisations have ever had anyone of the calibre of Roger Kerr, who was prepared to lead the debate, even into very difficult circumstances."

It was also the way Kerr led debate that has attracted accolades from far and wide and across the political spectrum. Kerr was ever the gentleman in a sometimes fierce battle of ideas. Unlike many intellectually gifted people, Kerr always listened. His insatiable curiosity meant he was also willing to

learn. And he had a glint in his eye and a wicked sense of humour that enabled him to suffer fools gladly. Kerr knew the power of good ideas to win the day.

As Norris says, people viewed Kerr through the lens of his intellect. "His arguments, his logic, were pretty indestructible, so we tended to think in body he was equally destructible." Sadly, Kerr, who died of melanoma, was not indestructible. However, his ideas and his influence will be felt for so long as we don't take them for granted. Lest we forget.

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