
A Timeline

'Reforms' wreck New Zealand, 1984-97

1984

In July, a Labour Party, "free trade" government is elected. The New Zealand dollar is devalued by 20%; there is a loosening of the foreign exchange market; controls are abolished on domestic interest rates; the freeze on wages and prices is ended; government guarantees of minimum prices for agricultural products are terminated; government procurement is opened to private companies; and privatization of government departments begins.

1985

Deregulation of banking begins; freely floating currency exchange rates are introduced. Phase-out of all subsidies to agriculture and industry, and deregulation of housing rents and energy prices, begin.

1986

The New Zealand Business Roundtable is formed.

The Commerce Act lifts restrictions on mergers and takeovers, opening up New Zealand to acquisition by international. Privatization of government-owned electricity, and reductions on import tariffs, begin.

Tax "reforms" begin with introduction of uniform, one-stage General Goods and Services Tax, whose rate then climbs to 12.5%. Most other indirect taxes are abolished.

1987

A Labour Party government is re-elected; more deregulation is started, including of domestic airlines and telecommunications. A report, "Unshackling the Hospitals," by the Labour government's Task Force on Hospitals and Related Services, chaired by Alan Gibbs (a member of the Mont Pelerin Society, MPS), is released. It lays the foundation for privatization of hospitals and medical services.

1988

Roger Douglas is dismissed as finance minister. Privatization of gas and other energy holdings, and decentralization of compulsory education system, begin.

1989

Reserve Bank Act makes the Reserve Bank of New Zealand independent of the government. All ports are privatized. The peak period of privatizations begins, which continues through 1991 (Post Office Savings Bank, Rural Bank, Bank of New Zealand, Air New Zealand, Telecom, Insurance). The Public Finance Act alters management of government functions, to "output-based" monitoring system. David Lange quits as prime minister. The gradual liberalization of

immigration begins; "business migrants" are brought in.

1990

Closer Economic Relations agreement lowers tariffs with Australia, to the economic distress of both nations.

A National Party government is elected; MPS member Ruth Richardson becomes the new finance minister.

1991

In April, the "Danzon Report" (official name, "Options for Health Care in New Zealand"), commissioned by the Business Roundtable, is released. Authors include Prof. Patricia Danzon (MPS fellowship) and Susan Begg (CS First Boston). It is looked to as the authority on how to implement the "market reforms" for health care.

In May, the Employment Contracts Act is adopted, removing all labor organizing protections. It institutes labor "free markets" (bargaining at joint or individual level, "voluntary" unionism, freedom of separate local arrangements of employer/employee, and so on).

In September, a "Green and White Paper" (officially titled "Your Health and the Public Health"), issued by the National Party government's Task Force on Health, is released. The author is Minister for Health Simon Upton (an MPS member), and the consultants are Susan Begg (CS First Boston) and Geoff Swier. The report becomes official policy, based on the Danzon Report. Hospital shutdowns, cuts in care, ensue. The National Interim Provider Board is created to implement Health Minister Upton's Green and White Paper. NIPB chairman is Sir Ron Trotter (longtime chairman of the MPS front, the Business Roundtable); NIPB economist is Geoff Swier; NIPB consultants are CS First Boston and Peter Troughton.

1992

Privatization of government research begins.

1993

The National Party government is re-elected, in a protest vote against reforms. New Zealand Rail is sold.

1994

Roger Douglas launches ACT, a radical political party whose aim is more deregulation of economic institutions and the adoption of a zero income tax.

1995

A government budget surplus is posted; government spending falls to 35% of Gross Domestic Product (down from 41% in 1990-91), which is called a "success," while bankruptcies and poverty rates climb.

1996

The National Party is re-elected, but New Zealand First party leader Winston Peters, a sharp critic of reforms, becomes treasurer.

1997

In May, youth suicide figures released for 1995 show an increase of 14% above the crisis rate the year before. Christine Elliot, head of the Association of Crown Health Enterprises (privatized hospitals), says that the reforms have produced a "national crisis" in mental health.