New Zealand Journal of History, 49, 2 (2015)

'Deep in the Heart of Taxes'[1]

FOURTH LABOUR, THE GST AND FISCAL RECONSTRUCTION, 1981–1986

IN SIX YEARS A HANDFUL OF MINISTERS in the Fourth Labour government initiated momentous changes to fiscal and budgetary management, monetary and export policy and the operations of the public service. Many measures remain in place; others have been modified, but the initial legislation set the direction. This ambitious government in a hurry implemented certain domestic measures more adroitly and responsibly than others.[2] The Goods and Services Tax (GST) stands out as a first-rate achievement that sets the yardstick for assessing the quality of consultation and preparation for other measures.[3] Its implementation harmonized public service research, community reactions and politicians' will.

Most of Fourth Labour's major initiatives engaged specialized expressions or common words whose particular use in Economics and Finance required definitions. The far-reaching changes often strained common discourse. Language underscored the break from the past, making it essential for post mortems to explain terms and relate them to how things were to work. For example, the subject matter here is an *indirect tax*; the definition of such a tax specifies that it is collected by an intermediary and then remitted to the government. If a tax is applied to the purchase of goods and services, *consumption tax* is the apt term. Advocates of tax reform in 1981–1986 sought a consumption tax that would be collected indirectly. They envisioned a European-style indirect tax whose features and variations will soon be explained; there were optional 'bells and whistles'. Despite variations in details which were rationalized with a terminology developed abroad, the GST quickly became ordinary. With international roots and mundane reach, this tax transports us from the capitals of the Organisation for Economic Co-operation and Development (OECD) and the headquarters of the International Monetary Fund (IMF) to the Beehive, Labour Party conferences and the corner dairy.

In his autobiography, Don Brash summarized his contribution to the GST and appropriately credited teamwork.[4] Many public servants refined and implemented the tax. Finance Minister Roger Douglas had approached Brash to chair a panel reviewing public submissions on the proposed GST. A synopsis does not capture the importance of deliberations over how a consumption tax would affect households and the country's fiscal state; debates about how to reconcile social goals and fiscal well-being were profound. These matters are richly documented for New Zealand, where a distinctive form of GST emerged from international consultation, public service studies, solicitation of public comments and Roger Douglas's supervision.[5] Fierce opposition to the GST from some of Labour's usual supporters could not block a double triumph for Douglas. The implementation of the tax was a political victory – and, more meaningfully, a step toward fiscal stability. Several years after implementation, the GST was supplying a quarter of the country's revenue.[6]

Laurels for a fiscal accomplishment could have crowned the National Party had it not been for opposition from Prime Minister Robert Muldoon, doubling as Minister of Finance. His resistance to consumption taxes began in 1967. A hefty report prepared by a taxation review committee, published that year, recommended a sales tax to offset income-tax reductions. Muldoon opposed the consumption tax as a levy that weighed heavily on low-income households. As well, by the early 1980s, he evaluated any new consumption tax as inflationary in a period of unprecedented inflation. Past experience with tax innovations also made him wary of possible political costs, because in 1970 he had introduced the system whereby employers deducted income tax from employees' salaries and wages. He believed that his introduction of 'pay as you earn' (PAYE) income tax collection had cost National crucial support from the business community during the 1972 election.[7] Furthermore, by the early 1980s, his hubristic presumption that he knew best led him to pay less heed to Treasury and Reserve Bank economists than earlier in his administration.[8] Precisely at this moment, his understanding of fast-moving changes in the global economy would have benefited from expert analysis; but instead he reacted with quixotic initiatives.[9] An editorial in the *Dominion* in February 1984 described him as 'the one armed paperhanger working alone'.[10] Muldoon became frustrated, touchy and exhausted. Meanwhile, proponents of tax reform had been mobilizing to lobby for an indirect tax from early 1981.[11] Blocked by Muldoon, they waited for a change of government.

A Taxing Innovation: Global History in a Local Setting

When it came to *indirect taxes*, New Zealand lagged behind Europe, where such taxes originated in the 1920s.[12] At first, they consisted of low-rate levies applied to every business turnover. Turnover taxes produced a tax-on-tax effect or *tax cascade*. A product was repeatedly taxed on its gross value as it moved through a production and distribution chain. The cascade had undesirable effects. For one thing, firms at the end of the chain passed the far-from-transparent tax load on to consumers. European governments discovered too that turnover taxes encouraged the vertical integration of companies, because such amalgamation reduced the taxable turnovers. The tax thus had the unintended outcome of weakening commercial and industrial specialization. In 1948, to obviate these unwanted effects, France innovated by allowing taxpayers to claim a credit on taxes paid up to the point of the final sale. All turnover tax moneys were rebated up to the transaction when the product reached the consumer. This arrangement became the *value added tax with credit.*[13]

Soon German and Italian exporters wanted their nations’ domestic turnover taxes remitted too, so that their products could compete in foreign markets. To bring order to tax regimes and fairness to trade, the European Community in 1962 began to standardize members’ indirect taxes – and that meant including the credit offset.[14] Permutations appeared. Besides the *value added tax with credit*, there was *zero-rating with credit*, where the final sale incurred no tax but taxes were collected on inputs and subsequently rebated; there was also the *value added tax with exemptions*, where no final tax was collected on certain articles, but taxes paid on inputs were ineligible for rebate. A specialized lexicon served an epistemic community of tax specialists working in the capitals and universities of the OECD.

After the Labour Party’s election victory of 14 July 1984, a tax revolution was primed to go, thanks to economists and tax analysts at the New Zealand Planning Council, Treasury, Inland Revenue and, to a lesser degree, Customs. All had personnel aware of European developments.[15] The background narrative begins in February 1981, when Federated Farmers, the New Zealand Chamber of Commerce, the Employers’ Federation, the Manufacturers’ Federation and the Retailers’ Federation sponsored a conference on taxation.[16] Victoria University economist Sir Frank Holmes, who chaired the gathering, headed the New Zealand Planning Council, the body established in 1977 to advise government on social, economic and cultural policy. Holmes regarded tax reform as urgent.[17] Since an election was coming, a parliamentary committee did not seem a good way to proceed, so Holmes recommended that the government appoint a ‘task force’.[18] The Cabinet duly appointed one to review taxation, draw on international experiences and make recommendations. An interim report was required by 7 December 1981 and a final one by 7 April 1982. Chaired by accountant Malcolm McCaw, the nine members consulted widely, but were conscious of Muldoon’s abhorrence of consumption taxes.[19] Economists at Treasury made submissions and monitored the task force’s deliberations. Holmes, as well as these economists, scorned the task force as Muldoon’s feckless instrument.[20]

They had hoped for an emphatic endorsement of indirect taxation and exploration of relationships between taxation and the economy.[21]

A submission to the task force from the New Zealand Manufacturers' Association, influenced by the February 1981 conference, included an almost perfect description of the tax eventually adopted.[22] At Treasury, someone underlined that section approvingly. For those suspicious that Labour's reforms expressed a takeover by friends of business, this brief might offer support. However, early advocates of a GST had been diligent researchers. Among member countries of the OECD, the form of GST described by the association was state of the art. Moreover, a Treasury official dismissed most of the manufacturers' other recommendations as special pleading, marking several with acerbic criticisms or a scatological symbol that inside Treasury denoted 'balls'.[23] Meanwhile, retailers submitted that a GST would depress spending.[24] In sum, unanimity was elusive. Distinct business communities and Treasury were not quite on the same page. The final report listed taxation options and agonized over household income splitting.

