

In Open Seas: How the New Zealand Labour Government Went Wrong: 2017-2023.

By Brian Easton.

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Reviewed by Tom Brooking.

Brian Easton's new book charts a similar yet distinct new future-focussed direction in navigating the recent and more distant past, always with an economic lens at the core, but also encompassing a broad analysis of multiple influences reflecting his depth of perspective. Employing a conversational tone, the reader is drawn to Easton's expansive nautical imagery as future political directions are suggested. His book is deeply engaging and challenging because his writing, as he concedes from the introduction, is a means 'to sort out my thinking' (p. 26). From the outset he draws on his expansive skillset including that of an economist, a scholar, a mathematician, a scientist, a philosopher, and an ardent reader. Statistical analyses are enhanced by a variety of diagrams. Tables throughout the book are helpful to the reader as the one printed on p. 20 showing 'Voting Shares of the Total Registered Voters between 2008 and 2023'. And the extensive Bibliography will assist readers in furthering their interest in the topic.

Consequently, this is a provocative think piece that will bring back pleasant memories to readers of Easton's insights as produced in his *Listener* columns. At the moment while the country struggles to harness its earlier prosperity, we need an urgent national conversation about the directions that Aotearoa/New Zealand needs to follow. Easton's thoughtful book based on his broad-based training will add much to that discussion. His training also helps explain why he distrusts any policy that is not connected to evidence, a belief that will appeal to many readers. It also explains how he is so adept at drawing lessons from the past to better understand likely futures for a small and isolated country surrounded by vast oceans. And his discussion of past experiences is often amusing as well as insightful. How many economists, for example, can draw such meaningful interpretations of Jane Austen and the Regency period by reading her novels, or compose an imaginary letter to Sir Ernest Rutherford related to a funding application? This ever-curious author constantly raises a myriad of topical issues – for example how best to fund Superannuation; how best to define co-governance? It is also hard to remember many books with such excellent chapter summaries as produced in the Appendix.

The book's subtitle is 'How the New Zealand Labour Government Went Wrong: 2017-2023'. His critique of the Ardern Government is not especially different from that of most other commentators with his stress on lack of vision, unclear policies, conflict with rural voters, and extending the work mandate and immigration control for too long a time. Few commentators would dispute that Labour's policies between 2017 and 2023 were often inadequately communicated. He also observes that the Ardern/Hipkins Government failed to communicate their success stories effectively, for example, initiatives such as increase in Pharmac funding by 70 per cent, when under the Key and English governments it had remained stagnant.

Yet, like many critics, he is sometimes inclined to indulge in too much hindsight because it must not be forgotten that the entire country faced a very novel challenge in the form of a major pandemic. Nothing of this scale had emerged since 1918.

Furthermore, handing over direction of management of the sometimes fatal virus to scientists and health experts worked well. New Zealand's death rate was one of the lowest anywhere across the globe and one normally progressive country, Sweden, had to adopt New Zealand's rigorous approach as Sweden's social Darwinist belief in 'herd immunity' failed spectacularly. Australia did nearly as well as New Zealand, but both Britain and the USA suffered much higher death rates. There are other polarising issues too that need fuller explanation, especially the troubling rise of the anti-vaxers and the extreme behaviour of the protestors at Parliament. Easton rightly criticises the extreme abuse that many women politicians, especially Prime Minister Jacinda Ardern, received. Some commentators would also suggest that this expert and deeply knowledgeable economist goes a little too far in his harsh claim that 'neither Ardern nor Hipkins have any vision about the future of New Zealand, any sense of where it came from nor where it is going or should go' (p. 12). After this dismissal Easton balances up his critique by also criticising National's policies as well as Labour's failure to transform New Zealand's politics and so develop a stronger sense of national well-being.

