

A permanent revolution?

Zealots & common sense

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IT IS OVER 12 YEARS since the beginning of the revolution of the "commercialisation of New Zealand". Twelve years after the fall of the Bastille the French revolution was over, and Napoleon ruled. Twelve years after the October Revolution of 1917, the Russian revolution was over and Stalin had expelled Trotsky and Bukharin. Neither country returned to a period of some sort of normality, but nor was there the view that the revolution was incomplete, and needed to be progressed.

Yet 12 years after Rogernomics, key revolutionaries continue to call for further reforms. The terms of reference given to Alan Schick by the State Services

Commission and Treasury talk about further "improvements" and "future progress".¹ Recently the Chairman of the Business Roundtable demanded further economic restructuring. We may wonder why after 12 years the reformers have still not got it right. Pessimists might wonder whether the revolutionaries are punch-drunk Maoists, committed to a permanent revolution for its own sake, planning a cultural revolution sometime in the future.

The events of the last 12 years were first described as "the quiet revolution" in a book of that name written by Colin James in 1986.² More recently, there has been a television program called "Revolution".³ Neither defines what they mean by "revolution", a task which has challenged political theorists and historians. To understand the New Zealand experience, we might well go to Ralf Dahrendorf who identified:

two quite different versions of dramatic change. One is deep change, the transformation of core structures of a society which in the nature of the case takes time; the other is quick change, notably the circulation of those at the top within days or months by highly visible, often violent action. The first might be called social revolution,

the second political revolution. The Industrial Revolution was in this sense social, the French Revolution was political.⁴

While the events of the last 12 years in New Zealand are presented as a political revolution – a change of the elite and the way it manages the country – the political change reflected long term social change more akin to the industrial revolution.

Moreover while some features of that social change were universal among all rich countries, there were distinctive features in the New Zealand experience, which exacerbated the intensity of the political change.

The early post-war period had been one of considerable stability. The economy was a "monoculture", with an external sector de-

pendent upon a single product – grass which had been processed into wool, meat, butter and cheese – sold largely to the single market of the United Kingdom.⁵ That external economic structure had been in place since the end of the nineteenth century, and the politics, society, and internal economic structure had evolved in response to it. In particular from the late 1930s, a system of interventions and protections transferred the foreign exchange earned by the pastoral sector, to the thriving domestic economy which needed them to pay for imports. Because the export sector was sufficiently narrow, the interventions could be managed without damaging its performance.

This idyll came to an end in the mid 1960s, when the price of wool – the most important export – collapsed, a disaster reinforced by downward pressures on meat and dairy export prices (relative to import prices). The pastoral sector – the farmers and the processors – were in difficulty, but so was the whole economy. No longer could foreign exchange be earned with the ease it had in the first two decades of the postwar era, so it became increasingly difficult to support the protected industries which



had depended upon the success of the pastoral exporter for their foreign exchange.

Fortunately the New Zealand economy responded by diversifying into a much less concentrated export structure. Wool, which was the king of the foreign exchange earners, has been replaced by tourism. Today wool is also behind fishing, forestry, general manufacturing and horticultural exporting (as well as meat and dairy). Britain, which as recently as 1965 took two thirds of all exports, is today behind Australia, Japan, the United States, Greater China, and Korea as a trading partner.

The export diversification of the 1970s was a magnificent achievement, but the generation of new sources of foreign exchange undermined the arrangements for the domestic economy, politics, and society. The interventions could no longer function properly, because exporting was now so pervasive, and involved so many different sectors it was no longer possible to target interventions without damaging exporters.

This diversification was greater than, and more rapid than, any other OECD country.⁶ The New Zealand political revolution was in part a response to these economic changes. As a result the New Zealand changes were distinctive (and more extreme) when compared to transitions going on in other rich countries. But they were changing too. Economically the world has been going through a process of globalisation involving an integration of its industrial production (and to a lesser extent the service industries), and of its financial markets.

There was also a social revolution in the aspirations and consumption patterns of individuals including the increasing role of women and overall a greater affluence which enabled greater social diversity. These were not peculiar to New Zealand, but reinforced the need for major structural change. (Unique to postwar New Zealand was the urbanisation of the Maori.)

