

THE LAST QUARTER
1975 to 2000



THE LAST QUARTER

1975 to 2000

Recollections from New Zealand
Political Life

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FOREWORD

This short history and account of New Zealand politics covers the years from 1975 to 2000 ('The Last Quarter'); and particularly reflects New Zealand politics around the turn of the 20th Century. It was a period of unusual turmoil and change – which led to our current modus operandi and to more demure politics.

It was an era of three main Governments – that of Muldoon (1975–1984), Lange (1984–1990) and Bolger (1990–1997). It seems somewhat unrealistic and unfair for political leaders to obtain all the credit for advances made during their tenure and, conversely, to be adversely attached with everything which has gone wrong during their time. However, typically, political Parties have been personified by their eras and Leaders. Importantly, it was an era of change from which lessons can, with advantage, be learned. The Last Quarter was a difficult time, one of significant developments, contrast and contest, which would have tested anyone.

Given its width, diversity and unpredictability, politics at a national level is a subject about which it is hard to be singular, objective and detached – any account is likely to be seen through a personal lens, and other viewers will have different perspectives and emphasise different issues as of importance. Although there will be other views of the issues and events outlined in this book, it attempts to be balanced, fair and objective – with apologies for

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unconscious bias. It attempts separation from partisan politics as much as possible, free from (political and media) ‘noise’, personal involvement, interest or aspiration, and from jargon. The matters dealt with are necessarily selective and concentrate upon key matters based upon overall impression. The reflections are my own, independently reached at the time.

This account does not demonstrably clash with other versions of the period. Hopefully this indicates a likelihood that the observations are reasonably safe. This is not a participant’s or survivor’s attempt to justify or to re-write history – the purpose of this book is to add to the literature for the period in a useful and hopefully detached way and without the need to justify personal involvement, aspirations or a personal legacy.

John Collinge

November 2023



The Beehive, Wellington
[REFERENCE: EP/1981/2488/4-F]



I

INTRODUCTION

All eras have their moments but the Last Quarter (1975–2000) changed much about the country. It was a turning point between the previous (Muldoon interventionist era) and the new (more ‘hands-off’) approach subsequently. There will always be a need for Governmental intervention but often it is a question of balance – of meeting properly thought-out objectives, of limiting unnecessary intervention and avoiding significant harm – in short, the need, overall, to foster public welfare.

In 1975, New Zealand was still a country in which some 85% of the population were New Zealand born. It was small – the country had just reached 3 million people. It still appeared relatively affluent following the boom years of the nineteen-fifties – the sporting and general facilities were abundant and the fresh food was a delight, as were the leisure facilities. Many people had holiday baches by the seaside in addition to their primary homes. It had its wonderful topography – its volcanos, mountains, lakes, beaches, rivers and forests – but was under-utilised from a tourism perspective. Its organisation, demeanour and social life, though active, were rather sedate.

At the commencement, New Zealand had no federal system to complicate matters. Its single House of Representatives had Members elected from each electorate by a majority vote of the residents. Effectively, it was a two-Party system, with either National

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or Labour being returned as a majority Government. It was thus easy for the Party in power to enact legislation, being in absolute control, leavened only by the wish to be re-elected at the next election. Internally, on the back of the country's post-War prosperity and a fear of the consequences of a Great Depression, both Parties supported the welfare State – which meant that the needs of the more vulnerable were met. Externally, both Parties endeavoured (as well as they were able) to protect the country from any vagaries or international fluctuations. The country was largely European, its people homogeneous with the exception of the indigenous Maori minority. Its organisation was distinctly British, as was its main market and source of influence. Accordingly, New Zealand seemed comfortable and secure. By 1970, this rather predictable existence had been established for some time.

1 PARTIES

Of the two Parties, the National Party had traditionally by and large not been a reforming Party – it was more about its ability to manage government. When changes had been made by a Labour Government, National had generally seen fit to retain the reforms while tweaking them to the satisfaction of its members – the continued adoption of the welfare State is an example. National might be seen therefore as a Party of the status quo with cautious progress only – suited particularly to eras when no major changes were called for. It had core values – it placed strong emphasis upon self-reliance and civil freedom. It defended property rights and tended in general to favour the individual over State organisations and State interference in the lives of the people. But it was nevertheless a proponent of an integrated society and good community outcomes, the core of which was the family, social order and security. In short, it tended as a rule to be relatively non-interventionist in economic matters and conservative in social issues.

Labour, on the other hand, could be seen as Party of ideals and

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change when required. In economic matters, it sought to moderate capitalism and freedom of the individual by a more collective approach for the purpose of providing services such as health, education and welfare for all. It might be more prominent in the social sphere, say in women's rights, in Maori aspirations, in social issues (and even in those more personal such as abortion, for example). It derived from protection of working people, but was no longer simply a working-class party and even had professional classes – with a bent for protecting the underprivileged, obtaining for them a larger share of the fruits of capitalism and greater protection for the unfortunate. Labour was no longer a simply a socialist Party either (ie putting the means of production in Government hands) but recognised private endeavour as well. In economic terms, it might be described as more interventionist than National and, in social terms, as promoting support and equality for all – particularly for the less well-off.

Neither of these brief descriptions are likely to satisfy or do justice to either Party, their complexities and exceptions. The difference between the two main Parties tended to be one of degree and emphasis – in New Zealand politics, it was usually a question of where the balance might be struck. All this in the context of the particular circumstances of the country, shaped by its history; by the values of its people; by the composition of the society; by the nature of its economy; and by its need to pay its way as an independent nation.

2 BACKGROUND

As to the background circumstances, the similarity between the Parties (one of emphasis and degree rather than sharp division) lay partly in the history of the country. Looked at over the years since 1840, one might generalise that New Zealanders have had a strong individualistic streak – no doubt aided by the self-reliance and hardships faced by the early settlers – and both Parties reflected this. As a result too, given the early hiatus and paucity of government,

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New Zealanders were not enamoured with State intervention – rather they saw the State as their servant. Some Government intervention was, of course, necessary – for order, such as in wage bargaining between employers and employees and public works to ensure facilities and cohesiveness. Notwithstanding subsequent changes in the country, the original DNA – of individuality and wariness of politics and politicians seemed to remain – and both Parties reflected this.

As to the composition of the country, given its indigenous people, Maori issues quite naturally and properly had played a significant part. The Treaty of Waitangi's ambiguity has contributed to this. From neglect and tokenism over an extended period, at the commencement of the Last Quarter (1975) there was the beginnings of a resurgence in Maori activism and agitation, with growing calls for intervention and redress of historical grievances. Coupled with this was the gradual opening up of New Zealand to ethnic minorities, such as the Pacific Islanders brought in to run the factories and as agricultural labourers. However, in 1975, New Zealand was still largely a homogenous Anglo-Celtic hegemony, the country being run along British lines. People still referred to Britain and Ireland as home and principally looked there for guidance and inspiration.

As for the economy, a new and developing country will always have a strong demand for goods and services, for inspiration and skills for its development, and New Zealand had over the years to struggle to produce exports to pay for this. Largely, export receipts were from rural produce in line with New Zealand's climate and topography, often filling in for the off season for Northern hemisphere markets. It meant that all Governments, all of the time, have had to struggle with balance of payments issues, particularly in servicing interest on historical debt and grappling with instability overseas. There was a period of post-World War II prosperity but, by the commencement of 1975, there were the portents of a decline – due to factors such as the loss of traditional markets such as Britain joining the European

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Community, the first oil shock which increased costs, and so on.

At the commencement of the Last Quarter too, there were new issues and attitudes developing, influenced by greater communication with the world and, hence, exposure to world trends. There was agitation for personal rights and freedoms. Feminism became a force to be reckoned with. There was liberalisation in social matters around a wide variety of issues – abortion, homosexuality and prostitution. Environmental impacts upon natural resources were beginning to be questioned. No politics in sport was a local issue which was strongly and divisively held, and had ramifications internationally. Although a minnow, and although not a driver in world matters, New Zealand started taking a more active role in the world and in foreign affairs.

3 TRANSITION

The reason why the Last Quarter might stand apart is that it was an era of significant change and direction – including in economic management; a new voting system; the softening of the welfare State; the furtherance of race relations; and in the changing nature and perceptions of the society. It brought about a greater polarisation of views, changes to policy settings and old allegiances (such as with Britain and Australia) were tested. It has been said that legislative zeal is one of the characteristics of New Zealand – leading sometimes to forward thinking. Of the forces for change, there was a more expansive economy emerging; a greater search for individual freedoms; and the country becoming more part of the world. Largely triggered by influences overseas and also internal pressures, during the Last Quarter, the nature of politics (and political Parties) too began to turn on its head.

In the face of economic decline and uncertainty, the National Government in 1975 under Prime Minister Robert Muldoon sought to preserve the standard of living of its peoples and, at the same time, grapple with New Zealand's vulnerability to overseas

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events, disruptions and vagaries. It put aside traditional National *laissez-faire* in favour of an interventionist stance in economic matters – by close managing the economy to a degree which might then have seemed unimaginable. National leaned to the left in social matters as well (for example, by the introduction of a non-means tested generous superannuation scheme payable from taxes available to all over 60 years). The intervention was major – eventually, Prime Minister Muldoon placed a price freeze upon goods and services and almost everything – trying, but not successfully – to hold back the economic tide. The Government moved, for political purposes, to favour the ‘ordinary bloke’ and his wife over and above traditional National supporters (the well off, businessmen and farmers). Simultaneously, in order to spark a recovery, the Government entered into a number of business projects (known generally as Think Big) – some of which were ill-advised or which failed for business reasons – often funded at great cost. If there was a Government lever to pull, Muldoon would do so (back and forth) and seemed to rejoice in so doing, and in his ability to do so.

Then, around the early nineteen-eighties, when it was assessed that the decline in trade terms and the economy was structural and long standing rather than cyclical, the Labour Party from 1984 to 1990 adopted the economic mantle of the New Right and ‘de-regulated’ the economy, removing many, if not most, of the restrictions. The economy had become sluggish and the new broom sought to right itself by the introduction of freedom for greater personal endeavour. In contrast, it promoted self-interest of the individual as the key to a recovery and sought to limit Government involvement in economic management and, indeed, to exit the Government from business. Broadly, it replaced controlling Keynesian economics with that of the more libertarian Chicago School. It dismantled much of the previous regulations and controls, along with ‘Think Big’ (the previous National Government attempt at encouraging economic recovery) and sold Government assets to retire debt. The initiatives

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and new freedoms created a boom in business and share-market activity – and a major slump later in 1987–1988 when it crashed.

All this took place in a climate of perhaps one of the most disagreeable periods in New Zealand politics. Muldoon introduced a combative style similar to a War – and everything goes in War. He seemed to bait others, to show off his own strengths and ideas. For example, when Leader of the National Party, he undermined the duly selected National candidate, Don Brash. And, when he was no longer Prime Minister, in a major fit of pique, Muldoon sought to massively undermine his successor, Jim McLay, who did not deserve it – whatever his politics. Labour too had its share of internecine warfare. Roger Douglas sought to destabilise Prime Minister David Lange (including his attempts to broaden policy from a narrow monetarist focus, and to provide some social gains).

There was policy disagreement behind these clashes, but it was also personalities and seeking of personal power rather than the pursuit of policy which was a driving factor. It was an era of politicians seemingly captured by dogma and theory, more intent upon singular viewpoints and ambitions than upon the overall welfare of the country.

National was re-elected in 1990 and returned to its free enterprise roots. The subsequent National Government, feigning opposition to the previous Labour Government, continued the New Right reforms but added to and complemented them by welfare cuts. Monetarist approaches, such as controlling inflation through monetary policy, caused hardship for many in terms of unemployment and foreclosures. The New Right principles were also applied to welfare (such as in health reforms where user pays was introduced). In health, they seemed to grate most – the user pays element was a constant reminder of the change from an environment where it was previously accepted that health was available to all irrespective of ability to pay.

Thus, the Parties had been undergoing change, first via Muldoon

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then Douglas, each looking more like Labour and National respectively. It shook the members of both Parties to the core and created confusion and uncertainty. As a result, many of those who considered themselves traditional National and Labour supporters were disorientated, worsened by the absence of mandate for the measures, the breaking of electoral promises and of expectations clearly created. It often appeared to traditional supporters that their vote was worth nothing – National appeared more like the Labour Party and Labour more like National.

But when the Citizen's Initiated Referenda Bill was introduced by National – to restore some votive power to the people – it was bounded with conditions, seen as a token only – as more of the same. Dissatisfaction by the populace continued and led to a General Referendum, resulting in constitutional change (a switch from First Past the Post voting system to Mixed Member Proportional) – thereby enabling a wider range of views in politics and, in practice, wider representation. The two-Party era was no longer – minority views and considerations, long powerless, now had more potential influence upon the country.

This should not overlook other trauma and movement. The right to enjoy rugby without question was challenged by an awakening morality against apartheid. New Zealand also began to question the source of its nuclear-orientated security given the horrors of nuclear war. It was an age where women, previously barely included in the system, came to the fore – women sought rights and involvement via a well organised feminist movement. It was also an age where Maori, fed up with years of neglect, finally stood up against alienation of their lands, including specifically the taking of land at Bastion Point for luxury housing.

The economic 'war' (between New Right policies as an anti-dote to Muldoonism), in varying forms, continued in the Nineties under Bolger (and, finally Shipley) to see out the Century. This was in the context of considerable frustration by the populace given the

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unpredictability of politicians and the fact that the public had been effectively dis-enfranchised by false promises and unexpected directions. Not unnaturally, it was also an era in which there was especial interest in politics, due to significant debate and change by a relatively informed population adversely affected by change. Much of the change in attitude now prevalent today (in economic management, in constitutional organisation and in race relations, for example) can be ascribed to a contrary reaction by the public to political decisions – a sign of an active and effective democracy.



Robert Muldoon
[REFERENCE: EP/1983/4156-F]

II

THE MULDOON ERA

New Zealand in 1975 was predominantly a rural and a relatively staid country. It was run along Westminster lines locally but was now looking beyond. There were protests against the Vietnam War. Opposition to French nuclear testing in the Pacific had begun. Britain had joined the European Union, meaning that New Zealand had to look elsewhere for markets and influence.

Maori had been deemed 'honorary whites' to enable an all-New Zealand rugby tour of South Africa and Maori activism was beginning to make itself heard (leading to the Land March of 1975 and also, in 1975, to the creation of the Waitangi Tribunal to investigate past grievances). Social Credit had won a seat in the Hobson electorate, thereby making a small inroad into the two-Party duopoly. A Race Relations Act had been enacted to combat discrimination on the grounds of race, nationality or ethnic origin, and an Equal Pay Act for women and the Domestic Purposes Benefit introduced. Many more Pacific Islanders had come in to the country for the workplace. The six o'clock swill had mercifully ended and more civilised living was gradually emerging. While these developments were not unimportant, they were at the time more a beginning – a portent of things to come.

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1 ANTECEDENTS

In 1974, Robert Muldoon, the noisiest politician at the time, had an association with the Mt Albert Electorate.¹ His family were from Mt Albert, he had been educated at the Grammar School and had a strong association with Mt Albert Methodist and Baptist Churches. He had, when young, been selected as the National candidate for the Electorate – no doubt for experience. He had come from a poor but respectable background, growing up in the Depression, in which he had seen unemployment, poverty and hardship. He became the Member of Parliament for Tamaki in 1960 (supported by the then President of the Party, the decent Sir Alex McKenzie). In 1965, he became a Minister (of Tourism) and, at 45 years of age in 1967, Minister of Finance. This was followed in 1972 by his becoming Deputy Leader of National to Jack Marshall – a rise by someone of ability, of whom it seemed then that politics was his singular pre-occupation.

The Mt Albert Electorate was intrinsically a Labour seat held for some years by Warren Freer for Labour, in which a small number of National people (including many jam makers for the Party) did their best to retain a presence. So funded, the Electorate carried out practical activities such as delivering pamphlets, putting up billboards, holding functions, raising funds, paying the levy on the Electorate to the Party and endeavouring to get people out to vote. It involved door knocking on people in the Electorate to ascertain whether they were likely to vote National. If they were, their contact details were recorded for use at election time. Party volunteers then offered to provide transport to the polling booths. This was called the ‘blue dot’ system, trying to maximise the National vote.

The Electorate was not likely to achieve any practical result in terms of a seat won, but door knocking was easier than might be

¹ Some of these observations are reflected in Dr Barry Gustafson’s admirable scholarship, balanced and very full biography on Muldoon in ‘My Way’. See also an insiders view from Hugh Templeton: ‘All Honourable Men – Years in the Muldoon Cabinet’.

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expected. Residents of all persuasions were generally accommodating of visits. It was best to wear a National rosette for identification and to have a pamphlet or card to deliver as an excuse for visiting – a quick meeting so as to utilise the time wisely and not to get involved in debates or in cups of tea. It involved listening at the door – anyone who has done this will immediately recognise the richness and variety of the views expressed in favour of or against politicians, and on many other subjects. In the Roskill/Sandringham area canvassers received many cards and pamphlets in return – urging them to vote for God and not Mammon.²

The National Party in Mt Albert was, like the other 24 electorates of the Auckland Division, self-governing and in charge of its own affairs. The Chairmen and Secretaries of all the Auckland Electorates were members of the Division. Stuart Masters was the respected Chair of the Division as was the long-standing Colin Brenton-Rule, the General Manager. There were people of substance, such as Pat Baker (later Chairman of the Auckland Division of the National Party), John Priestley (later Chairman of National's Rules Committee) and Sue Wood (later President of the Party) among others. The meetings tended to be informative and instructive. George Chapman, then a young liberal, had just been elected, in 1973, as the Party's President and the enthusiastic Barry Leay appointed as General Secretary.

The Division discussed the political issues of the day and made it clear that it wanted to influence politicians, political aspirants, ideas and policies, including the leadership of the Party. Although selection of the Leader was a matter for Caucus (made up of the existing Members of Parliament of the Party) views were strongly held among the membership. By this time, National was baying to

² At the AGM, in the company of people unknown to me, for want of any other candidate who was even half willing, I found myself thrust into the role of Electorate Chairman sight unseen – I had not then understood the adage in New Zealand, that you attend such meetings at your peril.

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be returned to power. Having lost Government in 1972 (by 54 to 31 seats), there was a distinct feeling that it was necessary to put this to right – National had been in power since the 1960's and was seen by members as the *natural* Party of Government (but, more accurately, it was the more *usual* Party of Government). However, in 1974, Labour had become Government headed by the respected Norman Kirk. Thus, Muldoon as Deputy Leader for National was out of power – he was already rated by some as 'New Zealand's most effective politician' and also by others as the 'most obnoxious politician in the country'.

The Leadership

At that time, elections tended to be Presidential in style (often centring around the personal qualities of the Leaders – rather than the team, policies, strategy and tactics) and much tended to hang on the performance of the respective Leaders. There were two main aspirants for National – Jack Marshall and Muldoon. The issues between them were partly policy – Marshall thought that business competition was the best regulator and Muldoon was a Keynesian arguing for management of the economy. The difference was also partly of approach – Muldoon wanted the slogan 'National Puts People First' (the voters) while Marshall wanted 'Man For Man the Strongest Team' (the team). Further, it was also of style – Marshall was gentlemanly, reasoned and elegant, whereas Muldoon was not and was a counter puncher who relished confrontation. Marshall was middle of the road, Christian with an understated style – and had been said to be 'too nice to be a politician'. He was quietly and properly spoken, courteous and considered whereas Muldoon was ambitious, argumentative, straight talking and polarising. And, being opposites and opponents, neither liked each other very much.

Muldoon was active in challenging Marshall – for example, he courted sitting National members of Caucus by telling a National Conference that there should be no challenges to sitting MP's,

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whereas Marshall properly said that that was a matter for the Party. Support for the two was divided (both in the National Caucus and in the Party wing) Marshall being more strongly supported in the Wellington Division. Thus, there was a rift as to who should be Leader within the wider Party. Muldoon significantly out-pollled Marshall in the leadership polls, but Marshall had the advantage of respect and of incumbency among the members.

Gradually, the feeling grew, after considerable debate, that Muldoon gave National the better chance of winning against Norman Kirk (who had dominated the 1972 election at the expense of Marshall) and then against Wallace Rowling upon Kirk's untimely death. As it turned out, it was Muldoon who grabbed the attention, supported by those who wanted to get things done and to restore National in Government. It seemed that the Party organisation had a prominent role in convincing Marshall that he did not have the numbers. Eventually, both Party and Caucus pressure (including from George Chapman the President and Brian Talboys who was then Deputy Leader, both of whom supported Marshall) appeared to persuade Marshall to resign as he did not have sufficient support. When he did, Muldoon was elected Leader unopposed. Marshall then described Muldoon as 'aggressive, abrasive and destructive'. With his victory, this gave Muldoon, effectively, an election campaign of a little over one year.

It was the replacement of a gentleman with a bulldog. Although Muldoon claimed that he never attacked unless in retaliation, that was difficult to accept. He had cultivated a file of attack points and was deliberately aggressive in making himself known. Upon being attacked himself, he was at his height with his intellect, energy and enthusiasm and seemed to relish the confrontation. In this respect, television suited him and he suited television. He was also rather untoward in appearance – a journalists and cartoonists delight – and his coverage was noticed, wide and constant. Even the allegations against Muldoon, of making the Party a 'three ring circus' and

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brawling with demonstrators who had baited him, added a friscance to politics – which to someone new and younger might otherwise seem rather dull.

Muldoon also promoted himself by a series of public meetings attended by many, which generated excitement and as a result membership increased significantly. Muldoon drew huge crowds. At a public meeting at the Wiri Woolstore – there was a massive meeting at which some 6,000 to 7,000 people attended with enthusiasm. Some were appalled at Muldoon's rumbustious behaviour but others admired him for his forthrightness in responding to provocation. So far as the Auckland Division was concerned, there was only one Leader and it rejoiced when Muldoon was selected. In Auckland, Muldoon was the only game in town.

The 1975 Campaign

Once the leadership issue had been resolved, a 'Mt Albert is Marginal' badge was developed for the 1975 election, signed by Muldoon and widely worn around the electorate and at Divisional meetings. More importantly, Muldoon agreed to speak at the Mt Albert War Memorial Hall. The meeting was hugely sought after and a packed hall with overflow resulted, Muldoon being the drawcard and he radiated energy and enthusiasm. In the course of introducing Muldoon to the meeting, to my lasting cringe, as Chairman, I referred to the maximum resale price (MRP) scheme of the incumbent Warren Freer, Labour Minister of Commerce at the time – saying that it was 'a BURP rather than a MURP'. However, Muldoon was delighted and he chuckled loudly so that everyone in the Hall knew of his endorsement and he continued in that vein during my introduction.³

³ Unknown to me, this was somewhat fortuitous. In fact, Muldoon was among the Young Nationals who organised the initial electoral campaign against Freer in Mt Albert and then had stood, unsuccessfully, against him for the seat in 1954. It was clear he had a long-standing personal dislike of Freer – whom he adjudged was somewhat under qualified for the role and Muldoon did not suffer fools gladly. It was not until years later, not having

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Due to Muldoon's contribution, the campaign in 1975 went well. National's candidate was Frank Ryan, at the time the Mayor of the Mt Albert Council. Apart from his constituent ratepayers, as a Catholic he also seemed able to obtain the support of the Catholic Church – seemingly from the local pulpits. He had the further advantage of having at least three brothers of not dissimilar age and build who also canvassed – being careful not to disclose that they were not the candidate. With all of these advantages, and with the leaning to National, the result was close, by some 100 votes to Warren Freer (the long-standing Labour MP) on election night and finally a 247 majority after the specials had been counted. Freer lost 11% of his previous vote – Mt Albert was marginal for the first time.

As for the campaign generally, there was no shortage of controversial and difficult topics – the raising of the water levels of Lake Manapouri; whether to allow US nuclear warships into the country; and the dawn raids which led to the expulsion of Pacific Island overstayers. There were also important social issues, although they were not clearly Party political – the legalisation of abortion (Muldoon was against) and de-criminalising homosexual acts (Muldoon was for). It was not clear whether these issues particularly favoured either Party.

The significant and specific promise made by Muldoon in the 1975 election was to implement a system of National Superannuation in place of the existing Labour scheme. Unlike the Labour scheme, it was funded from taxation, not from a compulsory contributory fund; being non-contributory it was to apply to housewives and non-workers as well; it was to be universal (without a means test); and it was in addition to any private income or scheme the recipient

any contact with Muldoon since that time, when my name was suggested as Chairman of the Commerce Commission and needed Muldoon's blessing, with his prodigious memory and steel trap mind he approved, commenting to others (without great basis) that I 'had a good head on my shoulders'.

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might belong to. It was based upon residency and available to anyone who had lived in New Zealand for ten years. It provided everyone over 60 years with a pension equivalent to 80% of the average weekly wage. It would not be eroded by inflation and came into effect immediately, whereas pay-outs would be delayed pending investment under the Labour scheme. Of course, it was the populist option – it was a vote winner – it was an election bribe – it appealed to many.

It was a generous scheme and raised doubts about its affordability. It meant too that contributions to the Fund did not accumulate and become a force for the New Zealand economy. It did not allow New Zealand to build up an asset from the fund – which now would have been many billions available for local investment. Muldoon countered by stating and advertising that Labour would use the Fund to buy up private sector assets leading to Soviet style State controlled economy. It marked Muldoon's emphasis upon short term political effectiveness against long term thinking.

Another main issue was the Springbok rugby tour. In 1973, Prime Minister Kirk had cancelled the Springbok tour of South Africa. Muldoon campaigned in 1975 on the basis that he would not interfere with the 1976 tour. In so doing, he attacked 'trendy lefties' and 'urban liberals' whom he said were against the tour. He was reaching out to those who liked watching New Zealand's favourite sport and he judged that this was a politically savvy move. Those, whom he alleged were against the tour, were unlikely to form part of his voting catchment anyway. It was a blatantly populist position in the early days of that debate and, in that environment, was likely to have assisted National's election chances, but not necessarily the welfare of the country.

It was noticeable that the election campaign was characterised by character assassination on both sides. The Labour Party or its supporters were not averse to referring to Muldoon as 'Piggy' (a term which dated back as far as 1967) – as they said 'Keep Piggy

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Penned'. Bob Jones (a Wellington businessman), then an ally of Muldoon, in retaliation, ran a campaign of Rowling as a mouse caught in a trap and had a man in a mouse suit break in on a TV interview by Rowling. The claims and abuse made by either side seemed fanciful without evidence or back up. It appeared that much of the campaign by each side was bent on personal denigration of the Leaders and that policy, though important, was secondary.

Somewhat surprisingly, the blame for the denigration attached more to Labour than to National. The 'Citizens for Rowling' advertisements by a large group of very well-known, distinguished and successful New Zealanders (including Sir Edmund Hillary and Bishop Paul Reeves) which (some may say foresightedly) painted Muldoon as authoritarian and confrontational, as against Rowling as conciliatory and moderate – it was seen as an anti-Muldoon campaign. National responded with the publication of a list of 100 Muldoon endorsers including Colin Meads and Fergie McCormack – hardly an equal match. However, the Citizens for Rowling campaign turned off support for Labour – a New Zealand characteristic is that people do not like being told by others what to think or to vote no matter how weighty the panel – the public wanted to make up their own minds. It was another invaluable lesson.

In addition, National ran the brown skinned overstayers and eye-catching dancing Cossack advertisements – emphasising National's campaign – tough on immigration, strong on law and order and security and against 'Reds under the bed'. It was intended to paint the Labour socialist party as communist – again an allegation which did not appear to have any great merit but that was not the point – just the suggestion. Not unreasonably, the Labour Party roundly criticised the advertising but, in so doing, drew further attention to the National campaign – another mistake.

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The 1975 Election

The National Party campaign, 'New Zealand the Way You Want It', implied that everyone might be consulted, was so wonderfully ambiguous, so open to personal interpretation as to be almost laughable. But there was no doubt as to where the Party stood – that it was for rugby, the welfare State and continuity – the pictures it used showed happy nuclear families and cradle to grave security.

It was not an elegant contest on either side. It seemed to take inspiration from the oft childlike debates of Parliament. But it was absorbing and arguably the most memorable of all the campaigns. There was a massive renewal of excitement, enthusiasm and political activity. The final result (rounded up) was 48% National and 40% Labour – with National under the First Past the Post (FPP) voting system winning 55 to 32 seats, thereby reversing the 1972 result. Elegance aside, it is difficult not to credit Muldoon, with his forthright style and intelligence, almost single-handedly with the victory.

2 PRIME MINISTER

The election victory cemented Muldoon's political power and, upon becoming Prime Minister, he had a Cabinet of experienced and capable Ministers (including Duncan Macintyre, Brian Talboys and George Gair) and an excellent personal Advisory Unit (including Bernard Galvin and Len Bayliss). But he also appointed loyal friends as Ministers even though they may not have been the obvious choices.

Muldoon had a huge breadth of knowledge and a prodigious memory. Due to his intellect, powers of recall and ability to quickly understand issues, he was often better informed than those who officially advised him. Against the advice of most of his Caucus, he took on the role of Minister of Finance in addition to that of Prime Minister and, as a result, had a predominant role in decisions across all portfolios. He was, in practice, a de facto

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Minister of Labour as well. With those advantages, his work rate, attention to detail and efficient work habits, he was as formidable as any politician could be.

He required his Ministers to be well briefed and able to present, and would not hesitate to expose those who were not. He did try to obtain a sufficient margin or consensus to cement decisions from time to time, but his own thinking was hugely influential. Once his decision was made, he could be very single minded. He had deference as Prime Minister, whips aided by the diligent Bill Birch to keep the Caucus under control, and the collective responsibility required of his Ministers. He then had the ability, through sound bites on television, to re-inforce his position with the public. He used media to his advantage by taking the media on – soon coupled with a reputation for aggressive counter punching against those who crossed him. He was genuinely feared by many, including his own Ministers and, in addition, he had the power of preferment over his own Members in Caucus.

By dint of the foregoing he usually got his way in debate and some criticised him for being autocratic. By the end of his first term in 1978, it is fair to say that he was highly respected by politicians and officials alike, although it seems that few liked him. Most people thought him combative and abrasive. In his decisions (he by no means accepted all advice) he was pragmatic and impossible to pigeon hole. As his biographer Dr Barry Gustafson said: 'There were elements of socialism and capitalism, collectivism and individualism, radicalism and conservatism, protectionism and free trade, regulation and deregulation'. Thus, the direction of the country and many individual decisions depended (and at the very least appeared to be dependent) upon the views, and perhaps the idiosyncracies from time to time, of one man. This was accentuated by the fact that, for Muldoon, loyalty was owed to him and not to the Party. Given that politicians were the guardians of the public it was he, of course, who embodied the public interest. It would not be entirely

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unfair to say that he felt that others were unqualified for the job, or for their Ministerial responsibilities.

Controversy

As Prime Minister, Muldoon was faced with many contentious issues upon which he took a clear stand. He could not have been accused of sitting on the fence and, after due consideration, let his views be known and worked diligently to achieve them. He was criticised by his own Members for draconian powers in the SIS Bill (against the Socialist Union Party which he detested) which allowed investigation of citizens who were exercising their rights of protest; he appointed former Prime Minister Holyoake as Governor-General in circumstances where Holyoake's objectivity in exercising the reserve power were in question; and, in the process of implementing national superannuation, he cancelled Labour's superannuation system without legislative authority (which Chief Justice Wild found to be unlawful). Muldoon was certainly not concerned with constitutional niceties – power was there to be exercised – by the levers available to pull.

In 1976, the dawn raids to expel Pacific Islands overstayers, particularly Tongans and Samoans, aroused considerable controversy. During the sixties, visa restrictions had been conveniently overlooked in order that Pacific Islanders could join the workforce. When there was a downturn and jobs of New Zealanders were threatened, the dawn raids to expel the Islanders were seen as self-serving at best and racist at worst. In addition, there was also a major conflict over some 60 acres of land previously held by Ngati Whatua at Bastion Point which was to be sold by the Government for luxury housing. Muldoon, having made what he thought were generous concessions and offers to Ngati Whatua, sided with the developers and, as a result, a protest sit-in by Ngati Whatua and others occurred. The development also raised the ire of environmentalists and the Auckland Council as to the optimum

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use of the land. Eventually, the protest became a call for return of Maori land.

It was not necessarily that Muldoon was anti-Maori, he had decided that the development was worthwhile – but it was easy to portray him as racist, particularly in the context of the actions taken against Pacific Island overstayers. Muldoon (who was also the Member for the district) was adamant that occupation of Bastion Point should be resisted by all means – 600 Police backed by the Army cleared the site and arrested some 230 protesters. The sit-in came to an end after 506 days and was not until some 10 years later that the land was returned to Maori by the Labour Party. If not racist, Muldoon's part was, at best, partisan and divisive.

