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MOUNT VICTORIA ROTARY CLUB

**'LEFT' AND 'RIGHT':
STARS TO STEER BY OR BLACK HOLES?**

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Question: What do the following have in common: Zionist settlers on the West Bank of the Jordan; Winston Peters; hard-line communist opponents of former Soviet leader Mikhail Gorbachev; and the New Zealand Business Roundtable? Answer: They have all been described in the media as 'right wing'.

The 'right wing', it seems, is a remarkably inclusive group. It includes religious fundamentalists and atheists, nationalists and internationalists, central planners and free marketers. It's a club with very low barriers to entry. Who wouldn't want to join? Indeed, aren't we all members of it already? The topic of a debate a few years ago was: "Is the 'new right' all that's left?"

Joking aside, what the list really shows, of course, is that the term 'right wing' is simply media code for 'the bad guys'. The days are long gone when mainstream journalists aspired merely to report facts accurately; nowadays many of them want to tell us what we should think as well. Since international surveys suggest that most journalists identify with the left, it's natural that many use 'right wing' as a term of disapproval. In New Zealand, how often do you hear them talking about the 'left-wing' PPTA or Council of Trade Unions, for example? But the fact that the term can be thrown around with so little regard to consistency of meaning suggests that the terms 'left' and 'right' are grossly abused (and overused) in political commentary.

Should we worry about such labels? On Mondays, Wednesdays and Fridays I'm inclined not to care: as Shakespeare's Juliet said, "What's in a name?" For the rest of the week I resist capitulating to the idea of putting up with meaningless and misleading classifications.

One reason for resisting is that I find most of the politics of the clearly identifiable right to be distasteful. One group for which the label makes some sense is the right-wing

populist movements that have come out of the woodwork again around the world in recent years. A list in *The Economist* included Jean-Marie Le Pen's National Front in France, Pauline Hanson's One Nation in Australia, the Northern League in Italy and Winston Peters's New Zealand First. The foreign editor of the *Australian*, Greg Sheridan, made the same point last year when he wrote:

New Zealand First is New Zealand's very own right-wing, anti-globalisation party, just like our own One Nation party.¹

Such parties are extreme economic nationalists opposed to immigration, foreign investment, imports and the global economy. Winston Peters has made it clear he has little in common with the Business Roundtable, and he's right.

Secondly, in a less extreme way, many people identify the politics of 'the right' with conservatism, better-off people, profits, privilege and business. I am definitely pro-business, but most of my working career has been devoted to attacking all forms of privilege, including privileges for business. Being pro-business is not being anti-worker, as socialist mythology would have it. Business is the wealth-creating institution of society; if one is concerned about raising incomes one had better be concerned about business. And as an economist I regard my discipline as all about reducing poverty and raising living standards, especially those of less well-off people. So I had no problem with being quoted in a *Metro* interview as saying "my thinking is probably more 'left' than 'right', if there's still any meaning in those terms."

But the third and most important reason why I resist the political labelling is that economic and social debate will only advance if people know what is being talked about. As the British economic commentator Samuel Brittan put it in a book entitled *Left or Right: The Bogus Dilemma*, written as far back as 1968:

The left-right spectrum today obscures more than it illuminates. Political discussion, and perhaps even the conduct of politics, would accordingly benefit if it were to be used much less frequently. For not only is the

¹ Quoted in the *NZ Herald*, 18 August 1998.

spectrum concept misleading as a classification of political differences, but its persistence in current discussion has a positively harmful effect. It leads ... to the muffling of important issues, to a bias in favour of certain viewpoints against others, and to the erection of unnecessary barriers between those who should be natural allies.²

Confusions about 'left' and 'right' labels go right back into history. Indeed in some ways the wheel has come full circle in the past 200 years. As one writer described the origins:

The original political meanings of 'left' and 'right' have changed since their origin in the French estates general in 1789. There the people sitting on the left could be viewed as more or less anti-statists with those on the right being state-interventionists of one kind and another. In this interpretation of the pristine sense, libertarianism was clearly on the extreme left wing. This sense lasted up to as late as 1848, with Frederic Bastiat sitting on the left in the National Assembly.³

Bastiat was a classical economist in the tradition of Adam Smith: a defender of free-market ideas and a fierce opponent of privilege.

Coming into the twentieth century, many have remarked on the fact that the parties conventionally regarded as being on the extreme left and the extreme right have had much more in common than they have had points of difference. Supporters of communism and various versions of socialism on the one hand, and Nazism and Fascism on the other, all believed in controls, economic planning, dictatorial government and the supremacy of the state over the individual. Mussolini was by origin a fanatical Marxist and Nazism meant National Socialism.

The parallels between the parties of the extreme left and the extreme right extended to the democracies, including New Zealand. Reporting on the change of government in 1984, *The Economist* wrote:

Sir Robert Muldoon was usually branded a 'right winger'. ... In economic terms, though, he was as much an interventionist as any

² Samuel Brittan, *Left or Right: The Bogus Dilemma*, Secker and Warburg, London, 1968.

