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COMMUNITY COMMITMENT TO CHANGE CRITICAL FOR ECONOMIC IMPROVEMENT

A speech by T K McDonald, Managing Director, Comalco New Zealand Limited to Institution of Professional Engineers, Invercargill, 27 June, 1991

A major attitude change in the New Zealand community is essential to improve New Zealand's economic outlook, according to Mr T K McDonald, Managing Director of Comalco New Zealand in a speech to the Institution of Professional Engineers in Invercargill.

There must be a commitment to providing and expecting a high standard of service, a return to the ethic that hard work is rewarded and acceptance of competition as an essential mechanism. Competition works in nature, and is an important ingredient in successful economies but has been suppressed in New Zealand and we are now paying the price said Mr McDonald.

The present position, a preference for equality rather than competition and rejection of hard work as a path to success, is not a robust foundation for economic improvement.

The need for these changes was highlighted by the Porter study and recent Massey University study highlights just how big the changes need to be. Moreover, it is an area in which the whole community can, indeed must, contribute.

When we look at the state of the economy there are some encouraging signs - interest and inflation rates have fallen sharply, manufactured exports are up and there are signs of business confidence improving. The Employment Contracts Act is in place and this may be the most useful change for New Zealand's economic prospects for many years, because of its potential impact on New Zealand's competitiveness as a manufacturing and service industry location.

However, the negative factors still dominate and show that our backs are well and truly to the wall said Mr McDonald. Internal and external deficits remain high, unsustainably so, and the high debt level removes any real flexibility for short term policy options. Government expenditure needs to be cut and the damaging post-1984 rise in the public sector share of the economy, from 37% to 43% of GDP, must be sharply reversed. The same applies to welfare dependence. In 1970 there were less than 300,000 on welfare. By 1980 the number exceeded 500,000 and in 1991 the figure is more than 800,000.

Expenditure reductions by Government were needed to create the capacity for positive economic growth, otherwise the untenable 0.8% real GDP per capita growth rate of the last 30 years would be continued, a shocking performance, compared with an OECD growth rate of 2.7%. This growth rate difference is the root cause of many of New Zealand's present economic problems, according to Mr McDonald.

Mr McDonald emphasised that behind the economic problems was the fundamental issue of attitudes in the New Zealand community. An excellent recent paper by Webster and Perry of Massey University shows an alarming position.

Webster and Perry concluded that a major shift was needed in New Zealand's culture of work to improve New Zealand's economic prospects. The study showed that New Zealanders emphasise equality at the expense of competition. Competition is seen as favouring the advantaged. Difference in personal circumstances were considered unfair. Competition was therefore rejected.

The rejection of the proposition that competition is good for people has serious implications in terms of the directions recommended by the Porter project. Equality is preferred, equal worth, and if you are a New Zealand under the age of 40 you generally reject hard work as the path to success. Generally, the young desire comfort and prosperity and see equality rather than hard work as the right basis for the enjoyment of life. Webster & Perry suggest that "So deeply have New Zealander's internalised this protective reaction to any appearance of differentiation that they deny either the reality of different ability or the means of enhancing special aptitudes".

New Zealander's attitudes contrast dramatically with attitudes in the many other countries that have overtaken New Zealand in the last two decades. Webster and Perry said that many groups in New Zealand actively devalue hard work, excellence and competition, but the 'pressure to mediocrity in New Zealand stands in sharp contrast to the open admiration of excellence typical of West European and Japanese schools'. New Zealand's educational theorist 'have virtually made excellence, achievement, teaching, training, competition, hard work, productivity, individual motivation, profit, capital etc the dirty words of the educational world' which is hardly a constructive basis for a viable future for New Zealand.

Mr McDonald concluded that his comments should be taken as an incitement to change, to improve. It was something we could all contribute to. The reality is that we have no alternative. Government policy is basically in the right direction. We are under the close scrutiny of international bakers and credit rating agencies. In the circumstances lack of will to change and improve will be very damaging indeed said Mr McDonald.

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