Foreign Affairs

Being Prime Minister, it was natural for Muldoon to take a direct interest in foreign affairs, often dealt with by Heads of State for the publicity rather than by Foreign Ministers. In so doing, Muldoon was not idealistic but preferred pragmatism and tough dealing – as in his efforts for example to obtain access to the Japanese meat market in return for access to New Zealand fishing rights. Muldoon's attention and interest generally centred around trade and many dealings and positions appeared to be based upon his own instincts. He was not impressed, in his words, by the 'socialist' Ministry of Foreign Affairs.

Of course, Muldoon had good reason to focus upon trade – including a second oil shock in 1978; Britain joining the Common Market – from 50% of exports to Britain in 1965 it had fallen to some 15% by 1978. The terms of trade had turned against New Zealand in a significant way (by as much as 40%). Muldoon argued for unrestricted world trade given that current settings appeared to be against agriculture producing countries. In grappling with overseas issues, he was mindful of the promotion of trade and its effect upon his constituency in New Zealand.

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Thus, Muldoon wanted nuclear powered warships from the United States to visit and did not mind whether they were nuclear armed or not. He was concerned with New Zealand's relationship with the Americans – that any other stance might interfere with trade to the United States and the continuance of the ANZUS Treaty upon which New Zealand's security depended. Reversing Labour's previous policy in banning nuclear powered vessels, in 1976 he permitted nuclear armed vessels to visit New Zealand, sparking protests when the USS Long Beach and USS Truxton arrived. He thought that the efforts of his opponents at home and abroad to have a nuclear free Pacific and the immorality of using nuclear weapons was idealistic and outweighed by concentration upon furthering security and trade. That brought him into conflict with those who thought otherwise.

There seemed little doubt that Muldoon was, at the time, supportive of sporting contact with South Africa and that this coincided with the overwhelming feelings of National voters. Indeed, it was National's 1975 election policy – 'no politics in sport'. In relation to the Gleneagles Agreement agreed to by Commonwealth countries (which abhorred apartheid and placed an obligation upon Commonwealth countries to dissuade sporting bodies from contact with South Africa) Muldoon insisted upon an exception whereby it was up to each country to determine in its own laws, to honour political promises and to decide how this would be done. In this, he risked getting offside with many countries as well as the African nations, and he did. Some 28 African countries boycotted the Montreal Olympics in response to the All Blacks tour of South Africa. In saying that it was not a political matter, but one for the sporting bodies concerned, he put himself and the country at the mercy of the Rugby Board and sought the impossible – to keep morality out of politics.

Although Muldoon was adept at overseas affairs, quickly grasping the issues, his forays were characterised by the same manner as

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in domestic affairs. If he thought there was criticism (express or implied) against him or New Zealand, he would counterpunch regardless of the impact upon the relationship between countries. Indeed, some of his comments seemed gratuitous and outspoken, reflecting his personal views rather than the interests of the country. Some memorable efforts were his reference to Jimmy Carter as a 'peanut farmer from Georgia' (with the ambiguity that he was a small-time dirt farmer) and his siblings ('brother Billy is a beer drinking petrol station attendant and his sister is a peripatetic evangelist'). In response, Carter later gave Muldoon, pointedly and elegantly in return, a pair of peanut cufflinks. In relation to Malcom Fraser, Muldoon did not like to be preached at given Australia's treatment of aboriginals and he railed against New Zealand's restricted access to Australian markets – one description of an exchange between Muldoon and Malcom Fraser (in a comment by a New Zealand official Frank Corner) was that it was 'a prelude to a fight in a bar'. Muldoon was certainly no diplomat in any normal sense of the term.

Domestic Issues

At home, Muldoon faced a serious situation. Added to the second oil shock in 1976, hugely increased import costs and declining returns overseas put pressure on maintaining social services, low unemployment and income maintenance. Worse still, the trend seemed to be worsening. Being reluctant to devalue for fear of raising the costs of imports and at the risk of fuelling inflation, Muldoon emphasised the importance of increased exports, and proposed subsidies and incentives for farmers to improve production. In addition, he introduced a scheme of Supplementary Prices (SNP's) which provided a floor for the prices paid to farmers for meat, wool and dairy – thus, he used the carrot instead of the stick of devaluation, thereby helping to shore up electoral support in the provinces. Muldoon was protecting the status quo – wanting

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minimum disruption to the farming and manufacturing sectors. For this he had support – President George Chapman said that the Party wanted support for farming and the Manufacturers Federation wanted protection to continue and for tariffs to remain as they were.

The concern of the National Party to shore up the farming community was well founded. Around February 1978, National lost the Rangitikei by-election to Bruce Beetham – an indication of the decline in farm incomes and the hardships being experienced by the rural community – part of National's heartland. In response, Muldoon increased subsidies for fertiliser, drought relief payments and suspensory loans for horticulture – all which were described by Bob Tizard for Labour as a 'rural seat retention scheme'. Once in place, for electoral reasons, such schemes were hard to reverse.

Muldoon moved to cut Government costs where he could – by careful control of expenditure and by increasing taxes on alcohol and tobacco. In 1976-77, he introduced a wage and salary freeze, including professional fees and directors fees. But although Muldoon was able to achieve cuts, additional costs tended to swallow these up. In spite of his efforts, his promise in 1975 to restore the economy to its former glory was defeated.

Naturally, Muldoon wished to keep inflation under control as much as possible – such as by limiting wage demands – his battles with Unions were legendary. He relied upon his political antennae, but many saw him as being too lenient – he reasoned that it was better for stability to give in to the Unions than have debilitating strikes and the uncertainty and turmoil that entailed. Compromises (eg wage deals with Unions) could come under fire from both sides and also seemed never ending – once he had made a decision, other unions pressed for parity. Ironically, he came under criticism for preserving the privilege and position of the relatively wealthy manufacturing and farming sector. In spite of his best efforts, given the numerous conflicting interests, it seemed like a battle he could never decisively win.

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From the outset too, Muldoon had some difficult Members to manage. Mike Minogue (formerly Mayor of Hamilton) was a thoughtful member who aired his differences with Government in public and this was used by media (who sometimes edited comments to show them out of context) to highlight differences from Muldoon. Minogue seemed to act as an independent MP and expressed what many were thinking within the Party and, in Parliament, he was listened to by Labour without interjection. He even said that New Zealand was well on the way to becoming a Police State. That would have tested any Prime Minister – Muldoon eventually asked him to resign, but Minogue declined.

Likewise, Marilyn Waring, who was elected in 1975 – only the 15th woman Member of Parliament. She was strongly feminist, anti-nuclear and anti-abortion. She was absolutist in her views and said she would not campaign in seats held by National's pro-abortionists. The abortion debate split the National Party in two and was particularly divisive and emotional. Waring too was vocal in public, often speaking without loyalty to the Government or Party and garnering headlines. That was understandably anathema to Muldoon, but was manageable (as a fringe phenomenon) while National had a substantial majority.

3 EMBATTLED

In style, Muldoon was aggressive and personal – notably in his description of Labour Leader Bill Rowling: he had seen shivers moving around his body looking for a spine to run up. Of Matt Rata he said the five happiest years of his life were the ones he had spent in Standard Two. Of Michael Bassett: the only man who could eat a banana sideways. Being provoked by Colin Moyle (a senior Labour Minister) by an allegation that Muldoon's accountancy firm had done things which were questionable, he alleged against Moyle (who he described as having 'effeminate giggles') that he had been 'picked up' by the Police for homosexuality when that was illegal.

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A report by Sir Alfred North (a former President of the Court of Appeal) exonerated Muldoon of improperly obtaining the information and damned Moyle's three different explanations of the event. When Muldoon released the report (Moyle had not been given the opportunity for legal representation), he ensured the demise of Moyle as a politician. In return, Muldoon was subject of personal attack by Labour. Thus, there were many rumours of infidelity by Muldoon and a nasty smear (dirty tricks) campaign ('the pig that pokes' for example) which were distasteful. That was not unusual in the politics of the time – which quickly descended into personalities and personal attacks. Once started, it continued.

Further, wanting absolute loyalty, Muldoon did not hesitate to attack his own Party members who disagreed with him. When, in October 1977, at a Dominion Executive meeting at which members of substance (Egan Ogier and Dorothy McNab) criticised him for damaging the Party's chances at the next election, he described them as 'a very keen, but 'inbred group' of men and women who were 'not close to events'. But there were those by now who were concerned and this caused the President George Chapman and Chief Executive Barry Leay, extra-ordinarily, to write to Muldoon, the nub of which was to say that Muldoon's leadership style was doing great disservice to the Party and that there was a significant loss of rural support and from women voters, advising him to improve his image as Prime Minister.

The 1978 Election

Notwithstanding, at the 1978 election, there was still considerable support for Muldoon although now tarnished from his heyday after 1975. There was a Bromhead cartoon which showed a nil balance sheet of the National Party – it showed Muldoon as both the asset and the liability of the Party, cancelling each other out. However, in campaigning, he was able to point to National Superannuation; his attempts to repair the economy; his encouragement of exports; and

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his protection of the 'ordinary bloke' – highlighting his management skills.

In the 1978 election, National received 39.8% of the vote (Labour's was slightly higher). However, National was able to hold on to Government with a majority of seats (51 to 40 for Labour and 1 for Social Credit), the result being in part due to the re-organisation of Electorate boundaries and to success in the provinces. Though the Party felt that it was a relatively poor result, it was still a comfortable margin by seats held and Muldoon, though tarnished, was still very much the Leader, perceived as a one-man band. But he had used up much of his political capital over the three years.

The 1978 election signalled the arrival of Opposition Members who would turn out to be capable Labour MP's such as Helen Clark, Michael Cullen and Phil Goff. For National too, after 1978, there was a change in the composition of Caucus. Some of the older Muldoon allies had gone (such as Gordon, McCready, Lapwood and Latter) but there was still a strong element who were Muldoonists (such as Ken Comber, John Elliot, Ben Couch, Rob Talbot and Aussie Malcolm) and newcomers (such as Doug Kidd, Michael Cox, Ian McLean, and Geoff Thompson) who were more market oriented. This time, and ominously, Muldoon was overwhelmingly favoured for Finance by his colleagues as well as for Prime Minister.

It has been said that, after the 1978 election, Muldoon gave more power and responsibility to his Ministers but, if that is so, it was not a major shift. By his nature Muldoon wanted to be involved in everything and his dominance as an intellect, personality and public appeal continued to provide a salutary effect on all Ministers. He had won two elections by a comfortable margin and this placed him in a strong position to direct policy. He refused to allow George Chapman, the President, to attend Caucus – not needing any troublesome views from the Party organisation. He is reported, characteristically, to have said: 'The Party would have to accept him

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as he is' – he was not proposing to change.

The economic problems of New Zealand persisted and worsened. The second oil shock increased the price of imported oil (by doubling prices between 1979 and 1980). The United States Federal Reserve tightened monetary policy with the result that interest rates soared. Prices of commodities slumped as food producing countries exported more to pay the extra costs. Inflation was very high, by 1981 it had reached 16% pa. There were other continuing inflationary pressures as well – such as farming subsidies and rapid rises in wages. Muldoon was faced with significant budget deficits. In 1979, he described it as 'the worst economic crisis since the Depression of the 1930's'.

In this light, Muldoon's central concerns were to keep the balance of payments deficit under control and to reduce or minimise unemployment (which had risen significantly). Again, he was reluctant to devalue the currency as this would hurt local manufacturing and farming industries. Again, he sought to cut costs and Government spending (a sinking lid policy on staffing for example). He imposed a sales tax on items such as caravans and boats, dubbed the 'boat tax' – this being unpopular because of its discriminatory nature against leisure. A Remuneration Act was passed to allow Government to fix wages – he needed to restrain wages to keep inflation under control. He did not want voluntary unionism – as wage rises would impact upon the consumer. He did not want an indirect tax (such as GST) as this would penalise the ordinary bloke and the poorest in society. Already, there was a high rate of taxation. As Muldoon saw it, his options were limited.

Some attempts at de-regulation were made. There was the freeing up of foreign investment rules designed to encourage overseas investment in New Zealand. There was the removal of restrictions on the days and hours shops could open on Saturdays and Sundays. Running in tandem were the beginning of efforts to create a free market for goods and services between Australia

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and New Zealand, via Closer Economic Relations. But Muldoon declined radical restructuring and continued to favour incentives and subsidies to farmers to encourage exports rather than freeing up the economy. In relation to the highly regulated finance sector, Muldoon thought that freeing up the sector would mean that interest rates would sky rocket. Instead, he returned to combat, such as threatening wage regulation if demands were unacceptable and using the slur that the Unions were run by Communists and North England immigrants.

Think Big

Quite apart from keeping a lid on things and preserving the standard of living as much as possible, Muldoon knew he had to show that the Government was doing something positive – taking pro-active steps to halt the decline and to start a plan for recovery. New Zealand was dependent upon fuels imported from overseas and was hurt by increased prices when they escalated. It also had a surplus of energy (gas, coal and electricity) and it was sensible to utilise this. To advance exports (the returns for which had been declining), it was also thought desirable to diversify from the rural economy by encouraging other export industries as well. The collective projects to achieve recovery by growth came to be labelled ‘Think Big’ as opposed, in Muldoon’s words, to Labour’s ‘Think Small’. Muldoon claimed (in political terms without assessment of the detail) that Think Big was necessary for the future of the country, being as it was in such dire straits.

By way of example, in 1979 oil cost New Zealand \$12.88 a barrel, by 1981, it was \$37 per barrel. Think Big was conceived in a climate where further escalation of oil prices was feared. It was triggered particularly by the second oil shock in 1979; by the instability of the Middle East; by the uncertain future prospects for global oil supply and its projected price – oil being thought to be a finite resource; by the country’s vulnerability to disruption of supply and

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by the need for greater self-sufficiency. It is hard now to express the climate of very real concern, if not panic, of the need to avert a pending economic crisis which ultimately might have brought the whole country, including its farming and manufacturing industries, to its knees.

To make New Zealand less dependent upon overseas oil, Think Big involved converting gas and gas concentrates from the Maui gas fields into liquid fuels. It involved a range of policies: including the use of the Maui gas to produce methanol and ammonia-urea at Waitara; the production of petrol substitutes such as Motonui synthetic fuel; the Marsden Point oil refinery expansion; the use of surplus electricity to develop other industries such as a third aluminium potline at Tiwai Point; the New Zealand Steel mill at Glenbrook; the promotion of exports generally by expansion of existing industries and diversification of others; and improving infrastructure, such as the electrification of the Main Trunk Line.

The scale of Think Big was exceptional but the idea was not so novel. New Zealand had grown up on State projects such as those of Vogel's railways, so it was not exceptional. There was much support from officials and experts as to the various Think Big projects and recommendations as to their commercial viability (including from the New Zealand Planning Council). The goals of Think Big were admirable and there was support for the boldness of the moves. As an idea, it had considerable political support.

However, at the time, there were cautionary indicators. Even without hindsight, there would be a huge cost and delay on an almost unprecedented scale before the significant debt (most borrowed from overseas) was able to be recouped. It might have been thought too, that global fluctuations and international instability were plain to most – the *Economist* said that it was the fear of shortage rather than a real shortage and, shortly, high prices led to increased supply forcing the price down. Even before 'Think Big' had begun, and during completion, there was a drop in world oil prices as new

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sources came on supply – changes in pricing and circumstances might make projects uneconomic. There were also the complexities of obtaining the resources to complete the projects and dealing with the new technologies involved. Then, during construction, there were delays, industrial disruption and cost overruns. But all of this seemed to be outweighed by advice that, in the event of inaction, things were only going to get worse and not better.

Immediately though, there was debate as to who should be involved in completion. Some projects were Government owned and controlled rather than by a consortium of private sector companies. The chemical grade methanol plant for example was given to the Petrocorp/Alberta Gas consortium with Petrocorp (wholly owned and Government run) holding 51% of the shares. Many questioned and doubted whether government should own control of, develop and supervise major business undertakings. It was said that the Government should not be the ones ‘picking winners’ and that politicians and advisers had little personal financial stake in the outcome. Government involvement and the projects themselves were a courageous or foolish move depending upon your point of view.

Quite apart from the validity of the projects, there was concern that there might be insufficient oversight – by environmental safeguards; by the secrecy required for commercially sensitive operations; by the use of executive power in advancing projects with urgency; and by the lack of public scrutiny. In 1979, the Government passed the National Development Act to remove obstacles and to speed up projects – three National MP’s (Minogue, Shearer and Waring) crossed the floor concerned about inroads into democracy. Some of the projects were pushed through in the face of conflicting advice and some of the decision making was thought to be political rather than economic. For example, John Ingram (Managing Director of New Zealand Steel) reportedly agreed later that problems with other projects must have been a factor

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in the NZ Steel expansion. Some projects were also influenced by local concerns, such as providing development for the lower South Island. The Labour opposition openly expressed multiple concerns about projects as did National Party members and politicians, and importantly, Government Departments and officials.

Birch, the Minister responsible for the Think Big projects, devoted considerable energy to their implementation, being largely responsible for getting them done and quickly. He was the catalyst for moving Think Big along but could never have done so without the support of Muldoon and Muldoon's promotion of it in public. Birch, was as asset for Muldoon as Leader and for National – he was a doer and persuasive, very much fixed (even zealous) on achieving outcomes, but was at the mercy of advice from others, risk analysis and the difficulty of clarifying fact. Most of Caucus found it difficult to keep up with technical aspects and even Muldoon is sometimes said to have left it to Birch – who did not have an apparent background in business which might have assisted him.

Think Big involved commercial judgments – including the assessment of future international costs and the viability of continuing markets for say aluminium and steel, not to mention the construction considerations and the new technology. Worse still, once on track, Birch was relentless in his resolve to complete projects, at the cost of review and re-evaluation. Enthusiastically, he over-promoted that the growth strategy would create 410,000 jobs by 1990 – whereas in 1989 it was employing about 3,600 and indirectly 9,000. As it turned out, the forecasts were wildly wrong. Neither he nor Muldoon were in the businesses and nor were they entirely suited to the role – Muldoon was an accountant and Birch by profession a land surveyor.

As for the eventual outcomes of the projects, Think Big was well intentioned but of course that did not matter if the projects were flawed. In the end, there were successes and failures, and trying to assess them overall is brain cracking and muddled, in 1984, by

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devaluation by Labour, the dismantling of Government support and protection, and the eventual sale of many parts at a loss (rushing through the sales to get them off the books). But, generally, Think Big did help reduce the reliance on imported fuels and helped import substitution, making New Zealand less vulnerable to overseas trauma and some projects became viable businesses in the hands of others. It also had the positive effect of diversification – it helped change the nature of the country from one predominantly dependent upon rural activity.

However, there was a huge financial cost, putting great strain on the economy weighed down by Think Big project debt. At enormous cost, many of the projects failed (some abjectly) and there were huge losses requiring huge amounts of capital and interest repayment funded by overseas borrowing at high interest to complete. By way of example, the Government had ploughed some \$2.5 billion into NZ Steel and sold it to Equiticorp for \$327 million. Roger Douglas for Labour, admittedly biased, in 1984 claimed that the Synfuels, methanol, ammonia-urea, refinery expansion and NZ Steel projects cost New Zealand some \$8 billion – but even this did not take into account the cost of servicing ongoing debt or the loss of opportunity costs. The cost of Think Big seemed likely to have massively exceeded even this estimate.

Other Issues

Post the 1978 election there were a number of other well publicised matters in which Muldoon, as Prime Minister, was directly involved. The conviction of Arthur Alan Thomas for the murder of Harvey and Jeannette Crewe was overturned and compensation paid – Muldoon was seen as assisting in exposing what was ultimately found to be a miscarriage of justice. He followed this up, expressing doubts about Justice Mahon's finding against Air New Zealand in the Mt Erebus crash inquiry (the Judge said to the contrary that he 'had listened to an orchestrated litany of lies') – Muldoon

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as Minister of Finance had a direct interest as Air New Zealand shareholder and was concerned for the airline's credibility. The Privy Council ultimately (on a technicality) found in favour of Air New Zealand and its executives. Again, Muldoon was seen in some quarters as fighting against errors by the legal establishment. He was not afraid to wade in, notwithstanding the convention that Judicial and Parliamentary roles are separate. Although this might have been seen as political interference in the judicial process, trying to right wrongs as he perceived them, did Muldoon no great harm.

Perhaps more importantly, Muldoon made a large number of overseas trips and was seen in New Zealand as being a serious actor in matters of finance and against agricultural protectionism, on the world stage. Thus, he chaired meetings of the International Monetary Fund (IMF) and World Bank. In fact, he was touted to be a future President of the World Bank and there is no doubt that he was highly regarded in that field in the world. The activity and approbation added to his aura at home.

However, with the gains, there were losses. Frank Gill, who was not well, asked Muldoon if he could resign as Minister of Health and to take up the posting of Ambassador in Washington. Muldoon, without inquiry, agreed to this which necessitated a by-election – thinking that there would be no difficulty in retaining the true-blue East Coast Bays seat. In this case, Muldoon did not seek the advice of the President of the Party, the Auckland Division or the Electorate itself. As it turned out, the bi-election was a disaster. In bi-elections there is usually a decline in voting as there is little incentive for locals to come out and vote. Further, Gill was strongly Catholic and anti-abortion and had built up sizeable opposition in his own electorate. The Social Credit candidate, Gary Knapp, was able to convince Labour supporters to vote for him instead. Worse still, Muldoon did not favour the new National candidate, the capable and well-known economist Don Brash – because he had pushed for a flat income tax rate at 30c in the \$. During the

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bi-election, Muldoon announced an increase of tolls on the Harbour Bridge – the timing of which could be seen as (and was) an attempt to defeat Brash and to lessen the influence of the New Right in National's Caucus. In this, he succeeded, and Knapp was elected for Social Credit.

This caused widespread dissatisfaction within the Party, being seen as treacherous and disloyal. When the seat was lost, to make matters worse, Muldoon blamed and criticised the Party organisation for the failure. The Party President, George Chapman, then told Muldoon of the 'alarming mood that has been unleashed' as a result of the bi-election and that any 'continuation of personal attacks, trivia and bad humour' would result in 'a major defeat for the National Party in 1981'. It was widely felt that, as a result, the Party was in a critical state (in membership and funding) and all five Divisional Chairmen concurred.

The Colonel's Coup

Thus, there were doubts in Caucus and the Party as to whether Muldoon was an asset in seeking re-election in 1981. Taking advantage of the adverse mood in the Party and Caucus, and an accumulation of matters since 1975, in late 1980 there was an attempted coup (known as the Colonel's Coup) where Derek Quigley, Jim McLay and Jim Bolger (as leaders of the coup) sought to substitute his moderate Deputy, Brian Talboys, as Prime Minister. Talboys, who had been Deputy Prime Minister (and acting Prime Minister while Muldoon was away overseas) was the opposite of Muldoon. He was widely well regarded, one of the best debaters and was known for getting people to work together by way of consensus.

The conspirators moved when Muldoon was overseas, and initially had a majority of the order of some 28 to 20 in favour. But, upon Muldoon's return, he was able to complain that they should have challenged him to his face. He appealed directly to the public, to put an end to it. Importantly too, Talboys, though an admirable

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replacement, declined to challenge directly and lobby for the position but simply said he would respond to a draft if that was what Caucus wanted. Birch, McIntyre, Thomson and Malcolm led the countering movement saying that a change in Leader would have disastrous electoral consequences.

Then, Bolger, when the tide was turning, changed sides – abandoning the other conspirators. In return, he was promoted by Muldoon to number five in ranking and was appointed to the Front Bench for the first time – opting for position over principle. Don McKinnon, Bill Birch and Warren Cooper, Muldoon supporters, were also favourably treated and those who opposed Muldoon, such as the more talented Quigley and McLay, were not. Talboys did not contest the election for Leader and, at Muldoon's suggestion, retired from Parliament at the 1981 election – it was said, 'the best Prime Minister New Zealand never had'. While the disruption was significant and Muldoon lost goodwill, he was still clearly in control.

The Springbok Tour

Rugby matches between the All Blacks and Springboks had been troublesome over a considerable period. This was resurrected with a vengeance in 1980, when the NZ Rugby Union was considering a tour to New Zealand in 1981 by a South African Rugby team. The All Blacks tour of South Africa in 1976 had resulted in the Gleneagles Agreement which New Zealand had signed up to – the obligation on the Government under Gleneagles was to do everything it could short of coercion to persuade the NZ Rugby Union not to accept the tour. Especially through Talboys, who was committed anti-tour, it did. However, the NZ Rugby Union was adamant that the tour (on the basis that selection in South Africa would be based on merit) would go ahead and this attitude persisted in spite of a number of unsuccessful attempts to persuade it to change its mind. It was suggested by opponents of the tour that the NZ Government should, instead, with-hold visas for the tourists,

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but it stood firm upon the basis that it would not curtail the freedom of movement of its people.

Muldoon had promised in 1975 that there would be no political interference in sport – and he stayed true to that commitment. He had the support of the majority of his Caucus and it was probably also in his electoral interests – many New Zealanders loved their rugby and did not want their sport interfered with. As it turned out, demonstrations and marches against the tour were frequent. Protesters interrupted matches and on occasions the Police had to protect protesters from angry rugby crowds. On both sides, there were settled views developing, held by many with passion and commitment. In a deteriorating situation, Muldoon, somewhat defensively, tried to categorise the dispute, not as one for or against the tour, but as a law and order issue, seeing full well how the protests enraged rugby watchers. His solution, agreed with Birch as Minister, was that 100 former Police be sworn in for support duties, up to 1,000 special constables be recruited from Civil Defence, Police and the Territorial Army, and Police cadets sworn in as temporary constables. Yet the Rugby Union would not cancel the tour.

Nevertheless, the mood was changing – that New Zealand should stand by the victims of apartheid and not by those who propagated it. The Country was split. Cancellation of the tour tended to be anathema to the older conservative rural community although it may have appealed more so to younger urban liberals. It crossed families and Party boundaries as well. At home, it was exacerbated by the unwanted spectacle of confrontation at rugby matches. There were threats of boycott of the Commonwealth Games if the tour proceeded. The issue became one of the most divisive in New Zealand political history with strong views held on both sides – and it had the potential to impact strongly on the 1981 general election.

In retrospect, the Government's decision to leave the matter in the hands of the Rugby Union seems wrong – it meant that the Rugby Union was the arbitrator of a decision which had great impact upon

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and implications for the country as a whole – a matter properly for the Government. It was New Zealand's interests in question and not simply that of rugby or of freedom of the individual. That New Zealand's record of racial harmony exceeded that of most of the critic countries, as Muldoon contended, steered attention away from the real issue – whether apartheid was right or wrong. Transferring the matter to a law and order issue, can be seen as an indirect way of endorsing the rugby games and, hence, apartheid.

Notwithstanding, Muldoon repeatedly expressed the view that apartheid was abhorrent but, in spite of this, it was generally believed he was in favour of the tour. Muldoon could have used the Government to stop it but did not. He was self-interested in maintaining the rural vote for National. Characteristically, he defended the tour by attacking critics, such as HART (Halt All Racial Tours) and CARE (Citizens Association for Racial Equality) whom he said were joined by the subversive elements of society. When overseas critics challenged, he did the same. Famously, he said of Mugabe that he was incapable of understanding New Zealand's position because he had been 'in the jungle shooting people'.

There is no doubt that the tour was polarising in a way not seen before. Senior and influential figures in the National Party (Sue Wood, Barry Leay, Murray McCully and Julian Watts), young urban liberals, were against the tour and Muldoon was told that some traditional urban National seats could not be guaranteed. Initially a majority of New Zealanders appeared to agree that there should be no interference in sport but, gradually, the mood changed. In a press interview, Muldoon conceded that public opinion had turned against the tour – largely because people feared demonstrations and violence. Times they were a'changin – there was an attitudinal shift away from moral blindness and it was now not clear whether either position had an electoral advantage.

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The 1981 election

In the face of this climate of controversy (the Springbok tour), disillusionment (the East Coast Bays bi-election), turmoil (the Colonel's coup) and economic uncertainty (the economy was still in dire straits), the 1981 election was going to be close. It was Muldoon's third election as Leader and some further slippage was likely. Of course, his strength was in managing the economy and, in his view, he had rescued the country from bankruptcy. He was able to demonstrate action and courage in relation to the Think Big (which was partly underway) and, though the projects were experiencing troubles and delays, he was seen to be doing something to remedy the economic decline. Think Big played a significant role in the elections of that year as a substantial contributor, if not winner, for National. In relation to rugby against the Springboks, Muldoon was able to appeal to those who thought that their personal freedoms and rights were being violated. He was decisive and still a formidable campaigner.

Notwithstanding, this was an election which most expected National to lose. There was high turnout of 91% so that there was great interest in the result. As it turned out, National was still able to win by 47 seats to 43 with Social Credit 2, though Labour again had the majority of the vote. Though losing its former 10 seat majority, National was again saved by rural and provincial New Zealand. For Muldoon, the third election was a victory – he had hung on.

After 1981

After selection of the Speaker, National had a majority of one. Comber, Brill and Young (Muldoon supporters) had lost their seats and (given the independence and single-mindedness of some of his remaining Members) Muldoon's Government was now precarious. After the election, Muldoon had the usual dissident independent MP's (such as Minogue and Waring) but now there was an emerging

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group of right-wing Members (such as Quigley, Ruth Richardson, Dail Jones, Michael Cox and Doug Kidd) none of whom had been given significant senior roles. Muldoon compounded this by promoting loyalists, for example John Falloon (to Associate Finance) and Warren Cooper (to Foreign Affairs and Trade) at the expense of others who had better credentials. In appointing Cooper to Foreign Affairs and asking him to concentrate on Trade, it effectively meant that Muldoon added this (along with Prime Minister and Finance Minister) to his roles and, of course, for some time he had been also *de facto* Minister of Labour (over Bolger).

With such a small and uncertain majority, it might have been expected that some change was necessary. However, Muldoon again quickly made it clear that he would not change his spots. In fact, he became even more concerned in managing the economy – by use of regulation. In this, the problem was that the issue was structural. There was too little revenue and too much cost over a long period, and it was not realistically possible simply to bridge the gap by management.

To promote stability in his Government, Muldoon had a strong sanction – to threaten an early election if his Caucus would not go along. There was a significant chance that the next election would be lost and many National seats likewise. Being at the mercy of his own Members, Muldoon had to ask the new President, Sue Wood, to obtain assurances from Minogue, Waring, Richardson, Dail Jones and Quigley that they would not cross the floor during the term in 1984 and would not further embarrass the Government during election year. On occasions, Muldoon was able to obtain the support of the two Social Credit MP's (Bruce Beetham and Gary Knapp) although they predominantly voted with Labour. He was also sometimes able to rely upon two Labour dissidents, John Kirk and MacDonall, to enable legislation to be passed. But cobbling together a coalition on a case by case basis meant that there was opportunity for many to hold the Government to

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ransom. For Muldoon, who had been so powerful and autocratic, it must have been frustrating.

Once again, from 1981, Muldoon used his Foreign Affairs role for overseas visits and, in particular, promoted international monetary reform after Bretton Woods (which had broken down). He appeared to be well received by overseas leaders and became Chairman of a Commonwealth Finance Ministers group to explore an action plan on the issue. He did have some notable success, for example, when he arranged for a New Zealand frigate to the Mediterranean to free up a British ship for the Falklands War – perhaps it was a small token, but in times of need it was hugely well received and helpful in trade and in access negotiations with Britain and Europe.

Muldoon continued his disregard for constitutional niceties. In 1982, he announced that National would proceed with the high dam at Clutha as part of a growth strategy at the cost of inundating orchards and part of the town of Cromwell. He proceeded to introduce a Bill to fast track the project and to overturn a High Court ruling by Justice Casey that the Planning Tribunal had also to take into account the need for the dam – more a political question than one for the Tribunal it might have been thought. The proper procedures for consents would have taken some years with appeals to implement and Think Big would have been slowed down by legal challenges. Thus, the Government decided to over-ride the Tribunal and the Courts by allowing the Clyde dam to proceed anyway. It saw this as in the interests of the country overall but, in the view of some, it was ‘an act of emasculation of the legal system’. In promoting the legislation, Muldoon was again assisted by Birch who was keen to push ahead as part of Think Big and there was strong support for the project particularly from the South Island. Some Members, however, were concerned at the project, the speed and the disregard for the proper procedures. Minogue voted against the Bill but it was passed after the two Social Credit MP’s, aided by concessions, supported it. It was

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reported that Richardson and Upton voted for the Bill only with great reluctance. The Clyde dam did, however, produce a significant block of electrical power for the country.