³ Jan Clifford Lester, *The Political Compass: Why Libertarianism is not Right-Wing*, Political Notes No 116, Libertarian Alliance, London, 1995.

Marxist dreamer or socialist soldier. Markets were there to be suppressed or ignored, businessmen to be bullied.⁴

Today it is the Alliance party that has retained the Muldoonist mantle.

People have interpreted the moves away from interventionist policies in New Zealand as a move to the political right, even though they were initiated by a Labour government. They have associated them with similar moves by Margaret Thatcher in Britain and Ronald Reagan in the United States. But as the former senior OECD official David Henderson has pointed out in writing for the Business Roundtable, all OECD governments without exception have moved in similar directions in the past 20 years. In many cases besides Australia and New Zealand, such paths were taken by 'left-of-centre' governments. As Henderson says:

... there is nothing incongruous in this latter development, since – contrary to a widely held view – liberalisation does not represent a victory for conservative or right-wing ideas and principles. In this recent phase, as in earlier periods of history when market-oriented reforms were introduced, the true hero of the story is not conservatism but economic liberalism.⁵

This interpretation is surely correct and keeps being confirmed by events. Clinton and Blair are seen as maintaining the Reagan and Thatcher legacies and extending the reforms associated with them into areas such as welfare. The widely remarked swing to centre-left governments in Europe does not signal any basic change in direction, even in France under a socialist government. As an article in the *Australian Financial Review* put it recently:

While Chirac presides over a fragmented French right wing, the socialist Jospin, with his able finance minister Dominique Strauss-Kahn at his side, has implemented economic reforms that conservative governments could only dream of – such as privatising state enterprises and

⁴ 'Muldoonery', *The Economist*, 27 July 1984, p 17.

⁵ David Henderson, *Economic Reform: New Zealand in an International Perspective*, New Zealand Business Roundtable, Wellington, 1996 pp 7-8.

introducing a measure of fiscal prudence into France's notoriously bloated budget.⁶

One would have thought that these trends and what they signify would have become clear by now even to the inhabitants of the more remote cells of New Zealand universities. To be fair, the trade union-oriented Centre for Labour Studies at the University of Waikato is – mercifully – hardly representative of academic opinion in New Zealand today, but in a book *First Knights: An Investigation of the New Zealand Business Roundtable* published last year, two of its members displayed all the old confusions.

The authors, Paul Harris and Linda Twiname, did decide that we were genuinely concerned with overall national interests not narrow business interests, and that we were not part of some conspiracy, and for that I suppose we should be grateful. But they set out to refute a claim I made in 1991 that the term 'new right' was an "empty label" and insisted, on the contrary, that "it is perfectly legitimate to refer to the Roundtable as a New Right organisation". They defined right-wing politics as "support for private property, for 'private enterprise', for the defence of the existing class structure, and for existing institutions such as the Crown." They define left-wing politics as "more supportive of public ownership, the promotion of social equality, and the reform or replacement of traditional institutions." They follow other writers who define the 'new right' as combining "market liberalism and individualism" and "conservative moral and social policies", and claim that the Business Roundtable "fits within that definition".

The mildewed Marxist ideology is pretty apparent in the language, but let's try to take the arguments seriously. Problems with them abound. The Business Roundtable is certainly supportive of "private property", "private enterprise", "market liberalism" and "individualism" (assuming this means a sense of personal responsibility), but that often leads it to advocate "the reform or replacement of traditional institutions", which our

⁶ Sheryle Bagwell, 'The Euro may be Jospin's ticket to Waterloo', *Australian Financial Review*, 19 November 1998, p 15.

authors say is characteristic of the left. We are not supportive of "the existing class structure", if by this the authors mean (as I think they do) the privileges of bosses and big business. On the contrary, market liberalism is a threat to such privileges: it exposes business everywhere to competition from new entrants and spreads the benefits of markets and property ownership widely. Equally, it is a threat to what is the true source of privilege today, namely, big government. As for "conservative moral and social policies", I'm hard put to imagine what they might be. We have not expressed views on most of the big moral issues, apart from those affecting business. We have advocated educational policies that involve much less government involvement in the provision, financing, and regulation of education, including the choice of curriculum, and changes to social welfare that envisage a far greater role for the voluntary sector and a corresponding reduction in the role of governments. But since such policies would involve a significant rethinking of the social agenda of government, they are surely radical rather than conservative and clearly involve "reform or replacement of traditional institutions".