In early 1982 consultants from the IMF arrived to conduct the annual review of New Zealand's economy. Then as now, the IMF consulted annually with each member government to assess a country's economic health and hopefully forestall financial problems. As the IMF team saw it, the terms of trade were poor, economic growth was stalled, labour costs too high, the debt too big, and the dollar over-valued. No improvement in the terms of trade could be expected, they believed, without structural changes to the economy.[25] The debt had begun to rise in the late 1970s. A decline in the terms of trade contributed to unemployment, which diminished government revenue due to considerable reliance on the income tax. Job losses drove up expenditures on welfare and make-work projects just when the takings from the income tax, wholesale tax, company tax and customs duties were falling.

The consultants advised a prompt reduction of spending: 'The need for this upward trend to be arrested was seen as paramount.'[26] They doubted that fiscal discipline alone could avert a debt management crisis, because the government's extensive trading operations drove a base load of expenditures that could not be appreciably reduced in the short term. In other words, the government was a big employer running debt-burdened money-losing operations. There were other fiscal problems. More than three quarters of the government's external debt matured within five years; it seemed that a lot would have to be rolled over at high interest rates.[27] The visitors submitted that even if cost-cutting was adopted promptly it might prove inadequate for debt reduction: 'the authorities therefore needed to address the issue of tax reform without delay. Further, the suggestion to introduce a VAT or more broadly based sales tax deserves immediate consideration.'[28]

In a matter of months, two strands of analysis converged in support of a GST, though the McCaw report imparted very weak endorsement.[29] A few members of the National caucus, however, had recognized the importance of getting the debt under control with assistance from an indirect tax, but the task force had not been assertive enough to help their cause.[30] Not without reason, Muldoon feared that unions would denounce the GST as a regressive tax and up wage demands. He considered the consequences 'inconsistent with the immediate commitment to reduce the rate of price increases'.[31] Beyond a one-time unknowable effect, the inflationary impact of a GST depended on how a government used the revenue: to retire some of the debt or expand public spending.[32]

From mid-1982 until mid-1983, Muldoon responded to fiscal and especially monetary trouble by embarking on a globe-trotting crusade to promote a new world financial order – a new Bretton Woods agreement – that would relax IMF credit for debtor nations.[33] Public servants in departments with fiscal responsibilities looked outward too, but investigated realizable measures operating in other countries. By now, Muldoon was regularly ignoring critical advice from Treasury economists.[34] As servants of an elected government, most Treasury sceptics could not collaborate with the opposition; however, since 1977 a Treasury official had been assigned to the office of the leader of the opposition. Finance critic Roger Douglas accessed this expertise. Technically, the Reserve Bank was not a part of the government; thus its economists could share their analysis. Ideas and respect criss-crossed Bowen Street along narrow but legitimate constitutional paths between economists and Labour's finance critic, Douglas. Concerned economists in the public service were keen to brief Labour immediately after its election. Published on 14 July 1984, Treasury's influential report on the plight of the economy, *Economic Management*, mentioned favourably a VAT but also a fringe benefits tax and a capital gains tax. On 25 July 1984, the Inland Revenue Department (IRD) provided papers to inform the incoming government about tax avoidance, tax-free fringe benefits, and the need for a GST.[35] The new government was well informed about taxation.[36]

National had problems adopting the GST, but so did Labour. Tax reform developed into the first major test for the Cabinet at party conferences in 1985. Trouble was foreshadowed by a policy dispute in late 1983. Factions fought over the statement on economic policy that had been drafted by Roger Douglas and Doug Andrew. Educated at the University of Auckland and Princeton University, Andrew had been assigned by Treasury to serve as the economic adviser to the opposition leader. Shortly before the snap election, Geoffrey Palmer refereed as the sides cobbled together a vaguely worded compromise. Its anodyne sentences gave the Cabinet enough cover and leeway to act as it deemed necessary, but the statement's emptiness also permitted left-Labour to assert that radical measures been veiled for the election campaign.[37] Disputes over who controlled policy and what constituted a mandate for action beset Fourth Labour on and off during its two terms.

The factions expressly disagreed over the projected impact of an indirect tax on lower-income families. Assertions that the working poor would be better or worse off due to a consumption tax rested on assumptions about expenditure decisions and concurrent adjustments to the income tax.[38] It was also difficult to determine *a priori* if a particular tax system would increase or decrease the incentive for people to work, save or invest more. Supply-side economists believed that high marginal income tax rates deterred hard work and savings, although for people who set targets for saving, a progressive income tax could have a neutral or positive effect on the urge to work. Disputants could marshal arguments, not irrefutable evidence.

New Zealand's Growth Sector: Tax Avoidance

Left-Labour favoured raising corporate tax rates and the rates on the upper brackets of the income tax. New Zealand's income tax already had steep marginal rates that rose through narrow income ranges, an arrangement that encouraged minimization as individuals sought ways to avoid moving up a bracket. Furthermore, the inflation of the 1980s accelerated upward shifts of nominal income, causing *bracket creep*, whereby more people each year moved into a higher tax bracket, although their purchasing power had not necessarily increased. For the government, creep translated into *fiscal drag*, whereby inflation increased nominal tax revenue.[39] At the time, three remedies for creep and drag were mentioned. First, the tax brackets could be linked to a consumer price index. Second, the tax rates could be flattened, producing a so-called *proportional income tax*, one levied in proportion to income and avoiding marginal rates. Third, the revenue furnished through indirect taxes of consumption could allow income tax reductions. This remedy had the advantage of snagging everyone in a big net, contributing to a stable revenue flow.[40]

A GST net had few holes. It had attracted wide interest among OECD countries because a GST with credit required a paper trail that assisted with compliance. To receive credit for any GST paid on inputs, a business had to register and retain invoices. Without a tax number and invoices from suppliers, it could not claim credits. The requirements served auditors because tax revenues handed over at regular intervals to a government had to appear plausibly aligned with the credits a business claimed; otherwise an intense audit could ensue, on suspicion that someone was not collecting. A retail tax levied only by the final vendor at the checkout counter, a so-called *final transfer tax* (FTT), would have been simpler; but because it lacked an incentive for businesses to acquire and retain invoices from suppliers, it was open to tax dodging. Specialists calculated that rates in excess of 5% made a FTT prone to evasion, while a GST with credits could support a rate up to 25%.[41] As well, an FTT required a definition of a retailer or final vendor; that had not worked well in practice.[42] Cracks of imprecision in tax codes invariably became tax avoidance chasms. In Australia, Bob Hawke’s Labor government backed away from a promise to introduce a GST and adopted a FTT. His party’s rank and file had vehemently opposed a GST. One tax expert branded Hawke’s retreat ‘a very stupid thing to do’.[43] The risk of tax avoidance with a FTT was a red flag to New Zealand’s tax experts because of a wider problem of tax dodging.

