



**29 October 2008**

## **Election campaign lacks long-term focus**

Short-term spending and bank bailout plans have dominated the election campaign so far shifting attention from the local problems that underpin our economy. The New Zealand Manufacturers and Exporters Association (NZMEA) have released a Viewpoint outlining the issues that have caused our economic failure, and offering solutions to promote growth in our productive sector.<sup>1</sup>

NZMEA Chief Executive John Walley says, “The credit crisis has demonstrated the need for fundamental change in our economic policy. Simply acting to sure up the existing structure will see history repeat itself further down the track. Getting into a deposit guarantee scheme is easy, but getting out of an unstable system will be more problematic. Given taxpayers are underwriting the decisions made by the banking sector, the deals must monitor bank margins and provide some protection for taxpayer money.”

“There has been a lot of speculation over what short-term incentives could be offered to free up credit for New Zealand firms, but the same longer-term investment obstacles still apply. Decisions on where to locate or whether to start an economic activity still rely on long-term prospects as much as short-term credit availability.”

“This makes tax incentives for innovation, incentives to save and a stable framework for tradeable activity the most important issues.”

“There has been a lot of talk about economic leadership from our politicians – leadership requires the fortitude to change unsuccessful policies, rather than hiding behind an economic mantra that has failed the tradeable sector, and will ultimately fail us all.”

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<sup>1</sup> ‘Long-term thinking the way out of financial crisis’, <http://www.mea.org.nz/document.ashx?id=423>