Another prominent matter was the attempt to change the Income Tax rules to prevent the widespread offset of income tax by buying loss making farms, which offset had originally been introduced to encourage horticulture and rural production. Many doctors and lawyers, in particular, had used the Act to avoid substantial amounts of tax and their advent into land purchases had increased the price of land for more genuine farmers. The resultant move to close tax loopholes and to prevent increasing land costs to working farmers adversely impacted the professional and business classes – National's support base. The turn-around caused considerable angst at National Party meetings but it showed some bravery on the part of Muldoon for the wider public interest. Those who had purchased farms legally and now found themselves with declining assets and were taxed if they were to sell within 10 years.

After 1981, Derek Quigley had been appointed Minister, and emboldened by the introduction of market MP's such as Ruth Richardson and Simon Upton, questioned the tenets of Muldoon's policies – speaking publicly to Young Nationals against Think Big, the quality of the growth planned and its cost. Also, Quigley spoke against Government regulation and said that the Government should be encouraging private enterprise more. Quigley's actions angered Birch who caused Muldoon to intervene. In response, Muldoon said to Quigley that he had either to in public apologise or resign from Cabinet – Quigley having of course broken Cabinet solidarity and its collective responsibility. He chose to resign from Cabinet but, at much urging from the Party, stayed on to avoid a by-election in his Rangiora electorate which it was feared would otherwise be lost. Quigley's treatment angered the growing right-wing faction in Caucus as he was expressing what they also thought.

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With Quigley on the Back Benches, the New Right Group became more outspoken.

Muldoon continued his distinct dislike of the increasingly noisy market group. He felt that if everything was left unregulated that would impact upon the average bloke and his wife as the free market ran wild. He counselled that the New Right, if in control, would threaten all National's marginal seats (of which after 1981 there were many) and some not considered marginal as well. However, by 1983, the group was beginning to find its voice and it was clear that the Party was becoming more divided. For example, Quigley, Richardson and Dail Jones crossed the floor to vote against interest rate controls in the Finance Bill 1983 and Muldoon could only pass the legislation with support of non-National's – Beetham, Knapp (being against money-lenders generally), John Kirk and MacDonell (son of Norman Kirk and an 'old-fashioned Labour stalwart') respectively.

Freezes

Once again, Muldoon felt he could not increase income taxes further as that would have run counter to previous undertakings to the Unions – he could not impose a GST because that would cause inflationary price increases. He could not remove subsidies as that would hurt the need for economic growth. He could not devalue, given the increase in cost of imported goods which would result. During 1982, the economic situation, already grim, was deteriorating and inflation (still double digit) was continuing to spiral. Wage bargaining became more difficult for Muldoon, now confronted by Union operatives who were ideologically unsuited to compromise.

Muldoon had used the threat of wage freezes in negotiation with Unions before but they were at best temporary measures and, once imposed, were difficult to lift without causing a torrent of increases. However, in an attempt to curb inflation, on 22 June 1982,

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Muldoon stunned the nation, without warning, by announcing a one-year freeze on all wages, prices, rents, directors and professional fees, interest rates. To soften the blow there would be an income tax reduction from 1 October 1982 and the incomes of welfare beneficiaries and super-annuitants would be protected. To make up the Budget deficit, Muldoon floated Government stock at attractive interest rates (13% on call) which was the best then available, thereby attracting large sums on deposit. Muldoon extended the freeze in mid-1983 and then, in February 1984 with an indefinite date. Don Brash said that New Zealand was one of the most regulated countries in the world.

After the 1978 election, there were, outside Parliament, gradually tentative and growing suggestions of a greater use of market forces and de-regulation to allow the private sector a greater role in sparking an economic recovery. Richard Yates, Chairman of Muldoon's Tamaki Electorate, advised Muldoon of the general feeling – and suggesting a return to free enterprise. The Ginger Group Pol-Link, tentatively discussed the need to strengthen competition law as a means of preventing distortions in the market and to create a more competitive environment to get the economy going. But this was 'toe in the water' stuff – cautious exploration of alternative means of dealing with the economic decline – always mindful of Muldoon's rather entrenched position.

Marilyn Waring

As indicated, certain of the Members were now effectively acting as independents which made governing extremely difficult. For legislation, Muldoon had to deal with ten MP's upon whom he could not count (Waring, Minogue, Dail Jones, Quigley, Richardson, Upton, Beetham, Knapp, John Kirk and MacDonell). It is reported that the Whips (McKinnon and Cox) had to go to Muldoon seven times in early 1984 saying that they were unable to deliver a majority in the House.

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Waring, in particular, who had not been promoted in 1981 in spite of having six-years experience, wanted to cross the floor to support Prebble's Nuclear Free New Zealand Bill which banned US nuclear ships – in circumstances where USA officials had indicated that were it enacted New Zealand would have to withdraw from ANZUS protection. Muldoon was, of course, concerned for New Zealand's security and its trade relations with America, and made it a matter of confidence. In an apparent gagging attempt, Muldoon did not allow Waring a speaking spot on the issue.

As it happened, the vote on the Bill was lost in spite of Waring's support. Waring then said she would no longer attend Caucus or Select Committee meetings for the remainder of the Parliamentary term. She did so in a way intended to antagonise – by donning a tracksuit and track-shoes, and grabbing an apple, for a meeting with the Prime Minister and Chief Whip McKinnon. Muldoon started the conversation with, as Gustafson reports, something like 'You perverted little liar. What the fuck do you think you are up to now' to which Waring replied 'Those words leave your lips again, I'll sue the shit out of you.' Waring then took off her track shoes and put her feet on the table and began to eat the apple.

Then continued a contretemps in the same unseemly vein, better explained elsewhere but might be summarised as including provocation and tears by Waring and abuse by Muldoon, which did neither of them any credit. It was hardly a rational basis for decision making. Party President Sue Wood, Chief Executive Leay and McKinnon tried to mediate, but unsuccessfully. Muldoon reportedly then broke into a meeting between Waring and Sue Wood, made the matter personal, from which there was little return

Muldoon by accounts had at the time an unusual number of whiskies and brandies and was tired and exasperated. He was suffering from diabetes and should not have had much to drink. He had been frustrated over time and he had been baited. Notwithstanding, McKinnon said that he was still very much alert and understood

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everything he was doing. McKinnon, acting as a Whip, sought the views of Members and found that a substantial majority of Cabinet, Caucus and Members in marginal seats when canvassed, were in favour of the view that Muldoon had no option but to call an early election. It seemed that they were by now sick of Waring's independence and irked at the favourable attention she had received from the media. The advice from Caucus was however surprising since it was already an adage that voters do not like going to elections early – they expect the Government to govern and are never impressed by internal division which spills over to the public arena. Wood and Leay, on behalf of the Party wing, able to see things rather more objectively, were against an early election for that reason.

In early 1984, National still had a narrow lead in the polls (National 40%, Labour 38%, NZ Party 15%, Social Credit 7%), and Muldoon was the preferred Prime Minister to Lange (at 33% to 18%). Even so, it should have been obvious to many Members that their seats were at risk. The alternative was that the Government would have to limp on, day to day, until the election in four months time or so – but it had done that since 1981. Many senior Members who might have been able to caution against premature action (McIntyre, Gair, Highet, Allen, Austin) were absent at the hurried 10.30 pm Caucus meeting that evening. Muldoon said it was becoming impossible to govern and asked whether there was anyone who would counsel against an election and no one spoke. He then said 'Then that's what we'll do'. At 11.15 pm Muldoon announced an early election in July and, in response to a question from reporters, said: 'It doesn't leave my opponents much time either, does it' in slurred and clearly alcohol impaired speech – a public relations disaster upon a scale that few could have imagined.

That is not to say that Waring was blameless. Her anti-nuclear position was tenable. It was also a view which came to be widely adopted later – her single-minded view might be said to be that of

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a savant. But, in so doing, she discounted New Zealand's interests in its dealing with USA for trade and in security. In that respect, she was at odds with many of her colleagues. Certainly, as Muldoon said, it made her the darling of the media and the thought that she might have allowed Prebble's anti-nuclear Bill to be passed was anathema. It was disloyalty in a way which was directly contrary to the reasonable respect due to the Prime Minister and Caucus. Waring must bear some responsibility for the debacle – in politics, loyalty to the Party overall is sometimes more important than one's personal campaign.

Early Election

It is difficult to comprehend how National got itself into difficulties in 1984 and had to call an early election. It was situation in which common sense indicated that the matter should have been deferred to a specially convened full Caucus meeting and the issues debated more calmly and rationally. Waring (and others) had undertaken to McKinnon and Wood to support the Government on confidence and supply – there was no need for a snap election. Incomprehensibly, probably due to the personalities of Waring and Muldoon, who could not admit compromise or delay, alternatives were not considered. And Waring's uncompromising position was anathema to a dominant 'one man band'. The disagreement with Waring had become intensely personal on both sides. Leay even accused Muldoon of megalomania – the false belief that one is very powerful and important. However, Muldoon was still dominant and Caucus did not feel able to intervene.

The next morning, Tom Scott produced a memorable cartoon which showed Muldoon waking up with an ice pack saying: Last night 'I dreamt that I called a snap election'. Muldoon's alcohol consumption and medical impaired wish to go early to election was reacted to with concern by those who might have provided a counter – such as his Deputy McLay (who was also Minister

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of Justice), Don McKinnon (chief whip) and Sue Wood (Party President). However, they were not equals to Muldoon but yet had the unenviable responsibility to curb him (a Titan who had returned the Party to power on three occasions). Anyone would have been sympathetic to the dilemma they faced – but this was a time for firmness. There was no or no sufficient check and balance to the Prime Minister's power.

Moreover, an election was, in any event, a nightmare for the National Party. Many of its members now thought that Muldoon should go and many donors likewise. As it turned out, the campaign was lacklustre and especially in comparison with David Lange who was now Leader of Labour having replaced Rowling. Lange's articulate wit was everything that Muldoon was not – and Lange became the darling of the Press Gallery. Muldoon accepted a knighthood and, although that was his due, it seemed premature. It prompted Lange to say that 'a long year had ended with a very short Knight'.

The New Zealand Party

It was left to a third entity to feature in Muldoon's ultimate demise. Bob Jones was fascinating, mercurial, egotistic and boundlessly confident – he was guaranteed to attract attention to himself. Jones was a successful property developer and was angered by Muldoon's intrusions on business. Equally, if not more important, he did not like his personal freedoms being encroached upon – such as the compulsory wearing of seat belts or random alcohol testing for drivers of vehicles or the retrospective Income Tax Amendment Act. He had fallen out with Muldoon and formed his own Party in August 1983 – the New Zealand Party (which Muldoon called the Jones Party). It was a Party that people originally drawn to Muldoon might have joined.

Due to Jones's strident personality and his ability as a persuasive communicator he was able to influence many right-wing votes especially from those who were disenchanted with or adversely affected

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by Muldoon and his policies. He had a high profile and energy, and effortlessly garnered headlines as he was exaggerating and outspoken. At one time, with the New Zealand Party polling over 20% in the polls, it seemed that the Jones Party might even displace National as the Party of the centre right. Although at the election, his New Zealand Party took 12% of the vote only, it surely cast the death knell of the Muldoon Government. After that was compete, Jones soon lost interest and the Party foundered – it seemed that the fledgling Party was designed simply to get rid of Muldoon.

The 1984 Election

Not unnaturally, the 1984 election came to be about Muldoon. It was called at his request – the judgment he had made was that it was better to risk an early election rather than having to stumble on for another six months. It seemed that excessive power had impaired his judgment and his management could now be described as ‘totalitarian’ and ‘dictatorial’. Hugh Templeton, Minister in all of the Muldoon Governments, was concerned that Muldoon was looking too much overseas and to reforming the international monetary system which would have won few votes – saying instead that his focus should have been on the marginal seats at home. Templeton, quiet mannered, even went so far as to say that by now Muldoon had ‘delusions of grandeur’.

But notwithstanding the difficulties and the daunting task of seeking a fourth term, at the time of the election Muldoon still had a story to tell. He emphasised that New Zealand had come through a ten-year recession with employment maintained better than many countries. Inflation had been lowered, exports had grown, imports had been restrained, and extended trading hours introduced. Free trade with Australia had been established. Modernising was under way through Think Big. He emphasised the danger of a Labour Party victory, led by communists and trade Unionists. He also called in aid his international reputation in financial matters.

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4 DEFEAT (1984)

Nevertheless, the result was inevitable – almost a landslide. In the result, National lost 13 seats and Labour gained 10 to give it a substantial majority of 56 seats to 37. Social Credit won 2 seats (East Coast Bays and Pakuranga both of which were seats National regarded as its own). For National, the election was a disaster which could largely be sheeted home to one man and the near absolute power he was able to wield. Even so, with National's 36% and NZ Party's 12% combined, they still together outranked Labour at 43%.

The Transfer of Power

Prior to the 1984 election, Muldoon had firmly adhered to the policy of no devaluation of the New Zealand dollar in spite of recommendations to the contrary from officials. He was concerned that such a devaluation would have a significant inflationary effect of adding to the cost of living already under strain. It would also involve having to adjust price and wage controls. A devaluation might also signal a failure in his policies. Although Labour, properly, did not mention devaluation as part of its election policy, many anticipated that Labour, if elected, would devalue and people sought to convert New Zealand dollars to overseas currency as a protection. When Muldoon announced the election early, to be on 14 June 1984, there was an immediate run on the New Zealand dollar. There had been similar runs in previous elections but, in this case, betting against the NZ\$ would have seemed a sure thing. It did not take a political genius to know that Labour might win the election, nor an economic genius to know that New Zealand was living beyond its means.

When the speculation occurred, officials again recommended Muldoon to devalue but he would not – saying that it was largely speculative and that the funds would be returned when it became clear that there was no devaluation. If there was devaluation, he

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said that speculators would make a quick profit at the expense of the taxpayer and he urged officials to rely upon reserves and credit lines to weather the storm. Immediately after the 1984 election, officials again as a matter of urgency recommended devaluation on the grounds that funds were about to run out (officials said it was to be within 24 hours), but Muldoon again declined. Labour, for its part, wanted to devalue the dollar by 20% and Lange himself went on TV – accusing Muldoon of being a ‘King Canute’. Over the weekend, Muldoon tried to convince Lange to make joint statement that there would be no devaluation, but Lange declined.

After an election, there is a short hiatus period during which the previous Government is still legally in charge. It takes a little while for all the results to come in and the official result notified, at which time the Government changes. However, there is a convention that, in this hiatus period, the outgoing Government acts on the advice of the ingoing whether liked or not. Muldoon was uncontactable to his Ministers on the Sunday and, on Monday, said he was waiting for Lange to be fully advised by officials and for clear instructions from him, implying that only when he received the advice might he accede. He acceded to the devaluation on the Wednesday after a Caucus meeting on the Tuesday morning.

Some say there was a constitutional crisis – McLay (Muldoon’s Deputy) had arranged with the Governor-General (Sir David Beattie) to intervene by dismissing Muldoon for the purpose of implementing the devaluation. But this was not necessary when Muldoon indicated his willingness to accede on the Tuesday and the matter was resolved. Whether it was a crisis or not, there seemed little doubt that Muldoon was being bloody minded and in pique that his policies were being overturned. He said he wanted to make it clear that he disagreed with the move, that he wanted Lange to be fully advised and to know precisely what Lange wanted to do (the extent of the devaluation) – but no one would have thought,

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given his history, that Muldoon wanted devaluation and that it was of his doing. Certainly, it made New Zealand look argumentative, divisive and disorderly.

Resignation

After his defeat, Muldoon carried on, but facing worsening health and disappointment as his interventionalism (though still widely supported) did not have a majority in Caucus. Clearly disgruntled, he said to the Orewa Rotary Club (at his traditional annual address) that National had 'an incompetent Cabinet' and were 'prisoners of the Treasury'. Much later, in late 1991, he took all by surprise and resigned.

Muldoon, wishing to anoint his successor from his own 'Rob's Mob' had ensured that there would be candidates to his liking to replace him. He had earlier briefed his own electorate, the true-blue Tamaki Electorate – a seat National was certain to win. He had timed his resignation (with advance notice and collaboration) so as to allow the group to put in place loyalists on the selection panel. In the course of the bi-election, without expressly endorsing the eventual National candidate, he gave a nod to Clem Simich who had been a member of the electorate for 18 years and who had stood unsuccessfully for candidature for Parliament previously.

The Party wing was able to counter by seeking out Dr David Kirk as an opponent.⁴ He had just returned to New Zealand from overseas. He was, of course, an All Black Captain who had led a World Cup winning team. After graduating in medicine, as a Rhodes Scholar he had completed an Oxford University degree and he had worked in the finance sector in the City of London – an ideal candidate based upon his credentials if there ever was one. It was thought he was a 'shoe-in' for candidature and, in a phone call to Prime Minister Bolger, the Chairman of the Auckland Region

4 By this time, I had become President of the National Party (1989–1994).

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Branch of the Party and I, as President, broke the news of his availability, thinking that a warm accolade was due. It was not long before there was quite a stir in the Caucus dove-cote, especially among senior politicians at the time. The vibrations which emanated were those of considerable concern – positions and ambitions may have been threatened by Dr Kirk.

However, the Party wing threw itself behind Kirk, undertook serious lobbying for him and attempted to create as much new membership as possible to allow further delegates. At the final selection meeting there was a large crowd, and many aged and infirm were wheeled in. When the vote was taken, there was still a majority for Simich to be the National candidate.

During the general campaign, polling indicated that the National and Alliance candidates were neck and neck. Tamaki was now a marginal seat and it was possible that it could be lost. As a result, the 'Party machine moved into high gear' and workers and politicians Ministers flooded the electorate. The Party even gave its canvassing records to Labour to assist it in preventing slippage of votes to the Alliance. With a high turnout, Simich won. Muldoon had a successor of his choosing but the casualty was David Kirk and the National Party.

5 COMMENT

Muldoon was certainly the politician who had most impact in politics in the Last Quarter, not only for his actions but also because of the reaction against them. The loyalty of his supporters did not leave him. There was a packed funeral service held in the Auckland Town Hall recognising his service – which included a hundred or so members of Black Power who did a haka in respect. Muldoon was remembered as formidable, competitive and industrious but not always a loved politician.

To his detractors, he was the 'Godfather' of the 'Tamaki Mafia' and it was something of a relief for the National Party not to have a

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strident critic in the background. Because Muldoon was anathema to many in the National Party, the tributes to him upon his death from the Labour and left seemed more accurate. Mike Moore said he had demonic and ferocious energy, awesomely intelligent with an enormous capability for hard work. He had ‘dominated part of the sixties, all of the seventies and some of the eighties’ – he had not just led Governments but was ‘the Government’. Jim Anderton confirmed that he was ‘the most formidable politician in nearly 50 years of New Zealand history’.

Gustafson, Muldoon’s perceptive and balanced biographer, probably put it the best when he described Muldoon’s politics as ‘mainstream conservatism’ – effecting ‘a slow improvement of the status quo’. He said that Muldoon ‘valued private enterprise within limits set by the State; individual initiative; and self-reliance’. He could be described as a pragmatic politician, not radical, better seen as a ‘cautious builder’. He managed the economy in a way that had regard for the ‘average bloke’ and the need to give people equality of opportunity and a ‘fair go’. He was also an upholder of the welfare State given a concern for the less fortunate. And though he was not perhaps a strategist, Muldoon did have a personal and unique vision for New Zealand – one of conservative and incremental progress in a stable and egalitarian country in which ordinary people would be supported and prosper.

Muldoon could not be blamed for the difficulties which the country faced – they were largely external and inherited. In 1975, there had been the first oil shock and New Zealand was very vulnerable to overseas suppliers of oil. There was a decline in prices for its food. Its main export Britain, New Zealand’s main market, had joined the EEC in 1972 and as a result exports to Britain declined. This only seemed to get worse with second oil shock in 1979 and rampant inflation. To confront the difficulties and resultant deficits, Muldoon endeavoured to ensure continuance of the good times for the populace – to continue the years of post-War prosperity when

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New Zealand products were eagerly in demand. In managing the economy, it seemed that he may have assumed that the extended downturn was temporary and not structural.

In addition, although the Think Big projects (to provide a recovery) had laudable objectives, there was the worrying question of whether politicians (with little experience or background) should drive business decisions. There was seemingly little thought as to whether the Government was the right avenue for this purpose. Political objectives were blurred with the commercial. Think Big too, put a great strain on the country's ability to afford it and to absorb the servicing costs to overseas lenders.

In his endeavours to keep inflation and the country under control, Muldoon's constant bargaining and battles with the Trade Union leaders of the time became legendary. He sought to control the money supply by threats and by placing curbs on interest rates. His imposition of regulation of all kinds, internally and externally, was complex and confusing. In so doing, he contributed to a competitive malaise and one where business was swamped and stifled by regulation. His wage and price freezes became all encompassing – the high-water mark came in 1983 when he imposed a price freeze on almost everything.

Given his extensive regulation, it is now somewhat standard to look upon the Muldoon era as a disaster and to demonise and denigrate Muldoon, his policies and management. Much of this comes from New Right activists wanting to expunge his policies and justify their own. Others (including within the National Party), who went along with Muldoon's management, deplored his combative, sometimes untoward behaviour.

However, it needs to be said that he was a man of his times in that he applied the standard wisdom of Keynesian economics (that economic trauma such as that of the Great Depression could be overcome by skilful management and by smoothing out the business cycle by intervention). The Think Big projects (to reduce reliance

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upon imports and oil in particular and to create industries beyond the rural economy) were bold and extensive. But that was not so unusual either – Vogel-like investment had benefitted the country before. It was not as though Muldoon was out of step with the norm. Gustafson records that ‘Muldoon’s faith in regulation as a last resort in the extreme form of the wage and price freeze was accepted by a majority of his docile colleagues and most of the public at the time’

In style, Muldoon was carefully prepared and well organised and required all who dealt with him to be as fully prepared as he was. He was not one to glad hand or to socialise other than on business and did not like wasting time other than on the matters to hand. He had no small talk to ease a relationship, did not praise nor apologise. It was not that he was unnaturally rude – he wanted to do the best for the country as he saw it. He was not captured by any interest group or by officials. He was not patrician or paternalistic, rather the reverse. He would listen but would not suffer fools gladly. He was impatient with colleagues who did not meet expectations and was unforgiving of those who did not perform. He was not averse to intimidation – he would savage friend and foe alike if they disagreed with him or he disagreed with them. This was not confined to local issues – he was not afraid to criticise foreign dignitaries and leaders, being undiplomatically outspoken. Even the judiciary were not immune and he did not feel bound by constitutional niceties.

With his enormous intellect, prodigious memory and energy, with his massive capacity for work and his diligence, Muldoon could be daunting. In manner, he responded to criticism with intent. He enjoyed a contest and even sought confrontation. As a result, many were afraid of him – fearing the fate of others. He was pugnacious – as a young boy, his cheek had been pierced and he was left with a scar on one side of his face which he used this to great effect. He had a sideways cackle which could also be used with advantage as a

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sign of approval or of victory in debate – but it could also be a snarl. Even the Director-General of his own Party, Barry Leay, said that ‘especially when drinking Muldoon could be arrogant, unnecessarily offensive and even vicious’.

Muldoon attacked personalities as much as policies, especially when it was personal against himself. A climate developed in which politics was war and everything goes in war. With time, he became increasingly paranoid, Muldoon said that he did not attack others unless they attacked him, but to an objective observer that seemed sophistry. Someone (it may have been Tom Scott) said that he was a counter-puncher but always got a punch in first. Many were offended by his manner and the National Party did its best (but failed miserably) to emphasise that his humour was wit not malice. He was honest and direct, but introduced viciousness into an already combative arena. His combative attitude caused others to join in and respond – and there were widespread and probably unjustified, personal attacks against Muldoon in return – which were the antithesis of the dignity of the office he held.

He appeared constantly at war with the media – for example, he said that the *Listener* was a ‘precious journal of the effete left’. It did appear that the media in general were biased in favour of Labour (with many going on to become Labour MP’s and organisers). But given Muldoon’s extensive knowledge he was able often to turn attacks to his advantage. He was able to question their facts and their assumptions. He enjoyed the confrontation, because it highlighted his own advantages and his ability.

He could not be described as statesmanlike. There was pragmatism but it seemed that he had no wish to shape his age – his pre-occupation was with status and power. He seemed to cultivate antagonists. It was said that after the battle he would not hesitate to bayonet the wounded – as evidenced by his attitude to Talboys whom he blamed for the coup against him. His fall-out with Waring seemed due to the fact that it was she who held a balance

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of power and not Muldoon. Templeton's final Chapter on the Muldoon Government was perceptively entitled 'Power without Grace'.

Muldoon took on the joint roles of Prime Minister and Minister of Finance which, of course, meant that he had control of Government expenditure. In fairness, even his Caucus favoured him to be the Finance Minister (at which he was unequalled) as well as Prime Minister. Very often he was also the de facto Minister of other portfolios as well, particularly of Foreign Affairs and Labour. Indeed, Muldoon was central in all issues in the Party. His power of advancement of others as Prime Minister and of the purse strings as Finance Minister was accentuated by the fact that he would go over the heads of his colleagues and Party using radio and television in particular – endeavouring to ensure his popularity and connection with the populace, delivered in television sound bites which everyone could understand. It kept him in front of the public eye and his opponents quiet.

It was the intensity with which he wanted the job. He had an all-consuming interest in politics – there to pull the levers of power and he did not hesitate to do so. His will and ability assisted. He created for himself a public power which his colleagues had to recognise and made it difficult for them to replace him in their own and the Party's interests. He was, to many interested in politics, the 'new Moses'. For those to whom politics was merely background noise, they knew at least he was doing something and, when they came to vote, he was remembered. All this made Muldoon a formidable autocrat.

The economy was Muldoon's strength and none (politician, commentator or official) could match him. He was admired for his ability and respected for his position as Prime Minister, but it is fair to say that few liked him. Some idea of the esteem in which he held himself (and often his disdain for his colleagues) was his disappointment when, as a young man, on first winning

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the Tamaki electorate in 1966 he was not immediately appointed by Holyoake to Cabinet. Once in power, Muldoon ran the country and its businesses as a personal fiefdom. He fostered sycophants at the expense of those more capable. It would not be unfair to say that he wanted to control everything and that he felt his fellow National Members of Parliament were not up to it.

Notwithstanding, Muldoon was a selfless and excellent local MP. He interested himself in all matters big and small, and did not shirk minor matters. When involved in Court cases (some of which he won and some of which he lost due to his lack of finance and wealth), to his credit he did not rely upon Government funds to recoup judgements and costs but worked outside Parliament to pay them off. In spite of a busy schedule, he worked pro bono for some charities.

Due to Muldoon's support of Think Big, the country was beginning to modernise from its rural base – the projects marked the beginnings of a change from the primarily rural economy to a more varied one. There were efforts to focus debate upon changes to the international financial system in favour of agricultural producers and the country's economy. In the Closer Economic Relations Treaty, there was the beginnings of greater co-operation and trade with Australia.

But he was excessively combative and was responsible for a nastiness in politics. His loyalty often seemed to be more to himself than for the Party. Indeed, it has been said that 'he was **the** Party'. There appears as yet no present movement to re-instate him, nor to recognise or to applaud his legacy, in spite of his prodigious ability and efforts. But, even his detractors had to acknowledge that he was 'the most formidable politician of the 20th Century'.



Portrait of Prime Minister, David Lange

[PHOTOGRAPH TAKEN BY MERV GRIFFITHS REFERENCE: EP/1986/3948/17-F]

III

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At the election in 1984, the turnout was a huge (93.7%), the highest ever, which indicated widespread concern about politics and the state of the country. Even had the National Government not committed suicide in 1984, it would have been a daunting task for it to have won a further and fourth election. National seemed, by this time, rather tired and four young and vigorous Labour Members of Parliament (Lange, Prebble, Moore and Bassett) had, before the election and as a team, targeted, swamped or discredited individual National Members.

In the 1984 election, there was a two-Party swing of 4.7% to Labour. Labour won 56 against 37 seats with 2 going to Social Credit (a 17 seat majority in the House, then of 95 Members). Those National Members who survived against the swing sometimes relied upon local recognition and were what might be described as 'characters' – personalities such as John Banks (Whangarei), Norman Jones (Invercargill) and Warren Cooper (Otago), showing how important a local profile and campaign effort can be. For the new Labour Government, in 1984, the result was an unsurprising, comfortable and confident beginning after nearly nine years in Opposition.

Few (on either side of the political spectrum) would have thought that the new Labour Government might have a secret economic

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agenda. There had been some cautious ‘toe in the water’ meanderings in the public arena concerning alternatives to Muldoon’s interventionism in the economy, but it was just that. As it turned out, Roger Douglas (the Labour Spokesman for Finance) had made more progress. Douglas, in 1983, had presented to the Labour Party Council a paper outlining reforms – which had been produced with the assistance of shadowy figures (including Treasury officials, businessmen and economists). In so doing, Douglas had published an opposing view – a Treasury assisted view of Economic Management – critical of Muldoon manipulation and emphasising free enterprise and free market policies. Accordingly, after the election in 1984, there was a ready-made economic blueprint – although it was not the policy of the Labour Party, nor was it trumpeted, and, indeed, was contrary to its Manifesto.

Roger Douglas

Douglas had a diverse background. His grand-father and father had been Members of Parliament. He had an accountancy degree from Auckland, he had worked as an executive in business and he had been a Councillor on the Manukau City Council for three years. He was elected to Parliament in 1969 so that, by the 1980’s, in addition to a wide background and impeccable heritage, he was an experienced local politician as well.

In Parliament, Douglas had risen in the Labour Party quickly – at 34 years he was the then youngest ever Cabinet Minister. He held various Ministerial positions such as Broadcasting, Customs and Housing and was Opposition spokesman on Consumer Affairs, Transport and Trade & Industry – again a wide range. His politics were traditional Labour (his father had been a trade union official and Opposition spokesman for Labour, Education and Social Welfare). He too opposed overseas ownership of the country’s resources, wanted external protection for domestic industry and promoted Government involvement in the economy. Being State interventionist,

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he supported the compulsory contributory Labour Superannuation scheme designed to build up a fund for Government led investment. In short, Douglas was the opposite of what he was to become.

Having been Opposition spokesman on Finance since the Seventies, at some indeterminate time, he suddenly changed spots to embrace New Right economics. It is not clear what caused this Damascus like reversal from traditional Labour positions – whether he was a convert to Treasury advice or was otherwise suborned. What is clear is that he was challenging orthodoxy, that he took this on board with zealotry and with his well-known industry and drive. His ‘Alternative Budget’ in 1993 sought to free up the economy. There was a sound basis for the re-appraisal – the economy was continuing in dire straits, the problems appeared structural and not cyclical and it was felt generally that the Muldoonist policies (of detailed Keynesian regulation) were unsustainable. It was not that Douglas lacked social goals – he came to the view that freeing up the economy was the way to achieve them.

Douglas acknowledged that his ‘Alternative Budget’ was not Party policy and it was objected to by many in the Party (such as Jim Anderton and Bob Tizard). In an attempt at reconciliation, Geoffrey Palmer, then Deputy, produced a paper instead which satisfied no one and was unlikely to cause offence – David Lange said ‘it appealed to the right, to the left, and the bewildered’.

When the election was prematurely called by Muldoon in 1984, Douglas, in the course of his local campaign, had argued for a 20% devaluation of the New Zealand dollar. That was not Labour Party policy either – if it was, it would only exacerbate the speculation against the dollar pending the election. The suspicion was that the disclosure by Douglas (always a single-minded activist) was an attempt to worsen the speculative crisis and to exacerbate the run on the dollar so as to trigger action on devaluation – and not a mistake. The Douglas reforms appeared well planned.

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David Lange

In 1984, David Lange had become Leader of the Labour Party. He had an even more meteoric rise. He was a lawyer by profession and graduated from Auckland University LL.M – in that role he helped the poor and struggling and engaged in civil rights causes even though there was plenty of opportunity to involve himself in lucrative law.¹ He was, rather unlike many other politicians, seemingly driven by what he could do for others, living by a social conscience and for civil rights without regard for his own welfare and interests. He was the son of a medical practitioner who was a Methodist lay preacher and also seemed very much influenced by this upbringing. In his younger days, while studying law, he had seen at first hand, through a variety of occupations such as a stint at the Westfield Freezing Works, the working conditions of ordinary workers.

His initial interest in politics derived from the urging of his cousin, Michael Bassett. In 1977, he stood for Mangere (a plum working class, Maori and Pacific Island Labour seat) in a bi-election as a virtual unknown, and won in spite of the candidacy of experienced and capable politicians who had previously been Members of Parliament. Soon, in 1978, he was elevated as Shadow Minister for Social Welfare and the year after, in 1979, was elected Deputy Leader of Labour replacing Bob Tizard. He then took on the roles of Shadow Attorney-General, Justice and Pacific Island Affairs. In 1981, after Labour lost the general election that year, he defeated Bill Rowling as Leader of the Labour Party. In 1982, he underwent a physical transformation – from a bizarre unkempt lump of 178 kilograms (he had stomach stapling surgery, took on a new hairstyle and glasses and sharp suits) he became to look more befitting of a future Prime Minister. In 1984, he became the youngest Prime Minister of the Century, at 41 years of age. The rapid rise alone

¹ As a fellow legal practitioner, I remember that Lange helped a client of his in personal difficulty and, although we had never previously met, invited me to act in the well-paid planning and commercial aspects of the matter.

