

## **The 2025 Taskforce Report and the Media**

Public understanding about what constitutes good economic policy will ultimately dictate the economic performance of New Zealand.

Overwhelmingly, the quality of a country's institutions and policies, which are largely chosen through the political process, determine whether it is an economic success story or a laggard.

In Shakespeare's words, the fault is not in our stars, but in ourselves, if we are underlings.

The mainstream media have a key role in shaping public understanding (although the blogosphere is becoming increasingly important).

How well did journalists communicate the 2025 Taskforce report to the public?

Some seemed not to have read it at all, or at least taken it in. For example, Martin van Beynen of the Christchurch *Press* simply asserted that Australia was rich because of minerals, even though the Taskforce devoted 10 paragraphs to debunking this myth.

Others dismissed the 2025 goal as just an ACT idea.

But before the 2008 election prime minister John Key had this to say: "I came into politics because I believed New Zealand was underperforming economically as a country. I don't think it's good enough that so many New Zealanders feel forced to leave our country each year to seek higher wages in Australia ... You have my personal commitment that if I am elected prime minister in eight days' time I will work tirelessly over the next three years to deliver the stronger economic future our country deserves."

Brian Fallow of the *Herald* saw the Taskforce as "rooted in 1980s thinking" – Helen Clark's so-called "failed policies of the past", even though she didn't fundamentally change any of them.

The 1980s shift in economic thinking from state to market began with Reagan and Thatcher, spread around the world including to China and India, and continues despite the recent financial crisis. That ought to be a point in the Taskforce's favour.

Most journalists don't have strong economic expertise, but they can consult those who do. If, for example, they had spoken to recipients of the NZIER awards for public policy, they would have found that the vast majority approved the Taskforce's report.

Alternatively, they could have consulted academic blogs such as *Anti-Dismal*, hosted by respected University of Canterbury lecturer Paul Walker.

Walker's comment was, "Nothing particularly new or radical in all this. There are a number of good ideas contained within the recommendations. Things like a flatter tax system and restraints on government spending. The water rights trading idea is an idea whose time has come. More privatisation is an idea whose time has come again. Welfare, education and labour market reform is clearly needed."

Some criticism was predictable. Rod Oram of the *Sunday Star-Times* has consistently ignored the mainstream OECD advice reflected in the report. He was never troubled by the fact that the Clark-Cullen government's interventionist policies which he favoured failed to lift New Zealand even one rung up the OECD ladder.

Another who frequently praised that government's economic management was Colin James. He recycled Michael Cullen's claim that the income gap widened most during the 1980s because of a prescription like the Taskforce's.

But it is economic illiteracy to pretend that Robert Muldoon's 'Polish shipyard' economy was sustainable and that a turnaround could have been achieved quickly, to ignore the policy failings that made the transition more painful, and to neglect the fact that post-reform New Zealand has kept pace with other OECD countries but not closed the gap (because of policy inertia and backsliding).

Few journalists proposed alternatives. Colin James and Brian Fallow sympathetically reported economic geographer Philip McCann, whose broad thesis is that size and location are destiny, which policy can't do much about. That thesis is unconvincing and defeatist, and McCann's few recommendations are underwhelming in terms of closing the gap.

It is easy to get depressed about economic journalism in New Zealand, particularly in contrast to high quality and well-informed writing in Australia.

As one top New Zealand businessman commented, "How one can win hearts and minds with such vapid media, I don't know." Another industry leader was more blunt: "New Zealand is stuffed."

That judgment is realistic if the broad thrust of the Taskforce's report is not adopted, and quickly. New Zealand's economic situation is precarious, the income gap with Australia currently looks set to widen, and the idea that fast growth is compatible with big government is ludicrous.

But writing off the report, as many journalists did, is premature. More thoughtful editorial writers noted that John Key's credibility is on the line, that the Taskforce will be monitoring progress, and that the electorate threw out the last government when it realised it was taking the country nowhere.

The report could turn out to be a bit like calicivirus: now that it has got into the political bloodstream it may be hard to get it out.

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