

Isolated, but not immune...

NEW ZEALAND: TROUBLES IN PARADISE

by David Finkelstein

Lulled by a serene exterior and enchanted by exquisite scenery, visitors to New Zealand continue to look upon it as "God's own country." Roughly the size of Japan or the state of Colorado and populated by ten million cows, seventy million sheep, and a mere three million people, how could it be otherwise? Even the venerable James Reston has swallowed the line that New Zealanders are free of the problems that vex the rest of the world. "Otherwise, all is as silent here as the sheep in the fields," he wrote after a visit to the Antipodes several years ago, "and this may be their most serious dilemma. For they make no trouble and therefore make no news." No news, perhaps, but like most places throughout the world, New Zealand has its troubles.

For the past decade New Zealand has been having increasingly serious economic difficulties; and since the country is generally twelve to eighteen months behind major international economic movements, predictions are that conditions will continue to deteriorate, at least through 1983. For most of these ten years the country has been plagued by an inflation rate ranging from 15 to 18 per cent (after the last devaluation in March, the New Zealand dollar, which was worth U.S. \$1.45 in 1973, had declined to only 66¢). Today, New Zealand enjoys the dubious distinction of having the fourth highest inflation rate in the developed world—around 13.7 per cent.

The country is heavily dependent on foreign oil, and some of its economic woes stem from OPEC pricing policies. Other woes are part of the world recession in general. But the worst blow to the country's prosperity came from Britain's entry into the European Economic Community in the early 1970s.

For years New Zealand had thrived as Britain's "off-shore farm." This role began in 1882, when the sailing ship *Dunedin*, with its experimental cold-air engine, successfully delivered a cargo of still-frozen mutton after a voyage of over three months. In the years that followed, New Zealand evolved into one of the most efficient livestock-based economies in the world through its application of advanced grassland farming technology and the advan-

tage of an equable climate. It is still essentially an agrarian country, the bulk of whose exports consists of agricultural produce such as lamb, wool, and butter. Less than twenty-five years ago it ranked among the world's five richest countries in terms of per capita output of goods and services, and until recently it could produce lamb at a third to a fourth the cost of most European sheep farmers. With Britain's entry into the European Economic Community, New Zealand lost its major exporting outlet and was forced to look for new customers.

In this it has been remarkably successful: Japan, which in the 1960s hardly knew what lamb was, currently imports from New Zealand about forty thousand tons of sheep meats annually, primarily for sausage. New Zealanders have also been successful in attracting customers in the Middle East, where long-term political instability has seriously affected the region's own agricultural productivity. New Zealand and Australia together provide the major share of beef imports to the U.S.

In addition to seeking new markets for traditional products, New Zealand has been moving toward greater diversification of its agricultural exports. Deer, for instance, which were introduced as game in the mid-nineteenth century but proliferated to such an extent that they soon were classified as noxious pests, are now raised for venison for the European market. And the soft antler, thought to have medicinal and aphrodisiacal properties, is sold on the Asian market.

Despite all these efforts, however, New Zealand's export earnings still fall far short of its needs. Prime Minister Robert Muldoon, who also serves as minister of finance (as well as holding several other positions), places great hopes on an ambitious synthetic gasoline project recently worked out with the Mobil Oil Corporation. A loan of \$1.7 billion, underwritten by sixteen major international banks, was signed in July, 1982, and work on the gas methanol conversion plant began in December. It is expected to begin operations in 1985.

The plant, one of the first of its kind in the world, uses methane derived from the huge Maui natural gas field. It is a key element in the government's push for self-sufficiency in transport fuels, a goal it hopes to achieve by the mid-1980s. A white paper released in July of last year emphasized that the gasoline produced would be competitive with imported sources. "If crude oil prices escalate

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in the long term, as predicted," Minister of Energy W. F. Birch said in a recent speech, "then the venture stands to make very good returns." But critics of the project cite the uncertainties of the new process, such as the lower demand for oil-based energy products and the cancellation of a number of "syncrude" projects in other countries, and they are skeptical of the venture's long-range benefits. Mr. Birch insists that even if prices fall considerably, "it has the ability to resist." Nonetheless, he and other energy policy-makers must feel somewhat uncomfortable at being forced to hope for higher oil bills.

The gas methanol plant is just one part of the prime minister's "Think Big" development program, which includes such other projects as steel production and an aluminum-smelting operation. This whole program has been the subject of great controversy in recent years. Economists have expressed grave concern over the extent of New Zealand's debt, which they maintain creates one of the worst debt-to-export earnings ratios in the world; and environmental groups criticize the despoliation of forests to accommodate new hydroelectric schemes. Those schemes, the government argues, are necessary if New Zealand is to provide cheap electricity concessions to attract overseas investment.

Spray-paint propagandists have reinterpreted the "Think Big" slogan as "Sink Big" or "Sink Pig." Others are more restrained in their opposition. "Since New Zealand does have a remarkably lovely environment with large, as yet unspoiled native bush and unpolluted waterways," commented an anthropologist I met in Auckland, "it is to be hoped that this frenzied dash towards development will not prove impervious to the experience of other truly ravaged countries, from whom we can learn what not to do."