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attests to his quick wit, intelligence, debating ability, his social responsibility and his humanitarian concern – it stood out like a beacon.

There was little doubt that Lange contributed much to the success of the Labour Party at the 1984 election, which it won in a landslide – due in part to his eloquence and withering attacks upon Prime Minister Muldoon. He had panache and charm which strongly contrasted with now a rather ‘jaded and crusty’ Muldoon (as described by Templeton). However, it is more likely that Labour’s landslide victory in 1984 came about through the actions of the National Government – each of which were terminal. Muldoon’s acrimonious fall out with Waring and Minogue; an early election (usually a negative unless there is very good reason for it); the rise of Bob Jones’s New Zealand Party splitting the National vote; and Muldoon’s announcement of the election in a drunken speech; were all damaging. By then too, Lange with his quick wit had also become the darling of the media.

1 ABOUT TURN

Upon the election of Labour in 1984, Moore, Caygill, Prebble and Douglas were central to the engine room (often referred to as the ‘fish and chip brigade’, their sustenance while plotting) and (along with Lange and Palmer) were influential within the Party. With the surprise announcement of an early election, given the very short run up to the polling date, there was little time for Labour to develop or agree upon a coherent economic policy – and the Douglas position seemed to be Labour’s by default. It was the Douglas version which prevailed – made almost inevitable by the fact that Lange after the 1984 election appointed him Minister of Finance, seeing Douglas at the time as a modernist and reactor against the policies of Muldoon and Rowling.

The extent to which Lange was responsible for the economic position taken by Douglas and the Labour Party is debated. Lange,

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with his intelligence, certainly understood basic economics but was relatively new to politics. It is probably true to say that economic policy, business and trade was not his strong point and there was little in his background to suggest otherwise but, more importantly, everyone including Lange knew that something had to be done and that it had to be decisive. Lange himself mused about bringing in overseas experts to show that the New Zealand economy was in dire straits, but quipped that Muldoon in his various public utterances had shown beyond doubt that the country was in a mess. There was probably little option for Lange, a humanitarian, but to go along with Douglas and his acolytes whatever his personal inclination or basic instincts might be – Douglas as Minister of Finance had the blueprint ready and, being relatively new, Lange was saddled with it. He seemed swept along, but also spent considerable energy and eloquence in promoting the reforms.

By this time too, the make-up of the Labour Party had changed – from the old trade union image (when it consisted significantly of manual workers, trade unionists) to a Party dominated by tertiary educated professionals. By 1984, 73% of its MP's came from the professions (lawyers, accountants, teachers and bureaucrats) and 12.5% from business, the remainder being mostly manual workers and union officials. Three Labour politicians (David Caygill, Peter Neilson and David Butcher) had economics degrees. Labour was now more comfortable with and understood the new economics emanating from people such as Hayek from Oxford and Friedman from Chicago. The relatively educated Party was well able to take on board the New Right economics of Treasury boffins and to talk to business groups (such as those of the Round Table).

Of course, the Douglas new right policies also had their origin in and forebears in Britain (Thatcher) and the USA (Reagan). But even so, the reforming zeal and rhetoric of Douglas stood out. In style, he was simplistic and absolutist. As he said: 'The State has become husband, father, provider, employer, BIG BROTHER to

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hundreds and thousands of New Zealanders'. 'State monopolies cannot stand up to competition, that's why they fail all over the world'. 'Governments are the very worst organisations to teach or care for the people'. Although not a convert to the Douglas policies, the President of the Labour Party Margaret Wilson, did not intervene, stressing that unity and re-election in 1987 was her priority, so that Labour (notwithstanding its divisions) would not be another one-term Government.

Whereas previously there had been a fixed exchange rate, import and frontier barrier controls, an incomes policy restricting wages and a fiscal policy regulating interest rates, Douglas restructured the economy in a way which was a massive about turn. His policies centred around the opening up of New Zealand to overseas trade; the removal of subsidies and protections; removal of the various freezes and regulation; and a minimal level of State involvement. Douglas felt that a competitive regime at home was a better base for competing with the world. Competition within New Zealand was sluggish and largely dependent upon Government decisions – to him it was competition which could spark a recovery.

Douglas, was also concerned at the level of Government spending, and he thought that removal of support programmes and subsidies would lower the deficit and help balance the books. He was concerned at the high level of debt to which Think Big had contributed and the cost of servicing it – and that something had to be done. He felt that the Government had no reason to be in business. Where he could not extricate it, Government entities should be run on business lines. Likewise, in his view, reform of tax (essentially reducing tax to spark a recovery) would promote investment, necessary to restart the economy. Thus, the trend for Governments to manage markets was reversed in favour of minimal interference so as to allow the private sector to flourish. Ardently pro-business, the reforms came to be known as Rogernomics – in recognition of their main perpetrator.

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Rogernomics

Lange's first act as Prime Minister elect was to advise Muldoon to devalue the currency. This meant the free movement of capital both in New Zealand and with the rest of the world. The New Zealand dollar was allowed to settle where it may. As it turned out, once floated, the dollar was relatively stable against other currencies and did not create the uncertainty predicted. It meant that, following the float, the exchange rate was now a measure of the competitiveness of New Zealand producers in comparison with those from overseas.

Douglas removed import tariffs and import licensing so that the previous frontier barriers to trade were no more. Farmers had been protected by subsidies and floor prices, which Douglas now also removed. New Zealand's secondary industry had been heavily protected by licensing and was also uncompetitive by world standards. By reducing frontier barriers (import controls and tariffs), the economy became one of the most open in the world. It forced businesses to compete on the merits, not based upon Government policy. Farming and manufacturing in New Zealand had now to compete with overseas entities – a change which could be described as traumatic for them.

As a primary plank of his deregulation, Douglas removed the wage and prices freezes. There was also financial deregulation (such as the removal of interest rate controls) which allowed freer movement of money locally and the financial sector to expand and flourish. Broadly, he was seeking a domestic recovery based on the private sector – to improve its performance to one which was competitive on its merits. Attention was drawn away from complex regulation in favour of freedom to find the best alternatives.

Douglas sought to make Budgets balance rather than to make up the deficits from borrowing. Whereas in the seventies, Governments tended to borrow to make up the deficits – to Douglas, this was 'borrow and hope'. He believed in the Government paying its way and in cost cutting for that purpose. The interest costs were already

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burdensome – much of the borrowing had been from overseas and subject to international vagaries and pressures – Douglas moved to transfer borrowing to New Zealand lenders and hence to reduce overseas debt and to assist in balancing the books.

Another initiative was the corporatisation of Government businesses and, more importantly, requiring them to apply business principles. This meant that they were to operate as private sector businesses applying management principles and to be profit orientated. The idea too was to separate commercial from non-commercial activities so that policy advice was separated from the delivery of services. It was hoped that this would promote better delivery in their commercial operations.

Permanent Secretaries were renamed as Chief Executives and put on contracts for a period, with business plans and performance indicators. Ministers determined the ‘inputs’ they felt necessary to achieve ‘outputs’. A Department might buy services from other Departments or from the private sector, whichever seemed most appropriate. What grated somewhat was the terminology – throughout, there were ‘providers’, ‘clients’, ‘consumers’ and ‘contracts’ emphasising the emphasis away from public service to the bottom line. Government appeared to be run as a business rather than as a service to the public. In the health and education sectors, much responsibility was delegated to the Area Health Boards and to School Boards of Trustees respectively.

Douglas also reformed the tax system from one which relied primarily upon income tax – which had risen at one point to a top level of 65% – a high rate which invited tax avoidance and invited taxpayers to look to capital gains. He broadened the tax base from income earners to consumers. In October 1986, Douglas cut income tax rates and imposed a Goods & Services Tax (GST) (then of 10%) on virtually all goods and services. Later, income tax was further reduced to a top rate of 33% and GST was increased to 12.5%. The new system made for better collection of tax but generally meant

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that the wealthier were better off (they paid less income tax) and the poorer worse (they paid more GST). This contributed to the growing gap between well-off and poor.

Implementation and Reaction

The reforms were thus wide ranging and comprehensive. They were notable for being unannounced – they had not been foreshadowed in the election campaign and the speed and absence of warning took every body by surprise. It is hard now to imagine such an abrupt and unexpected turnaround, accomplished with stealth and surprise to avoid troublesome debate. For example, the President of the Labour Party was not invited to an economic summit in 1984. Surprise, Douglas said, was necessary, as otherwise his proposal would have been watered down by endless debate and opposition. Over the next three years, this was met with some consternation by those who thought that the business community should have been given the opportunity to plan for the changes and that any policy might have been gradual so as to enable better planning. But, in both Labour and National, there were those who thought that urgency and surprise were necessary.

The reforms also caused National to re-think. It divided into those who were for 'free enterprise' and those who were for 'private enterprise'. The free enterprisers wanted the free and untrammelled market of the New Right, the latter wanted a more pragmatic and measured mix of approaches. Both wanted growth, but in different ways. The New Right was, after 1984, well represented (Richardson, Cox, Kidd, Friedlander, Upton, McLay, Banks and McLean) as were the private enterprise group (including Burdon, East, Peters, Gair, McKinnon and Falloon). There were also those who were unrepentant Muldoonists (such as Merv Wellington, Norman Jones and Muldoon himself). Added to this were those who railed against the New Right but did not seem clear as to the alternative. Accordingly, the National position was at best ambivalent and at worst divided.

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Protecting the Market

Co-incidentally, Labour having deregulated business to encourage competition and to spark a recovery, there was then a need to protect the consumer from rampant self-interest. For example, freedom of contract allowed freedom to monopolise and to distort the market by collusion and restraints of trade. Large conglomerates with significant market power were rapidly forming in the free market – coupled with the widespread new freedoms, there was concern that they could be abused. Shortly after, in 1986, the Labour Government introduced the Commerce Act 1986 which sought to prevent industry imposing its own anti-competitive restrictions and itself to promote competition. It also introduced the Fair Trading Act 1986 to ensure integrity in business dealings.

It appeared that nearly all product markets throughout New Zealand were run by trade associations, the committees of which comprised the major or most players in the particular markets with which they were associated. In this way they were able, by collusion, to determine or significantly influence prices, terms of trade in those industries and even, in some cases, who might join or be welcomed into the industry.

The new Commerce Act proscribed practices which substantially lessened competition or which caused or utilised dominance in any given market, but retained the process whereby these could be authorised if public benefit outweighed the detriment from the restriction. The Act laid down broad principles (such as ‘substantial lessening of competition’, ‘dominance’, ‘public benefit’) which were left at large, and for the Commerce Commission, to interpret. It provided significant pecuniary penalties for breach. In addition, the Fair Trading Act, of 1986, was aimed at ensuring integrity of business dealings – it prohibited misleading conduct in business and provided substantial pecuniary penalties. Many business practices which then existed now offended the Acts.

In whatever markets the Commission found itself dealing, it was

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now to promote the benefits of competition as a means of redressing as far as possible the competitive malaise and, at the same time, to oversee and control exploitation. In 1986, the new Act made competition the sole and main aim of the Commission and its criteria (such as whether competition was substantially lessened) was now applied in the new deregulated setting.² It was the Commission's task to substitute competition instead of control.

The Stock Market Boom

The reforms, particularly the freeing up of regulation and the financial sector, produced a stock market boom. The freedom from the strict controls of the past seemed to take the boom to greater heights in New Zealand. There were a huge number of transactions – in fact, there was a frenzy of mergers and takeovers often dependant upon borrowing. Some of this was sensible business orientated activity given the lowering of frontier barriers and increased competition, but some of it by speculators. There was also buoyancy and speculation in other property markets – some by irresponsible lending for that purpose. The Development Finance Corporation and the Bank of New Zealand for example fell over themselves to lend to all and sundry, seemingly at well over sensible valuations. At the time, it seemed to be thought by some that there was no tomorrow. For the public, as people counted their stock market gains, long lunches were the order of the day sampling the hugely improved quality of New Zealand wines. They were heady and confident days, riding on the paper profits which were being made.

² By this time, I was Chairman of the Commerce Commission (1984–1989) and my suggestions for introduction of the Commerce and Fair Trading Acts had been implemented. I had, late in 1982, published 'The Law Relating to Restrictive Trade Practices and Monopolies, Mergers and Takeovers in New Zealand' (Butterworths) updating my Oxford thesis and adding my experience in New Zealand.

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The Nuclear Free Zone

If the restructuring of the economy and the resultant boom was not enough, another major issue grabbed the attention of the public and would impact upon the 1987 elections. The Labour Government in 1987 officially declared New Zealand a nuclear free zone and banned all nuclear capable ships from entering New Zealand. Labour wanted a completely nuclear free New Zealand, while National would allow nuclear powered vessels as long as they were not nuclear armed. Lange appointed himself Minister of Foreign Affairs as the anti-nuclear movement was taking hold – Campaign for Nuclear Disarmament (CND) stickers became commonplace on letterboxes in Auckland. Lange had for some time promulgated anti-nuclear issues and became internationally famous for his speech at the Oxford Union saying to his opponent Jerry Falwell – ‘I can smell the uranium on your breath as you lean towards me’. He was certainly the personification of that issue, even though one of many at the time. It meant too that he and Labour had an international profile that Muldoon, in spite of his sterling efforts in the financial area, could not achieve.

This nuclear free policy was not well received by the United States Government – it suspended its obligations to New Zealand under the long standing 1951 ANZUS Treaty. In fact, Lange (who was not in the majority) wanted to find a way to allow nuclear powered ships of the United States to visit New Zealand. He was minded not to irreparably damage the ANZUS Treaty which gave New Zealand some security it could never have on its own account. However, there was much local anti-American feeling at the time (from stories, allegedly, of CIA interventions in Government and Universities). Accordingly, many of Lange’s Labour Party did not want non-nuclear armed ships in New Zealand if they were nuclear powered, and were seemingly less concerned about the ANZUS alliance. When Labour adopted its anti-nuclear policy, the USA eventually suspended military ties

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with New Zealand – New Zealand remained a friend but not an ally. There was the fear that nuclear power was not safe and of the use of nuclear weapons generally, the consequences of which might be Armageddon.

When the French bombed and sank the Rainbow Warrior in Auckland and some of the French Agents involved were convicted and imprisoned, France then used its trade power to threaten to discriminate against New Zealand exports to secure their release. In the face of such confrontation, the Labour Government under Lange agreed to release the prisoners to the custody of the French – and they were released to the freedom and splendours of Paris shortly afterwards. One might say that this arrangement was naïve of Lange, but equally indicative of the fact that larger countries will usually be able to bully the smaller if they so choose. That the Americans did not also use trade as a weapon against New Zealand is a credit to them.

Other Trends

Social matters were somewhat hidden by the Douglas economic reforms and also by the emotive pull of the nuclear issue (which split families and views were strongly held on either side). In addition, it was a time when, throughout the world, there was an awakening of and a push for various freedoms and rights – social and cultural. Indigenous peoples began to assert for more recognition. Women in western societies wanted to break the glass ceiling. Environmental concerns were being increasingly expressed. Communications with the world were expanding and this influenced thinking in New Zealand. Generally, there was a growing liberalisation in social matters.

Labour created for the first time a Ministry of Women's Affairs (now Ministry of Women) in order to provide greater equality of access to power and resources and also to provide women with more choices generally – it meant that women's interests were monitored

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and advice given to the Government. Women were promoted to positions of power and influence – the first Governor-General (Dame Cath Tizard), the first Chief District Court Judge (Dame Sylvia Cartwright) and others to various positions – this changed attitudes and encouraged the gradual appointment of women elsewhere. In November 1984, it also ratified the United Nations Women’s Convention – which required the application of equal remuneration for work of equal value. Further, the Government provided support infrastructure for women such as Women’s Refuge and Child Care Centres.

Labour also enabled the Waitangi Tribunal to investigate claims by Maori back to 1840, thereby allowing the grievances relating to the appropriations of Maori land to be examined and aired. It also legislated to incorporate Treaty of Waitangi principles into legislation such as the Environment Act 1986, the State-Owned Enterprises Act 1986 and the Conservation Act 1987. The SOE Act for example provided that ‘nothing in this Act shall permit the Crown to act in a manner inconsistent with principles of the Treaty of Waitangi’. Later, this meant that the Government had to ensure that Maori claims in relation to land covered by the SOE Act had to be safeguarded before any such land could be transferred to a State enterprise. This broadened Maori participation, in addition, a steady stream of new migrants entered the country and the workforce, broadening the ethnic and skill base.

Running in tandem was the commercialisation of the Government, ie the application of business principles to the public sector. It involved corporatisation of Government activities and the sale of government businesses and assets to the private sector. Accrual based and balance sheet accounting was introduced for the Government sector. Chief executives were now appointed from outside Government. Reporting procedures were enhanced. Government concerns were required to operate as businesses. Quangos were reduced. Producer boards and local Government were re-organised. It was comprehensive and it

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reformed Government structures and activities.

Given the increased tax from State corporatisations, the tax take was increased. This was then applied to increased social services – it allowed increased spending on health, education and welfare. It meant more State housing. Spending on Maori was significantly increased. Unions were strengthened. Child care facilities were created for women. At least this was classic Labour Party policy. But much of the social expenditure went on wage and salary rises and on structural matters such as hospitals, schools and houses – by way of catch-up.

The 1987 Election

Roger Douglas was a transforming leader who brought about radical economic change. Lange supported this and they had been a formidable combination – a dream team for political purposes. However, Douglas's single mindedness, at one time a strength, became a decided weakness in that it ignored other considerations and needs other than market frugality. Cracks in the relationship between Douglas and Lange were beginning to appear prior to the 1987 election, but was barely visible to the public at the time.

Labour now had the support of the business community and its funding – many business donors donated to the Labour campaign in 1987. The stock market and property booms had created sizeable wealth for those who were engaged or speculated. Freeing up markets and finance assisted many to reap the benefits. But Labour's traditional vote did not seem to desert it. It seems that they feared that a National Government might be worse or not much better, National was not yet seen as a credible alternative.

Labour's policies of its first term were accordingly endorsed – it was able to point to firm Government. Its economic reforms had been bold and decisive. Much support switched from National voters to Labour – by way of example, in 1987, Judith Tizard for

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Labour came within 406 votes of winning the affluent and safe National seat in the Remuera electorate. The reforms also attracted international attention – the initiative in freeing up New Zealand to the world especially. In the result, in 1987, Labour increased the proportion of its vote – from 43% to 48%. It won 57 seats to Labour against 40 to National. Though Lange was seen as the architect of the win in 1984, Douglas was seen as the architect in 1987 – hugely influenced and supported by New Zealand business.

One might have expected Roger Douglas to have been euphoric after Labour's win in 1987. His single-minded approach had been endorsed. But already he had served notice on Lange that he wanted to up the ante – that GST might be increased from 10% to 15%. Further, Douglas wanted to include a flat tax replacing the staged income tax – ostensibly to incentivise business – but was contrary to Labour Party orthodoxy. He wanted to apply New Right thinking to social policy (in health, education, welfare and housing) upon the grounds of efficiency. To him, the reforms had by no means completed or abated.

The Stock Market Crash

However, this ongoing resolve was complicated by the fact that, shortly after the election on 15 August 1987, tomorrow came on Black Tuesday, 10 October 1987, with a stock market crash. It was in part triggered by adjustments to share-markets overseas but, given the speculative element in the boom, the stock market fall was particularly severe in New Zealand. Many local businesses merged as a protection and others, under pressure, were fair game for corporate raiders. There was a spate of take-over activity and new floats, all of which tended to create paper profits for those who invested in shares. It was easy money. Capital poured in from overseas – it was said that you could float a brick on the New Zealand Exchange. People mortgaged their homes and businesses to purchase shares

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at interest rates which were then high (including of the order of 20%). It was part of the social scene, a national past-time. Trading increased four times from the previous year. It was an era of excess. There had been a free market fever.

On Black Tuesday, the market fell 15% in a day. The market lost \$5.7 billion of value in four hours. By February 1988, it had had lost 60% of its value. Listed companies collapsed under the weight of borrowing – the Development Finance Company and the Bank of New Zealand included. Once the capital value of shares was lost, it was crippling to service the loans. Producers were adversely affected, many seriously. Many small businesses went under. Banks became very conservative in lending policies. Retail spending fell. Unemployment rose. In 1987, Douglas had written a book called ‘Towards Prosperity’ – instead, there was a Recession.

Upon Labour’s re-election in 1987, Lange had hoped that economic success would be converted to social policy – in health, education and welfare – but this was now constrained by the crash and its consequences. The 1987 stock market crash cast serious doubts upon the policies of Douglas. It might have been expected that the share market crash would have given pause for thought but, if anything, Douglas was undeterred and sought to move faster.

Think Big Dismembered

Even before 1987, Douglas had set about dismembering Think Big. He approached it with haste – the important thing for him was getting Government out of business and to remove Government protection and support. Bernie Galvin, Secretary to the Treasury at the time had said of Think Big, that ‘Governments were not very good at commercial risk’. While there were diversification benefits from Think Big projects, big losses and costs were piling up, and even Bill Birch’s biographer said ‘with the benefit of hindsight Think Big investment was too great a gamble for the small New Zealand

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economy'. Douglas justified his rush to privatisation by saying that he was cutting losses on assets with questionable prospects and saving huge ongoing costs. He was concerned that the Government run businesses were not producing either economic growth or a sufficient return for Government.

Birch, for his part, continued to argue that it had been necessary for the Government to kick start Think Big and to provide protection in some cases, and that some became successful business in the hands of private companies both in New Zealand and overseas. But others were uneconomic from the outset – for example, it was cheaper to import refined product from overseas than to process imported crude from Marsden Point. Energy development projects collapsed or suffered when oil prices fell. Debt servicing costs had risen to 16.1% of GDP, more than double a decade earlier.

Privatisation

To foster the minimal State, Labour rushed to clear its books of assets, sometimes to meet Budget deadlines. Faced with a huge Government debt and Think Big costs, it was done in haste. Efficiency was seldom looked at. The sell-off was taken to extraordinary lengths by the Labour Government, particularly by the Minister of SOE's, Richard Prebble, arguing that it was quitting losses rather than subsidising them indefinitely.

The assets were not disposed of in a way so as to give good value for the taxpayers – an abandonment of the duty to look after the public purse. Labour sold off the nation's businesses – including Telecom, Development Finance Corporation, Post-Bank, Rural Bank, State Insurance, shares in Air New Zealand and the Bank of New Zealand, Government Print, New Zealand Steel, Petrocorp and Synfuels at speed. Some were sold at give-away prices. Some were sold without proper selling processes being observed. The Government did not wait to see whether losses may have been recouped. It also changed the ground rules upon which projects

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had been established (say by removing protections) and thereby lessened the value of the assets. Some of the losses in the sell-off were eye watering – \$2 billion for New Zealand Steel for example. It would be extremely difficult, if not impossible, to judge how much this would have been different had Labour not dismantled protections and if more prudent commercial procedures of sale had been followed. The private sector was the beneficiary of the sell-off at bargain prices.

Such was the haste that, when the Government moved to sell Air New Zealand, Qantas and British Airways were prospective buyers. Prebble wrote to the Commerce Commission supporting one of the buyers and Caygill wrote supporting the other. In both the cases, the Commission had no difficulty in agreeing to the applications for clearance – there were plenty of other carriers in the air industry so that competition was little affected. Of course, it was for Air New Zealand to decide the buyer and not the Commission. The rush to sell assets was blatantly ideological – privatisation proceeded apace. Little thought seemed to be given to which assets were suitable for sale and those which were not. A public monopoly might simply be replaced by a potentially more avaricious private one.

Worse still, the sell-off was without regard as to whether competition would exist subsequently in the relevant markets for the private buyers. The real question was whether or not privatisation makes businesses more efficient – but the Labour Government privatisations did not ask what was appropriate or more efficient in any particular case and went ahead wholesale – it was privatisation as a matter of ideology.

The Fall Out

Not content with the reforms to date, Douglas also proposed a flat income tax rate (of around 24%) and a matching rate for companies. It was to replace the long-standing tiered income tax

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system whereby high earners paid higher tax. There were other initiatives (such as lowering of tariffs and the de-regulation of occupational licensing), but it was the flat tax which became the cause celebre. It favoured the wealthy against the traditional Labour base – who might now pay the same base rate as high earners. Douglas sugar-pilled this proposal with measures such as a ‘guaranteed minimum family income’ top up for those on low incomes. He said that the share market crash gave this flat tax proposal greater urgency. Lange quipped that it was an added burden of the office of Prime Minister to have the Minister of Finance take leave of his senses.

The package was announced as a mini-budget with Lange as Master of Ceremonies. However, over the Christmas vacation, Lange had second thoughts and, at the end of January, without consulting Douglas, announced that the flat tax was off the table. Douglas was overseas at the time, and immediately came back to defend the tax – unsuccessfully. To Lange it was ‘time for a cup of tea’ but Douglas refused to take Lange’s view that the proposals were untenable.

2 DISINTEGRATION

Douglas’s personality was such that he had no doubt of the rightness of his approach. His supporters in Cabinet claimed that he had won the 1987 election, thereby elevating him to a sort of de facto Prime Minister – cementing the rift with Lange. Whereas Douglas wanted more extreme measures, Lange felt that the reforms were more or less complete by 1987 and wanted to concentrate on social issues. That created a civil war within the Labour Caucus and members of the Party which, on occasions, escalated to fisticuffs among its members.

Douglas continued to criticise Lange in public and private and started a lengthy campaign against the Prime Minister. A business oriented ‘Backbone’ club set up rallies to support Douglas and

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his supporters. Douglas took it that his role was absolute and he had sole realm as Minister of Finance. As he said of the Prime Minister: 'We had separate roles, I understood what my role was. I felt that he should have understood what his role was'. It was thus rather clear that Douglas felt that he had no need to consider any other person, including the Prime Minister, or the wider picture, or the broader interests of the Party. His approach has seldom been matched.

Lange's position as Prime Minister was weakened by the fact that Labour had campaigned in 1987 of the need to finish the job. In December 1988, Douglas made an unsuccessful challenge to Lange's leadership in the Labour Caucus. In June 1989, Douglas's supporters moved a motion of no confidence in Lange which he narrowly survived. Eventually, Douglas wrote to Lange saying that he intended to tell the Labour Caucus that he could no longer serve in a Caucus led by him. Lange construed the letter as a resignation and appointed David Caygill as Minister of Finance in his stead. Then, in August 1989, the Labour Caucus voted to return Douglas to Cabinet. Lange saw this as a vote of no confidence in himself (and an endorsement of Douglas) and resigned the office of Prime Minister.

The conflict within the Labour Party had become overtly clear. The rift between Lange and Douglas was part policy (the extent to which free market approach should be applied across the board, eg to health, education, housing etc) and part personality. Ruth Dyson who became President of the Labour Party lamented that 'the belief that no one else has a better view is foreign to New Zealand politics' and said that Labour was having 'the most bitter and harsh internal problems imaginable'.

The break-down of the relationship between Lange and Douglas was a disaster for the Labour Government. In tandem they were complementary but 'neither was independently sustainable'. Lange was unable to offer any effective alternate financial policy. Douglas was unable to promote an overarching view. Without Lange, the

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salesmanship was lost, along with his objective to broaden the base and to expand social services.

Labour voters, confused as to where the Labour Party stood at this time, had an alternative – they could vote for Jim Anderton's New Labour Party which, in essence offered them traditional Labour values and policies – Anderton had defied the Party by voting against the sale of Bank of New Zealand and PostBank. When Caucus voted to expel him, Anderton resigned to found New Labour, joined by erstwhile Labour supporters and voters, thereby providing an alternative home and splitting the Labour vote.

Leadership Changes

Following the resignation of Lange, leadership went first to Geoffrey Palmer and then to Mike Moore – unusually, a change of Leaders twice close to an election. Palmer was appointed, essentially as a mediator. He was an academic with strong interest in constitutional, organisational and process issues. Faced with division, he was more in the nature of a compromiser, trying to present the Labour Party as a unified body which it was not. It was probably a mistake for him to go into politics – his considerable skills and interest in improving entities of all sorts might with advantage be better utilised elsewhere. After approximately a year as Prime Minister, the experiment expectedly failed.

Palmer was supplanted by Mike Moore on the grounds that Moore was a more populist politician who might appeal to a wider range of people. Moore had come from an underprivileged background and represented the 'battlers'. He had the image of a rough diamond, emphasised by the fact that he was self-taught and his ideas seemed to tumble out (his rough charm was later put to good use on trade missions). Moore, though only recently elevated, brought energy and enthusiasm, a popular personality and style, and gut politics to the role. In fact, in independent polling, Moore outranked Bolger 2 to 1 in voting preferences – the late change

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to Moore (less than two months before the election) relied on his popularity and his disassociation with what had gone before. However, it was probably the best which the Labour Party had in the circumstances.

Other Matters

In August 1987, Maori became an official language of New Zealand. Labour also delegated roles for direct Maori participation in organisations, such as Maori language pre-school centres. It created Maori advisory committees on health boards and regional councils. There was more extensive use of the Maori language in communications. A landmark legal decision placed a fiduciary duty upon the Government to consult with and to treat Maori fairly in line with the principles of the Treaty – a decision not reversed by Parliament. Thus, the Treaty achieved a constitutional status whereas it formerly had none unless incorporated into legislation. Developments such as these encouraged Maori to have growing participation in the affairs of the country.

There were also significant gains in relation to the environment. The Government sought to protect natural resources but also the New Zealand way of recreational life. It moved to protect indigenous forests by banning much logging. It made mining much more difficult. It moved against ozone depleting chemicals. It installed the Department of Conservation as a separate entity and appointed an independent Parliamentary Commissioner for the Environment. It piloted a new resource law (which became the Resource Management Act) which made sustainability the key and leading plank so that development should not unduly compromise future needs.

Labour also made gains in social policy – in education, health, welfare. Teacher/student ratios improved. Tertiary student numbers rose. Hospital operations rose. Family care for low earners and family support was improved. State houses increased significantly.

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Assistance to Maori doubled. Benefits were improved. Responsibility was devolved locally for many decisions in health and education in particular. Thus, Labour had a good story to tell, particularly for its traditional working constituents but, in the circumstances, it was the economy which was of fundamental importance.

It's the Economy

Set against any social advances was the fact that incomes had not kept pace. Further, although the 'the top 20% of earners improved their real disposable incomes by 5.75% between September 1984 and September 1990, the bottom 20% suffered a 1.7% fall over the same period'. Also, by 1990, overseas borrowing, public and private, reached 77% of GDP which was one of the highest ratios in the world. It has been estimated that, at 8.6% unemployment, there were some 200,000 unemployed on election day. After six years of rapid change and restructuring, there was no or no sufficient payoff. There had been six years of significant change which not all of the voters had asked for. The Government was telling the people what was good for them, and not the other way round.

Thus, the general election of 1990 occurred in a grim local economic environment. There was a worrying balance of payments deficit. The blow-out in the financial deficit dominated the election. The Labour Budget was seen to be flawed – it treated receipts from the sale of cutting rights as revenue, thereby hiding a deficit of over one billion dollars. The independent Reserve Bank tightened monetary policy, and interest rates on 90 day bills rose to around 14%. The Iraq invasion of Kuwait led to a rise in oil prices and a decline in export earnings. That there was a fiscal issue was well enough known on both sides of the political fence. Notwithstanding, in the race to be elected in 1990, both Parties made promises involving significant extra expenditure. Both Parties knew that the economy was in trouble but nevertheless shadow-boxed with each other in making promises. Jonathan Boston (of Victoria University an independent

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and objective expert in public policy) commented perceptively that ‘many things went unsaid’.

National promised that there would be no cuts in expenditure in education and health; that there would be no tax increases; that it would remove the superannuation surcharge; and that it would abolish tertiary fees. The costings for this were put at some \$770 million but, under examination by the media, this was suspect and other estimates were considerably higher. Commentators urged Bolger to abandon National’s pledges, but he would not. Nor would Labour renege on its promises – though the financial markets disagreed with its Budget. Boston said ‘many of the Parties tax and expenditure pledges appeared both unwise and extravagant given the pressing need for fiscal stringency’ – and that, for their part, the voters were fed ‘a large dose of wishful thinking’. It was rather obvious that the Leaders of both National and Labour would do anything to promote their chances of election.