The international trends of increased social heterogeneity, plus the external diversification that the New Zealand economy experienced in an increasing globalised world, diminished the ability to manage New Zealand in the detailed interventionist way which had evolved between the late 1930s and late 1960s. Throughout the 1970s and the early 1980s there were attempts to change that regime to one which made more use of the market mechanism, together with some liberalisation of the laws which governed social relationships. But the changes were reluctant and incremental, and certainly not great enough to accommodate all the pressures.

It is usual to blame the failure to respond effectively on the dominant politician of the period, Robert Muldoon, but that overplays the importance of the individual, and underplays the institutional rigidity that was inherent in the detailed interventionist political process which had developed. One of the central issues facing any organism is how to evolve and adapt to new situations and circum-

stances. A fundamental difference between capitalism and communism in the twentieth century is that the communist regimes were less able to adapt, and so less able to survive. The New Zealand was also at the inflexible end of the spectrum.

Thus Labour was elected in 1984 to govern a country which had been under an economic and social revolution for almost two decades, but where political and policy adaptation had not kept pace. But while the New Zealand political institutions were inflexible and discouraged change, they depended on an acceptance of a series of conventions – on a consensus – rather than any deeply embedded structure. This is evident in a comparison between the experience of the Australian Labour and the New Zealand Labour governments of the 1980s. Both had a predilection for commercialisation, but in the case of Australia, a variety of formal constitutional arrangements and informal institutions moderate the pressures for extremism.⁷ It is not accidental that Australian Labor was more successful, both politically and in terms of economic performance.

There is an irony here. Muldoon could not get the change he desired – the country desired – because he played the game according to the conventions. His successors cut that gordian knot, and unleashed the political revolution. But the Labour government had no deep analysis of the need for a transformation in the political and economic mechanisms consequent upon the social revolution. Not only were their economic policies often at odds with the electoral promises, but Labour found it difficult to explain or justify them, other than in bumper sticker slogans of a crude ideology very different from the party's traditional values.

The policies were developed by the Treasury, which recognised some of the profound social revolution which had been occurring, but not always with the understanding we have from hindsight, or even in terms of the best understanding at the time. Undoubtedly there had to be market and social liberalisation. But the measures taken were much more extreme than was necessary or justified. The pressure on the government from their advisers was to take the most ideologically extreme option. Typically the government succumbed. But did the government know what it was doing?

Consider corporatisation of state owned enterprises. It was evident from the beginning that the new business structure was designed to facilitate their privatisation. The published Treasury papers showed this preference. A preponderance of those sympathetic to privatisation were appointed to the new corporations' boards. Treasury officials even explained to insider audiences that corporatisation was a step on the way to privatisation. Yet at some time almost every senior minister in the Labour Government stated that the government did not favour privatisation, and would not privatise state assets.

Some even stated that corporatisation would eliminate the need for privatisation.

While we await memoirs from the politicians which explain what they thought they were doing, it is possible to say something about what was happening outside parliament. Among the conventions which Muldoon acknowledged and Labour attacked was that a democracy involves a widespread debate, in which different viewpoints are presented and listened to. Although Muldoon appeared to repress dissent, the economic debate was never destroyed.

For example, about the time I became director of the Institute of Economic Research in late 1981, Muldoon brutally castigated a couple of economists for advocating devaluation of the currency. This put me in a quandary, because it was – and is – impossible to be a serious commentator about the state of a small open economy such as New Zealand without referring to the exchange rate. So I continued to talk about the exchange rate, and while I never advocated the need for an immediate and substantial devaluation, that was the clear import of my analysis. Muldoon never publicly objected to my commentary, and I was comfortable with discussing the policy context without advocating a specific policy change. If I had been a policy advocate, I should have become a politician instead. Thus within a certain context, Muldoon allowed a considerable economic debate.

Imagine my astonishment at the stronger pressures against dissenting economic commentary when Labour came to power. I suppose I had been warned. Before the election I had written a *Listener* column which directly confronted Muldoon's economic management style by arguing that intervention should be limited, and that in many circumstances it was better to leave matters to the market mechanism. However the column also acknowledged that there were occasions in which interventions were appropriate and effective. At least one Treasury official found that latter sentiment unacceptable, and the message was fed back to me that the Institute would never get any further Treasury contracts (a threat that, in the event, was effected as long as I was the Institute director).

