

Book Review: Roderick Deane: His Life and Times

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Opinion: New Zealand Business Roundtable

Roderick Deane: His Life and Times

by Michael Bassett and Judith Bassett

Penguin Books (NZ), 287 pp, \$49.95

Reviewed by Roger Kerr

First, a disclaimer. Roderick Deane has been a personal friend and professional colleague since he first taught me economics at Victoria University in 1967. I admire him as a person, and for his enormous contributions to business and government in New Zealand. I hope this association does not bias my views of this book, or that readers will discount them if it does.

Michael Bassett, arguably New Zealand's leading political historian, and his wife Judith have written a book about Roderick Deane's "life and times". The two parts deserve equal emphasis. They had access to Deane's large and orderly collection of personal papers now passed to the Alexander Turnbull Library, as well as to many of the players in New Zealand's recent economic history.

The book chronicles Deane's life from his formation as an economist; his work at the Reserve Bank where he rose to deputy governor; his eventful year and a bit as chairman of the State Services Commission overseeing public sector reforms; his five years as CEO of the Electricity Corporation of New Zealand running a state-owned enterprise, followed by seven years heading the privatised Telecom Corporation; and his subsequent business career as a chairman or director of several major New Zealand and Australian corporates.

It also catalogues his work with intellectually handicapped children in New Zealand through the IHC, and his support for the arts, which included chairing the board of Te Papa Tongarewa Museum of New Zealand.

Special chapters are devoted to the gathering economic crisis in the early 1980s and the

1984 election and its aftermath, which included the devaluation episode in which Deane was a central figure.

The Bassetts accurately record Deane's qualities as an economist in the first half of his career. I recall from his Victoria University tutorials his up-to-date grasp of the shifts in the economics profession away from interventionist Keynesianism and planning towards greater reliance on markets and on stable monetary and fiscal policies. Among senior economic officials in New Zealand and Australia in the 1970s, only John Stone, the equally formidable head of the Australian Treasury and well known to Deane, matched his understanding of the currents of modern economic thinking and their policy implications.

Looking back over Deane's roles as an adviser to governments, one is reminded of the battles he (and others) had to fight for ideas that are today regarded as mainstream. He was offside with the interventionist Treasury secretary Henry Lang, twice passed over by Robert Muldoon for the job of Reserve Bank governor, and was targeted by Muldoon and Jim Anderton during the 1984 devaluation inquiry. The book records that Brian Easton and three other economists wrote to prime minister David Lange blaming Deane for the foreign exchange crisis and suggesting he be sacked! Former SSC chairman Mervyn Probine is accurately reported as obstructing the Labour government's corporatisation programme.

It is also interesting to be reminded of the role that National, a party ostensibly dedicated to free enterprise, played on many occasions in Deane's career. National opposed the 1986 bill setting up the state-owned enterprises. Jim Bolger and Bill Birch criticised Deane for his role in the state sector reforms. The Bolger government commenced the meddling with the Electricity Corporation which led to the Bradford 'reforms' and in turn to today's return to chaotic central planning of the sector. The Bassetts do not mention it, but Deane revealed in a recent National Business Review interview that it was a National government that forced Telecom to sell its GSM spectrum and set it on the path to adopting the inferior CDMA technology.

The book documents Deane's achievements at ECNZ and Telecom and his later non-executive roles in business, in particular in overseeing the break-up of Fletcher Challenge and the highly successful growth of Fletcher Building. It does not gloss over decisions that in hindsight were mistakes, as is inevitable in any business career. As the recipient of many business awards, however, including being named by Management magazine as 'executive of the decade' in 1999, Deane's business career has been stellar. It is to the shame of successive New Zealand governments that he has not been recognised with high public honours for his contributions to business and public life.

The Bassetts have done a remarkable job of condensing so much personal material and business and economic history into a readable and accurate narrative. The book is extremely well referenced and indexed. The only error of significance I spotted was the

reference to Sir Ron Trotter as chairing the 1984 Economic Summit. David Lange chaired the Summit; Sir Ron chaired its steering committee.

What emerges is a rounded picture of a man variously described in the book as “a formidable intellect”, “a team leader”, with an “extraordinary capacity for facts, figures and general detail”, and with “steely determination” and a good sense of humour. All these things are true. From my time on the ECNZ board, I would add another trait above all others, a rare capacity for implementation – for getting on and getting things done.

The Bassetts do not cite Shaun Goldfinch’s 2000 study *Remaking New Zealand and Australian Economic Policy* but the book is correct in saying on the dust jacket that “In the past twenty years perhaps only Roger Douglas has played a bigger role in shaping the New Zealand economy”. Goldfinch reports survey findings nominating Deane as the leading influence on financial liberalisation and among the leaders on the Reserve Bank Act, privatisation, and economic policy generally.

The shift in the centre of gravity of New Zealand politics since the early 1980s has been enormous. Then, practically all our political parties espoused Alliance policies; in the 2002 election the Alliance Party got under 1 percent of the vote.

Nevertheless, Deane is standing down from Telecom at a time when he could be forgiven for thinking that the wheel has come full circle on many of the battles of his career. As the Bassetts note:

“Deane frets that the increasing array of regulatory initiatives since 1999 is rapidly increasing the costs of doing business and slowing the pace of New Zealand’s adaptation to technological, competitive and international pressures. He cites not only the regulatory interventions in many specific industries, including banking, energy, and telecommunications, but also the changes to the Commerce Act, the Resource Management Act, and the Local Government Act 2002, including the extensive and lengthy consultation procedures which are now built into that law. The Kyoto Protocol issues, the Employment Relations Act 2000 and the Takeovers Panel are further examples. Each of these is seen by the corporate world to be gratuitously unfriendly to the business sector. Deane predicts that over time these changes will diminish the hard-won restoration of domestic and international competitiveness.”

In fact much of this trend towards re-regulation set in earlier than 1999: the RMA was the responsibility of a National government (Simon Upton was the architect), under Upton’s influence it was promoting the Kyoto Protocol, National meddled with the Commerce Act, and Doug Graham (admittedly unsuccessfully) pushed for takeover regulation of the kind now enacted.

It must now be tempting for Deane to seek, in the words of the final chapter, “an easier life”. I am reminded of a poem by Lauris Edmond which his wife Gillian, whose own

achievements are deservedly recognised in the book, gave me many years ago. Called The Condition, it speaks of brown trout suffocating if they go with the current:

“... Their need
is to engage the opposing current, to hold,
confront, defy, to judge exactly the weight
thrown each moment against their shoulders, their filled
and quivering gills. It's to know the force of the fight.
But I thought how they must sometimes long to turn and leap
uncaring into that swift and fatal sleep!”

Like other New Zealand tall poppies, Roderick Deane has attracted his share of controversy, including for speaking out on national issues. However, as someone with a rare understanding of both public policy and business management, and what differentiates the two, his efforts have helped change New Zealand for the better, as this fine book documents. We must hope we have not heard the last of him.

Roger Kerr is the executive director of the New Zealand Business Roundtable.

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