Nor, according to one senior executive of a major New Zealand bank, have the "Think Big" projects materially affected the country's unemployment problems, as had been hoped (New Zealand is presently faced with its highest

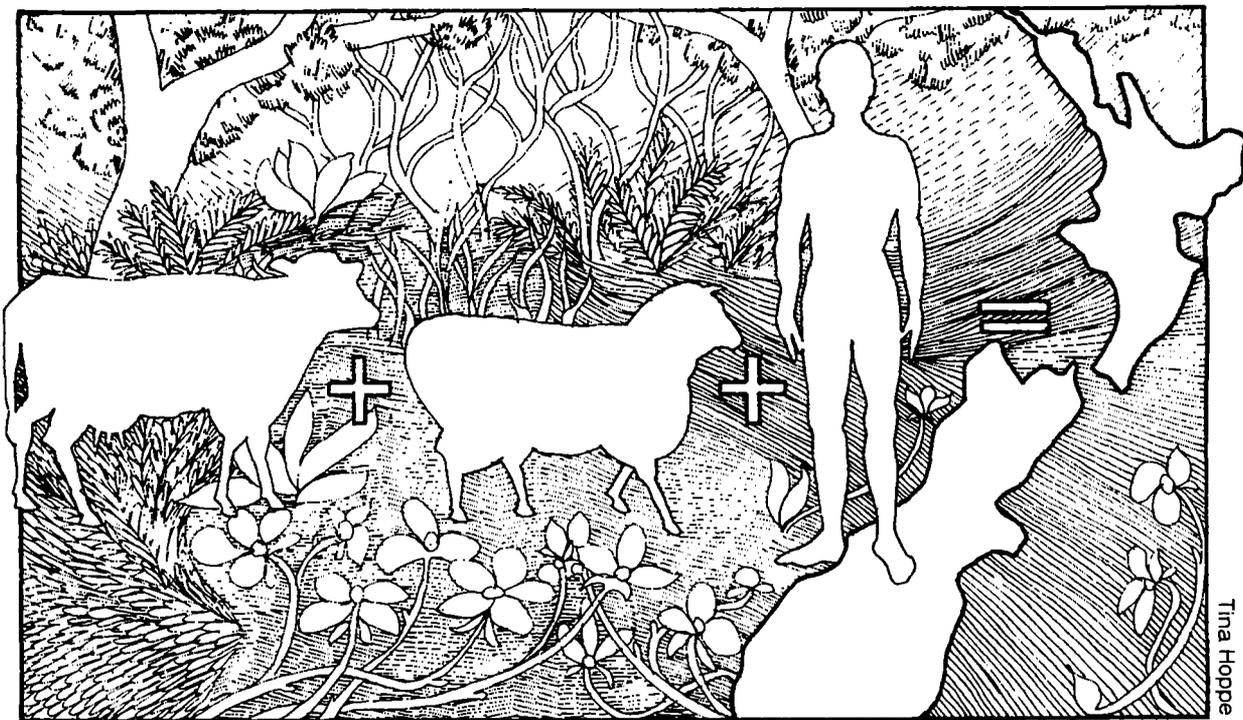
rate of unemployment, almost 7 per cent, since the Depression). Although the latest figures suggest a reversal in migration flow, many New Zealanders—approximately forty thousand each year—leave the country in search of greater opportunity elsewhere. About half of these go to Australia to "make a quick quid" in jobs on mining sites, commercial fishing and prawning boats, or with industry. As a result, Sydney is often facetiously referred to as New Zealand's fourth largest city.

SOMETHING FOR THE MONEY

Taxes are another major cause of concern in New Zealand these days. An unpleasant word in any language, New Zealanders find it positively offensive. With the tax rates jumping sharply from 14 to 30 per cent and then to 48 and 60 per cent, a "kiwi" who earns more than N.Z.\$22,000 is hit with one of the highest tax rates in the world—sixty cents on the dollar. It's not so much the wealthy who have to worry, since they, like their counterparts in America, can find enough loopholes to minimize their tax burden. Rather, it is the middle-level taxpayer who bears the greatest burden.

Most New Zealanders feel they are at least getting something for their money in that their "welfare state" provides virtually free health care and a host of other worthwhile social services. But a number of them argue that the price they pay is too high in terms of the loss to entrepreneurial incentive, which they maintain is ultimately detrimental to the country's economic future.

In fact, though New Zealand was a pioneer in social welfare in the 1930s, its welfare benefits today are not much more generous than those in many Western European nations (not much more than the government pays out in farming subsidies, defenders of the system point out). It is interesting to note that the two major parties, National and Labor, are both "left of center" in their social programs. Though the National party traditionally has been regarded



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as the conservative voice of the businessman and farmer, increased urbanization has created a blurring of distinctions in constituencies as well as platforms, and the National party may well have done more over the years to advance what Americans would view as socialism than has the Labor party.