The Institute was not alone in being treated this way. Other consultants who deviated from the tight New Right ideological line of the Treasury soon found themselves also cut out of government consultancies (and they suffered petty harassments too), while the more compliant were favoured with contracts and appointments. Within the Treasury, dissenters were repressed, found their careers blocked, and eventually left.

So the new government was more repressive and less tolerant of intellectual dissent than the old. What seems to have happened is that the ideological extrem-

ists needed the moderates when they were facing Muldoon, but once they came to power, they would brook no challenge. As Lenin is alleged to have said, "the first thing to do after the revolution is to shoot the intellectuals".

This repression of open discussion has not ceased, as is evident from the dumbing down of New Zealand, observable in the lowering intellectual quality of newspapers and broadcasting. Universities reduce their research activity through the demands of teaching. Some departments, especially in commerce faculties, teach only the commercialisation approach, repressing alternatives. The direction of science research is more under the control of the minister. Jane Kelsey's *The New Zealand Revolution* lists the "democratic deficit". Jim Traue in this series pointed out the commercialisation of information is repressive, and anti-intellectual. Tony Simpson described the undermining of the independent public service. The Schick report on the public sector reforms remarked there was "more pressure for conformity and group think" in the public service. A consultant's report during the health reforms said "do not shelter non-committed employees": more simply – dissenters should be sacked.

New Zealand has never been a society which has honoured intellectual effort or dissent, preferring instead to praise the practical. At the turn of the century the French observer Andre Siegfried wrote of New Zealanders:

The colonials, moreover, are generally men of mingled strength and simplicity. Their strength makes them unconscious of obstacles, and they attack the most delicate questions much as one opens a path through the forest with an axe. Their outlook, not too carefully reasoned, and no doubtful scornful of scientific thought, makes them incapable of self distrust. Like almost all men of action they have a contempt for theories: yet they are often captured by the first theory that turns up, if it is demonstrated to them with an appearance of logic sufficient to impose upon them. In most cases they do not seem to see difficulties, and they propose simple solutions for the most complex problems with astonishing audacity. At heart they are probably convinced that politics are not as complicated as they have been made out to be, and that a little courage and decision are all that is required to accomplish reforms of which Europe is so afraid.⁸

He was not the first to observe this phenomenon. Forty years earlier, Samuel Butler wrote

It will be seen ... that the Erewhonians are a meek and long-suffering people, easily led by the nose, and quick to offer up common sense ... when a philosopher arises among them ...

Interestingly this quotation appears on the imprint page of Karl Popper's *The Open Society and Its Enemies*, a book written in New Zealand which criticised both platonists and hegelians, with their grand vision intolerant of opposition.

These sentiments are echoed in Keynes' famous remark that practical men and women are but slaves of some defunct theorist. He had the fascist dictators of 1930s in mind, but he could equally have been talking about many New Zealanders.

In this tradition, the New Zealand commercialisers were contemptuous of genuine intellectual activity, and yet were readily captured by defunct philosophers and economists. My *Commercialisation of New Zealand* explains they were platonists, although such practical people are quite unaware of their mentor philosophers. In economic terms they pursued a methodology called the "tight prior", which is not, alas, a jolly rotund fellow singing bibulously songs of a tenuous moral content, but an approach in which the facts of a situation are ignored or altered in order to preserve the theory.

A non-economic example of the methodology is Jean-Paul Satre's whose "wonderfully ingenious brain could always think up an escape clause to save the ideal at the expense of reality. The parallel with acceptance of revealed religion is obvious." The notion of revealed religion nicely describes the commercialist fundamentalists' approach. They are obsessive, unreasonable, and intolerant, and so a threat to liberal democracy. Those who do not belong to their sect are to be treated to the twentieth century equivalent of the intolerance of the inquisition or jihad.