Easton warns to his argument when discussing policy development and asserts that over the years successive governments have been lax in their oversight of policy development and implementation. He warns of the dangers of policy advocacy not connected to evidence and suggests that the Labour Government was lacking in a framework for policy implementation. His emphasis upon underdeveloped policy and its weak supervision works, especially in explaining why worthwhile reforms aimed at reducing child poverty and expanding the number of apprentices and trainees in the building trades failed to deliver more benefits to the wider society. He moves on to comment on a wide range of other problems. Across the entire book he is very critical of policy formulation by both major parties, and he remains a steadfast critic of the neo-Liberal reforms of the 1980s and 1990s labelled 'Rogernomics' after the dramatic change of direction initiated by Labour's Finance Minister Roger Douglas, and later by National's Finance Minister Ruth Richardson. Easton reflects on Austrian economist Karl Polanyi, making it clear that the modern market economy and modern nation-state should be understood 'not as discrete elements but as a single human invention.' In *Not In Narrow Seas* Easton argued that he saw the ideology of Rogernomes as 'not just technically wrong – it never generated the economic growth they promised – but as profoundly wrong by equating material economic consumption with human well being, rather than seeing it as only a part of the whole human condition' (p. 86). Easton also expresses his concern over the involvement of money in politics. More thought needs to be given to keeping 'dollar votes' in line with 'person votes', a discrepancy made worse by the increase of very high incomes in recent years.

Three chapters are focused on three related topics – 'inequality', 'poverty' and 'redistribution'. These chapters will be of particular interest to those older New Zealanders who believe that today's society is not as equal as the one they grew up in. Easton begins this discussion by complaining about the sloppiness that spoils much public discussion. He then demonstrates that Rogernomics has made household income more unequal than the thirty years before its introduction and that Household distribution of income is markedly more unequal today than thirty years ago. He reminds his readers that up to the early 1980s the post-war income was becoming more equal on almost all measures. Rogernomics really did give the rich tax cuts, while there were 'savage' cuts in social security and higher taxes for those in the middle. High unemployment in the early 1990s also hurt the bottom three deciles and he shows that

the fall of interest rates did not help persons in the lower income groups. He judges that the ‘acknowledged’ housing crisis caused by the high price of new homes has generated ‘unsustainable’ under building.

Easton shows that the Royal Commission on Social Security of 1972 wanted all New Zealanders ‘to feel a sense of participation in belonging in the community’ and that the Government should do more than just sustaining ‘life and health’. This Commission also set a ‘poverty line’, but despite the modest efforts of Muldoon, English, Cullen, Key and Robertson to reduce the numbers of the poor, the ‘vast majority’ were left below the Poverty Line. In the 1990s the attacks of Roger Douglas and Ruth Richardson reduced the poor to ‘absolute poverty’. In short, the neo-Liberals envisaged a minimalist welfare state similar to that of the USA. Easton explains why so much poverty was revealed during the Covid crisis when the Ardern Government of 2017-2022 fiddled ‘for marginal improvements’, but did little to reduce poverty; a shared failure with their successors. Several governments clearly must take the blame for the currently frightening levels of child poverty.

Easton also has some interesting views on redistribution based on his support of the Rawlsian approach that private ownership is a means of contributing to the wellbeing of the least well off in society. Supposedly, it provides incentives and stewardship of things to raise levels of production, some of which can be diverted to those at the bottom. Easton believes that those with great income and wealth can benefit society as a whole. Their paying taxes are part of their contribution, but misusing their financial power for their self-interest is not. And conspicuous consumption only sharpens social discord. He is also against lower taxes and is struck by how feeble left-wing advocacy is for government spending compared with persistent right-wing advocacy of suppressing it. All governments need to explain why taxes are there in the first place and communicate their vision for proper management and accountability of this income.

Many interesting themes emerge across the book. Easton begins his broader critique of economic management in Aotearoa/New Zealand by expressing disillusionment with income as a ‘focus of policy’. Per capita Gross Domestic Product (GDP) has long been recognised as a very inadequate measure of how well an economy is performing. Equally, it is not a very effective measure of the happiness of the citizens of any country. As Easton points out, both John Kenneth Galbraith and Paul Samuelson, two ‘great economists’ of an earlier era, noted long ago that excluding the value of women’s contribution makes the measure totally inadequate. Measures of ‘happiness’ have been substituted for GDP, but they only reveal much about poorer countries that increase their GDP. One thing, though, is clear: ‘unemployment is typically bad for happiness and satisfaction.’ He laments that ‘While economics has a sophisticated account of economic progress, there is not a comparable account of social progress’ (p. 148). Political history in other words has received much fuller coverage than social and cultural history.