Bracket creep had promoted income tax avoidance at the higher marginal income tax rates. In a conversation with a member of the Planning Council in early 1981, corporate head Hugh Fletcher was reported to have remarked that he ‘had noticed, over the last 12–18 months, a far greater interest among his executives and employees in tax avoidance’.[44] A year later, in a letter to Prime Minister Muldoon, the chair of an association of New Zealand tax lawyers and accountants alleged that ‘our accounting and legal members are being asked to assist either in carrying out or covering up evasion on a scale which has become a source of acute discomfort to them’.[45] Evidence went beyond anecdotes. A government survey of 3500 households, conducted in 1985 and presented in a graph, depicted the country’s progressive tax rates alongside the actual income taxes paid on earnings above $60,000 a year. Once incomes reached that sum, the trend line for taxes paid flattened, suggesting that avoidance made a progressive income tax regressive in its operation.[46] Farm investments and family trusts were a means of reducing taxable income, contributing to the perception abroad that tax evasion had become New Zealand’s fastest growing economic sector.[47]

Additionally, numerous New Zealanders collected untaxed fringe benefits. Employers had resorted to them to forestall wage increases in an inflationary era and to provide employees with a means of avoiding a higher marginal tax rate. Company cars, discount shopping facilities, employee share purchase schemes and subsidized mortgage loans slipped though the income tax net. Perks were no small matter. In 1985, there were 293,000 cars registered to companies; Fletcher Challenge alone had 3000.[48] The imputed value of a car in off-hours was substantial. When the tax was imposed, the Kiwifruit Authority gave employees the option of continuing to use the 'company car' or taking $7000.00 in cash.[49] Such privileges were socially corrosive. Tax enforcement personnel noticed that wage earners sometimes justified moonlighting in 'the black economy' by asking 'why should I pay tax on my weekend job when my next door neighbour gets a tax free company car?'.[50]

Several fringe benefits were available to public servants. Most citizens whose taxes paid public servants did not have 'the same opportunity to substitute fringe benefits for salary and wages'.[51] Public servants gained from below-market mortgage-interest charges and subsidized shopping at a chain of shops owned by the Public Service Investment Society.[52] Other New Zealanders paid for these items with after-tax dollars. The fast-growing hostility of the leadership in the Public Service Association (PSA) toward Fourth Labour can be understood not only in terms of socialist doctrines that some championed, but also as a reaction to Douglas targeting their perks. Moreover, PSA members had recently been shaken by the government's announced aim to corporatize several government trading departments, a transition that they feared would cost them benefits when public-service industrial relations no longer applied.

Douglas did not want to penalize initiative by raising the marginal income tax rate on higher earnings, but pursued improvements in the efficiency and social equity of the overall tax system. Before going all out for a GST, he pressed for a tax reform with an explicit social-fairness edge. The McCaw task force had stepped back from recommending a perks tax on account of well-known difficulties with valuations.[53] Muldoon remarked that a FBT was a 'can of worms'.[54] The PAYE backlash reverberated. Trusting that tax specialists in IRD could untangle worms, Douglas set them to work finding ways to value benefits.[55] They worked quickly, so that in December 1984 Douglas introduced a bill to levy a 45% tax on a list of fringe benefits.

The GST and FBT were counterparts, but asymmetrical because the latter was not going to be a huge source of revenue. While the FBT worked for equity and raised some revenue, the GST plucked the goose very effectively. The FBT exposed the problems of definition or limits with any tax applied to a benefit or luxury. For example, analysts had their work cut out setting a dollar value on the weekend and after-hours use of a company or government car for personal purposes. New Zealand's FBT was deliberately unique. No other government levied it on employers rather than employees. Great care went into preparing employers for their critical role in calculating and reporting the benefits they conveyed to wage earners.[56] Of course, they still found it a nuisance. Therefore, many shifted remuneration into pay packets where it was exposed to income tax.[57] The Inland Revenue Department had to hire an additional 400–425 staff to administer an FBT expected to draw in an extra $150 to $400 million.[58] In the first year, it brought in around $130 million, far less than anticipated, although that disappointing yield reflected some of the shift of remuneration to payrolls.

The FBT increased the friction between the government and the PSA. Taxes on the public service perks accounted for about $10 million; almost half came from the Housing Corporation.[59] It is easy to understand the irritation of public servants in Wellington branches of the Labour Party.[60] A few business leaders denounced the FBT as 'yet another form of business tax'.[61] Douglas defended it as a means of capturing revenue from those who could afford to pay. The equity argument was clear-cut: private and public employers hid remuneration, to the benefit of a fortunate few. In Douglas's estimation a GST attacked privilege too. This proposition depended on the assumption that the affluent would spend more than other folk.[62] Yet however much he believed in eliminating privilege, equity was not driving the force behind the indirect tax on consumption. A GST was simply wonderful for revenue collection.

In the Eye of the Beholder: Elegant, Regressive, or Simply Effective

Specialists in the early 1980s judged taxes by the breadth of base, simplicity, neutrality and fairness. To use a term beloved by economists, they pursued 'elegance'. In a pure, uncompromised form, the GST was supremely elegant. It had an inherently wide base, for it applied to most acts of consumption. No one could escape. It made the rich pay, along with criminals, prostitutes and tourists. The base widened in another dimension as well. If zero-rating or exemptions could be contained, the transactions covered were profuse.

Simplicity extended to crisp rationalizations. Tax specialists described the GST with minimalist exactitude: 'ultimately the consumer should bear the burden of the tax'. The mode of tax collection and supporting philosophy also projected simplicity. The GST applied to every chargeable transaction that took place as a good or service developed and moved toward consumers: purchasers paid the vendors, who became tax collectors gathering revenue for the government. The taxes charged along the way became tax credits for purchasers in the chain until the ultimate sale to consumers, who could not claim credits. They were not buying inputs but consuming. Looked at another way, purely economically, the GST taxed people for what they took out of the economic system in consumption rather than what they put in through savings and labour.

Tax specialists aspired to keep rates simple. Many countries imposed three to five rates for categories of goods or services; however, tax experts throughout the OECD disparaged this practice. Confining the tax to one rate with credit reduced administrative costs. Along with the determination to apply one rate, tax experts in New Zealand's public service insisted at the outset that no entity supplying a good or service should be exempt from collecting the tax on patrons or clients. A newspaper headline dramatized this as 'Churches, Charities Treated as Businesses'.[63] Made at the start of public consultations, this sort of attention-grabbing claim lost meaning by the end, because Cabinet agreed to exempt entities that had less than a $24,000 turnover per annum. Another concept guided tax purists. The apposite term was *tax neutrality*. No tax system should disadvantage one business or type of business. A privileged activity, good or service could attract more consumption than had been the case prior to the tax. Meddling could produce unfair distortions. Reference to neutrality blocked many appeals for zero-rating or exemptions.

Tax experts' honesty on a crucial issue merits comment. They maintained that consumption taxes like the GST hit low- and middle-income earners more heavily; these groups had relatively less discretion in their consumption than more affluent citizens. Analysts labelled taxes with an unequal impact as *regressive taxes*. The New Zealand Manufacturers' Association admitted in its submission to the McCaw task force that a GST 'was regressive in its impact'.[64] To address the 'regressiveness' or 'regressivity' of a GST, experts recommended modifications to progressive income tax rates and extensions to social security benefits. Treasury's study of other countries showed social welfare measures had initially been adopted to offset the impact of the tax, rather than allowing relief through zero-rating on necessities. Over time, though, many countries introduced lower rates on particular articles.

Most of the statements from Fourth Labour that addressed the regressive attributes of the GST stressed that two advantages would be forthcoming: offsetting measures in income tax rates and improvements in social benefits. On a few occasions advocates advanced a different argument. They denied regressivity by proposing that high-income earners, as extravagant spenders, would necessarily pay more tax than ever before.[65] Thus, the GST captured revenue from people who could afford expert advice on income tax reduction. They could not dodge the GST. When deployed as an argument against proponents of zero-rating or exemptions, this narrative could be stood on its head. If food and clothing were exempted, 'households at the lowest end of the spectrum would receive half the benefit that the most well-off receive'.[66] Zero-rating could not be socially targeted and thus would disproportionately benefit the affluent.