And so New Zealanders complied with the commercialisers, by ignoring the attack on dissenters, and joining the sect. It was a short term strategy as Otto Neimöller reminds us:

In Germany, the Nazis came for the Communists and I didn't speak up because I was not a Communist. Then they came for the Jews and I didn't speak up because I was not a Jew. Then they came for the trade unionists and I didn't speak up because I was not a trade unionist. Then they came for the Catholics and I was a Protestant so I didn't speak up. Then they came for me ... By that time there was no one to speak up for anyone.

I am always interested by those who tell me how at first they supported the commercialist reforms, but changed their mind at a certain point. The point at which, although they do not say this, is almost invariably where their own interests were affected. As the Neimöller quote reminds us, at some stage in such reforms "you are next".

However there is a fundamental weakness in policy driven by the tight prior, by religious zealotry, which will not brook dissent nor countenance the possibility that it is wrong. Consider the blitzkrieg principles – the political strategy of the commercialisers – set down by Roger Douglas at the New Right Mont Pelerin Society meeting in Christchurch in 1990:

- If a solution makes sense in the medium term, go for it

without qualification or hesitation. Nothing else delivers a result which will truly satisfy the public.

- Consensus among interest groups on quality decisions rarely, if ever, arises before they are made and implemented. It develops, after they are taken, as the decisions deliver satisfactory results to the public.

- Do not try to advance a step at a time. Define your objectives clearly and move towards them in quantum leaps.

- Vested interests continuously underestimate their own ability to adjust successfully in an environment where the government is rapidly removing privilege across a wide front.

- It is uncertainty, not speed, that endangers the success of structural reform programmes. Speed is an essential ingredient in keeping uncertainty down to the lowest possible level.

- Once the programme begins to be implemented, don't stop until you have completed it. The fire of opponents is much less accurate if they have to shoot at a rapidly moving target.

- The abolition of privilege is the essence of structural reform.¹⁰

This is not only an anti-democratic recipe for reform, but the formulation shows no introspection as to how one might decide that a policy solution is right. Given uncertainty of purpose is the greatest threat, the approach requires that all opposition to the reforms must come from "privilege", or vested interests. Resistance can never occur as a result of a valid criticism. There is no room for reflection or an alternative analysis. Once the commitment is made, speed and quantum leaps are essential; anything less is vulnerable to resistance from the vested interests. Under urgency there cannot be consultation, it is after that the public will see its benefits.

This blitzkrieg approach was all the more ironic for being expounded at a meeting honouring Karl Popper, whose social engineering was essentially incrementalist. He would have loathed Douglas' paper, which he would have seen as "Plato's dream like the Leninist actuality ... of an elite political order guided in the exercise of absolute political power by its supposed insight into essential reality."¹¹ If the message is not quite, 'follow the fuhrer, for he knows what is best for you', it is a 'unquestioningly follow the message, for our ideas are best'.

We can see now the need to destroy dissent, for it challenges the certainty required for the success. Moreover the approach has built in it the explanation for dissent. It is not because there is an alternative way. Rather dissenters only reflect vested interests.

Why did the commercialisers insist theirs was the only strategy. They did not say "TINA – there is no alternative", but they did argue there was only one alternative – the existing state of affairs, frequently called "Muldoonism". Recently I was discussing the broadcasting policy reforms with an ex-Treasury offi-

cial. His response to my criticisms was "you were not in favour of the [then existing] BCNZ, were you?". That is how such issues were approached – the choice was between the status quo and their solution. That is the sense in which they allowed no alternative.

But suppose, just suppose, the chosen policy was wrong: wrong not in the sense of there being a better policy option as the case of corporatisation, but wrong in the sense that the policy was ill conceived, as it was in the case of the health reforms. Once the blitzkrieg strategy was embarked upon, there was absolutely no mechanism to abort it or even to transform the reform into a viable option. Moreover, since anyone with the slightest expertise is going to point out the reform is misconceived, they will be treated as dissenters. Conversely policy advisers ignorant of the issues may be loyal to the reforms. Given a willingness by these practical people to jump aboard wherever the action is – or wherever the fees are – there will be a mass of uninformed cheering the revolution on, as occurred with the health reforms.