3 IT’S TIME FOR A CHANGE

Notwithstanding that the Labour Government had made progress in the six years it had been in power (for women, Maori and for the environment, in particular), this was not sufficient for re-election. The confidence which Labour had created in its first term had been spent in the second. With the economic environment; the share-market crash; the rushed dismembering of Think Big; the falling out between the Prime Minister and Finance Minister; the changes to Labour’s leadership; it might seem that the Labour Party had a small chance only of being re-elected in 1990. If there is one thing the public do not like, it is discord within a political Party.

By 1989, the disarray of Labour was almost complete. Rogernomics no longer had the same magic – and I, as National’s President, was able to say that ‘the wheels had fallen off the Labour cart’. Notwithstanding, in organisation, National still had to show it was a credible alternative. Fortuitously, the polls showed that the nuclear

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issue was still running strongly in favour of Labour – National reversed its previous policy prior to the election and agreed to ban visits of nuclear-powered vessels (to make New Zealand nuclear free) and this minimised a previous Labour advantage. Immediately, this changed the polling by some 5% and a 7-10% gap opened up between Labour and National, in favour of National.

National, consciously, did not want to do anything which might impact adversely upon its lead in the polls – so as not to give Labour any advantage, Bolger tried to match anything which Labour had said or done. The National campaign then came under flak for being non-adventurist and, somewhat in response and panic, National expended unbudgeted funds on a final week's campaign – using the not very original 'Its time for a Change'.

Due to the change in policy, shortly before election day, a sizeable gap opened up in favour of National. The result was a landslide to National. It won 48% of the vote to Labour's 35%. It returned 67 seats to Labour's 29, a majority of 37. Labour lost 27 seats and many of its Ministers. Of the 37 new members (mostly National) some 25 were new to the House.

4 REVIEW

Lange had a newspaper column (Broadsides) for a while, which was always entertaining. He also became Vice President of New Zealand Rugby League. But, as he said in his Valedictory: 'People over 60 hate me because I was the symbol of what caused that assurance of support and security to be shattered'.

Lange retired from Parliament in 1996 due to failing health, largely ignored by the Labour Party. His subsequent exclusion from political events and any significant influence hurt him greatly. The failure to take advantage of his experience, empathy and expertise seemed wasteful. He always had health problems and he died of many ailments in August 2005. He might better be described as a humanitarian than as a politician.

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Lange was quick witted and humorous, a great orator and with media savvy – being large and overweight, he quipped that his humour was in compensation for physical incompetence. He was highly intelligent and empathetic – directed towards social justice and the public weal. He was an inspirer, but not naturally a manager.

Douglas resigned from the Labour Party after the 1990 election and, in 1991, was knighted. In 1993, in conjunction with National's Derek Quigley, he founded the ACT Party. Having had an about face conversion to right wing economics, he pursued it with a vigour. He continued his relentless pursuit of what he thought was right, even against the wishes of many in his Party. Not only was he a driven personality, he compounded this by not showing empathy for those adversely affected and for the public generally.

Rogernomics for a time produced a spectacular boom in activity and in the share-market. This helped Labour back in office in 1987, but some into profligate investment and some Banks into reckless lending. When the crash subsequently came, there were widespread foreclosures as the Banks came under difficulty, partly through their own folly in pursuing their new freedom. High interest rates and inflation added to the pain for businesses and home owners as property values fell. Social spending was also impacted. Accordingly, the end result was that the public (Labour voters in particular) felt misled, hard done by, marginalised and no better off. The Labour Government which, to its credit, had done things necessary for the good of New Zealand, was left with a reputation for untrustworthiness. It did not do what many of the people thought and wanted, it did what was, in its view, good for the people.

However, it opened up New Zealand to the world – making it more outward looking, more in touch with reality. Internally, the resultant exposure of New Zealand's productive capacity to competition was, in the circumstances which then existed, a necessary spur. Douglas was single-minded – but this should not have meant that

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other proper interests were ignored or imbalanced. Gradually, later Governments from both Parties in the new Century, wary of both Muldoonism and Rogernomics and extreme economic solutions, sought a more pragmatic and balanced approach.



Jim Bolger speaking
[REFERENCE: EP/1990/3525/10-F]

IV

THE BOLGER ERA

The 1980's had not been a good decade for National. There had been the drunken announcement of the election by Muldoon in 1984; a landslide loss at the subsequent election; Muldoon's challenge to and undermining of McLay, the elected Leader; the 1987 election loss; the failure to make inroads against Labour at that election; and the inevitable discord. The Party wing also had its problems. The General Secretary Max Bradford and President Neville Young fell out over a newly minted centralised election system called Hannibal – this scheme had its issues and was seen to marginalise regional and local effort. As a result of the fall out, Bradford resigned. By 1989, even with Labour in disarray, National had yet to take the initiative – it was said that the Party was 'sleepwalking to victory'. But, encouragingly, behind the scenes, younger members were providing a feeling of rejuvenation for the Party.

Bolger

Prior to becoming Leader of National in late 1986, Jim Bolger had been a farmer's advocate in his Te Kuiti electorate. He had won kudos for the promotion of the extension of trading hours which opened up the country in weekends and, as a former Minister of Labour, had expounded voluntary unionism to reduce the power of the Unions.

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He had been a senior Minister for Muldoon – fifth place on the Front Bench. In economic matters, he had supported Muldoon – saying then that nowhere in the world are there free markets and that domestic policies should reflect this. In social matters, being a Catholic with a rural background, he was conservative – perhaps not well suited to an era of rapid and widespread social change and pressure for civil liberties (ie social liberalisation) or, for that matter, dealing with the younger members of Caucus and the Party in generational transition.

However, he was presentable and had appeal to middle New Zealand. He was not a dominant politician – not necessarily a bad thing given the need to handle disparate factions. In 1986, Bolger had seemed a reasonable compromise choice as Leader – Muldoon and Douglas had towered above their counterparts and imposed their views – and the public were becoming somewhat tired of ‘King’ leaders. But upon his appointment as Leader, Bolger trailed both Muldoon and Winston Peters in Heylen polls.

In the late eighties and nineties, Bolger had difficult Caucuses to manage in difficult circumstances. The National Party was in Opposition, the New Right group were growing noisier and Muldoon and supporters were intent upon justifying Muldoon’s previous tenure. Of course, it was not possible to satisfy both groups simultaneously and, apparently in order to be elected Leader, Bolger changed from a Muldoon interventionist to the New Right. For a time, he appointed Muldoon to the Front Bench in Foreign Affairs and that relieved tension, but then, at the insistence of the opposing New Right group who would no longer tolerate Muldoon, he appointed Ruth Richardson as Shadow Finance Minister. Bolger was caught between two conflicting schools of thought.

Peters

The New Right and the Muldoonist groups were anathema to each other. Peters, as the heir apparent to Muldoon, seemed to be copying

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Muldoon's approach – populist, newsworthy and independent – and not working collectively with his colleagues. Peters had charisma and the advantage of being part Maori although very much at home in the pakeha world. He was touted at the time to become the first Maori Prime Minister.

Peters arrived in Parliament as a Member for National. He immediately had an impact, including by favouring restrictive immigration; by advocating benefits for senior citizens; and generally exposing those who might be seen as powerful and privileged. He was critical of New Right economics and was conservative in social matters. Upon National's win in 1990, he served for a time as Minister of Maori Affairs. Eventually though, his criticisms of National and Leader led to his dismissal from Cabinet and then from the Party and, upon being removed, he formed his own Party – New Zealand First – which was publicity seeking in nature, and he did not hesitate to espouse populist policies from time to time.

After leaving National, he and New Zealand First had a colourful history. Beyond the turn of the Century, he served as Treasurer (a post created especially for him) and he held, from time to time, senior roles in Government, including as Deputy and Acting Prime Minister. Again, his approach was that of interventionist economics and conservatism on social issues, and exploiting what he saw to be misdemeanours. He also had periods where he was out of power. It seemed that he wanted and coveted leadership – which brought him into conflict with Bolger (and with Jenny Shipley, Bolger's successor, later).

The Presidency

In 1989, at the end of my tenure at the Commerce Commission, I was approached by Murray McCully on behalf of some of the younger members of Parliament to stand for President of the National Party. National had then been in Opposition for some five years and was rather desperate to be in government. They wanted

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a more active approach – those who approached me knew of my campaigning and efforts on behalf of C & R¹ in the Auckland local body scene. So far as I knew, there was no agenda other than that – it was for more hands-on attention to campaigning. With the naivety of youth, and my Commerce Commission role coming to an end, being somewhat susceptible to a challenge, I accepted.

The approach was based upon the need to modernise and rejuvenate the National Party organisation. However, many turned the contest into a political issue. In various electorates, I was seen as a free marketer or an interventionist and, in social terms, as a liberal or a conservative. Clearly, I could not have been all those things simultaneously. Fortunately, not belonging to any political camp, some from each of those groups were able to support me. In reality, it was an organisational battle – between conservatives on the one hand (who wanted the status quo) and the progressives on the other (who wanted innovations such as market research, targeted campaigning, computerisation and rejuvenation of the Party). I was clearly allied with the progressives and was assisted by Michelle Boag and Jenny Langley who provided their considerable public relations skills.

As a matter of courtesy, I met with Bolger (for the first time) and also Muldoon. Neither was keen on my challenge to the sitting President – although their reasons were not expressly stated. I think it is possible that Bolger may wrongly have felt that it might call into question a challenge to his leadership and Muldoon was not sure where, as Chairman of the Commerce Commission responsible for freeing up trade, I stood on economic issues. Though this was disappointing, I was aware that there were many members of the Party who rather desperately wanted new blood and a new approach.

1 Citizens & Ratepayers, seen to be allied with National.

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1 CHALLENGE

In meeting as many delegates as possible throughout the country, it quickly became apparent that there were an avalanche of stories being spread, the nub of which were that I was being investigated by the Law Society and was about to be struck off, convicted and imprisoned. Though appalled at this scurrilous attack upon me and my livelihood, I could not respond for fear of creating a public issue to my cost. I was advised by my supporters that the slurs largely emanated from a loosely formed group of National Party members known colloquially as the ‘Tamaki Mafia’ or ‘Rob’s Mob’. Muldoon used ‘Rob’s Mob’ for his supporters – the ‘ordinary blokes’, but the terms ‘Tamaki Mafia’ and ‘Rob’s Mob’ were also often more narrowly applied to his ‘Praetorian Guard’ (by his supporters) or to a ‘Dirty Tricks’ brigade (by his detractors). Though appalled, I learned that slurs were not unusual in such contests.

But immediately upon my being elected at the Dominion Conference, a campaign began at the Conference itself to have me step down. Somehow, a committee or group of senior Party officials which included Leader Bolger, past President Sir George Chapman and John Banks MP (whose father had been jailed) was formed and I was rigorously interviewed on two occasions, although my credentials and record had already been dissected by the media. No one would provide details of any alleged misdemeanours or provide advice as to the basis for the inquiry – which seemed based upon a simple unsubstantiated acceptance of the slurs.

In the course of this, I was told that Sir Ron Brierley (then head of the largest conglomerate in the country) had also strongly objected to me as President. Again, Brierley’s reason was not stipulated (the Commerce Commission had approved most but not all of his applications for approval of mergers). Accordingly, I felt I was battling against shadows – without any means of defence, apart from denial. In bewilderment and hurt, I could only say that there were no issues which would debar me from the Presidency. It

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seemed that none had expected me to win (no one had ever defeated a sitting President before – not even George Chapman, who had tried) and that there was considerable panic when I had done so. Even though the margin of the win was significant, I was invited to consider my position – but standing down from the Presidency would have seemed an admission of fault and there was little alternative but to continue on. Similar attack stories upon others exist, quite unjustifiably, in politics.

The State of the Party

What those who asked me to stand for the National Party Presidency did not tell me (and perhaps did not know) was that the Party was insolvent and in debt to members who had lent money to the Party conditional upon policies they wished to promote. Fortunately, because an election was brewing, an extensive round of visits and professional fund-raising assistance enabled the problem to be solved – providing funds for the election and for repayment of the debt – assisted by many who were now keen to be rid of the Labour Government. I visited personally most of the 30 or so major donors (who usually had messages for the next Government) to raise (with the help of many others) and uplift a little more than \$2 million for the campaign.

There were various estimates as to National's membership. Commentator, Colin James, said that in 1990 the Party had some 50,000 members, down from 250,000 in the mid 1950's. In my experience, membership has been something of a myth – there is a very low charge for membership and it was common to sign up whole families including very young children. Membership figures had been used to show support for the Party at election times and some were creative. Whatever the true and realistic numbers (in fact, more likely in the 12,000 range) the members made up for that in enthusiasm and many volunteers bolstered the Party's work-force.

The Party had been out of power for some five years and it was

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necessary to start from a low base – particularly upgrading its polling and market research capability (to aid decision making), introducing low level computer technology for the first time, developing group think tanks (to decide policy), settling campaign strategy (with advertising agencies) and encouraging operations (with the Party rank and file). There was much to do.

2 THE 1990 ELECTION

Market Research

As a first step, great pains were taken on polling (on positioning and trends), and also the daily collection of media reports across the country for the assistance of politicians. Group sessions and focus groups were held to ascertain the reasons behind the polls. Other public polls also started to emerge and Murray McCully became an expert in analysing and explaining the differing methodologies.

Targeted Campaigning

This was the time when targeted campaigning concentrating on marginal seats was being attempted in earnest. Having identified issues particular to any group or demographic, it sought to deliver messages specific to that group. Under the First Past the Post (FPP) system of counting, winning the marginal electorates was especially important and less time was spent on seats (and the candidates in them) which were normally clearly winnable or unwinnable. Some 25 seats in all were judged by survey to be marginal. In such marginal seats, swing voters were targeted rather than those who were likely to be committed – research indicated that the undecideds were some 25-35% of voters. The real problem, of course, was the mammoth task of ascertaining the marginal voters and then to use computer technology to record and identify possible targets and issues. A tentative start was made.

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Candidates

One of the first steps was to supervise candidate selection. Selection is not directly for the President but for the membership of each electorate to decide. The role was to identify potential candidates and to encourage people to stand. It was also a supervisory role – to make sure that procedures were fair and to eliminate candidates who might bring the Party into disrepute. A result of the landslide was that some new MP's, who might not have been entirely suited to the task, were also elected. But it did produce four promising young newcomers in Bill English, Roger Sowry, Nick Smith and Tony Ryall all of whom went on to become senior Ministers and, in one case, Prime Minister and, in another, Deputy.

In 1990, the National Caucus was largely comprised of three broad groups – farmers, teachers and lawyers. There was also an obvious shortage of specific talent which needed to be fostered, such as in economics, business, engineering and health. By 1990, three of the five Divisional Chairs were women, and this contrasted with the fact that there were three women Members only (Ruth Richardson, Jenny Shipley and Katherine O'Regan) of 40 in Caucus. In the same press release, I said that 'we would not be making full use of our human resources unless this imbalance is addressed' and also that the long-term success of the Party would be improved with representation from ethnic minorities.

Bolger immediately contradicted this in public saying that selections should be left to members and a male National Member of Caucus was reported in the press as saying that the promotion of women Members had 'gone down like a cup of cold sick'. But diversity can produce larger perspectives – although, of course, inclusion for candidacy must also be merited. In the 1990 election, some progress was made – now seven women were returned as members for National and many of the newcomers had a business background. It is now much easier to reflect this with the advent of MMP and the List system.

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Focus

National (the Caucus and Party wing) was strongly beset by divisions in both economic and social policy. There was conflict in economic terms between the New Right and the Muldoon interventionists. On social issues, there was a rift between the conservatives and the liberals. There was also a generational divide – many of the older members wanted to retain intervention and conservatism whereas younger members did not. In fact, the Party then had at least four fractious factions with the feel of a religious schism – internally they were very vocal and the media tended to exploit the differences. Later, these groups divided into four different Parties: National (centre right), NZ First (centrist), United New Zealand (liberal) and ACT (the far-right). Thus, the task for the 1990 election was to keep all of these groups within the Party together as a ‘broad church’ so that it could be seen to be electable as a united, credible government rather than a group of ‘unruly horses’. As I repeatedly said, ‘the task was to restore stability after a period of debilitating infighting’. It probably annoyed some by calling for unity too often, and certainly bored the others to tears.

Manifesto

The primary role of the Party is to get National elected to be in Government and so to exercise power. Given the wide disparity of views within the Party, by then it was difficult to express what the National Party stood for. It was better to concentrate on the tried and true – National fell back on the practical (a team of capable managers) rather than philosophy and upon its general goals (liberty, protection of property, family values, stability, security and law and order, to create a society where there was opportunity and fairness for all). Frankly, this was not a strong or detailed basis for the election and begged the question of how this was to be achieved.

To fill in the detail, the politicians and Party put considerable effort into its 1990 Manifesto with a committee consisting of

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three politicians (including the Leader) and three Party members (including the President). Mindful of the divisions within the Party, it concentrated on goals: economic growth of 3%; halving the level of unemployment; an inflation rate of 0–2%; single digit mortgage interest rates; a balanced budget; and a fall in taxation, etc. It was clear that unemployment and getting the economy going again were the two main issues (some 55–60% of people thought so). National also committed to abolish tertiary fees; to assist long term unemployment; to the increase of 900 Policemen; to remove the surcharge on retirement income; and to have voluntary union membership. Its election promises were promoted and oft repeated – particularly by use of a ‘short Manifesto’ and by a ‘Differences pamphlet’ both of which tested as highly positive.

Because the Party was ahead in the polls, and the election was Nationals to lose, risk avoidance was sensible in the circumstances. Bolger preached a ‘decent society’, which was short on definition and meaning, but which most interpreted as moderate. At a Conference, Bolger argued for ‘balance’ and the campaign was run along the lines that the new Government would be nothing like that of the current Labour one, there being a desire on the part of all to rectify the hardship which had been caused by its singular approach. In fear of providing an advantage to the other, both Leaders appeared to shadow box, matching promise with promise. As a result, there seemed not to be too much difference between the Parties, but National began to look a credible alternative.

The Leader, candidates, Party officials and the grass roots all worked tirelessly to achieve the result. Bolger as Leader had now been in that role for three years and looked stable compared with the turnover of Labour Leaders. The candidates stopped telling business what they were going to do for them and, thankfully, listened instead. Some (but by no means all) of the business donations which had largely gone to Labour in 1987 (fostering the Douglas agenda) returned to National. In New Zealand, the one thing that works in

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politics is personal contact made by candidates and members (eg in door knocking and delivering pamphlets) – making the election issue a live one and showing voters in their own environment that the Party wants to be elected. Campaigns do not depend only on political messages that come from the centre (ie from politicians) – for a successful campaign the two need to work in tandem and, in 1990, they did.

Key Moment

From the National Party polling, the biggest factor by far, in an increase in support for National and decrease in support for Labour, was the National Caucus decision (led by Doug Kidd and other younger Members) to abandon its pro-nuclear stance in favour of a non-nuclear one. This instantly changed the polls – by as much as 5%, meaning that a 10% gap opened up between the two. The public generally did not want nuclear vessels, armed or powered in New Zealand. It seemed that for many, what was holding back a switch of support was the nuclear issue and this new initiative enabled many voters now to consider voting for National instead.

It's Time for a Change

The Polls narrowed as the election approached. In this case, it was some two or three weeks before the election – Moore had recently been appointed Prime Minister (a positive for Labour); National was again accused of sleep walking to victory; and there were disruptive side issues such as National's ejection of protesters from the Chase Plaza. The National vote slipped from 44% to 32% and the Labour vote increased from 19% to 27%. It was at this point, a week out from the election, that National saturated its advertising with 'Its time for a change' message. Thankfully, on election day, the polls had widened again. Graphics of the polls over the three years made National's results look like a fish with its mouth open. When the undecideds came to vote, their

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impression over most of the three years was that National was the preferred Government.

Labour's 1990 campaign team were very experienced, previously successful and highly capable – it had outshone National in 1984 and 1987. However, in 1990, it had to campaign along the lines that the Douglas policies (still felt and strongly remembered) were fine for their times but that now a more gentle and moderate approach was required, and with concentration on matters social. In so doing, it rather watered down its policies to the point where they were complex, did not provide any punch and were difficult to campaign on.

Landslide

The result was a landslide to National – certainly the biggest landslide until then. The relief and the elation in President, the Party and the country was very evident. What was surprising was the margin. Voter turnout was 47% for National and 35% for Labour. National won 67 seats (a gain of 27) to Labour's 29 – accentuated by the FPP voting system. New Labour (Jim Anderton) won 1 seat. In fact, National succeeded in several seats it did not expect to win. It meant a massive overall majority of 37 seats. National's fortunes seemed significantly determined and influenced by the failures of the 1987 Labour Government.

Broadly, it seemed that the National vote held and Labour's vote fell away – Ruth Dyson, its President, confirmed that 'the Labour vote was not there'. Either they voted for a minor Party or abstained – a reflection that it had strayed from its roots and had exhausted its deposits of goodwill. It was not that the Labour campaign was poor. It was that Labour had little hope of differentiating itself from its record. The landslide result was achieved notwithstanding Moore's popularity – attitudes towards Parties as a whole are better guides than attitudes towards Leaders.

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The Greens won 8.9% of the vote in those electorates but no seat – a considerable achievement for a fledgling Party. At the conclusion of the election, it was left for Stephen Rainbow, political scientist, candidate and spokesman for the Greens, prophetically to predict that, having made an important initial step, ‘the Greens would be almost assured of representation under an MMP system and, prophetically, was left wondering whether ‘a Labour-Green Coalition would provide interesting and effective government into the 21st Century’.

Post Election

National supporters were keen to change the Government but Labour’s were less keen to continue to support theirs – a reflection that it had strayed from its roots and had exhausted its deposits of goodwill. It was not that the Labour campaign was poor. It was that Labour had little hope of differentiating itself from its record (or the divisions of its key members).

Post election research analysed the results: Voters switched to National for varying reasons:

- (a) 35% because of the economy; 24% because after six years it was time for a change; 15% because they did not like the Labour Government.
- (b) Some 24% of people made up their minds at the last minute – 13% in the last two days, 11% on the day of the election. Campaigning in the final week is therefore likely to be decisive of the outcome.
- (c) Local issues were more important than might be thought – 33% of voters felt influenced by the local candidate. A local campaign may not be as subservient to the national campaign as might be thought.
- (d) As to the effectiveness of the forms of media – 67% considered that television was the most noted, 13% said it was newspapers which came to mind. But to determine

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voting preference, 27% relied on TV and 22% relied upon newspapers. Notably, 34% did not rely upon any medium at all.

- (e) As to the effectiveness of political advertising, 49% could not remember any political advertising. Only 17% could remember a National advertisement (and then only 6% for the 'Yes Minister' and 5% for the negative 'Moore' advertisement – 'Moore Failures').
- (f) Hardly anyone thought that the catchy National Party song (of 900 new Bobbies on the Beat) was influential in winning the election. Thus there was much expenditure for little political gain, but that is not to say it should be dispensed with.
- (g) National's most appreciated commercial was the 'Sir Henry' taking off 'Sir Humphrey' of 'Yes Minister' designed to point out mismanagement of the economy by Labour. Negative advertising, appropriately used after the positive advertisements, could not be discounted, but in this case, given the economic gloom, it was better to leaven this with humour.
- (h) On the question of the fairness of the media, 54% believed that it was fair to all Parties – a good testimonial. 29% said that it was unfair to the minor Parties who did not get equal time.

As to the media coverage generally, all Parties were dissatisfied with media coverage which they felt tended to be in photo-opportunities and sound bites and did not deal substantively with issues. This was not necessarily the fault of the media since the Parties encouraged it – it was the means of getting attention. Brief clips and photo-opportunities do not get across substantial debate and inquiry but they can get across images. For instance, the Shadow Minister of Education, Mervyn Wellington, photographed pulling

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up a flag in a school playground, got across both the image of patriotism and learning – which were good messages for a political Party.

More generally though, the current affairs programme Holmes was no more than ‘infotainment’ (entertainment under the pretext of news) and was variously described as ‘deplorable’ and ineffective. There was some substantive debate, for example, serious interviews, say by Lindsay Perigo, but they produced no reaction in polling and very few people watched them.

Almost overnight, after the election, the input and influence of the Party wing, which up to now had been strong, waned. In spite of requests to the Prime Minister, the President was denied attendance at Caucus meetings on the pretext that he was not an elected Member and that the responsibility of Caucus members was to their electorates (and not the Party upon whose ticket they had been elected). For the Party, that made it more difficult to understand what was going on, however there were no shortage of complaints and grumblings from a wide variety of its Members. From outside, it was at least clear that there were widespread and differing views among its 67 Members. Bolger did not want Party intervention adding to any discord – the less the President and Party knew the better. But that lessened the ability of the wider Party to make input – positive or otherwise.

With the resulting National majority of 37 seats and the landslide, a sense of complacency might set in for National – or at least create an environment less sensitive to public opinion. It also meant that dissent within Caucus (even significant dissent such as that from Muldoon and his supporters) might be managed, and that policy might be implemented safe in the knowledge that the Government was secure given its numbers.

In this climate, some issues stood out post-election – the direction of the Party in terms of policy; the broken election promises; the position of Winston Peters within the Party; the referendum

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on the voting system; and reparations for breaches of the Treaty of Waitangi.

3 RUTHANASIA

Concerning the policy direction of the Party, the appointment by Bolger of the hard-line Ruth Richardson as Finance Minister immediately after the 1990 election was contrary to the impression at the election that there would be a softer face in economic matters. As it turned out, even Douglas would have been proud of Richardson as she out-rogered Roger. As she said: 'You have believed that the State is your friend, look at how it has betrayed you. Now try the market'. She proceeded, not only to continue Douglas policies, but to extend them – 'Rogernomics Plus' as it has been described by Colin James. As James also says, Bolger not only endorsed it, he 'took control of Richardson's economic and social policy as his own'.

Ruth Richardson

Richardson had trained as a lawyer and worked for the Justice Department. Always ardent and ambitious, in 1972, she challenged a family friend and her mentor, Sir Roy Jack, for nomination to a seat Waimarino (now Rangitikei), something not well received. She entered Parliament in 1981 for the safe seat of Selwyn. She was a disciple of Hayek and Freidman (of Chicago School economics) and championed this in Cabinet and Caucus with great zeal. Due to an ability to clearly articulate her views, she became the leader of the New Right group – a 'get out of my way' type indicating her persistent focus upon application of that policy. She was nearly elected as Deputy Leader to Bolger – which she lost (allegedly by one vote) to the more moderate and conciliatory Don McKinnon.

Richardson was, like Douglas, single-minded and, with her ability, pursued what she knew was right. She was supported by Treasury officials and business interests centred around the Round Table. She fought hard for those free market views within Caucus

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and Cabinet – it was said that she would argue over a comma (compromise was not in her nature). ‘Single-minded’ did not adequately describe her approach – she was persistent and impervious to what others might think. Richardson, though zealous, capable and even ‘ruthless’, seemed lacking in political instinct or common sense. By way of example, when Doug Kidd suggested setting a minimum wage for young people and obtained Caucus approval, Richardson called the Caucus ‘stupid’.

Bolger could not have reverted to Interventionism, the credibility of which had been destroyed by Muldoon. His alternatives were to soften the Douglas approach (as everyone expected) or to apply it – he chose the latter. It seems that Bolger, in appointing Richardson as Minister of Finance, may have been persuaded by a powerful group in Cabinet (Upton and Shipley backed up by others such as Luxton, Bradford, Lockwood Smith and Kidd). In argument and substance, they outweighed the Muldoonist camp in Caucus (Peters, Laws, McArdle, Meurant, Neeson, Myles, McIntyre and, of course, Muldoon himself). Older hands like McKinnon, Birch and Philip Burdon appeared look the other way, concentrating on their own portfolios. It seemed that policy was being directed by a relatively small clique in Cabinet and that Bolger had bought in. Interestingly, Brian Easton, an economist and not a politician, in ‘The Commercialisation of NZ’, indicated that it was never a question of which economic theory was right – it was a ‘battle of wills which determined policy’.

The Mother of All Budgets

In December 1990, almost as soon as the election celebrations had ended, Richardson brought down a mini-Budget which cut spending (to the tune of \$2 billion); it cut welfare benefits significantly (eg in unemployment, domestic purposes and the universal family benefit); and it introduced user pays (eg for doctors visits and prescription charges). A task force to look longer term at welfare assistance and

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another to re-organise the health system suggested more cuts to come. The mini-budget was not part of the Party's Manifesto and took most by surprise. The justifications were the alleged dire state of the economy and the need to encourage people to work by removing hand-outs. But, it was unexpected.

Richardson followed this up by what she called the 'Mother of all Budgets' in July of 1991 (after Saddam Hussein's 'Mother of all Battles'). It tightened superannuation payments (including increasing the retirement age); continued with user-pays for health (eg a \$50 per night payment for hospital stays); and increased the price of Government services (eg State house tenants would now pay market rents). Again, this was not what the Party and the public had expected from the election – many had voted Labour out, not to have its policies enhanced. Following 'Rogernomics', the approach was now aptly called 'Ruthanasia' – Richardson being a principal driver of the reforms. She said that her use of the phrase 'the Mother of all Budgets', made during a pre-Budget interview, was meant as a joke but she seemed to rejoice in the severity of the measures. For Richardson it was a salvo into battle and aptly described. It was a public relations disaster.

Ruthanasia was justified by Bolger saying that, otherwise, 'the country cannot afford it' and by McKinnon in 'facing up to realities – something which most New Zealanders and all Governments for 20 years have failed to do'. But, as a result, by the end of 1991, Bolger's personal rating fell to 7%. Today, Bolger still thinks that it was the right decision in the circumstances, saying that National was simply redefining the welfare state in order to save it. But it was far more than that for Richardson – it was a watershed philosophical, systemic and cultural change for the longer-term and always.

The New Right economic policies had no real mandate. The Party, the various electorates, its members and the public expected moderation in Government in contrast to Labour's rapid and radical 'New Right' reforms. As James said reflecting the feelings of nearly

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all: 'Voters reading National's Manifesto in 1990 and listening to speeches could have been forgiven for expecting a degree of reversal of Labour's actions in economic and social policy, not an extension of them'. Likewise, National voters assumed that there would be change. Instead, post 1990, Labour's policies were expanded and cemented by the new National Government.

Of course, from 1984, Labour had also broken promises and hidden its agenda – for example, no mention had been made of its massive de-regulation, the selling off of State enterprises, the imposition of GST, and so on. But that should not have been an excuse for National to proceed similarly without mandate. Richardson's policies were also cemented by stealth as Labour had done – radically, by surprise. It was something that few expected.

The Surcharge

In a move to cut costs, there was also an about face on the surcharge on pensioners non-superannuation income – a Douglas reform which had angered many. There had been the clearest of pre-election promises by National to remove the surcharge. Superannuitants had paid for their retirement pension over many years by taxes and had thereby been robbed of retirement insurance – by virtue of the surcharge, their retirement income had been diminished. It was a tax on income which had already been taxed. It discriminated against pensioners and the elderly.

Time and time again at election time Bolger appealed to the elderly voters by saying that the surcharge would be abolished 'no ifs, no buts, no maybes' and gave 'a cast iron guarantee'. When questioned on the broken promises, Bolger said that they 'were just election rhetoric' according to the informed Simon Carr. Though frank, it was an extraordinary statement – it indicated and underscored a total cynicism about political promises.

There was no shortage of complaint or grumbling from a wide variety of sources. It was clear that there were widespread and

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differing views among its 67 Caucus Members. Understandably enough, Bolger did not want Party intervention adding to any discord – the less the President and Party knew the better. But that lessened the ability of the wider Party to make input.

The appointment of the hard-line Ruth Richardson as Finance Minister was contrary to the impression that there would be a softer face in economic matters. As it turned out, even Douglas would have been proud of Richardson as Finance Minister. As she said: ‘You have believed that the State is your friend, look at how it has betrayed you. Now try the market’. She proceeded, not only to continue Douglas policies, but to extend them – ‘Rogernomics Plus’, as it has been described by Colin James. As James also says, Bolger ‘took control of Richardson’s economic and social policy as his own’.

This was not what the Party and the public had expected from the election. They had not voted Labour out, only to have its policies enhanced. Richardson said that the use of the phrase ‘the Mother of all Budgets’, made during a pre-Budget interview, was meant as a joke but seemed to rejoice in the severity of the measures and in inflicting pain on the community. For Ruth, it was a salvo into battle – it was a public relations disaster.

As James said, reflecting the feelings of nearly all: ‘Voters reading National’s Manifesto in 1990 and listening to speeches could have been forgiven for expecting a degree of reversal of Labour’s actions in economic and social policy, not an extension of them’. Of course, from 1984, Labour had also hidden its agenda – for example, no mention had been made of its massive de-regulation, the selling off of State enterprises, the imposition of GST, and so on. But that should not have been an excuse for National to likewise proceed without mandate. Even more surprisingly, Richardson’s policies for National were introduced by stealth as Labour had before – radically, by surprise and contrary to public opinion. It was something that no one expected and was copycat.

