'Free market' wrecks New Zealand's farms

by Noelene Isherwood

"New Zealand is well situated to be a supplier of raw materials to richer neighbors, a home to well-fed peasants who hopefully would not unsettle things for the outward-looking elite," Simon Upton, a Member of Parliament and one of only three Mont Pelerin Society members in New Zealand, told the *New Zealand Herald* on Dec. 30, 1989.

Upton's prophecy did not stem from a thoughtful, realistic look at how New Zealand's economy could develop to meet the requirements of an increasing global food supply, but from an ideological determination to force New Zealand to become the global precedent for a thoroughly deregulated, liberalized market economy. Indeed, the London-based Mont Pelerin Society, through assets such as Upton and former Labour Party Finance Minister Roger Douglas, rammed through the most radical "free-market reform" in the world in New Zealand, from 1984 until today. These reforms led, predictably, to the polarization between the "elite," as Upton called them, on the one hand, and the "peasants," on the other, which characterizes New Zealand's agricultural sector today. Robert Bremer, in his book *Federated Farmers and the State,* summed up the situation when he said, "Farming bore the brunt of the economic reforms of 1984-86. It virtually went 'cold turkey' on all forms of support, such as subsidies, tax concessions, and concessionary finance."

This ruthless adherence to market-reform policy in the agricultural sector was, and still is, spearheaded by the New Zealand Farmers Federation (NZFF). In 1984, the NZFF endorsed the free-market principles of then-Finance Minister Roger Douglas, and in 1992, with Jim Bolger and the National Party in power, it resolved that all import tariffs should be reduced to zero. In fact, Ruth Richardson, the National Party's successor to Roger Douglas as finance minister, was a former legal adviser to the Farmers Federation.

The Farmers Federation, while professing to represent the entire farming sector, was complicit with the New Zealand Treasury and the Mont Pelerin Society's main local front group, the New Zealand Business Roundtable, in bringing immense pressure to bear on the role of producer boards, most of which had begun as cooperatives to strengthen the position of domestic producers in their international markets. The independent Wheat Board was abolished in 1987, and wheat producers are now represented by a sub-section of the NZFF. Likewise, according to Bremer in his chapter entitled "Federated Farmers and the State," in the book *State and Economy in New Zealand,* "Those farmers aspiring to be elected as district representatives on the electoral committee [of the Meat Board or Wool Board] generally require the support of the Federated Farmers at a provincial level if they are to be successful." Some producer boards still exist, but their future is far from secure.

Decline in land area farmed

Agricultural land, in terms of area, has declined by about 1 million hectares since 1981. While 1.9 million hectares of permanent pastureland has been lost, due to the collapse in returns for beef and sheep, the area planted for forestry has almost doubled since 1984, to 1.4 million hectares.

Forestry is now New Zealand's third largest export earner, behind dairying and meat, but much of this is owned and managed by overseas interests. In 1994 alone, an additional 37,508 hectares worth $136.9 million was sold to foreigners. This increase in foreign ownership is not confined to forestry. In 1994, some 18,061 hectares of sheep growing land and 8,185 hectares of dairy farming land was purchased by overseas buyers.

Reflecting the collapse of farm incomes, use of fertilizer plummeted during the 1980s and early 1990s; it has increased slightly in the past year, due to the expansion of the dairying sector.

Desperate farmers have diversified into highly speculative novelty areas such as ostriches, deer, and specialty crops such as kiwi fruit. Kiwi fruit production skyrocketed throughout the 1980s, to peak at 280,000 metric tons in 1990. Extremely low prices, and the fact that vine stock had been exported to traditional importers, collapsed the bubble and, as a consequence, many despairing farmers, completely ruined and in debt beyond their ability to service it, took their own lives. Vegetable growers and machinery contractors who could not make a living out of growing maize, have gone into pumpkins and gourds for export to the Japanese market. Production increased 600%, to 120,000 metric tons, from 1979 to 1995.

Exports of fish have risen from 5,300 metric tons in 1985, to 14,500 metric tons in 1993, an increase of 63.5%. Much of this increase in production is attributable to encouragement by the government, and by a leading finance and agribusiness conglomerate, Fletcher Challenge, in joint ventures with the Japanese, Koreans, Taiwanese, and Russians. Increasingly, New Zealand is becoming one big, Third World-style plantation, whose raw material wealth is being looted wholesale by foreign interests.

Changes in dairying, other sectors

With the rise of the population of dairy cattle to between 3 and 4 million head, milk, butter, and cheese production and exports have increased significantly since the mid-1980s. Despite the increase in exports, dairy farmers have been hit hard as well: In the 1950s, approximately 50 dairy cows were required to provide a reasonable living for a viable family unit, while in the 1990s, at least 200 cows are required to sustain that same family unit.

Other agricultural sectors have experienced similar changes:

Sheep production: In the 1950s, roughly 500 ewes were sufficient to provide a reasonable living for a family farming unit. By the 1990s, that number had escalated to 2,000 ewes. There has been a dramatic collapse in sheep numbers over the past 10 years, and this accounted for a relatively high slaughter rate up until 1994-95, when it diminished by 10%. While mutton and lamb exports have remained fairly stable due to the flock reduction, this has been at the expense of the domestic market.

To supply the latter, New Zealand, which before the "reforms" used to supply over two-thirds of all the world's stock of exported sheep meat, has now, *for the first time in its history, started importing mutton!*

Since 1991, close to 6,500 metric tons has been imported annually. Live sheep exports peaked in 1991, at 1.7 million head, but have collapsed by 47%, down to about 800,000 head, in 1994.

Because of the collapse of wool prices in 1985, production of greasy wool has fallen 24%, and even wool has had to be imported—the equivalent of importing coals to Newcastle.

Beef production: Beef and veal production have been steadily rising, with 3.5 million head slaughtered in 1995, compared to 2.8 million in 1993. The current national cattle herd stands at around 8.75 million head.

In spite of these apparent increases in production, income for beef producers has slumped 30% over the last year or so, and many family farms have been forced to sell out to larger corporate interests, or have tried to diversify into dairy farming.

Wheat and grain production: The area under wheat production has steadily declined since the 1970s. New Zealand, which used to be self-sufficient, or even a wheat exporter, has to import about 50% of its domestic requirements.

New Zealand used to regularly export barley throughout the 1970s and 1980s; now, it has had to start importing barley. Production of wheat, barley, maize, and other coarse grains and cereal seed have all declined dramatically since 1982, on average about 70% each.

Over the last decade, New Zealand's agricultural exports have been touted as a "miracle of the free market." The reality is that the New Zealand family farmer, once legendary for his hardy self-sufficiency and productivity, has been increasingly relegated to the feudalistic status of a peasant without his own land.