

<https://www.newsroom.co.nz/ideasroom/every-degree-of-openness-at-the-border-adds-risk>

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Ideasroom

Every degree of openness at the border adds risk

A call by Peter Gluckman, Helen Clark and Rob Fyfe for a 'conversation' on opening our border lacks serious economic analysis and ignores real risks to New Zealanders, writes Geoff Bertram

From the start of the coronavirus pandemic there has been a steady drumbeat of demands from tourism and other vested interests, first for the domestic economy to be reopened earlier than was safe, and now for border restrictions to be relaxed even if doing so runs the risk of a new local outbreak of the disease. The latest contribution to this campaign has come in the form of a pamphlet entitled “Re-engaging New Zealand with the world” written by Sir Peter Gluckman , Helen Clark, and Rob Fyfe.

Described as a “conversation paper”, the pamphlet traverses much the same ground as the National Party’s questioning of Jacinda Ardern in Parliament: what is the plan to reopen, when will it happen, what criteria will apply, (is New Zealand to be held in a “state of near-total isolation”)?

The authors talk of “stakeholders” who are “at the mercy of the decisions” Government may make. The pamphlet assures readers “those stakeholders are not just businesses, they are indirectly every New Zealander”. This is the familiar language of trickle-down – what’s good for business must be good for New Zealand as a whole.

The flaw in that logic has been apparent for decades in the way the benefits of economic growth have been captured at the top while the mass of the population saw little or no gain. The converse now applies: the pandemic-induced standstill or reversal in gains for the top 10 percent is unlikely to have the same impact on New Zealanders in general, partly because of the longstanding disconnect between GDP growth and the wellbeing of ordinary people, and partly because the Government’s policy response has included substantial financial support for workers and small businesses.

So what is the case for early relaxation of the border rules? Who exactly would benefit, and who exactly would lose, from such an early relaxation? Gluckman, Clark and Fyfe offer nothing in the way of serious analysis – indeed, they give not even a hint of the major distributional issues at stake in the design of the economic response strategy, now that the virus is under control here and a recovery is being charted.

When individuals accustomed to global hyper mobility demand an early return to easy travel in the name of ordinary New Zealanders, the rest of us are entitled to demand better arguments than this pamphlet's vague generalities.

Each additional degree of openness at the border exposes the mass of the population to increased risk of a new outbreak, with associated major costs for ordinary people. Those costs for the many, and the probability of their occurrence, need to be properly weighed against the benefits for the few of reducing border protections.

Central to the pamphlet's argument are two contentious claims: first that border restrictions are likely doomed to fail as a pandemic-busting strategy, and second that long-lasting border rules of the current form are economically unsustainable. Here is where a genuine conversation might start, if indeed the authors were serious about it.

On the first point, the pamphlet says simply "at what point will New Zealanders accept less than absolute elimination? Such a goal is likely unrealistic over a long term". That's the full extent of argument offered. Yet elsewhere the authors acknowledge absolute elimination is possible if "we are prepared to continue aggressive and foolproof testing and quarantine at the border for a long time". So having Covid-19 reintroduced into the community at a "predetermined very low level" is a choice, not destiny.

On the second point, the pamphlet lacks any substantial analysis of what the overall balance of costs and benefits of long term border restrictions would be. It is easy to find anguished declarations of pain from vested interests suffering direct pain, especially in the tourism and hospitality sectors. But the pamphlet's image of a New Zealand existing in "near total isolation" from the rest of the world is ridiculously overblown.

Goods, services and finance continue to flow in and out, and large swathes of the international economy and institutions have moved to online communication. In due course it may well be feasible to manage the entry of international students and long-term tourists in good numbers, on condition that they subject themselves to stringent quarantine requirements. But for the Government to promise those things on a particular timescale, let alone much reduced border protections on any time-scale, is beyond what can reasonably be foreseen at present, and so would be irresponsible.

For pamphleteers, lobbyists and opposition politicians to insist on getting such promises now, while being unwilling to put in the hard yards on economic analysis to show they understand the complexity and consequences of what they are asking for, is not a great conversation-starter.