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The free marketeer

This is the final of our six-part series of this year's inductees into the Fairfax Media Business Hall of Fame. David Gadd profiles Dr Roderick Deane, one of the most influential business leaders of his generation.



Holding the line: Dr Roderick Deane remains steadfast on his free-market beliefs

Dr Roderick Deane has a track record in business that few can rival: he was a pivotal figure at the Reserve Bank during the Lange government, headed the State Services Commission overseeing one of the most intense periods of public-sector reform and ran the country's biggest company, Telecom.

This year, that record in business will be recognised when he is inducted into the Fairfax Media Business Hall of Fame for his work in corporate leadership. The Business Hall of Fame was launched in 1994 by the Young Enterprise Trust and now has 100 laureates. Six more members will join this year, three living businessmen, three honoured posthumously.

Educated at Wellington's Victoria University, Deane initially worked in administration and accounting before joining the Reserve Bank. There he rose to be chief economist, head of the economic department and deputy governor. He is credited as a driving force of one of the greatest paradigm shifts in the country's business history – moving the focus of economics away from Keynesian-style intervention and state planning toward a greater reliance on markets and stable monetary and fiscal policy.

In promoting his ideas, he is described as disarmingly frank, confident and, at times, controversial in his defence of the private sector.

More than any other economist of his time he was able to straddle the sometimes competing worlds of private business and the public sector while more than holding his own in the world of academia.

At the end of his career, he remains as forceful with his views today as he was at the outset.

Given the events of the current global financial crisis, and the almost universal swing by governments back to Keynesian reactions, it is timely to question if Deane still holds steadfast

to his free-market beliefs. The answer, of course, is yes.

And where others have blamed the tumults of the last year on the failure of corporate capitalism, he artfully swings criticism back to heavy-handed governments.

"I predicted years ago that regulation would create more problems than it solves. Many of the vast regulatory structures erected abroad (and which we tried to mimic in some, but thankfully not all, areas) have now been found sadly deficient," he says.

"Despite a huge array of financial regulation, we experienced a world credit crisis of a magnitude larger than any of us have seen in our lifetimes. Governments are in dreamland if they feel that simply reworking failed regulations will do a better job in the future."

He is also dismissive of the big stimulus packages rolled out worldwide to staunch the financial blood flow. "Many of these have been done in a great hurry, are mindlessly directed, and will simply cause huge fiscal blowout and public debt problems for the future."

Rather than rein in financial firms through regulation, he argues that "the lesson is to push more of the responsibility

back on to boards and managements of banks, not on to the regulators who can never predict all the problems which might emerge".

"We cannot regulate to eliminate commercial losses; that is simply part of the market process. Markets are far from perfect but they are better than the alternative, as the communist world taught us so abundantly. We must remember those lessons," he says.

Such committed ideology inevitably led Deane into conflict over the years. His biographers, Michael and Judith Bassett, record that he was offside with the interventionist Treasury secretary Henry Lang, twice passed over by prime minister Robert





Muldoon for the job of Reserve Bank governor, and was targeted by Muldoon and Jim Anderton during the 1984 devaluation inquiry.

But Deane always held his own and was undeterred by criticism which was "often heavy duty but not always well informed".

In particular, he received the occasional mauling by the media. "I do not criticise the media for this as they often gave me a fair hearing and media pressure is something one has to live with in positions of responsibility."

The experience equipped him for a stellar career outside the Reserve Bank that included the chairmanship of the State Services Commission, five years as chief executive of the state-owned Electricity Corporation, seven years as chief executive and managing director of the privatised Telecom Corporation followed by a similar period as Telecom chairman.

In everything he did, he unrelentingly pushed forward with his plans.

"I am not a handwinger; I consult and decide and get on with it. That is how change and improvement comes to pass. As a nation I worry that we have become too nervous and too cautious about taking on the big issues and going for real economic (and thus also

socially acceptable) growth."

As head of Telecom, the country's largest business and one of the most challenging, he dealt with fast-paced technological change, major staffing restructures, competition issues, and government scrutiny. His was a textbook approach to executive management.

"I like people working with me to have a clear understanding of where we are heading, a vision if you like. [It's important to have clear written objectives (four or five at most, written on only a page or two), to assume individual accountability for delivering on those objectives and to be appropriately rewarded for achieving the goals."

Deane's subsequent career as a professional chairman or director of major New Zealand and Australian companies, among them Fletcher Building, cemented his standing as one of the most significant modern New Zealand business leaders.

"I have had a wonderful range of jobs in my life, probably as great an array of top-level positions as anyone in New Zealand has had the good fortune to experience," he says.

"I never applied for any of them. They each arose from people I knew who were looking for someone to give them a hand to get something done."

What may be lesser known is the personal challenges that Deane and his wife Gillian faced, not least the death of their daughter Kristen, who suffered from Rett Syndrome, a debilitating mental condition. Deane became involved with IHC and says "there has been no more major achievement than this in my life".

He has been a generous patron of culture and the arts. He chaired the board of Te Papa for six years. "They are like a therapy, reducing pressures and taking one into other spaces. Artists and musicians bring a magic to one's life," he says.

"My daughter Kristen taught me to make the most of every day and to be positive about life no matter what."

One of his former Victoria University economics students, NZ Business Roundtable executive director Roger Kerr, describes Deane as someone with a rare understanding of public policy and business management who helped change New Zealand for the better.