It is not today's remit to review the mistaken direction of the health reforms, although observe that while there has been a considerable backing down, there is still no admission of the failure. People have died because of the reformer's incompetence. In a minor way it parallels the deaths that occurred under the revolutions in France, Russia, China or the fascist revolution in Germany. People were expendable in the interests of the pursuit of the essential reality of the true religion.

The trouble with fundamentalists' predictions is that they keep going wrong, despite being made with the utmost confidence in the truths on which they are based. Reality keeps pressing in, so they have to keep reinterpreting their story, but never at the expense of the fundamentalist's ideology which cannot be contradicted by facts. Escape clause follows upon escape clause, and history is rewritten or forgotten. Most of the unbelievers, who say the emperor has no clothes, are attacked, typically by misrepresentation and almost always without addressing the issues being raised.

Perhaps the economic reforms have been a bigger failure than the health reforms. There has been some economic successes, most notably the reduction in the rate of inflation. But the economic growth record has been disappointing, the worst in the rich OECD, while there is no evidence of significant increases in productivity. Recall how we were promised such gains, how the 1986-1987 share market boom was seen as evidence of its success, as was the 1994-1995 cyclical upswing. What we have today is an economy in a cyclical downswing, with the optimistic prospect of long term economic growth rate similar to the rest of the rich OECD, but at a much lower level. Most New Zealanders are at a lower material standard of living than they

were when the reforms began. That was not what the reformers promised.

Yet the zealots continue to press for reforms. I recall a seminar on agricultural policy just before the 1984 election. One Treasury official argued that limited proposals for changes in a more market direction would not give much benefit. Subsequently we joked that it was the 'dog licence' problem. As long as there was any single intervention left – even dog licences – the agricultural sector could not prosper. That joke became a grim reality, as the zealots argue that the reason for so little success from their reforms is because we have not gone far enough. There are still dog licences. Apparently one gets no significant gains from introducing 90% of the policies; the gains only occur at full implementation. The zealots ignore the possibility that their extremism destroyed any gains from moderate policies, and that is why they have so few successes.

The existence of such zealots should not surprise us. In a liberal democracy we should treat them with a tolerance they have not shown those who disagreed with them. What puzzles me is their political strength. Even if we add in the punch-drunk who keep climbing back into the ring long after their cause is lost, and the 'main chancers' who see financial benefit and status from their participation in the implementation of further reforms, there are still insufficient numbers to explain the vigour of the permanent revolutionaries.

There are two key factors which give them this unjustified significance. First, in suppressing dissent, the commercialisers destroyed the capacity to create any paradigm that could be the basis for alternative policies. Such policies exist, but they are not a central part of the public debate. Unlike the commercialist blitzkrieg, the alternatives are likely to be democratic, to require an understanding by the public and some agreement of their general thrust. By repressing dissent, the commercialisers destroyed any early adoption of an alternative. There was a scorched earth policy. We adopt their policies – or nothing.

This lacuna is compounded by the understandable, but atavistic, preference of the public to return to the old ways. They have suffered, and are suffering from the reforms. The past seems attractive. Because they think of the reforms as a political revolution and have not understood the underlying long term social revolution, the impossibility of not being able to go back is ignored. Of course it is a truism we cannot go back, but the commercialisers are anxious to suggest the choice is only between their prescriptions and those of the distant past. So we are locked into a policy stasis in which the commercialisers claim to have the only viable policy, although on the evidence, it is a failed one.

The second reason why the permanent revolutionaries remain so important, is because of the nature of

the power change in the revolution. From a distance it appears that the same elite ruled before and after the revolution, but in fact there was a inter-generational coup. Roger Kerr, chief executive of the Business Roundtable, nicely captured the change with '[t]he average age of chief executives of major companies has dropped ten years ... A generation of human capital has been obliterated.'¹² The effect of the revolution was to replace prematurely one generation of business men with a younger cohort, to replace the fathers with their sons.

Patricide is one of the most heinous of crimes, to be justified only by some greater purpose. In New Zealand the coup could not be justified – as happens in the third world – by an external threat, by corruption, or by communal tensions. So the new coup leaders used an ideological justification for their seizure of power. Conveniently the Treasury and the New Right offered such a dogma, which involved – as is usual in coups – the exaggeration of the sins of the predecessors. Especially distorted was the claim of New Zealand's poor economic performance before 1984.

