

Monetary Policy: Call for Multi-Party Political Accord

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The proponents for the adoption of new methodology for the operation of Reserve Bank monetary policy, by the introduction of the 'Interest Linked Savings Scheme' (ILSS), are calling upon all political parties to not play narrow party politics with the issue and to instead seek multi-party accord that prioritises the national interest.

"Taxpayers don't elect and pay politicians to serve narrow party interests, at the expense of the national interest. For an issue as important as this, any political parties that fail to prioritise the national interest can expect an electoral backlash, next year", says the executive chairman of EROS Capital Ltd, who designed and has promoted the ILSS solution that has catalysed the current review of monetary policy by the Finance and Expenditure Committee of parliament.

Verry points out that the ILSS solution has, on its merits, drawn quality and widespread support, including from respected economists and from political and business leaders.

"The fact of the matter is that the ILSS solution has not been credibly faulted, by anyone. To us, that is not in the least surprising. It has professional rigour, it is technically robust and it would transform this lagging economy", says Phil Verry.

"Without the ILSS solution, the New Zealand economy has absolutely no chance of regaining the sustainable living standards, relative to once comparable economies, that it has lost over the past 23 years. It will continue to fall further behind", he says.

"Any political party that pretends to itself that the productive sector, especially exporters, will invest to bring about the needed higher productivity if the failed OCR instrument is persisted with will simply show to the electorate that it is out-of-touch with reality and will disqualify itself from being taken seriously. The dismal record of the past two decades of the failed OCR should be enough to tell them that", says Phil Verry.

"This issue is too important to the future of New Zealand for political parties to play games simply to differentiate their policy positions for short-term political opportunism", he warns.

"New Zealand can no longer afford to have the Reserve Bank target exporters and manufacturers, the productive sector, as its 'collateral damage' due to its quite unnecessary and obviously silly use of the demonstrably failed OCR instrument", he says.

Phil Verry says he has written to John Key, National Party leader, to convey an offer for representatives of the ILSS support group to give a presentation of the ILSS solution to the party's economic policy committee.

"The same offer is open to all political parties", he says.

The ILSS delegation that appeared before the select committee on 10 October 2007 included: Phil Verry; Anthony Byett, former chief economist of the ASB Bank; Bryan Gould, former deputy leader of the UK Labour Party; and Michael Houlahan, founder and CEO of leading forex consultancy, Tuatara Consultants. It

left letters of support for ILSS from the Council of Trade Unions and the Employers and Manufacturers Association.