The weight of these arguments hinged on conjectures about consumption practices among the wealthy. If they consumed what lower-income individuals did, but in greater volume and quality, the notion of a progressive dimension had legitimacy. However, the affluent do more than spend: they save. And by saving they avoided the GST, while poorer people could not afford to save. Likewise, prosperous individuals could take overseas vacations where the GST did not apply, while poorer families, contributing to the local economy on their vacations, would pay the GST.[67] The debate over regressivity played out with references to household surveys that projected much greater tax revenue from the top 10% of households than the poorest 10%. When the government maintained it would redistribute some GST revenue through income tax cuts and benefits changes, it was making the case that the poor would be taking more out of the system than the affluent. In a sense, that was progressive.[68] Nonetheless, this redistribution argument struck some Labour Party members as a defence of social inequalities, because it pointed out that the affluent could spend more and did not address that difference.

Good logic was not a good look. A better practice was to admit to probable but incalculable regressivity; stress the urgent need to reduce the country’s debt burden; develop income tax relief; and increase social benefits. Fourth Labour did these things, although for months it could not provide details on either the GST rate or the compensatory measures. Trevor de Cleene, Parliamentary Under-Secretary to the Minister of Finance and a busy spokesperson for the GST, could say little until the completion of consultations. That was delayed due to the complexity of discussions over taxing financial services.[69] Next he had to wait for a budget announcement. During the interlude between the release of the white paper on 26 March 1985 and an announcement on 20 August 1985 about the GST rate, offsetting tax cuts, and social benefits, critics of all stripes predicted troubles.[70] De Cleene admitted that ‘until the figures are released for discussion the ordinary person in the street is entitled to be unpersuaded by the protestations of the politicians’.[71]

By arranging a period of consultation to refine GST administration, and then necessarily having to defer statements on the GST rate or offsetting tax cuts and benefits until Parliament was informed, the government exposed itself to five months of trade-union attacks without strong recourse, though not all union leaders attacked the GST. While agreeing with Roger Douglas that the GST would catch tax evaders, the general secretary of the Electrical and Electronics Trade Union, Tony Neary, lamented that the government had not ‘communicated the consequences of the GST and other initiatives’.[72] In the circumstances, it could not have done so.

During public discussion over the GST in 1985, there were references to an existing wholesale sales tax (WST) levied on the one-time transaction between a wholesaler or manufacturer and retailer. Muldoon thought highly of it as a blend of luxury tax and import control.[73] If a carefully devised GST could approximate elegance, the WST projected muddle.[74] It drew curses from merchants entangled in its obscurities.[75] New Zealand introduced this tax in 1933. A simple 5% tax initially applied to all wholesale transactions. Parties who sold to retailers collected the tax and remitted takings to the government; in that sense it was an indirect tax. Since the collecting businesses were mainly larger enterprises geared to invoicing, the bookkeeping burden was absorbed. During World War II, the First Labour government increased the wholesale WST to 10%, and later to 20%. After the war, both parties exempted or raised the tax rate on specific articles in relation to policy themes, though tinkering was more extensive in National budgets.[76]

By the 1970s, higher WST rates on alcohol and tobacco were intended to target health and social costs.[77] Even though its specialists favoured a GST, Treasury advocated retaining the WST where ‘the social costs exceed private costs of consumption’.[78] But many WST rates were poorly justified. The number of articles covered had mushroomed through budget measures, but also at the hands of enforcement officials. By the early 1980s, tax rates ranged from 10% to 60%. The spread on similar articles encouraged producers and wholesalers to redefine products to drop them into low tax categories. Luggage was taxed at a high luxury rate; sports and school bags were taxed lower as necessities. In consequence, bags were relabelled. Pottery was a notorious example. If tableware, it was taxed at 10%; if decorative, 40%; and if art, exempt. Boats that operated regular passenger schedules had a low rate; passenger boats that operated irregularly had a higher one. Boats belonging to members of sailing clubs qualified for a lower tax. [79] Accounting for over a tenth of the country’s revenue, the WST lacked a tight rationale, coherence and transparency.

Fourth Labour eliminated the WST for most articles when it implemented the GST. The shift from a WST with its complicated schedule made it difficult to compare model household budgets before and after a GST. Estimates made at the time suggest that a 10% GST would have boosted consumer prices by 3–7%. [80] The inflationary ratchet depended on the scope of cuts to the WST, consumer resistance, and whether parties in a chain of transactions passed on the benefit of the rebate.[81] The government hoped that marketplace competition would restrain the ‘erroneous’ mark-ups, or else, as de Cleene put it, ‘the inflation cascade will be dramatic to our political detriment’.[82] Would businesses in the supply chain regard the rebate as a nice windfall for them or perceive it ‘correctly’ as a way to eliminate a tax cascade rolling downstream to the consumer? An unpredictable degree of inflation was a social cost of introducing a GST. Critics stressed the pessimistic possibilities and recommended exemptions for necessities – a difficult concept to define, as other countries had discovered.

Years of political pressure in European states had created diverse rates for several categories of goods and services. Many states allowed lower rates for some food and clothing items. Some imposed a 3–8% tax on defined essentials but maintained rates from 18% to 30% on other goods and services. From their studies of states with a GST, New Zealand analysts reached a firm conclusion: stay away from exceptions. To offset revenue lost by zero-rating or exemptions, most countries had to raise the base rate substantially. Experience suggested too that variation increased the administrative burden on small businesses.[83] ‘Go very hard for a comprehensive, single positive rate from the outset’, British Customs officials advised in early 1985.[84]

Everyone is Special: Listening and Learning

A wide tax base forced fine-tuning, because the diversity of business activities precluded perfect consistency. Initially it was unclear, for example, when the government would require businesses to hand over the tax money they had collected: when the final instalment was paid, when the invoice was issued, or when the product was delivered? Depending on how tax authorities defined a completed transaction, a business could have been temporarily out of pocket for some revenue due to be turned over. Farmers and exporters, whose revenues could arrive after the deadline for payments to the government, worried that their cash-flow problems would be exacerbated by their duty to collect and remit taxes. Since businesses could be subject to penalties for late transfers, many groups wanted flexibility on the deadline.[85] Their needs were addressed by modifications.

Tax experts warned that there would be problems that public servants could not anticipate. For that reason, Douglas had initiated consultations to coax those difficulties into view before implementation. For the first time in New Zealand history, draft legislation was taken to the country before it was introduced in the House of Representatives. Public soundings began on 26 March 1985 with the circulation of a white paper that included draft legislation based on existing New Zealand acts, plus legislation from the United Kingdom and the Republic of Ireland.[86] The white paper asked for submissions to focus on nuts and bolts, not philosophy. Imposing such a limitation was unrealistic. The first report on submissions could not help but note dissent: ‘a small number of those who made submissions made it clear that they were opposed to any form of indirect tax, typically on grounds of regessivity'.[87]

Don Brash wrote that summary. Douglas had recruited Brash for at least two reasons. First, as an activist minister, Douglas practiced considerable delegation once he set a policy in motion, though he appears to have been more routinely involved with the GST than with several other measures that he and Treasury zealously pursued.[88] Second, he wanted to increase the government's legitimacy with business and finance, a step in building business confidence.[89] When a written submission arrived at the panel's office, a secretary drafted a synopsis for the panel. Brash convened the panel on several occasions; it met for days at a time to discuss patterns adduced from the summaries, some of which were orchestrated. Four hundred submissions, for example, were coupons printed and circulated by interest groups. The largest category of submissions came from non-profit organizations: sports clubs and service clubs (199), charities and churches (56) and professional associations (53). Among businesses, exporters were prominent (72), followed by producers, small traders, retailers and transport operators. Accounting firms flashed professional erudition.[90] The more than 1100 written submissions ranged from lengthy recommendations to terse condemnations.