One underlying reason for so much dissatisfaction among New Zealanders these days may be their perception that government is involved, and cumbersomely so, in too many aspects of the economy. "Auckland could sustain an FM station and more than two TV channels," complained one businessman. "But because the minister of broadcasting is more involved than market forces, the response of government is why should Auckland get it when Mrs. Smith down in Te Anau will not." According to the former deputy major of Auckland: "The people of New Zealand are seething because they feel powerless to change a system that pervades and restricts their lives....The biggest need in New Zealand is to deconstipate the bureaucratic elephant."

In fact, although Robert Muldoon has been prime minister since 1975, he seems to have more critics than supporters these days. In the last election his National party squeaked into office by just a few seats. The prime minister himself has been described as a "pudgy, aggressive" figure with a "divisive, abrasive style," and is commonly and irreverently referred to as "Piggy" Muldoon, despite a grudging respect for his alleged toughness and a despairing belief that no one else currently on the scene could handle the job. As the London-based publication *Euromoney* put it: "Even in his own National party he is not loved, merely tolerated by the rather gentlemanly small-town conservatives who dominate its thinking because he is good at retaining power, seemingly the principal plank in the party's platform."

THE MYTH OF HOMOGENEITY

James Michener once said that "if New York has a Statue of Liberty, New Zealand should have a Statue of Equality." But though New Zealand may once have been "the little bloke's" ideal of an egalitarian society, it is no longer. Once relatively homogeneous, it is now quite clearly a multiethnic society (including substantial numbers of Chinese, Indians, Vietnamese, Cambodians, Poles, and Yugoslavs, to mention a few) with strong barriers between those who have wealth and those who do not. In his book *The Passionless People*, fourth-generation kiwi Gordon McLaughlan accuses the New Zealander, somewhat overstatedly, of being "as racist as the South African, except that he is decently hypocritical about it."

As if to confirm McLaughlan's view that "there is a deep well of reaction in this country and that the central personality within our homogeneous culture is an authoritarian personality," New Zealand police have resorted to a rather heavy-handed use of force, large-scale arrests, and clumsy attempts at secret surveillance in response to a growing number of protests in recent years. The much-publicized opposition to the 1981 visit of the Springboks, the South African rugby team, sparked the most divisive outbreak to date, with an estimated fifty thousand people marching down the streets of Auckland (population 800,000) to protest racial discrimination, and virtually the whole country taking sides.

The Springbok controversy brought together for the first

time a broad spectrum of dissatisfied New Zealanders. And there have been other more narrowly focused demonstrations that, while contemptuously dismissed by many affluent New Zealanders and virtually unnoticed by the foreign press, nevertheless signify growing unrest among the country's "underclasses." One such incident was a Maori "sit-in" in March, 1982, at Bastion Point in Auckland. The Maoris are New Zealand's earliest settlers and, from the time of the signing of the Treaty of Waitangi in 1840 until recently, lived in relative harmony, if not total confraternity, with the white community.

If the 350,000-strong Maori community is beginning to question whether New Zealand society is working in its best interests, the smaller (100,000) "Polynesian" community has no doubts at all of its inferior status. Emigrating from Samoa, the Cook Islands, Niue, Fiji, and other such Pacific islands in the 1960s, they were first introduced to New Zealand when the country's economy was burgeoning. Even then the cultural adjustment was difficult. With the current recession, they are suffering many of the misfortunes of migrant workers in other parts of the world. It is true that the ghettos in South Auckland are far less gruesome than some elsewhere; nonetheless, the "Polynesians" are victims of higher rates of infant mortality, alcoholism, unemployment, juvenile delinquency, and other social ills than are members of the white community.

More recently, the threat of a large influx of Samoans prompted parliament, in response to right-wing public pressure, to pass legislation restricting application of an English Privy Council decision that all Samoans born between 1928 and 1949 are entitled to New Zealand citizenship. Comments like "Would you want Samoans living next to you?" appeared in the press, and one journalist dubbed the imminent (but improbable) rush of Samoans "the lavalava flow"—a pun on lavalava, the Samoan wraparound garment.

In some areas white parents have begun to bus their children away from neighborhood schools to more distant ones that have fewer "Polynesians" in attendance. In one instance of busing, after the Auckland Committee on Racism and Discrimination requested an investigation, Mr. Hiwi Tauroa, the race relations conciliator, held that the parent's action was not in violation of New Zealand's Race Relations Act. Dismissing the Committee's view that racial prejudice might have been the motivating factor, Tauroa found that the parents were only "exercising what they considered the freedom to choose a school that they thought would best provide for their children."

Not surprisingly, the majority of New Zealand's prison population is "black," as the Maoris and Polynesians now call themselves. Agitation over the past several years has sought to remedy the problems of integration, but leaders of the Maori and Polynesian communities object that improvements have been too few and have come too slowly. New Zealand is a beautiful and generally benign place, some observers warn, but the potential for violence exists if society does not come to grips more quickly with the needs of the underclasses. To be sure, crimes of violence are still very much the exception in New Zealand, and to most visitors that country is still an idyllically peaceful and magnificent land. But as one resident put it: "Though we may be isolated and insular, we're not much different from the rest of the world. Just a decade or so behind."