

Cabinet shake-up in New Zealand

by Allen Douglas

On Nov. 4, New Zealand Prime Minister David Lange fired Minister of State-Owned Enterprises and Assistant Finance Minister Richard Prebble from all his posts and his cabinet position. The sacking of a cabinet minister—very unusual in New Zealand politics—is only the most visible sign of a government crisis which has been brewing for many weeks.

On Nov. 21, New Zealand Radio reported as its lead news item that Lange himself could be sacked at the first post-Christmas holidays caucus of the Labour Party, when a ballot will be taken on Lange's leadership. After a cabinet meeting the following day, government ministers did their best to play down the crisis, insisting that Lange's job was not in danger.

But the crisis will almost certainly erupt again. At issue is the degree and pace of the radical restructuring of New Zealand's economy, a program led by Finance Minister Roger Douglas and his key ally, the sacked Richard Prebble.

Douglas and Prebble have taken the point in carrying out what London *Economist* editor Rupert Pennant-Rea, visiting New Zealand the week of the government crisis, praised on New Zealand Radio Nov. 21 as "the most extreme form of economic liberalization in the world."

The radical free-enterprise policies of the Labour government involve the wholesale sell-off of almost all government ministries and assets (see *EIR*, Oct. 21, 1988). As in the "Europe 1992" scheme, and the North American Common Market that is intended to follow Mexico's incorporation into the U.S.-Canada Free Trade Agreement, New Zealand, is slated to become part of a single South Pacific market with Australia, its economy placed under the total domination of a few cartels. In the process, its productive industry and agriculture, the latter among the most productive in the world, are being destroyed.

The ultimate strategic outcome, as in Europe, is to be the region's assumption of the status of Soviet protectorate—a goal otherwise evident in the Lange government's anti-U.S., anti-nuclear, pro-Soviet foreign policies.

Douglas and Prebble have argued that New Zealand's *perestroika* must proceed at full steam, with Douglas insist-

ing, in speech after public speech, as in a public meeting in Birkenhead on Nov. 28, "The decisions we take in the next 12 months will make or break everything we have done to date."

Prime Minister Lange, on the other hand, perhaps reflecting the increasing restiveness of the Labour Party's base in face of the "reforms," has repeatedly argued that the government should stop for "a cup of tea" before proceeding with the rest of the proposed measures.

The "reforms," as the Labour Party's base is experiencing first-hand, are ruining New Zealand's economy and have pushed New Zealand's unemployment rate to 156,000—the highest in its history. Next on the agenda are austerity in the labor market and slashes in social service spending.

The financial elite

While Douglas and Prebble are the leading public spokesmen for the "damn-the-torpedoes" pace of *perestroika*, they are merely carrying out the policies dictated to them by New Zealand's speculation-centered financial elite gathered around the New Zealand Business Roundtable, which is chaired by Sir Ron Trotter. After Prebble was sacked, Trotter showed up at a party to express his solidarity with the former Minister of State-Owned Enterprises, though Trotter took pains to try and hide his presence from New Zealand's media.

As chairman of one of the country's two largest corporations, Fletcher Challenge, Trotter has been a leading purchaser of the former government assets which Douglas and Prebble have been raffling off for a fraction of their worth.

As the chief beneficiary of the looting of New Zealand's national assets, Trotter has threatened that "business confidence" in the government and the economy will suffer if the pace of *perestroika* slows down.

Trotter was echoed by *Economist* editor Rupert Pennant-Rea, who was omnipresent in New Zealand's media during his stay in the country. That the chief editor of one of the British Establishment's flagship weeklies would spend over a week in New Zealand, and boldly jump into the fray on behalf of Mssrs. Douglas and Prebble, is a telling indicator of the importance the international financial oligarchy places on the New Zealand "experiment."

In an interview with New Zealand Radio Nov. 21, Pennant-Rea stressed that he had been watching Douglas's work very closely for the past four years, and that "I personally applaud the speed" at which it is proceeding. Reacting to building ferment against Douglas's programs, including the statement by Labour Member of Parliament Jim Anderton that unemployment would soon reach 200,000, out of New Zealand's total population of 3.25 million, Pennant-Rea opined to New Zealanders, "So far you, have had most of the pain and very little of the pleasure," but "these sorts of programs, take a long time to produce benefits," and that at all costs, the pace of the program must be continued, or "you will get none of the benefits."