Clubs depicted social life. The panel heard from bowling clubs, gun clubs, tramping clubs, bridge clubs and rotary clubs. Clubs and charities feared that their fundraising sales, membership fees and newsletter subscriptions would be charged and that they would require an appropriate bookkeeping system. The panel took seriously the anxieties of groups that ran cake stalls and church fairs. The Executive Director of the Council of Christian Social Services praised Brash.[91] As the son of a Moderator of the Presbyterian Church in New Zealand, Brash understood how congregations and social services raised funds through local events. Small operations wanted the 'turnover threshold' set higher than the $2500 mentioned in the white paper; $50,000 was often proposed. Going against that higher exclusion line was an observation that in the United Kingdom some businesses split operations, sneaking under the threshold to avoid collecting the tax. Accepting the panel's advice, the government set the threshold at $24,000, a level of activity that exempted clubs, except those connected with major sporting codes and golf clubs, which often had bars and restaurants. Tax neutrality held that they should be taxed like the businesses with which they competed.[92]

Submissions from dairies and hobby shops claimed that the obligation to remit taxes collected every two months imposed a heavy bookkeeping obligation. To obviate this, some submissions recommended a so-called tax fraction method. At the end of the year, all sales and all input costs would each be multiplied by the tax rate; the notional tax paid for inputs would be deducted from the notional tax collected on sales, and the difference would be remitted to the government. There were objections. Annual lumping would create a logjam at IRD. The expedient would grant businesses extended use of tax monies. Finally, in a small economy, government revenue collection affected liquidity and hence short-term interest rates at the March and September income tax peaks. The annual collection of the GST revenue could also pinch liquidity by taking money out of circulation and putting it, at least temporarily, in government coffers.[93]

Many letters recommended zero-rating for food, clothing, medical services and charities. The writers ‘were often motivated by a concern for low income consumers of those goods and services’.[94] In some instances there was alarm about the impact on culture and education. Schools and book dealers wanted zero-rating with credit. Far fewer submissions advised the government to resist pressure for zero-rating or variable rates; those that did remarked on the challenge of allotting and administering exceptions. ‘The only chance of keeping compliance costs within acceptable limits would be to have a single tax rate, and avoid massive problems created by different rates of GST, and exemptions.’[95] The submissions reveal a robust civil society. People were engaged. Radio and television interviewers interrogated politicians and experts.[96] Comments made through submissions and at meetings influenced operational details, but in the end public servants and key politicians paid rapt attention to overseas advice on zero-rating or exemptions. All foreign experts canvassed by the public service warned against bending. Overseas experience helped settle the matter.

Moreover, the WST had shown that tax exemptions paved the way for an erosion of the tax base through demands for further exemptions. Exemptions granted for that consumption tax frustrated businesses, due to their apparent capriciousness and the uncertainty of charges on new items.[97] From high street to bargain lane, the GST would undoubtedly impose burdens; but variable rates could make matters worse. The Federation of Labour chimed in to recommend zero-rating of necessities. In a process of public consultation, the federation became just one interest group. It was unused to such treatment, because tripartite consultations by both National and Labour had often put unions in a privileged position. The Cabinet moved assiduously away from negotiations with the unions about economic or fiscal policy.[98] Slighted by this new stance, union officials felt that ‘their party’ had been hijacked. They challenged at Labour Party conferences.

While it was churning up the Labour Party, the GST question exposed differences among retailers. Second-hand dealers presented a shared problem.

They bought stock from individuals who, as unregistered vendors, could neither collect the GST on the sale nor issue tax invoices that allowed dealers to claim a credit. The solution was to trust dealers to take responsibility for recording the transaction, identifying the GST content, and forwarding the GST sum to the seller, who would forward it to the government.[99] Explanation was cumbersome, though once in place, these practices became routine. Second-hand dealers also feared competition from private sales that escaped the GST net. Used-car dealers, an organized and astute group, felt especially disadvantaged because on a big-ticket item like a car, the GST could add enough to the price to swing buyers toward the untaxed market created by classified ads.[100] The government left it to these dealers to drive hard purchasing arrangements in order to retain market share and profit margins.

To function as tax collectors and to benefit from offsetting tax credits, most small retailers had to improve record-keeping. Dairy owners and fruit-and-vegetable dealers were nervous.[101] They scorned suggestions that better record-keeping could improve their bottom line or that they could use the added cash flow for a month or two. By contrast, larger retailers could adjust readily. The GST was not only perceived differently by small and large retailers, but it divided them. Department and chain stores objected to any thought of exempting small businesses. Hallensteins condemned the idea as a violation of tax neutrality. Foodstuffs Limited, the New Zealand Grocery Manufacturers Association, the New Zealand Chambers of Commerce and the New Zealand Meat Retailers Federation took the same position.[102] The $24,000 participation threshold protected a few of the very smallest retailers. Unsuccessful requests for special treatment arose from the tourism sector. The New Zealand Tourist Industry Federation and the Travel Agents Association of New Zealand proposed that inward tourism should be treated as an export industry because consumers resided outside New Zealand. Other exports were exempted because they were not consumed in New Zealand; the tourism industry associations insisted that theirs was the only export industry where consumers were taxed.[103]

Many organizations and individuals requested exemptions for booksellers, historical societies, museums and art galleries, on grounds that they promoted culture and education. Sports clubs and crafts suppliers insisted that they too supported worthy social activity.[104] Where would one draw the line on what constituted a worthy activity? Booksellers organized the most vocal lobby.[105] Cultural pleas died because they begged tough questions. Who would separate the earnest from the frivolous, the elevating from the profane? Most European states with a GST taxed book sales.[106] Medical associations appealed for an exemption for medical charges. The New Zealand Society of

Physiotherapists wrote that it was 'unfair to charge a consumer of service who is usually an accident victim or patient suffering from a chronic disease'.[107] Foundations wanted exemptions for fundraising sales or subscriptions. They included the National Kidney Foundation, Royal New Zealand Foundation for the Blind, the Asthma Foundation of New Zealand, the Arthritis and Rheumatism Foundation of New Zealand and the Save the Children Fund.[108] National resurrected these appeals during the parliamentary debate on the GST bill, but also suggested that a higher rate was needed to bring down the debt.[109]

Brash's advisory panel submitted two reports. The first recommended administrative changes, including the revised turnover threshold; allowing small businesses to turn over takings every six months instead of two; requiring IRD to make tax credit payments promptly. A second report came later and dealt with financial services.

Democracy of a Kind: Labour Party Conferences

Pre-existing party divisions opened wide when the Labour government released its 'white paper' on the GST on 26 March 1985.[110] Left-Labour insisted that instead of a GST, company profits should be taxed at a higher rate. So did the leadership of the left-inclined Public Service Association. Angered by the government's seriousness about converting several government departments into corporations, the PSA executive regarded the GST as a symbolic threat to a presumed compact between government and business. The association's executive argued that the government ran services that assisted business; a higher corporate tax would acknowledge this arrangement. The country needed economic planning and thus required a tax system 'built up with a recognition that companies gain from the range of services that the Government provides and that they should therefore pay a fair share of the tax burden'.[111]

Raising the corporate tax appealed to many Labour Party members, but had problems that explain its rejection by the Cabinet. By way of international comparisons, New Zealand was on a par with the OECD, with just over 8% of all government revenue coming from a corporate income tax. The tax rate currently stood at 48%, but that was half the picture. Company profits were taxed twice: once as a tax on profits and then as income on shareholders' dividends. The double taxation feature pushed firms toward satisfying capital needs by debt rather than equity.[112] There were other complications. No one could determine who finally paid such a tax. Companies could pass them on to consumers in price increases, to employees through staff reductions, and to investors in reduced dividends. Shareholding by life insurance companies indirectly drew many wage earners into the corporate economy through investment of policyholders' premiums in company shares. In a period of stalled growth, raising the higher marginal corporate tax rates could have impeded initiative and spurred more tax avoidance.[113] Finally, raising the tax on companies was not an effective means to increase revenue when profits were falling. Securing a reliable revenue flow, an urgent need, was best achieved by widening the tax base and reducing tax avoidance.