When questioned on the broken promises, Bolger said that

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it was 'just election rhetoric' – though frank, it indicated that dishonesty was appropriate in politics for the gaining of power. It was no wonder, as Laidlaw said, 'mistrust of politicians was palpable and universal'. There were also harsh cuts in welfare and increased taxation of the elderly, of which there was again no mention in National's Manifesto, nor warning prior to the election. The cuts were to force beneficiaries to take more responsibility to create alternative opportunities – this had been encouraged by Party members who railed against benefit fraud and images of beneficiaries spending benefits on tobacco and alcohol – without, it may be said, much evidence, other than anecdotal. There was further user pays (especially in health and education) and means testing (upon superannuation payments above a level). There were higher doctor's fees and prescription charges and a hospital part charge of \$50 per night.

National did not specifically say it would introduce no new taxes but it was heavily implied – it promised 'low taxes' and exhorted people to vote for it to 'enable it to lower its tax demands'. In conjunction, it promised to eliminate land tax, gift duties and death duties. After the election, Bolger now said he could not allow tax concessions for high earners and cut welfare payments at the same time. In fact, a levy was placed upon wage and salary earners to pay for the Accident Compensation scheme and criteria for eligibility were lowered. As for the goal of halving the level of unemployment, by 1993 this had risen to 10%. Something like one quarter of workers were worse off. James records that, between March 1990 and 1993, the real disposable income of the least well off of society dropped 2.2%. Simon Carr, a Bolger employee, said that 'Bolger promised a new start, to abolish the surcharge, to foster the 'decent society'. Instead, 'he slashed benefits and increased the surcharge'.

National's Manifesto had a raft of promises which created great expectations. Some promises were kept – such as a promise in the Manifesto to introduce an Employment Contracts Act to restore

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voluntary unionism, to remove the union's monopoly bargaining power and allow freedom to negotiate. This had the effect of lowering unit costs of labour and emasculating the bargaining power of the Unions, but was hardly likely to reduce unemployment by half or to advance the 'decent society'. Even the promise to have '900 new Bobbies on the Beat' was set back when this had to be achieved from existing budgets, until Minister John Banks protested and was able to get some extra funds (but not all) for this purpose. In practical terms, in 1990, benefits were cut by an average of 10%. In 1991/1992, the wages of three fifths of those in work fell as a result of the Employments Contracts Act. The normal National Party cautionary approach, valuing moderation and gradualism seemed forgotten – the continuation of the radical reforms and their intensity left many of its members ill at ease and some considered it a betrayal.

It is not unusual for political promises to be broken, watered down or morphed. Manifestos by the winning Party are sometimes treated as indicative only – elections being a general authority to govern but not necessarily to guarantee any specific programme or action. Regrettably, the public has, resignedly, become somewhat cynical of political promises and Manifestos, and have accepted them as being in the nature of politics. Of course, it is acceptable in some cases for politicians to backtrack on promises previously made – say, when the circumstances drastically change or new facts come to light. Politicians need to be free to change their mind and replace original ideas with second (and hopefully better) thoughts. When there is a backtrack, which should be rare since the public and business may be relying upon the promises and have based actions upon such assurances, it is good practice that the reasons are fully explained. Any democracy, at least broadly, should reflect the expectations created. Political promises should not be given or taken lightly.

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The Blame Game

It is a strategy as old as the hills for Parties to blame their predecessor for their own unpopular actions. The Labour Government in 1984 used a short-term currency crisis (resulting in devaluation) to justify wholesale changes in economic management. In the case of Ruthanasia, it was said that there was a 'crisis' which justified the broken promises, that is to say, the then dire state of the economy. Richardson and her allies had argued that there was a tight economic environment, faltering growth, deteriorating international outlook, rising unemployment and a large balance of payments deficit. It was said that the currency was about to be downgraded (which it was by one grade) and this would have increased interest costs on overseas borrowing.

But the specific excuse of National to break promises was the economic difficulties of the Bank of New Zealand – immediately on the eve of the election, Bolger was advised that there was a shortfall of some \$620 million which had to be met and this had not been disclosed to National prior to the election. To bolster the 'crisis', Doug Kidd's 'razor gang' was said to have found a further \$250 million of unauthorised expenditure which, though known of, did not have strict budget authority. There was thus a basis for blaming the previous Government but it did not to stand up to closer scrutiny.

Looked at more closely, the 'razor gang' findings were covered in the Budget by contingency allowances. Further, the pre-election Budget which Labour presented prior to the election was skewed by the addition of capital items such as the sale of forestry rights which was known. Even an economic dunce prior to the election would have known the country was in tight circumstances, but it was not in such bad shape as to prevent National promising \$700 million extra expenditure for the election. As for the BNZ, this was the second time it had failed – its problems were in fact the result of profligate lending during the boom of the mid 80's and

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this was known. Jonathan Boston said of the excuses: 'that strategy has no integrity in this case because we all knew – well before the election – that things were not going to be pretty. It was a matter of just how dreadful things were going to be.' Even its own, such as Cabinet Minister John Banks, said that 'senior figures in Parliament knew how bad things were'. Using the one-off bailing out of the Bank of New Zealand was an excuse – as he said, 'the BNZ was only one aspect in the overall scheme of things'.

Though there was good reason for economic frugality and cost cutting to balance current spending and costs, National's attempts to blame the broken promises on the previous Government and the Bank of New Zealand fell flat. The BNZ required a capital commitment which would extend borrowing for that purpose – but that was a balance sheet matter and not a current account deficit or issue. Later too, Bolger and Richardson backtracked on a promise to hold a full public inquiry into the Bank of New Zealand. And shortly after, in 1991, Bolger, looking for a good news story, was able to find \$280 million for the construction of the Te Papa Museum (noted for its infotainment). The excuse seemed self-serving.

The Reaction

With the broken promises, including that of the surcharge, there was an angry reaction. It is hard to envisage today the effect which the broken promises had. National Member Wyatt Creech (representing Wairarapa) said of his Government that 'going back on the super promise was just diabolical' and that National stalwarts in his electorate said that they were 'f.....g liars' (Banks at p130). Neil Walker, long a Party stalwart, contributor and moderate, said that 'the Government had gained a reputation for being devious and dishonest in the eyes of many'. Merv Wellington, a former National Minister with Muldoon, went even further and said in August 1992: 'There has never been a less honest or humane or moral or more

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arrogant or infamous government in the history of New Zealand’.

An angry populace also let its dissatisfaction be known. The Government knew it was inflicting pain and its lack of regard for the public reaction infuriated many. Members of Parliament were booed and jeered at in public, others assaulted. John Banks described it as ‘a wall of anger’ and that Cabinet (of which he was a part) had ‘the status of liars’ and was ‘unhealthy and arrogant’. Much correspondence in antipathy was directed to politicians and the Party was inundated with letters of protest expressing outrage (from students, sole parents, health patients and many others). Internal National Party polling very quickly reflected this also – showing a high level of distrust, singling out Bolger, Richardson and to a lesser extent Shipley (Minister of Social Welfare) as those who were most distrusted. Banks (in June of 1992) urged his colleagues to think, not only about theory, but about political issues and that ‘we have got to take the country with us’.

To add insult to injury, Richardson came to Cabinet with proposals that the surtax might be increased – when its retention was already castigated and public disapproval was well known. John Banks’s biographer says that Banks was at the forefront of winding this back assisted by Creech, Burdon, Peters and East. Much later, the impact of broken promises was not lost on John Key. After his election in 2008, he pointedly said, notwithstanding the very serious Global Financial Crisis, that he would not break promises. Wayne Eagleson, who had also lived through the 1990’s with Bolger as his Chief Executive, reported that as a result Key was ‘determined to be a Prime Minister who kept his promises’. And Bill English, known for his probity, said in 2008 of broken promises: ‘I didn’t want to relive the opportunism of the 1990’s, you lose credibility’.

As early as late 1991, National had lost much of its goodwill and there was concern that this might reflect on its electability in the next election. External polling confirmed this also. The broken promises cast ‘doubts upon the political process and upon democracy

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systems' – voters could not depend upon election promises. In 1991, at the National's annual Conference, as President I warned that internal polls showed that: 'National had lost its lead from 1990 and that there was a disillusionment about politics – many who had voted National were now undecided – and that Party workers were disheartened by signs of disunity. There was now a large middle ground of undecided voters to which attention had to be given – and they had to be won back by good government'.

4 THE NEW NORMAL

In response to the new unpopularity, clusters of Party members were set up across six different groups (growth, employment and enterprise; health; education and skills; foreign affairs and trade; social assistance; and the environment). The idea was that the clusters might consider policies, promote ideas and comment to politicians on policy papers as they were issued. There were among the Party members people with very real expertise in these matters. It was to give assistance to politicians but the main driver was to endeavour to provide some counter-balance and pause for thought. The Party could hardly express publicly its concerns or to criticise policies in public – this round-about way was the best available to it.

One of the roles of the President is to support the political wing of the Party whatever his or her personal views might be. Having been closely involved in the Manifesto and watching Election debate, I was surprised when the Government appeared to be going its own way. Had I been consulted, I might have counselled for truth and integrity, and for advance knowledge so that people could better plan their affairs. I might also have asked for more pragmatism and less reliance on theory. In public, however, my only option was to generalise and put the best face of the situation. Looking back, this was not the whole truth, but that is the dilemma of being President endeavouring to act in the broader interests of the Party. As I simply, but inadequately described, 'the new normal': 'The political game

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has changed – individuals and companies feel that they have greater opportunity if they have the ability to make their own choices’.

Obviously, for a Party to express dissatisfaction with its Government in public risks the appearance of division, so broken promises were a *fait accompli*. The Cabinet effectively had a license to govern without being too concerned at what the public, Caucus and Party might think, and the Government had done things without the consent of the Party upon whose ticket it was elected. There is close link between the policies of Government and a Party’s organisational strength – if the Party is left out of the policy making approach, it will lessen its effectiveness by way of support. The ability to attract members is weaker and those who work for the Party less incentivised. Constructive and co-operative engagement is preferable.

5 PETERS’ REMOVAL

The rift between Bolger and Peters continued. Peters seemed ambitious to be National’s Leader and was supportive of the interventionist policies followed by Muldoon, he was also keen to raise his own profile along Muldoon lines – that any publicity is good publicity. As a result, for some time, Peters led the polls as preferred Prime Minister. Headline grabbing and attention seeking, he made various accusations of irregularities and fraud against others – but did not always substantiate the claims adequately. He attacked the New Right reforms of his own Party and alleged complicity between the leadership and big business. He attacked Maori for lack of self-reliance, though part Maori himself. All of this earned him some support, but also opposition from others. He gained a limited following and a great deal of publicity for himself.

Bolger as Leader, who had appointed Peters to Ministerial status, was rightly concerned at Peters’ conduct, criticisms and disloyalty but, even more so, it called into question Bolger’s leadership. Peter’s popularity spooked Bolger (according to Banks) and there continued a very real enmity between them. Peters continued to criticise ‘the

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country's chronic lack of political leadership' and, subsequent to the broken promises, the 'inability of political leaders to tell the truth'. Members of Caucus were concerned and I was asked by some to intervene. When the opportunity came, as President, I emphasised to Caucus that politics was a 'team game' and that this included support for the democratically elected Leader. But that changed little. Bolger's tolerance and patience eventually ran out and finally dismissed Peters from Cabinet altogether.

In the course of this, Peters did not endear himself to his colleagues. There was an element of jealousy against him but it seemed that he had little sense of loyalty to the Party. Sooner or later, Caucus members became tired of the disruption. In September 1992, 42 Members signed a Resolution saying that Peters had significantly prejudiced the interests of the Party, that it had no confidence in him, it invited him to resign and to not attend meetings of Caucus. Then, 50 Members out of 65 voted for his expulsion from Caucus (Members were not averse to leaking numbers from Caucus when it suited them) – the majority was overwhelming. Then Caucus also asked the Party to expel Peters from membership of the Party as well. As President, I did not receive this request with any enthusiasm as it was my task to try to keep the Party together as a whole, if that was at all possible.

On speaking to both Bolger and Peters, it was clear that the personal rift was not mendable and the policy differences between them likewise. Relations between the two had broken down to the point where neither could speak of the other in a level voice. Simon Carr, who should know, confirmed that the animosity was 'deep and so intensive'. It had been possible that the problem might be solved by challenging Peters for the National Party nomination for Tauranga and, at the time, there were attempts by Lindsay Tisch (Chairman of the Waikato Division) to do so. If successful, that would have rendered expulsion unnecessary. However, this was pre-empted by Caucus. In October 1992, due to the overwhelming

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concern by National Members of Parliament, there was no option but to hold an inquiry to deal with the issue. Of course, it had to be done strictly according to the rules of natural justice since it was well known that Peters was litigious by nature.

The meeting to judge expulsion or otherwise was a little protracted as the case had to be made and outlined against Peters, and all parties with an interest given the opportunity to submit and be heard in response. It took some weeks to set up a procedural process for Peters to be given the opportunity to reply and to rebut allegations against him. This was to avoid Peters being able to establish in Court that he had not been treated according to the principles of natural justice. Jane Clifton of the *Dominion* reported daily that I was dithering on the issue – I suspect that pressure was being brought by opponents of Peters through the media. I was not dithering but the legalities had to be complied with – to comply with rules of notice and natural justice and the matter dealt with in a more considered environment. There was no shortage of people and politicians lobbying members of the Dominion Executive for or against.

The Dominion Executive had 20 members. Three members represented Caucus (who were at the time Bolger, McKinnon and Graham). Two members represented each of the five divisions including the Regional Chairmen of each and the rest were made up of Office Holders – including the President, Woman's Vice President, the Maori Vice President, the Young Nationals President, the Treasurer and Chief Executive. In the result, the Party's Executive by a majority of 13:7 voted for expulsion. As far as I could ascertain, the voting was disparate – some voted in sympathy for far-right politics; some for Muldoon policies which Peters espoused; some for disloyalty to the wider Party; and some due to loyalty to Peters. The better test was whether, by his actions, Peters had acted contrary to the interests of the Party. For the record, I voted against Peters because, during the run up to the hearing, Peters seemed disloyal to

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the Party as well as of the Government. It was almost as if he was trying to get expelled.

Legal Proceedings

Upon his expulsion, Peters, as expected, challenged the decision in the High Court, the case being cited as *Peters v Collinge*,² Peters was not able to show that natural justice had been denied him or that there was bias and the decision turned on the rights of private organisations to make an apply their own rules without oversight by the Judiciary. The case is still authority to say that the rules and powers of private clubs cannot be reviewed in the Courts – this being no doubt strongly influenced by the thought that the Courts were not the right place to resolve issues thought to be political.

There is another aspect to the case. Peters claimed that a clause in the National Party application form, which forbade candidates for National selection from standing against the candidate selected by National, was unlawful. That was found by the Court to be a restraint of trade because it might prevent or hinder him from gaining employment as a Member of Parliament. Having taught contract law in Universities in England and Australia, I well knew the clause was suspect but had let it stand on political grounds. We wanted candidates who would sign up to National Party values and policies and be loyal to it, and not to have a candidate who might stand against the Party. A candidate (who might in due course become a National Member of Parliament) was either National or he or she was not. Effectively, the outcome of the case was that Peters could stand for Parliament against National, but he could not stand for National as he had been expelled from the Party.

Upon his expulsion, Peters resigned his Parliamentary seat of Tauranga, a safe National seat, and forced a bi-election. In this case, the bi-election was shortly before the General Election of 1993

2 [1993] NZLR 554.

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and Peters did not need to resign his seat to remain an MP until the election – it was seen as a publicity stunt to no other purpose. Accordingly, National did not contest the bi-election and, as a result, Peters won easily with some 90% of the vote. No longer a member of the National Party, he formed his own Party – New Zealand First. It was a nationalist (including curbs on immigration), interventionist and populist Party and he took a number of National Party MP's and supporters with him.

6 REPARATIONS

From 1984–1990, there had been significant advances for Maori interests under the Labour Government. Labour enabled the Waitangi Tribunal (established in 1975) to investigate claims by Maori back to 1840, thereby allowing the grievances relating to the appropriations of Maori land to be brought to attention and aired. Further, in August 1987, Maori became an official language of New Zealand. There was also more Maori involvement in institutions – Maori pre-school centres, advisory committees on health boards and regional councils, for example. A landmark legal decision placed a duty upon Government (saying that the Treaty of Waitangi was 'in the nature of a fiduciary relationship, akin to a partnership') to consult with and to treat Maori fairly in line with the principles of the Treaty – a decision not reversed by Parliament. The Treaty thereby achieved constitutional status whereas it formerly had none.

National lagged behind. In its 1990 Manifesto, National preached partnership – but only between the Government and voters. Immediately after the 1990 election, National's policy towards Maori was criticised by public lawyer Mai Chen on the basis that its Shadow Minister of Maori Affairs (Winston Peters) was diminishing the status of the Waitangi Tribunal and that National's employment policy against pay equity for women disproportionately adversely affected Maori. In doing so she expressed the view that

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‘true restoration of the Maori people required acknowledgment of past wrongs’.

Thus, the status of the Treaty was a point of difference between National and Labour. Of course, not everyone agreed with special rights or treatment for Maori (many thought Maori should simply have rights along with the rest of the country). On the other hand, others felt that there was the need to rid the country of grievances and hence obstacles which were hampering a sense of unity. There was substantial controversy and a difference of views. In this climate, at National Party meetings, remits began to appear supporting the constitutional status of the Treaty of Waitangi.

In 1991, recognising that there was increased debate among the pakeha community as well, as President I called a meeting of Maori members of the National Party and their representatives in Wellington – from all of the five regions of the Party. While it might have been expected that Maori would readily embrace the Treaty of Waitangi as it embraced indigenous rights, it was not easy and straight forward. Many Maori were cannily nervous that questions as to the status of the Treaty and rights under it might produce a backlash and be detrimental to the movement. Some groups could not agree or be seen to agree with others – on cautious inquiry this appeared due to historical memory from inter-tribal rivalry and retaliation from the Musket wars – which had by no means been forgotten. Gradually however, thanks to the sagacious Ria Wikaira, a Maori leader in the Party, an uneasy consensus emerged in favour of the recognition of the Treaty as the founding document of New Zealand. Of course, once recognised, that necessarily led to issues relating to breaches of the Treaty and the resulting loss of Maori land.

That became a central remit at a National Party Dominion Conference, it was hard fought and not a little emotional. When the motion was finally put, by show of hands the result was not clear cut. Upon recall, to see where the balance lay, a quick headcount

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indicated that the motion was carried – approximately two thirds to one third. It was a show of feeling which the then Government with a large majority of National members could not ignore and meant that it had a mandate of sorts. It followed suit.

Importantly, under Doug Graham in particular, the Party embarked upon a process of reparations for historical wrongdoing. Then Ruth Richardson (as Minister of Finance) announced, without consultation with the Party, that \$1 billion was earmarked for this purpose. She tried to make this a cap on total expenditure but was rebuffed by Maori protest. Although the ‘b’ word had considerable impact at the time – the trouble was that even then it was rather obvious that this was already light in the context of the suffering and loss of mana involved, let alone the economic loss over 150 years.

The reparations were handled by the Office of Treaty Settlements, recently formed, tasked with implementing the settlement process – researching claims, negotiating and advising the Government, and also to facilitate development of land by Maori. This process was assisted in 1993 by the Te Turi Whenua Maori Act which recognised that land was handed down the generations and that it had a special significance for Maori. What followed were creditable attempts at settlements. In 1995, there was a settlement of \$170 million compensation for Tainui and an apology was signed by Queen Elizabeth II on a visit to New Zealand. There was also a land settlement for Ngai Tahu for \$170 million. Then, Maori were awarded 26% of inshore fisheries quota which led to an investment of half in Sealord Products Limited. There was an apology for the unjust invasion of lands, for the loss of lives as the result of the Land Wars and the devastation to property and economic life which resulted. And there were still many more settlements to come.

7 MEDIA INTERVENTION

At the 1993 election the National campaign was run by an amalgam of its political and Party wings – which included Murray McCully

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(a Government Member expert in public relations); Mike Wall (an advertising expert); and Wayne Eagleson (who, with Wall, was an employee of the Prime Minister's Office) participating. This was to co-ordinate Party and political efforts, recognising that now elections were funded, broadly, equally between funds from the Government allocated by the Broadcasting Authority on the one hand, and private donations to the Party wing on the other.

A number of Members were no longer with National (Peters, Myles, McIntyre) and some (such as Laws and Ian Peters, Winston's brother) might join them – but National's majority, formerly of 37, seemed dented only a little. By 1993 though, there were, variously 25% to 35%, 'don't knows' and the disgruntled. There were also a number of National seats (some 13 to 20) which were vulnerable to say a 6% swing on a two-Party vote. The two-Party swing in any electorate may vary given local issues and the popularity of the candidate, but is broadly reliable. It meant that, depending upon the extent of the swing, National could conceivably lose the election.

However, given the large majority from 1990, 1993 was still an election which National should win. Not that anything was taken for granted and much effort was expended at organisational level on making contact with public with door knocking, fliers and so on. Everything was proceeding smoothly and a lot of effort put into re-election, the objective being to secure continuation of the National Government. The polls and focus groups showed a decline in support. It seemed likely that the 1990 election majority would be dampened, but not extinguished. Indeed, internal polling showed in the lead up to the election that National was still consistently some 7–10% ahead.

Then, on the Thursday morning before the election day on Saturday, the *Herald* (having the largest circulation of any newspaper in the country) printed as its main front page article in bold letters the results of its own polling: 'NATIONAL 10 POINTS AHEAD IN POLL'. It further said that 'Mr Bolger ranked last in the most

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admired (at 11%), third as the most preferred Prime Minister (at 17%) and third for his campaign (at 12%). I broke into a cold sweat when I read it. It was timed for maximum effect immediately prior to the election. It could lead to complacency as National voters felt that they did not need to come out and vote, and it also emphasised why some would not.

This changed the pattern. By the following Saturday, on election day, the Parties were neck and neck (National had 35.05% and Labour 34.68%) – as an indication of the decline, in 1990 National had received 47.8% of the vote. Bolger's oft quoted statement following the 1993 election, 'Bugger the pollsters', might more aptly have been applied to journalists. The power of the Press is not to be under-estimated.

The 1993 Result

In the 1993 election Alliance scored 18.2% of the vote and New Zealand First 8.4% – this high vote of 26.6% against National and Labour could only be interpreted as 'a curse on both houses'. The final result was close – National 49 and Labour 46, Alliance 2 seats (Jim Anderton and Sandra Lee) and New Zealand First 2 seats (Winston Peters and Tau Henare). On election night, many results were of small majorities and hence vulnerable to recounts.

Initially, it appeared that Alliance and NZ First might conceivably hold the balance of power and, after the election, there was real concern as to what to do next. Initially, National sought to appoint a Speaker of the House (who was a non-voter in Parliamentary matters) from Labour – Jonathan Hunt and Peter Tapsell were likely prospects. Then, on the special votes, National won another seat (Waitaki). The final result was National 50, Labour 45, Alliance 2 and NZ First 2, a one seat majority. Tapsell (a Labour MP) agreed to be Speaker which meant that no coalition was required and that National had a small majority of two seats to govern alone. It was a closer call than one would have liked. Voters had reminded National

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that for three years it had ridden roughshod over the electorate and its expectations.

National lost 17 seats and Labour gained 16. Many National members who were jettisoned into power in 1990 lost their seats in the reversal. Bolger quickly tried to blame the National Party organisation for the reverse, but given that his own officials were a central part of the Campaign team; the sterling efforts of the volunteer members of the Party; the Government during the term acting without mandate and breaking the most solemn of promises; and Bolger's own personal unpopularity; that was hardly credible and not proceeded with.

Richardson (as Finance Minister) said she had been feeling confident of success up to the 1993 election – inflation was between 0-2%, interest rates were in single figures and there had been reduction in Government spending. Although the reforms and the recovery were by no means complete, it was trending the way she had wanted. However, as to what went wrong, she said: 'It certainly cannot have been the economic strategy'. Instead, she blamed the health system reforms as extremely unpopular yet they were a central part of the economic strategy of cutting costs and requiring individual reliance. She said the Government had improved the health system but had lost the public relations battle: 'we did not have a political strategy of the same quality as our economic strategy... our Leader failed to explain the policies and or gain the confidence of the public'. She also blamed the broken promises – such as the promise to abolish the superannuation surcharge.

In fact, the Party's polling (consistently from 1991–1993) left no doubt that the narrow escape was largely due to the economic strategy. Richardson and Shipley were the least popular politicians during the period, along with Bolger. However, it was unfair that Richardson should (in being dismissed as Minister of Finance in favour of Birch) be the scapegoat for the 1993 result. Instead, it was the over-arching direction and the cynical election promises which

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resulted in such widespread distrust of the Government which were at the core of the near loss. The public can forgive politicians who may be evasive, ambiguous or economical with the truth, even with those who change their minds and even those with hidden agendas – but blatant untruths were a step too far.

8 THE VOTING SYSTEM

Few would have thought that change in the manner of voting was likely. New Zealand had operated for some 150 years under an easy to understand, single member district, first past the post voting system. It was not that there was basis for change. Social Credit in 1981 had captured 20.7% of the vote but won only two seats. Several times, National had won the election with more seats compared with Labour Party who had won more votes. And in 1990 National won 67% of seats with 48% of the votes.

However, by the late 1970's, Muldoon's economic tuning had morphed into a large-scale intervention. To some National supporters that was not the Party they had signed up for or supported. Upon the changeover to a Labour Government in 1984, the remedy was de-regulation, domestically and at the border. Again, this was not what most Labour voters had signed up for either. Both National and Labour were wearing each other's clothes and the public were confused and wondering whether their vote counted for anything. The absence of an ability to counter or to put a hand brake on both Parties (who both acted unilaterally and without mandate) created a feeling of powerlessness among voters. Failure to honour promises was seen by voters as a betrayal and added to a widespread feeling of political impotence.

It was little wonder that that the upheavals were the catalyst for people to think of alternatives to the voting system – at least one that might prevent power being concentrated too narrowly. It seemed that power had shifted from the people, from the Party organisations, from the Caucuses and even from Cabinet – to a few

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within each Cabinet. By 1993, according to Miller, only 14% of the populace considered the two main Parties trustworthy.

Mike Moore had made an off the cuff statement that he would hold a referendum on the voting system, and Bolger, not wishing to give Labour any advantage and without consultation, had matched the promise – Birch says that the pledge was sprung on his colleagues with little or no discussion. To counter the call for a review of the voting system, Bolger promoted a referendum on an Upper House – to put a brake on any excesses of a Lower House. Unusually, an Upper House (modelled on the House of Lords in Britain) had been voluntarily surrendered in New Zealand in 1949 on the basis that it was performing a minimal function and for being stacked by both Governments with their own supporters. However, internal polling in New Zealand showed little support for the change – the public, disgusted with and confused by politicians, wanted fewer of them and not more. Also, National, trying to make Government less cyclic prone and to encourage longer term thinking, held a referendum extending the term of Government to 4 years – a proposal which was met by a resounding No in 1990 at 69.3%.

With these failures, in 1992, the debate shifted to a call for more direct democracy, promoted particularly by the rank and file of the National Party members emulating the referenda in Switzerland. However, when the Citizens Initiated Referenda Act 1993 was finally enacted by National, it was non-binding and the criteria for referenda were high and difficult to meet. It was seen as a token gesture only (the appearance of doing something but not really), again causing angst and renewed agitation among its supporters and for a renewed call for a referendum on the voting system.

In order to test the mood, a non-binding indicative referendum was held to see whether there was any desire for change. As it turned out, a massive 84.7% voted for change on a 55.2% turnout. It was a decisive indicator – a message of displeasure and a surprise to politicians, but not to the public. There were four alternative voting

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systems for people to choose from in the indicative referendum – Mixed Member Proportional (MMP); the Single Transferable Vote (STV); Supplementary Member (MMP); and Preferential Voting (SPV). MMP started with a huge advantage having been recommended by the Commission. It was not an easy exercise to get one's head around the differences in voting systems and they were also unfamiliar to New Zealand audiences. In the result, 70.5% said that MMP was the preferred alternative system of voting.

However, the main question was much less clear cut. Which was to be preferred between MMP and FPP? FPP produced a more decisive result as to which Party was in Government while MMP allowed a more representative Parliament proportionate to the votes received for any Party, large or small, subject to a 5% threshold. This became a very hot topic with extensive campaigning for either system and much money expended in the process.

At a meeting of the National Party Policy Committee in 1993 which consisted of three members of Parliament (Prime Minister Bolger, the Deputy McKinnon and Doug Graham) and three Party members (including myself as President), the issue was whether to have and/or support a binding referendum on a new proportional voting system. At the time, I did not support the referendum because it seemed against the National Party's interests (the Party had been in power most of the previous 50 years under FPP). However, the promise having been made, the three Parliamentary Members were in favour of holding a binding Referendum. As Doug Graham said: 'The public will never go for this'.

There was some basis for this. Nearer the Referendum at the 1993 election, the internal National Party polling the week before showed a clear preference for FPP 54% to MMP 46%. Then both Helen Clark and Bolger came out (as they were entitled to do on a conscience vote) in favour of FPP and most politicians agreed with them. As it has been said, they did a fine job in assisting to pass the Referendum. Immediately the internal polling turned on its

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head – MMP 54% and FPP 46%, which was the final result. Such was the distrust of politicians generally at the time.

At the Referendum, the people voted for a new proportional voting system reflecting votes cast, not seats won, providing through wider representation, some counterbalance to the dominance of the two main parties. At the election, it also produced diversity, better reflecting the make-up of the country – there were now 39 women, 21 Maori, 4 Pacifica and 2 Asian Members of Parliament out of a total of 121. However, not all thought well of the change, especially when Winston Peters, holding the balance of power in 1996, entered into a Dutch auction over some eight and a half weeks with both Labour and National – in order to obtain maximum advantage in terms of baubles and policy.

9 A TOUCH OF NORMALITY

Notwithstanding the 1993 election result Ruth Richardson was well thought of for initiating the Fiscal Responsibility Act (which provided for fiscal updates and forecasts to be published six monthly) contributing to more open disclosure of the economic situation and transparency. After the election, however, the question was whether Bill Birch should be appointed Finance Minister in her stead. When the Party was asked for input, of the five Chairs of the Regions and the President, the vote was 3 all. I voted for Birch, ever practical, to replace Richardson as he was a safer and easier pair of hands. Bolger, I believe correctly, appointed Birch.

Even Birch's biographer says he was not a media performer, nor a 'big picture thinker', but he was a prodigiously hard worker and a management politician (possibly par excellence). Once tasked, he would pursue the role with diligence and missionary zeal (even doggedness). He was loyal to the wider Party and an excellent local Member, well liked in his electorate. He had some baggage (carless days and Think Big) but lately he had on occasions been able in Cabinet and Caucus to soften Ruthanasia by practical

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suggestions to make some aspects more palatable. It was hoped that he would bring a more politically savvy approach to the role, be more pragmatic and be able to compromise in an MMP environment if necessary.

Birch is reported as saying that he was not seeking the job but would do so if needed. He had held the role as Finance spokesman for a time before. Although closely identified with Muldoonist policies previously, after his appointment to Finance he applied Richardson's approach, very much guided by Treasury. In fact, it was not long before he expressly stressed his commitment to Richardson's economic direction and even thanked her for the improvement in the economy under her tenure.

Birch's approach was that radical reform had now been completed and that it was now his role simply to maintain it, to repay debt and to make some improvements to social services. Accordingly, he arrived in clear air. He also was fortunate for fair winds – the economy improved; tax income increased; and unemployment lessened – this being due either to a cyclical rise or to Richardson's policies. Birch ran a steady ship – cutting costs and saving as much as he could, then repaying debt. His Budget in 1994 was balanced for the first time since the seventies. Like Richardson, he continued to cut costs where possible, with only small and minor allocations for increased social services.

By 1995, economic growth was tailing off, but Birch was able to sell cutting rights owned by the Forestry Corporation in a managed way. The 1995 Budget also posted a surplus. Along with some retirement of debt, this was just what was needed. This new trend in New Zealand Budgets was well received. National's fortunes improved. In fact, in 1995, after years of grumpy Members, Party dissatisfaction, public anger and a close shave in the 1993 election, the polls rated Bolger as preferred Prime Minister.

In 1996, it was time to produce some gains and prepare for the 1997 election – and Birch signalled the possibility of tax cuts. In

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December 1996 – in a package to take effect prior to the run up to the election – he announced tax cuts and some increased benefits. The packages targeted working families but not for work-ready beneficiaries – it was to incentivise people to work – again classic Richardson. With an eye to re-election, in the 1996 Budget, \$500 million was set aside for election sweeteners. Simon Carr put it this way ‘Birch talked like a convert to the New Right but authorised the spending of billions in the run up to the election’.