Easton continues his critique of measuring economic outcomes by writing more about markets in Chapter three. His central question is what degree of intervention will make them work effectively? He concludes that ‘light handed regulation’ has not worked very well. This is revealed in many examples including the ‘leaky home’ syndrome of the 1990s, the low quality of much housing across the entire country and the damage caused to buildings by the Christchurch earthquake. Easton notes that over reaction to light

regulation can also lead to ‘onerous and ponderous regulation.’ He concludes ‘recent history has been the adoption of foreign templates without much attempt at taking New Zealand circumstances into consideration. Whereas economists could have been leaders in effective adaptation, they have often been imitative colonials’ (p. 60). The difference between economic growth and economic social development is explored fully. Easton suggests we overrate our ability to accelerate economic growth as measured by GDP while we can influence the pattern of economic development, the way in which a society evolves. Elsewhere he worries that the importance of every single human being is being lost to the power of the market. At the same time, he suggests that the ‘hegemony of the multipolar world’ dominated by China, India and the USA, will force little New Zealand to tread a very narrow path rather like the Hobbit ‘Bilbo Baggins’ losing his buttons as he squeezes through a narrow door.

Environmental themes span several chapters. Easton accepts that ‘There is almost universal scientific consensus’ about the warming of greenhouse gases such as carbon-dioxide, fluorocarbons, methane and nitrous oxide. And he judges naysayers to be ‘largely uniformed cranks’ (p. 327). Easton expresses concern for damaging the rather fragile New Zealand environment, especially via polluting water and hydrological systems on the land and the undersea world on the ocean floor. He also calls for planning to include deeper consideration of how environmental care needs to be included in any discussion of future growth. Naturally the ‘climate change’ crisis occupies a central place throughout the book. Easton warns that if the now well-advanced climate crisis is ignored it could inflict more serious damage on New Zealand’s reputation. Yet he thinks that it is rather unfair New Zealand has to pay hefty taxes on belching cattle when their methane only lasts about thirty years unlike the carbon dioxide produced by most developed countries that stays in the atmosphere for over 100 years. He also thinks that countries everywhere, including New Zealand, should provide more accurate summaries of their contribution to atmospheric carbon that is causing increasing flooding and storm damage. Again, he criticises New Zealand’s climate change policies because they do not acknowledge local particularities and ‘long-term aspirations have been dominated by short-term considerations’ thereby echoing his concern that too much centralisation has eroded the capacity of local counsels to find local solutions to their particular problems (p. 337).

Easton discusses the notion that the long period of growth over the last two centuries is liable to stop soon (‘secular stagnation’ is an economist’s term for an end to growth). Indeed, he suggests that most affluent economies will probably stagnate in the next several years as has already happened with Japan. This assumption, however, is built upon the notion that a major technological innovation will not spark another burst of rapid growth. He adds that in New Zealand growth of manufacturing has not been noticeable in recent years because of increasing reliance upon farming exports. Slow economic growth seems likely in the near future. He concludes that sustainability, nevertheless, needs to be passed on to the next generation. He also constantly stresses that New Zealand’s dependence on agricultural and forestry exports will make future development difficult.

Earning our living from sales of agricultural and timber-based products is not an easy matter given that primary-product commodity prices are more volatile than those of manufacturers. Concern over the lack of balance in the economy has persisted since the ‘Great Depression’ of the 1930s resulting in on-going efforts to develop more

manufacturing. Consequently, manufacturing contributed about 35 per cent of total market production, but from the 1990s that figure has fallen to about 10 per cent including processing of primary products, partly because of rapid growth of the service sector. The smallness of the New Zealand market has also seen manufacturers of world class whiteware such as Fisher and Paykel having to move offshore to Mexico. Even relatively strong IT skills have not made more than a 'useful' contribution to the New Zealand economy. New Zealand's food exports also 'face the severest barriers into commercial markets' because New Zealand is a 'very small market' and has little to offer in the way of tariffs and quotas (p. 126). Furthermore, the lack of multilateralism has forced New Zealand to pursue 'open plurilateralism' (p. 127). Easton cites a recent example: the 2020 Regional Comprehensive Economic Partnership between 15 Asian and Australasian nations (excluding India).