The government's commitment to the GST alienated some base support while a few business leaders and columnists applauded it. GST salesman de Cleene, who explained the tax to roughly 50 groups, was surely correct when he claimed on radio, 'I've never seen so many people with Rotary badges congratulating the Labour Party.' 'You should think about that', retorted trade unionist Rob Campbell. 'Yeah, well I know. It worries me a bit Bob.'[114] It worried Campbell that the parliamentary party no longer spoke emphatically for workers. It worried de Cleene that some trade unionists opposed Labour's pursuit of a national good. At the party's regional conferences in 1985, comparable exchanges had a sharper edge, because the GST white paper reactivated the election-eve disagreements about the parliamentary party's freedom to direct the country's affairs. Rob Campbell was a gritty and effective critic. Besides dwelling on regressivity, he alleged that the resources supposedly being 'poured into policing the GST' could be used to better advantage 'policing the loopholes in a more progressive income tax system'.[115] It sounded plausible, but was flawed. To secure an estimate on staffing requirements, the government called in IMF consultants, who proposed that after an initial build-up of temporary GST agents at IRD and Customs, there would be a drawdown over several years. The temporary staff would assist businesses, after which processes would seem routine.[116] By comparison, income tax avoidance was difficult to stop.

To enable opportunities for members to express themselves and to allow the parliamentary leadership occasions to explain themselves while rallying volunteers, Labour held regional conferences prior to an annual national conference. From early March to late May 1985, the party held regional conferences at Ruatoria, Westport, Mosgiel, Auckland, Palmerston North and Wellington. At Auckland, Roger Douglas declared that 'the goods and services tax … has become the central focus of the economic debate at regional labour conferences'.[117]

The regional debates over the GST exposed ambiguities about the relative authority of the parliamentary party and party members. Tension about party control persisted throughout the life of Fourth Labour. The democratic ideal of members' voting on resolutions, so-called remits, was muddied by the existence of a by-law that allowed union executives to request a card vote, whereby their vote carried the weight of their membership despite the fact that members were not present for the discussions.[118] A card vote was not valid unless the motion passed by 60%. There were voice votes, hand votes and card votes. Complicating matters further, even if the conference endorsed the regional remits, these had no immediate standing as directives to the parliamentary party. Following a close vote at the Ruatoria meeting, Prime Minister David Lange asserted that ‘the conferences did not make policy, the party policy council and the government in power did that’.[119] That was the party’s constitutional reality at the time.

At five regional conferences a compromise had been worked out: the majority of delegates accepted the GST, so long as the government accompanied it with income tax cuts and social welfare measures that would improve the circumstances of middle- and low-income wage earners.[120] Comparable amending motions were ruled out of order at Wellington, where the hostile chair only allowed a voice vote on the main motion. She later declared that it passed by 60% to 40%.[121] Outside the Labour Party – or at least beyond its dissident group – support was increasing. In late July, Federated Farmers endorsed the GST provided that the WST was repealed, personal income tax reduced, GST revenue *not* be used to reduce the debt, and that there was no GST on land sales between registered traders.[122] The farmers’ group wanted the debt reduced by spending restraint. As momentum favouring the government grew, party factions prepared for the annual conference in Christchurch in late August and early September. The Federation of Labour launched its assault with a pamphlet that attacked the GST as regressive.[123] The Federation and Combined State Unions girded themselves for the fight.

Some in the federation wanted poverty addressed by maintenance of the national wage-fixing award arrangement that might achieve high enough wages, irrespective of ‘the market value of work done,’ to provide a living wage.[124] A few union officials and sympathetic academics alleged that by promising to extend welfare, the government undercut the unions’ efforts to achieve social improvement through wage awards.[125] When Fourth Labour asserted that it would counter regressivity through benefits and income tax reductions, it disturbed union solidarity, because the promise of a ‘family care’ package and tax reduction appealed to unions with low-paid workers. The Hotel Workers’ Union, for example, found the government’s promise of benefits linked to the GST too good to reject. To pay for benefits, the government needed the GST. Some trade unionists, however, criticized the tax as a means to get workers ‘to fund their own minimum standards of living’.[126] To some union officials, tax-based benefits seemed an accessory to a pending revision of industrial relations.[127] A consumption tax, welfare benefits and likely alterations to industrial relations suggested that New Zealand's social firmament was shifting.

The government had surprises in store for GST opponents.[128] Parliamentary champions of the GST had formed an ad hoc committee on tax reform (Phil Goff, Peter Neilson, Bill Jeffries and David Butcher) soon after the Australian Labor Party government took a drubbing over indirect taxes from its party members. The reversal across the Tasman, Hawke's 'stupid thing', heartened left-Labour.[129] The Cabinet wanted to escape a comparable humiliation. For six weeks prior to the conference, the committee 'worked intensively inside the trade union movement and lower levels of the party to break down opposition to the tax'. They laboured to ensure that delegates from the branches supported the GST.[130] The carrots, sticks and arguments cannot be recovered in detail; however, the career of prime opponent Rob Campbell, Secretary of the Distribution Workers Union, is of potential interest. Immediately before the Christchurch convention, he accepted the GST so long as the government monitored its impact on poor wage earners. A year later, and further along his Road to Damascus, he stated that anger had undermined the unions' ability to engage constructively with the government. Fourth Labour appointed Campbell a director of the Bank of New Zealand [1985], a member of the body corporatizing the Post Office [1986] and a member of a commission to review industrial pricing [1987].[131]

Douglas administered the *coup de grâce* to opponents a few days before the Christchurch conference, when he announced the income tax cuts and a social benefits package for families. The government would help the elderly with a 5% increase in National Superannuation.[132] By issuing this statement on 20 August, nearly a month ahead of the expected date for a tax budget, he intended to influence delegates.[133] Over the next several days, newspapers published budget specials that showed the 'average family is better off weekly'.[134] Douglas had fulfilled commitments made at regional conferences.[135] The GST bill was introduced to Parliament on 22 August 1985.[136]

Resistance persisted at the Christchurch conference. A Wellington motion to have Labour implement 'a planned, self-sufficient socialist economy' was soundly defeated, as was a Wellington motion to reject the GST. A majority of delegates called for implementation of the tax and threw out proposals for zero-ratings. The *New Zealand Herald* assessed the conference as the most placid in decades, but delegates certainly erupted. Applause greeted Douglas's introduction of the economic debate, and more applause came when a voice vote rejected the remit opposing the GST. The GST bill had been introduced into the House, so opponents would have undermined the government. For many, that was a step too far. However, anti-GST luminary Jim Anderton topped the polls for party officers.[137] Left-Labour had largely been out-debated and out-manoeuvred. At the annual meeting in Wellington the following year, critics tried to have the party adopt zero-ratings on food, clothing and books. All these remits failed.[138]

Fourth Labour had a battle on its left but none to speak of on its right. National Party parliamentarians remained off-balance on account of Labour’s 1984–1985 achievement in conveying images of confidence, vigour and even non-partisan dedication. The government’s publication on the state of fiscal affairs, *Opening the Books*, followed by its well-choreographed Economic Summit of September 1984, undercut National’s credibility as the steward of the country’s fiscal affairs.[139] Beyond members making several ill-considered and contradictory statements – that the GST was a socialist measure; the WST was better; National would repeal the GST; the rate was not high enough to tackle the debt – the opposition party identified and accented technical issues that, unless corrected, would inconvenience small businesses and farmers.[140] During the 27-hour marathon parliamentary debate over the GST bill in November 1985, National shored up its position as the party of small government.[141]

Inelegant Details: Inevitable Exemptions

New Zealand’s tax specialists wanted no itemized exemptions. Therefore, even municipal taxes and government fees required a levy on the grounds that these were service charges. In some cases the municipal service had private sector competition.[142] The principle of tax neutrality required equal treatment, but that clashed with the principle that there should be no tax on a tax. Conflicting principles and protests from local councils led to a revenue sharing agreement. By comparison with the taxing of government service charges, several goods and services presented truly unsolvable complications. The ‘consumption’ of shelter and financial services were brain-teasers.