Many other commentators who remain hostile to economic liberalism persist in trying to understand the policy shifts that have taken place in New Zealand in ideological terms. The reality is that they were motivated far more by the practical realisation that past policies had failed, and had had their worst effects on the very groups that the post-1984 Labour government was most concerned about. Excessive government intervention had created a burden of tax and regulation whose heaviest impact was on lower-income groups. State ownership had created pockets of privilege that made it harder for poorer groups to climb the ladder of opportunity. Misguided welfare policies have not solved the problem of poverty but perpetuated it. Conversely, if free-market policies expanded opportunities and increased economic and employment growth, the poor would be among the first to benefit. And only sustained growth would fulfil citizens' expectations of full-time employment when they need it, and at the end of their lives a comfortable and healthy retirement. All these findings are part of the standard economic literature, which is far more relevant in understanding recent policy directions than any political writing.

If people took the trouble to study some of the original thinking behind the post-1984 changes, they would save themselves a lot of confusion. Take, for example, this quotation from the 1984 briefing to the incoming government from the Treasury, another organisation demonised for its alleged 'new right' views:

There are many ways to categorise government intervention in the private sector. One common approach is to regard it as a form of interference in the free operation of an otherwise unfettered market. Viewed in this way, an intervention can be classified according to its location in a range varying from "persuasion" or "advice" at one end of the spectrum to virtual complete control (as in sectors of the command economies) at the other. This approach focuses attention on the question: "should the government intervene?"

An alternative and more useful approach flows from the perspective that transactions between individuals and organisations are based on sets of rights and an institutional framework (including, for example, contractual law) which do not have inherent existence of their own but emerge and change in response to pressures of social consensus and political choice. The most obvious body to fulfil the role of "setting the rules of the game" and ensuring that they be followed is the government. In a sense then, all markets can be viewed as having a label attached reading "made by government". Viewed in this way, it does not make sense to treat "free" markets as being at one end of a continuum which ranges from no government involvement to complete government control. Since a decision not to interfere with the operation of an existing market is then equivalent to allowing a given set of interventions to stand, it is more useful to consider the question "what set of interventions is most appropriate?" than to attempt to answer those of the form "should the government intervene?". In any particular intervention decision, therefore, the extent to which market forces are utilised is a matter related primarily to the process by which an objective may be achieved rather than an objective in itself.⁷

To the best of my knowledge, no newspaper has ever seen fit to publish this piece in part or in full. Yet it demonstrates that the official Treasury position at that time, far from being ideological and dogmatic, was entirely pragmatic. Every suggestion for government action or inaction was to be judged on its merits against alternative courses of action. There were no absolutes on any issue, only matters of degree. But obviously

it is easier for the intellectually lazy to label an opposing view as ideological than it is to debate an issue on its merits.

The twentieth century has been the age of what the English jurist Albert Dicey called 'collectivism'. He defined collectivism as:

... government for the good of the people by experts or officials who think they know what is good for the people better than any non-official person or than the mass of the people themselves.⁸

Certainly one recognisable dividing line in politics today is between people who want governments to have a large say in running other people's lives and those who think most people, most of the time, can run their own lives better than politicians. On what many regard as one end of the political spectrum we have politicians like Alliance MP Laila Harre who has praised Stalin for achieving "in 20 years what the West had taken 200 years to achieve." The ACT party, which is seen as the party of economic freedom and responsibility, is often regarded as being at the other end of the spectrum. Yet in the German MMP system, ACT's counterpart, the Free Democratic Party, is normally portrayed as a centrist party, in between the Social Democrats on the left and the Christian Democrats on the right. Make sense of that if you can in terms of the conventional political labelling; what it highlights is that the idea of a spectrum has passed its use-by date as a reliable means of analysing modern politics. As we can see from Germany, there is nothing incongruous in an alliance between a free-market party and a modern social democratic one.

British prime minister Tony Blair has talked about repeating the golden Victorian era when Whig and Tory shared fundamental beliefs about the free market and Britain's role in the world. Until a generation or so ago, the language of 'left' and 'right' was not a feature of American politics. As I see it, the term 'left' still has some meaning if one identifies it with socialism and collectivist solutions, but that is not the orientation of

⁷ The Treasury, *Economic Management*, The Treasury, Wellington, 1984.

⁸ Albert Dicey, *Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century*, 1905.

modern social democratic parties. I believe the term 'right' has no meaning at all beyond right-wing populism.

To be sure, labels can be useful; we all use them all the time by way of shorthand and to capture the essence of some thing or idea. The problem arises when they lose their meanings, hinder rather than help communication, or just become pejorative terms that cloud debate. When that happens, as with the 'right-wing' label today and increasingly the 'left-wing' one as well, we would do better to shed them as useless abstractions. Instead of being stars to steer by, they become black holes.

Perhaps that view is gaining some currency. Last year I was delighted to receive a letter from the *Evening Post* saying a memo had been sent to all editorial staff "on the folly of using obsolete terms such as 'left' and 'right' wing." If that practice were followed more widely, and people were forced to report and listen to what others are actually saying, we might get more sense and substance into our social and economic debates.