Of course, the business community in New Zealand is not especially philosophically competent. Intellectual activity in any of its manifestations was rarely pursued in their university training, and few showed much facility thereafter. Without genuine intellectual roots, the businessman was vulnerable to any political fashion, providing it allowed him to get on with business. Richard Hofstadter, writing of a society much less antagonistic to intellectual life than New Zealand, comments "I put business in the vanguard of anti-intellectualism in our [American] culture".

Thus the business leaders seized upon the commercialist ideology, flattering to them as it is, without much understanding of its significance. It promised them power and influence. Which it delivered, enabling them to replace the older generation. It promised them riches, which it delivered. Earlier I mentioned that the economy had been so stagnant that most people were worse off than before the reforms. But the massive tax cuts on the rich, lifting their incomes by a quarter, had to be paid for by tax hikes and public expenditure cuts on middle income people and the poor. Thus the elite and the rest of the nation have quite different perceptions about the outcomes from commercialisation. The elite may be better off, but who is paying for it?

Paul Samuelson characterised the market as a voting system, in which each dollar has the weight of one vote. Contrast it with the political system in which each person has one vote. As the balance of influence over our destiny shifts from the political system to the market system, as it has done under commercialisation, those who hold more dollars increase their influence

over those with less. The majority of New Zealanders, who have less than average incomes, have less control over their lives under the commercialisation revolution, while the business elite have more (and so they used their power to increase their share of income – of market votes – even further).

Note how the reforms thwarted some of the democratic pressures which had been evolving in the 1970s and early 1980s. The greater weight of women's issues in political life, has been diminished by the reduced significance of the political system. One is not surprised there are no women on the Business Roundtable. The opening up of government by such changes as the Official Information Act has been frustrated by legislative changes, and the reduced significance of non-commercial decision making. The commercialisation of information inhibits democracy.

But if the reforms delivered power, influence, and riches, to the new elite it did not deliver them economic success. From one perspective the elite do not recognize this. Since they have done well out of the reforms, they want to assume the rest of the public has too. It is much harder to acknowledge that their income gains have been at the expense of everyone else. But except in the financial sector, the business elite should be aware that their businesses are not prospering as was promised.

There are two difficulties here. First, as for the rest of the population, the alternative is not evident. And second, to acknowledge the failure of the ideology would be to leave those in power open to the charge of patricide: that all their objective was to replace one elite with another. All there is to show for it is the new elite's power and income. Rather than admit failure to attain wider objectives, they cling to the ideology that has got them to where they are. Recall Douglas's advice "the fire of opponents is much less accurate if they have to shoot at a rapidly moving target". The permanent revolution is necessary to protect the gains already made, by keeping the target moving. Certainly this revolution is consolidating in power. But it is not consolidating its authority.

The elite has paid a price for this strategy. In their hearts, many must find the New Right libertarian philosophy it is based upon profoundly disturbing. And if they have gained a freedom from the impositions of the New Zealand government, they are now increasingly controlled by overseas interests. The Business Roundtable is dominated by chief executives whose corporations are foreign owned.

And yet the danger of the permanent revolution is that another group of revolutionaries will foster another coup. Revolutionaries always face fundamental policy instability. On the one side there are the commercialisers in effective power, on the other the

vast majority of the public who await the benefits they were promised, and demand an alternative strategy, albeit one they are only vaguely aware of.

This was acknowledged in the three ministerial briefings on the health reforms. Each plaintively pointed out that the public was not committed to the new health system structures. The resulting policy instability creates the likelihood that within the planning horizon there would be a major unpredictable policy change. The caution applies to most policy areas – not just the health system. The zealots, by advocating further revolution, exacerbate the instability. The danger is they may pull the whole temple down on top of themselves as well.

Prime minister Bolger, who presided over the peak of the commercialisation triumph in 1991, soon realised they were unpopular, and has since fostered policy moderation, trying to consolidate the reforms, without the destabilisation which comes from progressing them. But the zealots' demand for further change ensures the issues are not settled, the reforms have not succeeded, that policy is still open to debate and redirection. The blitzkriegers try to force further reforms, but given increasing public resistance, the counterattack may occur. Keeping the bike moving forward in this sort of terrain may result in the rider falling off too. Perhaps wiser heads would recommend dismounting.