Land sales escaped the GST because analysts deemed land a raw factor of production; the taxable value added would only arise when buildings were constructed. New buildings included new houses. Building contractors would have to collect the GST from home buyers to capture the value added by construction. Since a tax on rent would have been political folly, a decision had been made to exempt rent payments.[143] Tax neutrality decreed that a tax subsidy should not go to tenants alone, otherwise one segment of the housing sector would be advantaged. A partial solution was to exempt the resale of ‘the family home’. However, that in turn violated neutrality since it put new home vendors at a disadvantage in competition with realtors selling family homes. To moderate that effect, Minister of Housing Phil Goff introduced a discounted mortgage rate for new home buyers.[144]

Every country that had applied the GST tripped over financial services. Transactions between institutions and individuals perplexed specialists. Almost all individuals availed themselves of financial services: they borrowed money and paid interest changes. To charge tax on the consumption of a financial service, one had to know what proportion of the interest rate on a loan was a service fee, separate from an opportunity cost for a foregone investment and separate from an offset for inflation. Presumably each financial institution had an idea of this breakdown, since service was their business. However, the service charge remained invisible and variable across different types of institutions as well as institutions of the same type. If simplicity was a goal, a tax could have been levied on the entire interest charged to consumers. That went further than taxing the consumption of service and would have brought the system into great disrepute. After all, the tax was not levied on institutions but charged to consumers. Loans covered a lot of transactions.

Brash asked Douglas for more time to consult commercial banks, investment banks, loan companies and insurance companies. He wanted to prepare a second report that dealt exclusively with financial services. The delay upset the implementation schedule and was one reason why left-Labour had a long hunting season on the GST.[145] When Brash consulted the financial institutions, he found no unanimity, although commercial banks operating on high volumes were appalled by the accounting effort that would be required to identify and track the service value. Backed by IRD but opposed by Treasury, Brash and his panel proposed that, rather than attempting to find and tax the service cost, the whole sum of interest should be taxed. Treasury argued that this expedient could drive up the tax collected according to inflation rather than the cost of the service.[146] Brash countered that there were other businesses, for example interior decorating, where the invoiced amount due was a gross figure in which services or goods were only part of the sum charged, and yet the whole sum was to be exposed to a GST. A Treasury economist recommended that Douglas reject Brash's notion. The crux of his position was that no jurisdiction applied the GST to financial transactions, and thus no one knew what impact it would have on the economy.[147] Brash's keenness to tax consumers for financial transactions was motivated by his concern about the debt, a point he returned to when he mildly rebuked Douglas for bringing in a 10% rate on the GST when a 12.5% rate – or better, a 15% rate – would have reduced the debt faster.[148] Douglas stayed in charge of the GST process, although he delegated tasks as he did with

Brash. To his junior colleague in the Cabinet, Phil Goff, Douglas explained that New Zealand was going to do things differently than other places with a similar tax. There would be no zero-rating or exemptions in order to keep a single low base rate.[149]

To lay observers, the notion that financial transactions were going to escape the GST seemed class-biased, especially when the interest that escaped was for loans to cover investments. 'For have nots gambling is the TAB and they pay a GST on it', wrote one angry observer during the public submission phase, and 'for the haves gambling is stocks and bonds and they don't'.[150] Globally, tax experts expressed fatalism on account of the financial sector's sophistication and flexibility; there would always be loopholes. Interest was not the only financial service that escaped. So did brokerage and other fees. Investment advisors and lawyers could refine instruments and practices (asset swaps, redemption premiums, discounts, price adjustments and borrowing from unregistered lenders) that would circumvent any financial service tax. Besides, money was an input for many activities and the GST was intended to tax consumption, not factors of production.[151] Country after country had already conceded defeat. The EEC required member states to exempt financial services and the Government of Canada decided that complications precluded a rational tax on financial services.[152] Yet significantly, Fourth Labour did not allow financial services to escape unscathed.[153] Transactions would be zero-rated without credit; financial institutions could not claim reimbursement for GST paid on inputs. They fumed.[154] The controversy exposes the importance of understanding operational complexities and details before making judgements.

A technical feature conferred a slight benefit on exporters. In the 1970s, the liberalization of trade under the General Agreement on Tariffs and Trade (GATT) put New Zealand's tax subsidies (*tax expenditures*) for animal-product exports in jeopardy; more importantly, by the early 1980s criticism within the country meant that the days of tax expenditures to aid government-selected sectors were numbered: urban producers resented rural price supports paid from tax revenues or borrowed funds. Rural producers were aware of and uneasy about their growing dependency.[155] However, the GST could aid export producers without running afoul of the GATT. In the case of a zero-rating with credit, inputs were eligible for tax rebates. The EEC had pioneered this feature. Exports could justifiably be zero-rated, because they were consumed outside the country; meanwhile, producers could receive a rebate on taxes paid on inputs.[156]

A final matter required resolution. It split the Cabinet and produced conflicting ministerial announcements.[157] How should prices be displayed?

Merchants could display them with GST included or GST excluded; they could be given the option but then required to state that 'GST applies'. International practices offered no guiding pattern. In New Zealand, the Wholesale Grocery Distributors' Association, the Retailers' Association and individual retailers pressed for stating the price with the GST excluded, because it presented a lower price. Also, if the price had to include the GST price, vendors would have to recalculate prices on weekly sale items. In contrast, the Consumers' Institute and the Minister of Consumer Affairs insisted on a GST-inclusive price.[158] Brash's advisory panel had recommended the optional approach with a requirement that the price ticket indicate that 'GST applies'.[159] Douglas concurred. Consumer Affairs Minister Margaret Shields, however, announced that GST-inclusive pricing could be made a legal requirement in her Fair Trading Bill then moving through Parliament.[160] The optional approach won out. Perhaps because of Shields' intervention, most retailers 'voluntarily' adopted inclusive pricing.[161]

Conclusions

The GST had an international lineage. Social democracies and mixed-economy states in Europe had adopted it. A GST was conventional and urgently needed. Due to recent experience with the WST and supported by unanimous international advice, the government determined to pursue a GST with particular features that set it apart from those currently in operation around the world. Uniquely, New Zealand held the line – for the most part – against zero-rating and exemptions, and thus had a low initial rate. It established a tax that Australian experts envied.