While Te Tiriti o Waitangi obligations are threaded throughout the text, four chapters focus specifically on Māori. Easton views Te Tiriti as the structure of a social template for a liberal social democracy and judges it to be a 'social contract'. He adds a prediction that Māori advancement will continue and tikanga be maintained. His emphasis is 'on the achievement story rather than the grievance story' (pp. 143-144). Accountability looms large in Easton's text. In several chapters he argues that like most democracies New Zealand has 'accountability measures' but they should be strengthened before New Zealand moves to a longer parliamentary term (pp. 198, 209). He also believes that 'managerialism' is detrimental. He thinks management should shift to a new style that respects professional skills and the integrity of each organisation. Naturally he has plenty of criticisms of the current New Zealand health system scattered throughout the book. Centralisation offers a major focus for his critique of the Labour Government. He is especially critical of the consolidation of District Health Boards into a single entity, which he condemns as yet another 'redisorganisation' (pp. 240-242). Easton denies the notion that if hospitals were run like businesses there would be a major boost in productivity because that has never happened. Businessmen and women went on to run so-called 'Crown Health Enterprises' even though most chief executives knew little about health care. Then a big disconnection occurred between executives and clinicians. The new hierarchical system based on generic management has only decreased 'quality further down the ladder' and the management cadre in many organisations seems 'heavy and expensive.' Easton goes on to argue that 'the fetish for redisorganising' destroys institutional memory (p. 228).

The public record is another ripe area for scrutiny. Easton believes that the infrastructure used to maintain the public record is totally inadequate. National Archives, in particular, is a poor repository of the national record, a criticism that would be supported by many professional historians. In recent years both the Chief Archivists and the National Librarian have been downgraded to a third level department of state. Historians and archivists alike have been horrified by the destruction of many books at the National Library while the large Department of Internal Affairs lacks internal coherence, especially since it was split off from Archives New Zealand in 1999. Confusion is also resulting from the move away from paper resources to electronic systems of storing information. Forced retirements are not very effective according to Easton and he quotes former Prime Minister and expert legal commentator Sir Geoffrey Palmer who believes that 'the public service has declined in competence' (p. 232).

Easton's book continues to ponder the uses to which technology is utilised. He cites what the Americans call 'truthiness', or the understanding that 'if a statement is useful then it is true'. It was introduced by George Bush and has been turned into an 'art form' by Donald Trump (p. 338). It is based on factoids or an invented fact believed to be true, usually supported by anecdotes or hearsay, and anything which does not support the argument, is ignored. Talkback radio has made what Easton calls 'pub talk' into a popular norm as celebrities give opinions on which they have no expertise. He believes that the 'thinness of New Zealand thinking frequently results in the adoption of foreign theories of little relevance to New Zealand circumstances' (p. 341).

In his final chapter Easton criticises New Zealanders for too often leaving vital action until tomorrow, our local version of *mañana*. This complaint strikes me as somewhat harsh because there are also many New Zealanders who work hard to support their children and families. Think of all those parents that spend countless hours working on School Boards. There are also plenty of New Zealanders who live exemplary lives and engage in lifelong community service. None of these individuals can fairly be described as champions of 'mediocrity'. Certainly as a culture New Zealanders sometimes overplay the importance of modesty and do not praise the highly talented adequately. On the other hand, Easton is right in arguing that we should tackle issues early enough to resolve problems in sufficient time, utilise the best science available and avoid the confusion caused by rush and desperate improvisation.

This challenging and informative book is well worth the read and will be eagerly devoured by anyone interested in the state of the New Zealand economy and future political directions that are values driven. Because of his deep knowledge of New Zealand economic history Easton reveals much across his twenty-seven chapters about how the New Zealand economy has been mismanaged over many years and why it has not performed well for a relatively long time. Readers may well dispute some of his claims and complain about editing that is a little too light in places, but they can only admire his persistence and determination to understand more about the unusual economy of a distant land set in open seas, and the complex challenges facing its next decade of development. In examining these richly researched matters the author succeeds in achieving his objective of stimulating 'a nationwide and informed public discussion.' Now it's all hands to the tiller!