The polls have constantly shown the public has at best only reluctantly supported the political revolution, and in many policy areas bitterly oppose what has happened. It may be that the population is now so heterogeneous, that with the best will, there can be no majority agreement on many issues. Nevertheless I think a broad framework can be sketched, at least in the economic area:

- Because of the social revolution (together with the pressures from globalisation) there can be no going back to the past strategy of centralist economic regulation;
- The more decentralised society will be achieved by more local autonomy, a liberal social regime, and by using the market mechanism more than was done a couple of decades ago.
- But the market mechanism will be overridden by other procedures, either because the nation has other social objectives, or to moderate the market including restraining monopolies, ameliorating gross disparities in income and wealth and the severe hardship from sharp economic transitions, and containing the focus on self interest which the market engenders.

The social objectives will include:

- a high material standard of living moderated by
- a quality of life characterised by recognition of the contribution of non-material considerations, including morality, spirituality, human rights, culture, and the pursuits of the intellect (none of which are dealt

with well by a commercialist approach);

- tolerance of dissent, and the celebration of differences within the community;
- social responsibility for hardship arising from community or external shocks;
- an element of control over one's national, local, and personal destiny; and
- environmental and social sustainability.

In summary we need to rebalance the political and market mechanisms for regulating our lives. The market mechanism (and its various commercialist relations) is a means to a higher end, not the end itself.

It is easier to state such objectives, than to implement them, especially if one has no grand plan like the commercialisers, but sees sound reform as a process of step by step social engineering, involving public participation and agreement. This is not like the difficulty of unscrambling an egg – or of getting the toothpaste back into the tube. In that the political revolution was a response to a social revolution, and in that the world outside New Zealand is increasingly globalised, we cannot go back to any golden era, no matter how attractive it may seem.

What I would like to predict is that the next change will be more carefully thought through, more coherent, than the commercialisation revolution. But the reality is that New Zealanders are a meek and long-suffering people, easily led by the nose, and quick to offer up common sense when a defunct philosopher arises among them.

NOTES

- 1 A. Schick, *The Spirit of Reform: Managing the New Zealand State Sector in a Time of Change*, State Services Commission, Wellington, 1996.
- 2 *The Independent*, 14 March, 1997.
- 3 C. James, *The Quiet Revolution*, Allen & Unwin, Wellington, 1986.
- 4 M. Russell, *Revolution*, Hodder Moa Becket, Auckland, 1996.
- 5 R. Dahrendorf, *The Modern Social Conflict: An Essay on the Politics of Liberty*, Weidenfeld & Nicholson, London, 1988.
- 6 The next few paragraphs are elaborated in B.H. Easton, *Towards a Political Economy of New Zealand*, Hocken Library, Dunedin, 1996, and *In Stormy Seas: The Post-War New Zealand Economy*, Otago University Press, Dunedin, 1997.
- 7 J. Gould, *The Muldoon Years, An Essay on New Zealand's Recent Economic Growth Record* (Hodder & Stoughton, Auckland, 1985).
- 8 See B.H. Easton, & R. Gerritsen "Economic Reform: Parallels and Divergences" in F.G. Castles, R. Gerritsen, and J. Vowles (ed) *The Great Experiment: Labour Parties and Public Policy Transformation*, (AUP, 1995) p.22-47, summarised in B.H. Easton, *The Commercialisation of New Zealand*, (AUP, 1997) p.142-147.
- 9 Siegfried, A. (1904) *Democracy in New Zealand*. This edition translated from the French by E.V. Burns, Victoria University of Wellington with Price Milburn, Wellington, 1982. p.53.
- 10 R.O Douglas, R.O. *Unfinished Business* (Random House, Auckland, 1993) p.215-238.
- 11 A. Flew, *An Introduction to Western Philosophy: Ideas and Argument from Plato to Popper*, revised ed., (Thames & Hudson, London, 1989) p.17.
- 12 B. Spicer, R. Bowan, D. Emanuel, & A. Hunt, *The Power to Manage*, Oxford University Press, Auckland, 1992, p.74.