

Iron cage of the law

This could indeed be a good time for New Zealand to step out from under the shadow of neoliberalism, as several big names said in *NZ's next economic revolution* (Aug 22). But no political party proposes to overturn the looming edifice of statute law that casts the shadow.

The Commerce Act 1986 stripped our common law protections against monopoly. The State Owned Enterprises Act 1986 turned providers of essential services into profit-focused predators. The State Sector Act 1988 degraded the public service. The Employment Contracts Act 1992 smashed unions and opened the path to low wages and inequality. The Public Finance Act and Fiscal Responsibility Act locked fiscal policy and policy thinking into a cramped austerity box.

The Ministry of Works and Development Abolition Act 1988 left public works dependent on opportunistic private contractors. The Electricity Industry Reform Act 1998 has left us an unproductive Frankenstein monster with its knee firmly on the throat of our poorest households.

Alternative options abound, but while the iron cage of neoliberal legislation holds our politics prisoner, elections are reduced to mere beauty contests. A pity.

Geoff Bertram, Karori

Rose-tinted view

Regarding *NZ's next economic revolution* (Aug 22) and the responses (Letters, Aug 25), we seem to be looking back with rose-tinted glasses.

Before the reforms of the 80s we had massive debt, huge inflation, higher tax rates and very high unemployment as a result of the way we were structured. Since the changes in the 80s New Zealand is in a much improved position economically and this gives us options.

The issue for New Zealand is the choices we make, eg lower tax rates for those on low income, more spending on health and housing infrastructure, which could improve a lot of lives without needing a revolution.

So there is no need to change everything. The system is not broken; there has just been a lack of clear thinking around resolving issues such as the housing crisis.

Steve Dransfield, Karori

Reality check

Steve Dransfield (Letters, Aug 26) suggests that we critics of neoliberalism are wearing “rose-tinted glasses” – that things were so bad before 1984 that Rogernomics was the only solution.

Dransfield lists “massive debt, huge inflation, higher tax rates and very high unemployment”.

A quick reality check. The country’s net external debt in 1984 was 47 per cent of GDP; it is now 55 per cent. Government income was 31 per cent of GDP in 1984 and 32 per cent in 2018. Unemployment averaged 2.5 per cent in the decade before Roger Douglas took over, and 6.1 per cent in the 35 years since. Per-capita income growth fell to zero during the “reform” decade, and then returned to only its previous long-run trend.

Labour productivity growth has been on an inexorable downward trend since

1987. Yes, inflation is down – as it is across the whole developed world, including many countries that refused neoliberal nostrums.

Neoliberalism didn’t solve the economy’s problems. It just shifted burdens off the rich and on to the 90 per cent. Lower income tax but higher GST. Lower government debt but higher household debt. Lower wages, higher profits – yet no growth payoff.

And policymaking remains crippled by that iron cage of neoliberal laws. Whose glasses exactly are rose-tinted?

Geoff Bertram, Karori