Birch was fortunate in his role as Finance Minister but cannot be denied credit. He produced stability and avoided the criticisms which had rained down upon previous Finance Ministers (Muldoon, Douglas and Richardson). It enabled the Party to claim that there was a ‘return to normality’. He was able to retire debt to which, ironically, he had contributed.

The MMP Environment

Post 1993, now in an MMP environment, it was not long before disparate groups within both National and Labour emerged – Nine National MP’s defected and four from Labour. Though the fragmentation into minor Parties was to some extent facilitated and encouraged by MMP, the departures were also symptomatic of widespread dissatisfaction.

Thus, United was formed by four National and three Labour MP’s. It was a group of the liberal wing of the National Party (led by former National MP’s Bruce Cliffe, Pauline Gardiner, John Robertson) joined by fellow travellers from Labour (including Margaret Austin and Clive Mathewson). There was a philosophical basis for the joinder and they felt quite genuinely that social issues had been stifled by the conservatism of both Labour and National.

Meanwhile, NZ First flourished, joined by 2 National MP’s and 1 from Labour. Peters had a high profile at this time due to the ‘Winebox’, containing documents which exposed tax avoidance schemes in the Cook Islands with the purpose of purchasing

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Government assets. The exposure helped make Peters a political force to be reckoned with.

Graeme Lee, an earnest, loyal and long-standing National Member, had not made the Cabinet after the 1993 election and thus had effectively been demoted. He formed the Christian Democrat Party (heavily influenced by biblical values) joining with Graham Capill's Christian Heritage Party under the name Christian Coalition.

Also, two individualists, Ross Meurant and Trevor Rogers, left to form what they said was a centre right party (the Right of Centre Party), later to be called NZ Conservatives. Like the Christian Democrat Party, they were still aligned to National and Meurant kept his role as Under-Secretary in payback. In addition, Peter Dunne was dissatisfied with Labour and indicated that he would be likely to support National. National reciprocated and, in Ohariu, did not stand a candidate in order to allow him to win. Then, in Wellington Central, National supported Richard Prebble (now an ACT candidate) over and above its own (Mark Thomas) to allow ACT into Parliament and to secure additional Members based upon its total Party vote.

In this MMP environment, National then had 41 seats only of 99, needing 50 to govern. However, it was supported by 7 members from United, by Graham Lee (Christian Democrats), by Rogers and Meurant, and by Peter Dunne – but there was not always consensus on issues. It meant that National was now operating a coalition of sorts. As a result, Parliament looked rather different from the result in 1993 – now National 41; Labour 41; United 7; NZ First 5; Alliance 2 and the Conservatives 1. In total, there were 21 registered Parties which contested the election – some saw an opportunity to win an electorate seat or to obtain 5% of the total vote. However, as it turned out, the 5% threshold was difficult to achieve, and many Parties were not necessarily convincing that they had an ability to put those ideas into practice. Also, it was soon

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clear that political Parties needed support, organisational effort and donations to survive.

The 1996 Election

As for the result, in 1996, the rounded-up percentages of the Party vote were National 34%, Labour 28%, NZ First 13%, Alliance 10% and ACT 6%. Taking away 7.5% wasted votes for minor Parties which did not achieve the 5% threshold, the seat allocation was National 44, Labour 38, NZ First 17, Alliance 13, ACT 8 and United 1 (Peter Dunne). United (the liberals), the Christian Coalition and the Conservatives were eliminated as were a host of new minor parties, the Christian Coalition narrowly failing to make the 5% threshold.

A result of the election was the loss of people who were valuable contributing politicians such as Bruce Cliffe, Pauline Gardiner, John Robertson, Margaret Austin (the Liberals) and Graeme Lee (Christian). Meurant and Rogers (experienced, but more in the nature of renegades) also lost their seats. Having stood unsuccessfully, the Liberals were disbanded. They were seen perhaps as too bland and lacked a public speaking personality to advance their cause. The new Party (with its Liberals) would potentially have been a good fit for National as a coalition partner – and possibly for Labour also. Unfortunately, at that time, the new MMP environment was insufficiently recognised and the breakaway National MP's were treated as traitors. It meant that a valuable potential coalition partner was lost.

It was a good result for NZ First (obtaining 17 seats). It did well in seats in which its Leader Winston Peters was associated (Bay of Plenty, Coromandel, Northland and Whangarei) – due to his personal charisma and media exposure. Dissatisfaction with both Labour and National over Maori issues also contributed – with the so-called 'tight five' of NZ First (headed by Tau Henare) winning the Maori electorates. The result meant, of course, that NZ First

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could return a Government – either of the right or left as it pleased. While National was the Leader, NZ First was the king-maker.

10 COALITION

In the 1996 election, National received the most votes of any single Party but, even with ACT, were still well short of the number of seats required to rule. It needed, as did Labour/Alliance, the support of New Zealand First (and its prodigious 17 seats) to form a coalition. Prior to the election, there had been terse exchanges and bitter attacks by Bolger and Peters on each other as part of the campaign. Bolger denied that there could be a possible coalition with Peters, as did Birch: ‘we know him so well, he is not stable’. This was reinforced by Geoff Thompson (now National’s President) in rejecting Peters as a possible coalition partner. Likewise, Peters was equally critical in return – he would not be part of a Government with Bolger, Birch and Shipley. In fact, he campaigned on ‘getting rid of an evil National Government’.

Negotiations for a coalition lasted eight and a half weeks with Peters playing it for all it was worth and keeping everyone guessing. He wanted a full and express coalition agreement which had to be negotiated separately with each side before a decision could be made. While it is not exactly clear as to how the balance was swung, it may have been that Labour would not offer him Finance (that being reserved for Cullen) whereas National offered him the new position of Treasurer (which was senior to the Minister of Finance and had the final say in financial matters). Peters knew Bolger well and, due to his desperation to retain the Prime Ministership, would offer Peters almost anything. In the event, after extended negotiations and horse trading, Peters, as Leader of NZ First, opted to go with National. Cartoonists painted a sign on his door: ‘Highest bidder, please knock’.

Bolger said that this was the result of long night sessions between him and Peters where the enmity was put to rest and bonhomie

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created – that was, of course, Bolger’s practised *modus operandi*. Laws, a former National MP, now with NZ First, said that Peters always had a tendency to back his National roots rather than Labour – he had decided early to go with National but had extended the negotiations to obtain the best possible deal and to play it for the publicity value and drama. Probably the latter is more likely to be true as it matches the wily Peters and his independent nature – and he had a number of ex-National Members in his team (such as McArdle and Delamere) in support. He said that he went into coalition with National because it had won the most seats – but more likely it was that National offered him the most – both personally and for NZ First. The baubles were very considerable.

In the negotiations, Peters was to be Deputy Prime Minister and to have the new position of Treasurer. NZ First was also offered nine Ministerial positions (five within Cabinet and four outside) with provision for a further three extra Cabinet Ministers in the next year. There were in addition many policy concessions given to NZ First: including free doctors visits for children under the age of six years; 500 extra Police over three years; a referendum on compulsory superannuation; a \$5 billion budget spend on health over three years; a delay of one year in scheduled tax cuts; an increased inflation target for the Reserve Bank; the retention of bulk funding for schools; tighter restrictions on sales of land to foreign owners; a ban on the sale of the Electricity Corporation, Transpower, NZ Post and Television New Zealand; removal of the fiscal cap of \$1 billion for settlement of Maori claims; and others. This substantially cut across and softened the New Right policies which National had said it was embedding in.

The division of the Finance role between the Treasurer (Peters) and the Minister of Finance (Birch) was new and unusual. The Treasurer had overall responsibility for economic policy and the Budget, and the Minister of Finance the responsibility for preparing and piloting the Budget. Treasurer was the senior role. Both were

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serviced by Treasury who would keep each informed on an equal basis. Birch says the division worked well, largely due to the stark differences between their respective personalities and strengths – the showman and the workhorse. Peters might not have agreed.

Coalition Chaos

However, many National Members and supporters were unhappy with the Coalition Agreement – those of the New Right were distinctly uncomfortable with NZ First as a partner given its opposing policies. Some were annoyed at Peters disloyalty to the Government. Others were concerned that Peters had been offered far too much and had too much power within the coalition (although National still had the majority in Cabinet and Peters was bound by its decisions). Senior and capable National Ministers (such as Gresham, Katherine O'Regan, Marshall, and Maxwell), though contributors, had had to be stood down as Ministers to make way for Ministerial positions to be filled by NZ First. To some, it was a breach of promise by National that no deal would be made with Peters and that had been broken (although it did not raise the same ire as the previous broken promises because this was now an inherent part of MMP). Many supporters would not have voted for National or provided funds had they known that they were also voting for Peters.

Likewise, many NZ First supporters who had campaigned to get rid of National were dismayed with the coalition. They had campaigned on the slogan 'If you want National out, vote NZ First' – they voted for NZ First to be rid of National, but they had got it back. Promises were broken – Peters said he would not be in Government with Bolger, Shipley and Birch but they remained in Cabinet in key positions. Tau Henare (Deputy for NZ First) too, had said before the election that he would not sit in a Cabinet with Shipley. Above all, the coalition appeared flawed – it was difficult to see where a joiner lay, confused between two different philosophies

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and different individuals. In any event, it was less a coalition and more that National treated itself as an independent Government limited only limited by the express terms of the Coalition. But governing as a coalition was difficult and tensions inevitable.

Some of the Members of NZ First were inexperienced and naïve and, among other things, got into trouble with media over allegations of luxury spending and spending on personal items. Many National Members thought that Bolger should have been much tougher on Peters and his Ministers. As dissatisfaction mounted, Bolger increasingly became a lonely voice defending the Coalition. But Birch backed Bolger – which gave rise to Paul East’s good natured ‘Lone Ranger and Tonto’ roast. As much as Bolger and Birch sought to talk the relationship up, it was clear enough that the disparate coalition was not working – it was probably an impossible mission, dependent upon staying in power at all costs than upon any principled stand.

11 DEFEAT

In mid-1997, Bolger said that he was wanting to stay on for four more years – that raised concerns within National. The Coalition was quite naturally seen by many (in view of Bolger and Peters former personal hatred of each other, and the expulsion of Peters from Caucus and the Party) as hypocritical and self-serving. This difficult period (sometimes called the ‘Bushmills’ era, as both Bolger and Peters had at least that in common late into the evenings) lasted intermittently for a year or so and ended in December 1997 when Jenny Shipley came to power.

Bolger, by this time, had developed a liking for international travel and visits and mixing with world Leaders. His book ‘A View from the Top’ is rather heavy with accounts of these visits – which seemed more in the nature of meet and greets than of a substantive nature. He would have chaired APEC in 1999 but, no longer Prime Minister, volunteered that ‘I am confident I would have chaired it

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well'. It had been clear enough, for at least a year, that many if not most in the National Caucus were unhappy with Bolger – with grumblings from all and sundry. Even before the disastrous coalition with Peters, Bolger's popularity had been declining within the Party and Government – there is little doubt that Jenny Shipley could have rolled him much earlier but was hesitant to challenge a sitting Prime Minister.

While Bolger was away at a Heads of Government meeting, a group (including Ryall, Gresham, Simcock, Carter, Lockwood Smith and Creech – all unquestionably loyal to National) moved in favour of Shipley. Bolger's comment was 'I gave (Gresham) a break and he turned against me' – exhibiting his disloyalty to someone who had treated his standing as Prime Minister with respect. There was no need to take a count. Bolger may have had some supporters left (Birch, Simich and possibly Graham) but the numbers were overwhelming. Bolger resigned and accepted the Ambassadorship to Washington, which Shipley allowed to enable him a dignified exit. Even Birch (Bolger's friend and who had worked tirelessly to support him) said soon after the takeover that 'the change was necessary'. Birch did not also resign and continued to work loyally for the Party and for Shipley.

12 SHIPLEY

Jenny Shipley had served in the Bolger Government, best known in portfolios ranging from Health, Social Services and Women's Affairs. In those portfolios, she was closely associated with Ruthanasia and seen to be in tandem with Ruth Richardson – as a result, she had suffered the backlash for a while. Shipley was conservative in social matters – in fact, she was a daughter of the Manse. She supported women but did not appear to be an ardent feminist – competing with some ease in a man's world, she was steady and not pushy. She had been a school teacher – and, introduced by me to speak at the National Conference in 1993, 'she eschewed the jazzy computer

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graphics and catchy songs of her colleagues and delivered her presentation to the Conference under normal lighting with no props, no high-tech, just articulate words’.

Her manner was assured and her demeanour calm and imposing. She brought two things to the Prime Ministership – progressing purist New Right politics and a dislike of Peters, both harking back to 1990–1993. Inheriting the Bolger/Peters coalition, she disapproved of the influence of NZ First. For Peters, the feeling was mutual – he did not like Shipley or her policies. Having fronted the 1990–91 welfare cuts, Shipley wasted no time and shifted Government back to the New Right. It is surprising that the coalition lasted some further eight months until August 1998.

Upon her accession, Shipley changed the make-up of the Government. Older hands and Bolger loyalists (such as McKinnon, Lockwood Smith, Upton and Graham) were downgraded and Paul East was removed from Cabinet altogether. John Luxton, a New Right zealot, was promoted to Number 4 in Cabinet, joining Lockwood Smith, Maurice Williamson and later Max Bradford. She moved all of the so called ‘brat pack’ up the Cabinet ranks, giving it a younger fresher look and recognising their ability. ‘Brat pack’ was a misnomer, difficult to rationalise – they were young but that is all. English, Sowry, Ryall and Nick Smith were committed to serving the country, they were all capable and behaved with dignity, although perhaps Nick Smith was sometimes over-enthusiastic in promoting issues he thought were right. Wyatt Creech, a conscientious contributor, took over as Deputy – a moderate who was complementary to Shipley. It was now a very different Cabinet.

Shipley announced State asset sales through share floats and sold 51% of the Auckland Airport; she was committed to tax cuts; to the opening up of ACC to competition from private insurers; to telling Agriculture Producer Boards that their statutory monopolies would disappear; to removing tariffs on imported motor vehicles;

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to introducing work testing rules for those on sickness and invalid benefits; and to decreasing rises in superannuation by indexing them to prices and not wages. 'Tough love' came to be an expression heard often in relation to welfare. Even Geoff Thompson, now President and generally regarded as a dry, had to warn Shipley that National was 'a centre-right Party and not an ideological driven and extreme Party'.

Demise of the Coalition

The coalition between Shipley and Peters struggled on, but it was probably only a matter of time before it fell apart – specifically, over the sale of shares in Wellington International Airport, owned two thirds by the Government and one third by the Wellington Council. When Cabinet came to make the decision on the sale of the airport, Peters and his NZ First Ministers walked out of the room – stage managed to avoid him being saddled with the possibility of a decision. When the Government agreed to sell its shares, Peters was able to say that this breached the coalition agreement which required at least half of NZ First Ministers to be present in Cabinet. He then threatened to support the Opposition in opposing the sale. Peters may have thought Shipley was going to back down to save the coalition but, taking a no-nonsense approach, she sacked him from Cabinet and appointed Birch as Treasurer in his stead. Peters then withdrew NZ First from the coalition and was confined to the Back Benches. Once again, Peters showed that he was difficult to work with.

When the Coalition Agreement was torn up, Shipley managed to see out the term by cobbling together an unusual assortment. This was largely enabled because Peters had ignored his team Members by expecting blind loyalty in return for his getting them elected. About half (including former National John Delamere) said they would support Shipley. Peter Dunne (United Future) and an Alliance Member, Alamein Kopu a defector, likewise assisted.

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It meant that Shipley now had a minority Government. This was by no means an easy task – it was necessary to count the numbers on a daily basis on each issue. Shipley did the miraculous, surviving notwithstanding many minor troublesome incidents from her disparate team.

The 1999 Election

Shipley was also the victim of events over the previous years. She had to contend with the aftermath of the Bolger and Peters coalition and, of course, National had also been sustained in office precariously. Helen Clark, as Labour Leader for some time now, had grown in stature. By the December 1999 election, the comparison between the Parties was more clear cut – Labour had largely abandoned the New Right and Shipley continued it. Tactically and wisely too, Labour supported Jeanette Fitzsimons for Coromandel by encouraging Labour voters to give their Electorate vote to the Greens Leader.

Old hands retired from Parliament at this election (Quigley for ACT, Corkery for the Alliance, McArdle as an Independent, Banks, Birch, Graham and Christine Fletcher for National and Mike Moore for Labour) giving it something of a new look. The turnout at the election dropped to around 84% (the lowest then on record). Labour won 49 seats, National 39 and the Alliance 10. The ACT Party returned 9 MP's. NZ First failed the 5% threshold but, with Peters winning Tauranga, returned 5 Members. That meant the Greens (who were narrowly home with 5.16% of the vote and its Leader Jeanette Fitzsimons in Coromandel by 250 votes) held the balance of power. But unlike National/NZ First, the Labour/Alliance/Greens were relatively like-minded and its majority comfortable.

Accordingly, Shipley lost the Prime Ministership to Helen Clark. She had brought to an end the Bolger/Peters coalition and was the first woman Prime Minister of New Zealand. Clark then, again changed the direction of government, wisely using the catch phrases

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for change ‘smart State’ instead of ‘radical’, and ‘moderate’ instead of ‘hands off’.

The Advance of Feminism

From the 1970’s, there had been a further awakening of the feminist movement – to advance women’s rights and their position in society. There was a growing feeling that the country was losing out on a significant part of its human resources – which seemed wasteful, if not discriminatory. The movement (including the use of non-gender language) was assisted by organisations such as the Woman’s Electoral Lobby and the National Council of Women. Gathering momentum, women lobbied and found their way into positions of influence in political Parties – even the National Party had its own Women’s Division and a Woman Vice President, Colleen Singleton. There was good reason for the participation of women – women outnumbered men by some 60,000 and, from 1996, every vote counted in an MMP voting system.

In a climate where there was still a predominance of men in public and business affairs, Jenny Shipley had been appointed Minister of Women’s Affairs from 1990–1996 and, in that role, supported women. She was the first woman Prime Minister of New Zealand and had paved the way for the first elected woman Prime Minister – Helen Clark. In fact, in 1999, the Chief Justice (Dame Sian Elias) was also a woman and, in 2001, the Governor-General (Dame Sylvia Cartwright) likewise. During Shipley’s time as Prime Minister from 1998, work was being done to give women in a relationship (married or de facto) a presumption of half the right to relationship property – finally enacted in 2000. All of this was watershed – acceptance and equal recognition had been established and opened the way for further development of rights for women and for attitudinal change also. That effectively ended the Last Quarter.

13 LEGACY

A statement made of Bolger, often enough repeated, is that he was the most unpopular Prime Minister in New Zealand history. Yet he was Leader of the National Party for some 11 years and Prime Minister for 7, a stability not matched by many others. Identifying with middle New Zealand and a bridge builder where he was able, the conundrum of his unpopularity and his longevity in tandem, justifies a closer look.

Bolger regularly toured farmers in his Te Kuiti electorate, upon whom his electorate position depended – he had made his name as a farmer’s advocate, an ideal choice for that Electorate. His interactions with the Party wing were generous in view of his Governmental responsibilities, although he seldom reciprocated by inviting the President or Chief Executive of the Party to participate in Caucus. He thought that the election wins were his own and that politicians were accountable to voters in their constituencies rather than to the Party ticket on which they had been elected. Nevertheless, the relationship between the Party and Leader was professional and focussed. It was symbiotic, beneficial to both – for National to be elected as Government and for Bolger to ensure that he remained Prime Minister.

Colin James, most often his chronicler, said that Bolger had ‘no complex scheme of ideology’, nor ‘overarching sense of direction’. James also describes Bolger as ‘a man of shrewdness rather than deep or supple intellect’, that he was uncomfortable with ‘subtle intellectual argument’ and that he was a ‘raw man from the back-blocks’. However, Bolger could take on board input, get his head around detail and had the ability to reflect general policy – though without being able to excite. He had a native intelligence and cunning. When dealing with him, it was difficult to know what he thought or wanted and he would often simply repeat what had been said to him, leaving the impression that he agreed. Much of his effort was in retaining his position as Leader and Prime Minister.

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As James confirms: 'Using his boyish charm, he was a healer when it counted for his survival'.

Personable on a one to one basis, he used his personality as a primary tool – socialisation and bonhomie. As James also said: 'This agreeableness assisted in dealing with grumblings of Caucus members but there was 'no sense of depth, nor analysis, nor personal perception'. From 1990, upon being elected as Prime Minister, he ran with the pre-dominant New Right and sympathised with and jollied those who disagreed.

Due to his camaraderie and personal skills, Bolger did not attract huge enmity. Nevertheless, he had a difficult job in managing Caucus – something which would have tested anyone. In 1990, Bolger had 67 Members and only some 25 or so Ministerial or sub-Ministerial positions, thus many idle hands and minds. Further, this was at the height of the war between Keynesian and New Right economics, pursued in the nature of a religious schism. He was also caught between the conservatism of old New Zealand (which he shared) and the growing world-wide search for liberalisation and freedoms in social matters. He had Members (such as Myles and McIntyre) who should have been in the Labour Party and others who were probably ungovernable (such as John Banks and Michael Laws).

In the face of a difficult environment, Bolger's affability was limited in effectiveness and it was not in his nature to confront. He was reluctant to renew his Front Bench for fear of upheaval, thereby causing dissatisfaction among diligent and capable Back Benchers (such as McCully and Williamson). To Members, it seemed that much of the decision making was in Cabinet and not Caucus, and hence by a minority clique. Back Benchers often claimed 'to be treated like mushrooms and kept in the dark'. The younger and liberal newcomers muttered at the conservatism. Further, Bolger was also guilty at times of expressing his dissatisfactions privately but not to people's faces – something unwise in a cocoon environment where confidences were common currency.

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Bolger said that he had left school at 15 years and was Prime Minister at 55 it rather emphasised James's description that he 'lacked supple intellect' or Mike Moore's jibe that he had 'written more books than Bolger had read'. It was one thing for Moore to call Bolger 'thick', but National Party loyalists in Caucus, behind Bolger's back, were heard to call him 'two short planks'. As Stephen Levine (American educated Professor of Political Science at Victoria University of Wellington) wryly said: 'voters didn't fool themselves that Bolger had a first-class degree from Oxford'. Although Bolger had a narrow rural background, he appeared to be reasonably comfortable in his own circles and was assisted by and reliant upon civil service advisers. But he had a wariness, if not distrust, of academics, journalists, evangelicals, Auckland suits, women Members of Parliament, and so on.

In relation to delivery of policy to the public, as James reported in his history of the Party, Bolger 'lacked charisma. His speeches were wooden with occasional mispronunciations and malapropisms'. He could even be described as gauche at times. Bolger was an ardent Republican and said so in public without advising HM the Queen in advance – he was perfectly entitled to hold such a view and to make such a personal statement but, as Prime Minister, he ignored the convention and nicety of advising the Head of State first, a fact which spoiled his relationship with Britain and the Monarchy in particular.

Then there were gaffes. In a Conference reference to the Victorian Premier Joan Kirner he said of the disputed election there: 'the show is not over until the fat lady sings' – something which outraged Woman's Vice President, Collen Singleton, and the growing feminist group of the Party. He also lacked elegance – at National Party conferences he was prone to jokes which were not universally appreciated: 'What is the difference between a cucumber and Parliament – in Parliament the pricks are on the inside'. Empathy was not a strong point in Bolger either. In Parliament, he said that the economy was growing at a faster rate than Mike Moore's hair

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– when the hair loss was due to chemotherapy for cancer.

Near the 1993 election, Bolger's decision to drop his weekly TV appearances substantially improved National's re-election chances. Some six months out from the election he ceased to give weekly press interviews – James reported that at least half of the delegates at a National Conference he had spoken to said that they thought this a wise move and that this enhanced the Party's chances of re-election.

Bolger had a sense of inferiority reflecting James's description of his 'disabling insecurity'. By way of example, Birch's biographer reports that Bolger was curiously reluctant to acknowledge Birch's contribution when his sterling assistance in every possible way to Bolger could hardly be understated. Bolger, very much concerned with his own position, tended to think that others were out to roll him, and this made him gullible to intimations of challenge.

In the result, James asked, with these foibles, how did Bolger survive as Leader? In the 1997 election, though he lost, he presided over a small gain of three seats to National. From 1988, by virtue of the disarray of Labour, National held a lead in polls. In 1990, he was re-inforced as Leader in a landslide win. When that lead was dissipated by 1991 there were still no challengers – the younger newer politicians had not had time to establish their credentials and the more senior politicians with credentials did not seem hungry for the job (Birch was a valuable doer, loyal to his friend Bolger; McKinnon and Graham seemed more profitably interested in and concentrated upon their special interests – foreign affairs and accommodation with Maori respectively). Shipley at the time was tarred as Ruth Richardson's acolyte and, though she had growing respect, would not then have been acceptable. Peters made no bones about his ambition to be Prime Minister but adopted the strange policy of not acting collegially and attacking (by policy and personality) many of his colleagues – not a strategy calculated to be next Prime Minister.

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However, in 1996 (with a large number of defections from National) rumblings became plentiful. Even then, there were few contenders for leadership with significant support. By then too (remembering the disastrous confrontations between Muldoon and McLay, and Lange and Douglas) the mood of Caucus and Party was wary of leadership challenges – the difficult challenges both for National and Labour through the 1980's had proved debilitating, counter-productive and well-remembered. Thus, a challenge lacked both credible aspirants and the will to do so. However, this changed with the disastrous and self-serving Bolger/Peters coalition – Shipley was then seen as a possible Leader and support coalesced around her.

Recriminations were rather a feature of the Last Quarter, often vitriolic and disliked by the public. Muldoon, on being ousted, wasted no time in vilifying his successor Jim McLay, and, through the Sunday Club (a Trogan Horse for restoration of Muldoon and his policies) harried McLay. Douglas for his part, when challenged, sought very publicly over a considerable period to oust Lange. Bolger, in turn, hit out at many of the members of his Caucus – whom he blamed for his dismissal and misfortunes, in contrast to the loyalty he received. Of his replacement, Jenny Shipley, who had ousted him, he said that he did not see her as leadership material and that she had 'never won an election, whereas I won three'.

Simon Carr, a speech writer and journalist employed in Bolger's office said that he had an intelligence beyond his education. Bolger had made contributions – he supported farmers in a country based upon farming (eg in their wish for Supplementary Minimum Prices); he had argued for voluntary unionism to deflect the power of the Unions; and he had on occasions expressed sympathy with Maori interests.

Bolger was a practised Chairman of Committees and this resulted in his taking on board the views expressed by those involved.

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Towards the end of his term, Bolger and his public relations team, reflecting this, promoted him as the 'Great Helmsman' – in effect saying that his role was as Chairman of the Board. However, any force in this was somewhat dented by the fact that it was a phrase previously applied to Chairman Mao and brought adverse images of absolutism and pestilence to mind – and, in New Zealand, there seemed no 'great leap forward' which might be attributed to Bolger's guiding hand.

Subsequent to his removal as Prime Minister, Bolger recriminated against his successors – it was rather a feature of the Last Quarter, often very public. Muldoon, on being ousted, had wasted no time in vilifying Leader Jim McLay, and, through the Sunday Club (a Trojan Horse for restoration of Muldoon and his policies), harried McLay. Douglas, when challenged, had sought very publicly over a considerable period to oust Lange. Bolger, in turn, after he retired, hit out at many of the members of his Caucus – whom he blamed for his misfortunes, thereby showing a vindictive streak in contrast to the loyalty he received. Of his replacement, Jenny Shipley, who had ousted him, he said that he did not see her as leadership material and that she had 'never won an election whereas I won three'.

Bolger also appeared, later, to be disgruntled with National – his disloyalty to the Party and his former colleagues is well-enough documented. Further, after his defeat, he seemed to challenge the policies he had implemented. Thus, he accepted Chairmanship of Kiwibank and Kiwirail, after opposition to both while in office. He said that the New Zealand Unions needed strengthening, after emasculating them by voluntary unionism. He said that the Douglas economic model had failed with gains going to a few, after continuing it. Having pledged \$1 billion on Maori settlements, he now said that this was a fraction of what Maori had lost.

Bolger too had a penchant for engaging in constitutional change. He had advocated restoration of an Upper House to provide a brake on the Lower, but this failed to get off the ground when it was clear

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from polling that the people wanted fewer politicians not more. He then promoted a change from a three year to a four-year term to have less short-term decision making, but this was defeated at a Referendum by a substantial majority – people wanted their politicians kept close. He was keen to change the British nomenclature of the Honours system, but his own Caucus would not let him abolish knighthoods. He wanted to drop loyalty to HM the Queen and to have a Republic, but again this never gained sufficient traction for a Referendum on the subject. It was rather transparent that much of Bolger's antipathy derived from his Irish roots rather than from any constitutional insight or close analysis of the issues – his forebears had come from County Wexford and he appeared influenced by the historical memory of the Wexford Uprising against the English in 1798.

Birch's biographer says that Bolger 'still sees himself today as a forward thinker who tried to anticipate and prepare for change'. However, his attempts to philosophize led to many 'own goals'. For example, he said that the huge Covid debt should be written off, hence placing the resulting cost of inflation upon a part of the community least able to afford it. He said that the border issue between Ireland and Northern Ireland arising from Brexit should be solved by creating a Republic (for Ireland), thereby undermining the Good Friday Agreement and inviting a return to the troubles and bloodshed. He said that capitalism (a fundamental tenet of the National Party) did not work and needed re-assessment, and that it needed 'social capital' (defined as all that is good in society). He said that New Zealand should join Australia – in circumstances where there was no appetite for that anywhere in either country.

Conclusion

Politicians need to be free to change their mind and replace original ideas with second (and hopefully better) thoughts. When there is a backtrack, which should be rare since the public and business

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may be relying upon the promises and have based actions upon such assurances, it is good practice that the reasons for it are fully explained. Any democracy, at least broadly, should generally reflect the expectations created. Political promises should not be given or taken lightly.

Later, the impact of broken promises was not lost on John Key. After his election in 2008, he pointedly said, notwithstanding the very serious Global Financial Crisis, that he would not break promises. Wayne Eagleson, who had also lived through 1990 with Bolger as his Chief Executive, reported that as a result Key was 'determined to be a Prime Minister who kept his promises'. And Bill English, known for his probity, said in 2008 of broken promises: 'I didn't want to relive the opportunism of the 1990's, you lose credibility'. The lesson had been learned. In addition, it was left to later Governments (led by Clark/Key/English and Ardern), wary of the previous Keynesian and New Right economics, to substitute a more pragmatic approach to race relations, free from doctrinaire dogma – this was more crudely put when Key and English sometimes used the phrase 'What works'.

The public have difficulty with breaches of promise seriously made – particularly Bolger's promise in the lead up to the 1990 election to abolish the superannuitants's surcharge – oft and consistently repeated ('no ifs, no buts, no maybe's') and endorsed later. Birch said it was made 'off the cuff' by Bolger without reference to his colleagues. Both Party and politicians were flooded with letters of protest and National's vote dropped from 48% to 35%. Integrity in politics is hugely important for voter confidence – a lesson well learned as a consequence by later Prime Ministers (Clark, Key, English and Ardern). Though the stability and longevity that Bolger provided, in a difficult and challenging period, were welcome and appreciated, he has not yet been able to shake off the portrayal of his unpopularity.



John Collinge

V

SOME OBSERVATIONS

Leadership of a political Party is not like a business where workers are usually selected for known skills and there is a hierarchy of control which aids cohesion. In politics, Members are thrown together in a Caucus almost at random and need to be garnered into a team. The process as to who emerges as Leader can have a randomness about it. In a political context, leadership is about galvanising the Members so as to make best use of the skills available and to bring some along – something assisted by a broad overall political direction which most buy into.

Some leaders transform Government – they create a clear and enhanced direction, such as Muldoon. Some exploit and manage policies – Douglas. Some go with the flow – Bolger. On a personal level, leadership can be defined as the ability by an individual to influence, motivate, and perhaps control others, ie leadership is relational in comparison to those who are led. At its best, leadership is to inspire – best done by suggestion and co-operatively.

1 POLITICAL INFRASTRUCTURE

There is a tendency in New Zealand to personalise politics in that the Leader is identified in the public's mind with the Party as a whole – it is customary for shorthand purposes, to define a Government or a political period by its Leader, eg the first Muldoon Government, eg

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the second Lange/Douglas Government, often in conjunction with successes or failures. The Leader is, in this way, often credited with both but, in fact, success or otherwise in politics should usually be attributed to collective effort – in particular to the Leader, Cabinet, Caucus, Party wing and supporters, in tandem. But, throughout the Last Quarter (1975–2000), Leaders (often assisted by individuals and cliques) seemed often to play an overly prominent part.

Quantifying the influence of leadership compared with that of the team is notoriously difficult. The Leader's identity does have impact (eg the zest and wit of Lange in the 1984 election, eg the single-mindedness of Douglas in the same decade) but the best research and advice is that the influence of Leaders can be relatively unimportant upon voting behaviours and upon electoral outcomes. By way of example, in 1990 Labour (via Mike Moore) led the preferred leadership polls by a significant margin but lost the election in a landslide. The idea of a gladiatorial contest between Leaders, often favoured by media, is relatively immaterial to the outcome of an election or to the way Members vote.¹

More usually, Leaders are important and influential – and may be said to be 'vote maximisers' or 'vote focusers' – getting the Party message across in a way which is influential.

Prime Minister

Leaders of Parties are selected by vote of their Caucuses or perhaps by the Parties they represent, and an elected Prime Minister is then appointed by the Governor-General. This will not usually be a difficult decision – it will be clear that the Prime Minister is the person who leads the successful Party (or Coalition) at an election. Once appointed, the Prime Minister's role is not, in general, prescribed by law – it is to maintain the confidence of Parliament. While that confidence exists, legislation can be enacted and the

1 See C S Bean, *The Influence of Leadership on Voting Behaviour in New Zealand*.

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country governed. In New Zealand, the Prime Minister has no federal system or Upper House to limit decision making.

In the National Party, the Prime Minister selects his or her own Cabinet and, to spread the load, appoints a Cabinet of Ministers. The Prime Minister allocates the portfolios and hence has the primary responsibility for those areas, subject to the oversight of Cabinet generally. The Prime Minister also has power to dismiss Ministers and appoint new ones – it might be said, in general, that the Cabinet belongs to the Prime Minister. Some Prime Ministers foster the association to create or to underline leadership or direction – eg ‘The Muldoon Government’ or ‘The Bolger Government’.

The Prime Minister is not a President (with over-arching powers), nor ‘the conductor of an orchestra’.² Of course, he or she may be both, but the Prime Minister is, at minimum, Chairman of the Cabinet. Being at the core of Government, Cabinet deals with matters large and small. Within Cabinet, the Prime Minister can exercise sway. One is by the use of priority goals (eg the 1984 Labour Government concentrated upon economic restructuring). He or she may have the advantage of advice from staff, from the civil service and from special advisory groups of experts – perhaps to help keep in touch with trouble spots and/or the wider community. He or she will usually have the advantage of a ‘kitchen cabinet’, a group of senior and influential Ministers who are likely to give guidance and support.

In debate, the Prime Minister as Chairman of Cabinet has the first and last say. He or she, simply by dint of office, will have influence – likely through personality and persuasiveness. The Prime Minister may call urgent meetings and set the agenda. Thus, the power of the Prime Minister is considerably greater, in

² It is said that Prime Ministers sometimes have pre-prepared resignations of Ministers as a condition of their appointment to keep the Ministers in his or her power. This has on occasions been used and on occasions denied – in any event, dismissal is within the Prime Minister’s power by convention, so that a pre-signed resignation is unnecessary.

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terms of influence, than of first among equals. The Prime Minister has the overarching role of political management of the political wing. Attribution of performance of the governing Party as a whole (good and bad) to the Prime Minister has some, but not conclusive, force.

However, that power is tempered by the need to manage policies which can conflict and also of individuals, their aspirations and their aptness for any particular portfolio or task. It would normally be expected that it is in his or her own interests for the Prime Minister to pick the best available Cabinet from members of the Caucus for any particular role. However, that is not universal. Often appointments depend upon voting support for the Prime Minister and cronies may be favoured. Sometimes people of undoubted talent are excluded for idiosyncratic or personal reasons, or for a perceived absence of support or loyalty.

Cabinet

Once Ministers are appointed, Cabinet decides most things – large and small, with many decisions each week. It has a huge workload, serviced by civil servants working for it. Concentration of power in Cabinet has the advantage of focus but it is an environment, due to the wide variety of matters with which it must deal, in which inadequate consideration can be given to detail, to priorities, and to the balancing of interests and judgments.

Ideally Cabinet operates collectively, ie it acts together and singly, and Members of Cabinet that responsibility for all decisions. It is relatively rare for a Minister to criticise Cabinet decisions and, if so, that is inconsistent with its collectivity. This means that a Minister must support the decisions of Cabinet even if he or she disagrees. Once a decision is made, Cabinet Members close ranks, its discussions are usually kept secret, and this operates to fortify its decisions.

Cabinet is usually formed from the more experienced members

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of Caucus and, depending upon the relative numbers, will tend to dominate Caucus. Thus, if there are 50 members of a Caucus, Cabinet and associated Ministers outside Cabinet might have an effective majority of say 25 members. By dint of their numbers, experience and greater exposure to advice, Ministers are likely to have the advantage. If Caucus members wish for higher appointment, they will usually have to be seen to 'be going along to get along' or at least not to be unduly troublesome. Professor Chapman concluded that during the last quarter Cabinet sharply increased its predominance over all other influences and that checks or brakes on it by Caucus were rare. He described the trend for 'fortress Cabinets' and Caucus members were widely said to be 'cannon fodder'.

Caucus may, however, exercise some counterbalance by persuasion – it is a forum consisting of elected Party Members where disagreements can be aired and concerns of Members and their constituents made clear. Although it does have a countervailing power (in that it could vote against a policy, Leader or Prime Minister) this will be exercised with caution – it might create turmoil within the ranks, Party and public, and may also put seats and Government at risk.

The subservience of Caucus to Cabinet can be further cemented by the whipping system – a system of political management. It can be in the form of a written order that Members attend and vote in a particular way – usually employed in matters of doubt or importance. In any event, it is relatively rare that Members cross the floor and vote with the Opposition. When they do, there are usually adverse consequences, not the least of which is disdain from their colleagues. Of course, where dissent does not derail a policy, this is reasonably easy to accommodate, particularly where the majority is large but, where it might impact upon Government and survival, that is a different matter. When that occurs, for fear of an early election and the jeopardy of seats, it is time for careful consideration

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by all of Caucus to comply. The whipping system is an examination of and a device for solidarity.³

Given the role and central importance of Cabinet, disproportionate power may come to reside in the hands of one or more persons only – Muldoon is usually cited in this respect. This was, in part, due to the fact that Muldoon appointed himself Finance Minister as well as Prime Minister, thereby controlling or overseeing the spending of all other Ministers and Departments. The fact that Muldoon wanted to be both Prime Minister and Minister of Finance suggested, although his skills were in both, that he was power hungry or a control-freak.

A Prime Minister (especially one who is also Minister of Finance) can get bogged down in detail and reduce the importance of his or her strategic overview – the two roles would normally be better separated so as to allow the Prime Minister to concentrate on providing strategic guidance and management overall. Many of his colleagues did not want Muldoon to have both roles but he was head and shoulders above them all. Due to his prodigious ability, he was across most if not all portfolios and effectively had a veto in most if not all decisions. He ran the country and its many businesses almost as a personal fiefdom. More normally, power should reside in Cabinet and that is where accountability for its decisions should lie.

2 THE PARTY WING

The wider Party wing might conceivably provide a counter-balance to influencers or to the Prime Minister or Cabinet, but are somewhat removed from the decision-making process. Legislative power resides in Parliament, not the Party wing, and that is the ultimate determinant. The lack of influence by the Party is accentuated, often enough, by Caucus members saying that, having been elected,

³ Once Cabinet decisions are made, Executive Power is vested in the Minister responsible and he or she carries those decisions into effect with the assistance of the resources of the civil service.

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their focus and responsibility is now to the voters in their electorate rather than to the Party upon whose ticket they were elected. Given acceptance of such view, any influence of the Party wing tends to be recommendatory only and dependent upon the willingness of Parliamentarians to listen and adopt.

The influence which the Party wing may exert on its politicians is also limited in that there will usually be the same splits of opinion within the Party itself as there are among politicians – so that there may not be a coherent Party position to present. In any event, the Party wing is often reluctant to voice alternative policy opinions too loudly and especially in public – the appearance of a rift will bring adverse publicity and might reflect on the electability, standing and cohesion of the Party as a whole. The media will endeavour to exploit what it may surmise as a rift. As a general rule, but of broad guidance only, it is often best to keep dissention out of sight and publicly to emphasise togetherness.

The inability of the Party wing to provide input is further affected by the fact that the balance of power between the politicians and the Party favours the politicians. In a sense, they are professionals compared to amateurs – the former are paid for their Parliamentary duties (and with their status have most to lose) whereas the latter are primarily volunteers. Further, the National Party President is now no longer elected directly by the national membership represented by some 500-600 delegates from across the country (which usually requires a high or national profile) but, by a small Committee, so that the clout of the Party wing and the effectiveness of its input is lessened.

Presidential contests used to be regarded as a pointer from the grass roots to the direction of the Party, especially given the need for intervention by President and Party on occasions. Now, with the appointment of a President by a small Committee only, there is less real debate and canvassing of views in public. Conferences now tend to consist of presentations of Party policy by key politicians, without

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meaningful input by the Party or delegates – a showpiece rather than a reflection of current concerns. The danger is that, without close scrutiny and participation by its members, a Party can become secretive, moribund and idiosyncratic.

Even during the Last Quarter, the Party wing (with individuals as capable as George Chapman and Barry Leay) might be unable to exercise any significant influence on the direction and style of Government – in spite of best efforts to do so. Thus, their strident messages of concern to Muldoon that his actions were affecting the Party's electability achieved nothing. Later, the President (then Sue Wood) and General Secretary (Barry Leay) could not control Muldoon calling a disastrous early election, even though they were against it. The plaintive comments of the inability of the Labour Party via its President (Maryanne Street) to intervene and to mend the disastrous split between Lange and Douglas, is another example.

The non-Parliamentary Party, having made input into the National Manifesto in 1990, did not have any idea or fore-warning that its Cabinet would turn around and do the opposite – once it happened, it was too late – it could not oppose its own Government in public without creating a stir. It was, in effect, a *fait accompli*. People join political Parties for two main reasons – one is for social purposes and the other for the interchange of ideas and influence as to policy. The latter is sometimes the casualty.

However, the Party wing is not without some power or contribution. Apart from promoting selections, it can be useful in raising funds for electioneering, thereby separating donors from politicians directly. At election time, it can intervene in candidate and List selections but, in practice, it is unusual to challenge sitting Members or existing Parliamentary rankings. The Party wing's influence tends to be limited to influencing candidates to come forward, to fill gaps where expertise is needed and to provide support.

In the provision of information, the Party can provide valuable data, say from polling and focus groups to be the basis for

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developing policy. In campaigning, the Party wing can be useful in meeting the public and in the distribution of election material and information. However, in New Zealand, voters have become accustomed to and expect to see their elected representatives up close. Of course, it is wise for politicians to be mindful of their supporters and to listen to concerns, and this is a valuable way in which the grass roots can at least have their say and, indirectly, influence policy. However, adoption tends to be dependent upon the goodwill of Parliamentarians.

Candidates

An important function of the Party wing is the selection of candidates to run for Parliament on its ticket. Since 1996, after MMP, this is done partly at electorate level (for electorate seats) and partly centrally (for List candidates). The Courts will not intervene in this process, saying in effect that the political parties are private clubs and it is for them to run their own affairs. While the Courts will generally steer clear of matters which are political, it might be thought that some oversight of the procedures might be in order – eg whether they comply with the procedures in the Party Rules or with the legal principles of natural justice. But, for the moment, separation of candidate selection from the judicial process is the law, and this places a significant responsibility upon Parties to oversee selection. This is done by a Rules Committee, partly made up largely of those with legal qualifications, to ensure that the process of selection is governed by the Rules of the Party and to ensure that the process is fair and proper.

As part of this process, candidates are vetted by selection committees – the main purpose of which is to eliminate those whose records might come back to bite the Party, for example, candidates who have criminal convictions or poor conduct. Obviously, any vetting has the difficulty that information may be difficult to find or may not be forthcoming. But it is important that the process be

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as thorough as possible so that selectors have full information and, for the Party, that there be no surprises. There have been selections (more than there should have been) where adverse information and behavioural traits have come to light later.

Usually, up to five candidates are selected by local committees to go forward for vote by delegated members of the electorate panel. In those electorates where there is insufficient membership, the voting panel is topped up by the Regional Party organisation. With the declining membership of political parties, the top-up process is becoming more common – it means that Party officials may more often be able to influence which candidates will be elected to stand for the Party at general elections. Thus, the hierarchy might select top up delegates for a purpose so that the selection process is skewed, say to a specific person or agenda.

In some cases, candidates have been promoted or have been subject to unwarranted slurs activities and campaigns during the selection process – by agents paid for the purpose. Advocates might appear under the guise of being independent, when in fact they are remunerated for the task. Also, bloggers who are paid may use tactics to advance what they see as their cause. This places significant responsibility for oversight in candidate selection upon the Party wing.

Funding

During the Last Quarter, political campaigns became part funded by the Government in accordance with Party representation – in the 1993 election campaign, the broadcasting of opening and closing speeches has paid in part out of a new fund allocated by the Broadcasting Authority to established nation-wide Parties. Other funding comes from Party supporters – large and small – from large corporates to say local cottage evenings. Dinners or evenings to meet the Leader or key candidates have become popular. At functions, auctions are held to sell donated items, often

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at generous prices. This has raised eyebrows from time to time as to disclosure, since the prices are sometimes more in the nature of donations rather than genuine sales. As concerning perhaps, is the tendency (by groups) to bid against each other, not wishing to lose face, pushing bids up to extra-ordinarily high levels – well beyond the value of the item and more like donations which have to be disclosed.

Many large corporate donors give to both main Parties – not only as a two-way bet, but to oil the wheels of democracy. As to the nature of funding, all Parties are a little different. The Labour Party donations tend to come from small donations, say by individuals and larger donations via the Unions. The Green Party, for example, obtains funds from a tithe on its politicians and supporters. NZ First tends to obtain funds from the industries it promotes. The ACT Party obtains donations from those who wish to foster the New Right agenda. In addition, some donors make targeted donations to specific individuals who align with their ideas or goals.

Electorate organisations are also levied for funds, usually according to membership. Targets are set and each electorate is charged with raising the funds requisitioned. This tends to keep the organisation running – for costs such as office, staff, communications, etc – both for the Regional offices and to Party's Head office. Further funds are raised for campaigns in the local electorate to assist the candidate there. Some (in fact by far the largest portion) go to the Party's central campaign – at local and national levels. For this, potential donors are identified and members (say with common interests or contacts) are selected to approach them for maximum impact. Usually, if a pledge is made or is likely, then it is for the President to meet the donor to persuade or pick up the cheque.

In the process, it is inevitable that issues of political concern will be raised. In the 1990's, it was made expressly clear to all (canvassers and donors) that donations to National must have no

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strings or obligations attached. Although, it might be expected that large donors would at least be listened to and that access to politicians might be expected – that has also been tempered in that there is to be no expectation or obligation of access to politicians contingent upon the donation. However, in New Zealand, where accessibility of politicians tends to be expected irrespective of donations, this may be less of an impediment.

In the Last Quarter, donations were usually made on the basis that they would be kept confidential. Donors tended to wish that donations (and how much) would not be made public. The general law has now changed and donations above a certain amount have to be publicly disclosed. Nevertheless, there is a suspicion that the source of some of the donated funds is hidden, say by the use of trusts, or by loans instead of donations, or by splitting donations. There needs to be closer enforcement.

Concerning donations generally, there is a suspicion of abuse. In a poll in the 1990's, some 86% of respondents felt that donations were given in exchange for influence. That figure is surprisingly high and attests to considerable scepticism about funding the political process. In order to give the public confidence through transparency, it seems that there should be a requirement to disclose the real beneficial identity of all donors (say above a determined amount adding together related donors) and perhaps to place limits on the amounts which can be donated. Total transparency (accompanied by enforcement) may help ward off suspicion.

Polling and Market Research

Polling assists in knowing where the Party stands. But it is much wider than that – it can identify issues which concern the public and how they might be dealt with. Polling can give an indication as to whether any particular policy is working. It can also, for example, ascertain differences of opinion, say between gender and between age groups, and provide information about weaknesses and how

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they can be rectified or exploited. Information may be obtained in relation to each portfolio and how various Members of Parliament are perceived. It is helpful (and essential) that polls be backed up by internal market research such as in the use of focus groups to become aware of the nuances and subtleties around the figures that direct questions in polls are unable to capture.

Polling is reliable in showing up trends but has its dangers and detractors – in particular, a single poll is just a snapshot at any one time. Further, polls tend to be followers, not makers of opinion. Obviously too, any poll is likely to have its deficiencies – reactions to say a telephone call may be ill considered, mischievous or the answers misleading. Polls have a margin of error which should be stipulated. Where there are wide swings showing volatility, then polls must be regarded with considerable caution and care. Nevertheless, in practice though, they are remarkably accurate and stable. What random polls do is to reflect the diversity of the community, rather than the feelings of committed individuals and be free of personal agendas or perceptions.

Of course, there are now a number of public polls – some are slanted to advance the cause of a particular group. It assists to have an expert on methodology of the respective polls – to evaluate likely differences and flaws. Occasionally too, say one in every fifteen, is out of kilter with the rest – there may be a rogue poll which does not sit easily with others. Usually, in the context, the reason will be clear upon closer investigation.

In practice, National Party polling has been found to be very reliable (within a margin of 3–4% error), thanks to the organisers and volunteers. It relies upon teams of volunteers working after work, many on a regular basis. Regular and constant polling and market research are fundamental to success in politics, and an absolute necessity.

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Campaigning

Naturally, most Leaders like a leadership orientated (or Presidential) campaign because it puts them at the forefront and raises their profile, but whether it is wise depends upon the circumstances. Where polling suggests that the Leader's popularity is high, a leadership orientated campaign is tempting. But in so doing, it needs to be remembered that leadership is relatively insignificant to voters when compared with the overall package – of Leader, team, policies – and principles and values, capability and image.

In deciding how best to spend election funds, there is some guidance. Importantly, the primary campaign needs to be positive and unqualified, showing a clear direction and a desire to govern. A significant proportion of voters make up their minds at the last minute so that the last week of advertising is also important. Television is by far the most effective medium, but print media and radio should not be over-looked. Humour is helpful in catching attention, particularly of those not immersed in politics or as means of diverting attention from a gloomy environment. Polling is important also to highlight the differences between Parties (and hence their competitive advantage or disadvantage). Then too, trying to run a campaign against polling data can be a pointless exercise – a campaign which reflects and emphasises what the polls are saying is likely to have more success due to public recognition of the trend or the point. Messages should not be too complex but preferably involve a few main ideas which are repeated. Trying to run a campaign in opposition to polling information can backfire or be wasted.

There is constant pressure (particularly from Party supporters) to run negative campaigns against opponents (in National's case against the Labour Party and vice versa). However, if they are run first or at the outset, it is open to the impression that the Party is simply negative and has no policy. Accordingly, it is necessary to get out the positive policy first and to advertise it to the point where it is

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well established. Once this has been done, then a negative campaign can be effective.

Apart from the central campaign, much electoral success depends upon work at grass roots level. In New Zealand, the one thing that works in politics is personal contact made by candidates and members (eg in door knocking and delivering pamphlets) and making the election issue a local and live one. It is necessary to show presence and to show the public that you want to win the election. This is sometimes overlooked by politicians who want to focus upon their own messages and image. It has to be remembered that not all of the public are political aficionados. Campaigns do not depend only upon political messages that come from the centre, they also depend strongly upon local visibility, effort and awareness.

3 KEY ISSUES

The Economy

In New Zealand, no issue caught the attention of politicians and the public more than the economy. That is not surprising due to its importance, the prospect of the decline in prosperity (lower export receipts and the increase in costs) and the goal of maintaining the standard of living. But the varying solutions to this issue (of Keynesian and New Right economics) caused widespread debate and dissatisfaction.

In short, Keynesian wisdom is that there were inequities and inequalities in the market driven minimalist State which needed to be remedied by intervention. On the other hand, the libertarian New Right argued for the freedom of the individual and for relaxation of restraints upon free enterprise in business. It said that the market aims for efficiency and hence, ultimately, the best economic and social outcomes. It said that Keynesian economics led to the creation of monolithic State apparatus which artificially encourages welfare dependency. Imperfect though the market system might be,

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the New Right holds that central planning systems are worse.

In the Last Quarter, these two approaches tended to take on the feel of a religious war led by extremes. However, Keynesian interventions can go badly wrong and free markets are not always perfect. The extravagant promises made of each – of great economic prosperity – did not eventuate. What the Last Quarter has shown is that neither is acceptable in their extreme or zealous forms and that some accommodation is necessary – where such balance is determined, not by theory but by judgment, in the circumstances.

Learning from this period, it was left to later Governments to adopt a more pragmatic approach, free from theory, and to make judgments as to balancing and priorities in keeping with current circumstances. It was left to subsequent Prime Ministers (Clark, Key, English and Ardern) and their Governments to rectify and to deal with economic matters in a more pragmatic manner, not driven by dogma or by economic theory, but by an evidence-based and thoughtful appraisal of the best course of action in the circumstances. This was exemplified by John Key who wisely said: ‘I am interested in what works and not what could or should work in theory. I do not intend to follow an ideological path without ever challenging the concept or considering its appropriateness in our unique New Zealand setting’. The highly regulated society from Muldoon days was replaced by one in which there was more recognition of private decision making – a key to unlocking the skills and initiative of the people. The Last Quarter taught that neither intervention nor leave alone are absolutes.

Race Relations

In 1975, the Waitangi Tribunal was set up to investigate Maori grievances (including land confiscations, fishing rights and taonga) and developing recommendations for Government consideration. It was a permanent Commission of Inquiry, designed to investigate and report on Maori issues. However, it had limited powers to

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investigate, that is to say, it was limited to Crown acts and omissions occurring after 1975 and had relatively few mandatory powers (which were seldom used). It became particularly active in the mid 1980's and, in 1985, was given a new authority to investigate historical claims concerning the Maori land wars and grievances dating back to 1840. A series of reports highlighted the concerns.

The grievances of Maori for loss of lands and the hurt and loss of mana arising therefrom was derived from confiscations of land after the land wars of the 1860's, but also from the gradual loss of land subsequently and allegations that some of the land sales were contrived or fraudulent. Maori can hardly be blamed for defending by war the loss of land to themselves, and loss of land and sovereignty were interlinked. Many Maori (friendly to the British or otherwise) were killed or wounded in the process. The dispossession and confiscation of land resulted in economic loss and disruption and there seems little doubt too that there were in the process breaches of the Treaty of Waitangi (which gave protection to Maori property and rights). In consequence, the loss contributed to the economic decline of Maori – to the point where statistics across the board showed them to be disadvantaged.

The extent of the loss was huge. Before the Treaty of Waitangi in 1840, Maori owned most of the land. By 1870, most of the South Island had been sold to the Crown, much of which was on-sold to European settlers. By 1900, most of the North Island had been sold or appropriated also and, by 1920, only 8% of land was retained by Maori. Approximately 1.3 million hectares of land was confiscated following the Land Wars – much in the fertile Waikato, Taranaki and Bay of Plenty areas. Land was often bought and sold by the Crown in order to fund its operations, at a considerable profit over that paid to the original owners. Where land was retained by Maori, there were efforts to convert it from Maori title to individual ownership. Many Maori were concerned at what was happening and protested to little avail.

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In the 1970's, the smouldering grievances continued and took on a new lease of life. There was something of a Maori renaissance – due in part to a new generation of young well educated urban Maori. A focal point of this (although not the beginning) was the 1000 kilometre Maori land march from Te Hapua to Parliament in Wellington in 1975 – perhaps the single thing which did most to highlight the renaissance. The March was some 30,000 people strong, it gathered momentum as the journey continued and a petition of 60,000 people was presented to Prime Minister Bill Rowling. It was led by Dame Whina Cooper a respected Maori elder and, in scale, was unprecedented. The specific catalyst was legislative attempts to place further Maori communal land on the general register but the march turned out to be much wider than that. It was a land march, but a cultural one also and about Maori aspirations generally. It brought Maori grievances and Treaty issues to the front of mind of New Zealanders.

Thereafter, agitation continued. Perhaps the most striking was the protest against the development of land at Bastion Point in Auckland in 1977–1978 and the eventual expulsion of the protesters. The land had originally been gifted to the Government by Ngati Whatua Maori for defence purposes on the understanding it would be given back once the purpose had passed but, being prime land, it was sought to be developed for luxury housing in the 1970's. Muldoon supported the development and protesters sat in – the occupation lasted for 506 days until the protesters were forcibly evicted. Later, the land was returned to Ngati Whatua by a Labour Government.

The Labour Government first legislated to incorporate Treaty of Waitangi principles into legislation – such as in the Environment Act 1986, the State Owned Enterprises Act 1986 and the Conservation Act 1987, thereby recognising the status of the Treaty of Waitangi and incorporating it into law. Thus, the SOE Act provided that 'nothing in this Act shall permit the Crown to act in a manner

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inconsistent with principles of the Treaty of Waitangi'. Later, this meant that the Government had to ensure that Maori claims in relation to land covered by the SOE Act were safeguarded before any such land could be transferred to a State enterprise. The Treaty also had some constitutional endorsement from the Courts by virtue of the *Crown Lands* case (in the Court of Appeal) – Cooke CJ saying that the relationship was 'of a fiduciary nature, akin to a partnership' which gave the Treaty a recognition and status in its own right.

While National came rather late to the piece, in 1991, it too recognized the Treaty and set about redressing grievances through compensation for past wrongs. The reparations were handled by the Office of Treaty Settlements, recently formed, tasked with implementing the settlement process – researching claims, negotiating and advising the Government. This process was assisted in 1993 by an Act which recognised that land handed down the generations had a special significance for Maori. What followed were creditable attempts at settlements such as that in 1995 – a settlement of \$170 million compensation for Tainui and an apology signed by Queen Elizabeth II on a visit to New Zealand. It was an apology for the unjust invasion of their lands, for the loss of lives as the result of the Land Wars and the devastation to property and economic life which resulted.

One of the difficulties in reparations was that Maori valued return of land more than monetary compensation – it had long been policy that land now held privately (for which good value consideration had been paid) could not be returned so this narrowed the process to Crown land. A system was set up to identify Crown land to landbank for Treaty settlement purposes. However, the process of reparations was not all plain sailing – there were disputes as to who should represent Maori for various areas of grievance and there were competing Maori claims. This continues. Compensation already greatly exceeds the fund (of \$1 billion) originally set aside.

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These reparations lay a basis for consideration of Maori interests and cultures as a precursor to greater co-operation. In New Zealand politics, Maori issues will always be central, due to history (particularly the Treaty of Waitangi) and the make-up of its peoples. Maori are a growing section of the population – now some 16.5%. There is a continuing need to redress Maori inequality and disadvantage in terms of the indicators of health, income, education, occupational status, unemployment and prison, and also the adverse effect generally upon Maori. The process to settle Maori claims is helpful to create broad and practical equity and goodwill between the races. But the mutual tolerance required is daunting.

4 NEW ZEALAND OVERSEAS

Under Muldoon, foreign affairs was primarily about trade. Quite properly, he argued in world forums against protectionism which operated against primary producers from New Zealand. However, in addition, he took, somewhat truculently, an independent stance – for example, whereas the widespread feeling was against apartheid, he asserted New Zealand's right to make its own policy by giving decisions as to rugby visits over to sporting bodies on the basis that Government interference and boycott interfered with rights of freedom of the individual.

Later, the Labour Government, also signalled its independence – in not allowing visits by nuclear powered or armed vessels. It was a little like the mouse that roared – a small remote country with a western perspective in an Asian Pacific location. A country in a complex world which included super-powers, circumstances beyond its control and upon which it was dependent upon trade for its prosperity and its security. New Zealand was not at the forefront of mind in other countries and was in danger of being stepped upon, even if accidentally. If it was, and there were differences in approach, New Zealand might have to eat its pride and co-operate.

As a result, a different approach developed – in order to promote

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New Zealand's interests in the world, in security and trade and to foster its environmental and humanitarian concerns. To do this New Zealand needed to be seen as active in world affairs as a good citizen – say by assisting other countries by helping them at times of need or crisis. For example, New Zealand soldiers supported western efforts under British command in dealing with the genocide in Bosnia. In Northern Ireland, New Zealand supported the moves for an accord which led to the Good Friday Agreement. It also co-operated with Britain in the epidemic of Mad Cow disease which involved the slaughter of millions of stock. To have a place at the table in the world and to be listened to, New Zealand had to be seen to contribute and pull its weight.

A Place in the World

Some see New Zealand's role in the world as an honest broker in overseas disputes given its non-threatening status, but New Zealand does not really have the grunt or the scale to be effective in that role and, of course, it is firmly allied with the West. It now concentrates more upon its contribution to countries and to world affairs. It also seeks multi-lateral relationships where it can (eg APEC) and bi-lateral ones where it cannot. In this way, it has built up a reservoir of goodwill, some of which has been expended by appointments of its citizens to world bodies.⁴

Independence from colonial roots in Britain, as elsewhere, was a live topic for discussion – with agitation to remove the Privy Council as New Zealand's ultimate appeal Court; the abolition of British nomenclature of titles; and thought of replacing the Monarch as Head of State. New Zealand, given a more independent stance, began to be taken more seriously overseas. Information, comparison and guidance from New Zealand initiatives (such as its de-regulatory economic reforms; the lowering of frontier barriers

⁴ Such as Mike Moore to the WTO, Don McKinnon to the Commonwealth and Sir Ken Keith to the ICJ, and of course others, see Holborrow p 302.

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at its borders and free trade; the reform of the voting system to one of proportional representation; the adoption nuclear-free stance) was eagerly sought.

In particular, there was interest generally in New Zealand's reforms – in doing away with tariffs and import controls – a bold move to free up frontier barriers and world trade. For example, in Britain in the mid 1990's, there were divisions (especially within the Conservative Party) as to whether Britain should go deeper into Europe or whether it should move away, leading to the Brexit Referendum some 20-25 years later. The debate was hard fought with entrenched views on either side. Those in favour of leaving the EU were very much world free traders and felt that Britain was being held back by its obligations to the Union – they held New Zealand up as a model.

Senior British politicians at the time often feared New Zealand had been badly treated by Britain in 1972 when it joined the Common Market. Instead, this had done New Zealand a service in that, whereas formerly New Zealand had one major market, it now had six – this was not only more sensible commercially, it also helped open up New Zealand to the world. Britain must look to its own interests in any decisions it might make and New Zealand, as a friend, could not object. This seemingly satisfied both the Leavers and the Stayers but, in opening up its borders to the world, New Zealand was universally admired and respected by both camps.

New Zealand's image overseas began to improve. For example, New Zealand had long been recognised in Britain as having quality of life, a clean green image, wonderful recreational facilities, sporting prowess and the relaxed and friendly manner of its people. There were also strong historical ties and contributions in both war and peace. Thus, New Zealand's standing in the United Kingdom was one of 'considerable warmth'. But it still had a persisting image of being behind the times – and did not reflect the innovative country with bold public sector reforms and the increasing sophistication

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of its products.

Important among these was the widespread interest of New Zealand's ground breaking economic and public-sector reforms – and its free trade initiatives and an outward looking self-reliant attitude, seen to be at the cutting edge of progress. Also important was the increasing sophistication and perception of quality which was emerging in its products, for example chilled meat replacing frozen meat; new varieties of apples such as Braeburn replacing the old; and recognition of the premium quality attaching to NZ wines. New Zealand had long been associated with the Sunday joint, the block of cheese and the slab of butter, but the new developments were better able to emphasise quality and to exploit profitable market segments. New Zealand was increasingly seen as a good place in which to visit, to invest, to work and to live, and as modern and innovative country. The changes raised perceptions of New Zealand for the better and meant that the perception of New Zealand was now, not only one of 'considerable warmth' but also one of 'undoubted respect'.

5 FIN

In the Last Quarter, due to or in spite of blemishes arising from politics and its imperfections, New Zealanders became more aware, more involved and more constructively critical and engaged – both locally and internationally. Government was, quite understandably, recognised as not necessarily benevolent – without careful oversight, it needed greater participation and surveillance. Problems, such as racial equality and equity at home continued and needed sympathetic resolution – from both sides – in circumstances requiring daunting mutual tolerance. The opening up of New Zealand and the widening of its outlook, caused it to become less trusting and cosseted, more outward looking, more in touch with reality and more part of the world. The era influenced a small country in a large and diverse environment towards more participation, and, in trade, towards

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niche and higher end products to which it was naturally suited. The new external focus, the introduction of new immigrants with different and non-rural skills, and the widening of ethnicities, made New Zealand a more interesting and diverse place in which to work, live and contribute.

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Note: See also headings in Table of Contents in sequence.

Honorifics have not been used to endeavour to recognise status at the time.

Muldoon, Lange, Douglas and Bolger appear regularly especially in the Chapters which bear their names.