Cabinet members realized that political and social consideration required that a GST had to be part of wider tax reforms. Thus, Douglas introduced the FBT and reduced income taxes. Contrary to reforms in other countries and to a remit passed at the Christchurch conference in August 1985, Fourth Labour did not introduce a capital gains tax. The McCaw task force had discussed it and rejected it in 1982, alleging that it brought in little revenue for big effort. Certainly, there were problems defining a capital gain and enforcing the tax.[162] In conditions of high inflation, it would have been difficult to separate real from nominal gains.[163] Even so, a capital gains tax had a probable benefit. It could have moved some investment out of real estate and into more productive areas.[164] Around the world, tax-reform initiatives produced mixed systems that embodied trade-offs among tax principles, local politics and current economic circumstances. This happened in New Zealand, where the government went ahead with a distinctive fringe benefits tax, a GST with rare exemptions and no capital gains tax.

Shortly before the GST became law, the government mounted a public relations programme to assist with the roll-out. In a 15-minute video, humourist, 'deer culler and good keen man' Barry Crump portrayed a possum trapper who explains the GST to a bewildered businessman: 'There is nothing to it.'[165] A GST co-ordination office prepared a speakers' kit complete with cue cards holding stock answers and witty quips.[166] Yes, there is humour in taxation – or at least a cornucopia of jokes. By the time these materials were available, Fourth Labour had survived its tax crisis. Exposing draft legislation to public consultation had opened space in the media for opposition. For obligatory reasons, the government had to delay responding with details. Trevor de Cleene felt this delay hurt the government.[167] Had it?

Prime Minister David Lange supported the GST, but let Roger Douglas, David Caygill and Trevor de Cleene lead from the front. New Zealand voters had punished previous governments that innovated with taxes. As Lange put it, 'you never win a debate on tax. You win a debate on benefits.'[168] The consummate debater was only partly right. His government was defying precedent. In June 1985, interviews with a sample of a thousand individuals showed considerable understanding of the tax and more than 60% believed it was a fairer system.[169] Two thirds agreed that the government had to take drastic action to sort out economic problems.[170] By associating benefits with the GST, the government accrued further support. Very little interest was shown in the select committee hearings on the bill in September 1985.[171] A year later, slightly more people approved of the GST than disapproved.[172] Thanks to public consultations, debates within the public service and Cabinet, astute preparation across ministries, and work with various business federations, GST implementation 'arrived with a whisper not a roar' on 1 October 1986.[173] An epic turning point for the Labour Party and fiscal reform ended in a non-event.[174]

JOHN C. WEAVER

McMaster University, Hamilton, ON

NOTES

1 The pun has been attributed to Robert Muldoon. Clipping from *Accountants' Journal*, n.d. [early 1981], ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc, Archives New Zealand (ANZ), Wellington. All subsequent references to journals and newspapers are to clippings in government files. All archival sources are held by Archives New Zealand at the Wellington Repository. The letters and numbers are archives references. I am indebted to the two anonymous reviewers who generously shared information, pointed out errors and challenged tendentious statements.

2 My evaluation of Fourth Labour is mainly favourable. The decline in the terms of trade required monetary reform and a reorganization of industrial relations. With a small domestic market, New Zealand had to export for growth and had occasionally been rescued from balance-of-payments shortfalls by wartime demand for rural commodities; however, the economy faced a world of heightened competition by the late 1960s. No one in the Cabinet promised a swift recovery. As well, fiscal affairs were in trouble. The current article is part of a project on Fourth Labour that began when I was attempting to understand youth suicide at the end of the twentieth century: Doug Munro and John Weaver, 'Austerity, Neo-Liberal Economics, and Youth Suicide: The Case of New Zealand, 1980–2000', *Journal of Social History*, 46, 3 (Spring 2013), pp.757–83. I currently find the label 'neo-liberal' too open-ended to explain the diversity of initiatives; it also fails to capture the consultations, political sensitivities and modifications. For similar reasons, I avoid the expression 'Rogenomics'. On the state of the economy at the time, see Brian Easton and Norman Thompson, *An Introduction to the New Zealand Economy*, St. Lucia, QLD, 1982, pp.322–3; Easton, *Profitability and Performance in Post-War New Zealand*, Wellington: Victoria University of Wellington, Discussion Paper 3, 1980, p.13.

3 Tax experts from Treasury Department and Inland Revenue initially referred to a new tax as a final sales tax or FST. Later they called it a goods and services tax or GAS tax, then a value added tax or VAT, and finally a goods and services tax abbreviated to GST. A GAS tax could have been confusing or a source of witticisms. The VAT was associated with the United Kingdom, where there had been strenuous opposition.

4 Don Brash, *Incredible Luck*, Auckland, 2014, pp.48–49.

5 Barry Gustafson, when discussing political leadership in his biography of Robert Muldoon, distinguishes between 'transitional leaders', who operate as political managers and manipulate public opinion, and 'moral leaders', who have less selfish motives including attention to peoples' aspirations. In recent years, economic emergencies, similar to yet more profound than those facing New Zealand, have challenged political leaders in ways that require more than the populism inherent in either mode of leadership described by Gustafson. Elected officials have required will to bring unpopular measures into legislative chambers. The unfolding high dramas of leadership and pain in Greece, Italy and Spain have ties with New Zealand history. Gustafson, *His Way: A Biography of Robert Muldoon*, Auckland, 2000, pp.4–5. On democratic leadership in tough times, see Stein Ringen, *Nation of Devils: Democratic Leadership and the Problem of Obedience*, New Haven, 2013; David Runciman, *The Confidence Trap: A History of Democracy in Crisis from World War I to the Present*, Princeton, 2013.

6 New Zealand Department of Statistics, *New Zealand Official Year Book 1992*, Auckland, 1992, p.442.

7 Gustafson, p.116.

8 Gustafson proposed that Muldoon's rejection of advice from economists stemmed from his belief in instincts, not just 'one's informed intellect': Gustafson, p.5. On 'pigheadedness', see Gustafson, p.336. I am indebted to a reviewer for suggesting the background on Muldoon's tax preferences.

9 Jim McAloon provides a well-considered description of and explanation for Robert

Muldoon's shifting views on economic policy from 1979 to 1984. See *Judgements of all Kinds: Economic Policy Making in New Zealand, 1945–1984*, Wellington, 2013, pp.196–7. The book is a stimulating account of economic policy and New Zealand's position in world markets in the post-war world. On the country's recurrent balance-of-payments difficulties, see Keith Sinclair, *Walter Nash*, Auckland, 1976, pp.135–52, 170–89, 305–19. For an introduction to fast-moving economic and monetary actions, see Barry Eichengreen, *Globalizing Capital: A History of the International Monetary System*, Princeton and Oxford, 2008, pp.134–84.

10 *Dominion*, 13 February 1984, ABOT W4375 6787 Box 35 Devaluation – Post Election 1984.

11 New Zealand Taxation Review Committee, *Taxation in New Zealand*, Wellington, 1967. On Muldoon's opposition to indirect taxation, see Gustafson, p.98.

12 On the European experiences, see Memo: Andrew Pitcher, Economics 1, 'Goods and Services Tax', n.d. [March 1985], AATJ W3566 7428 Box 457 Record Number 29/4/5 Financial Policy – Taxation – Goods and Services Tax – General Correspondence.

13 Memo: Andrew Pitcher, Economics 1, 'Goods and Services Tax', n.d. [March 1985], AATJ W3566 7428 Box 457 Record Number 29/4/5 Financial Policy – Taxation – Goods and Services Tax – General Correspondence.

14 Memo: 'Indirect Tax Options', p.2, AALR W5796 873 Box 56 Record Number T76/0/3 Part 2 Task force on Tax Reform – Treasury Submission to the Task Force.

15 As early as 1978, the New Zealand Planning Council indicated that it 'would probably be in favour' of expenditure taxes. On the Planning Council, see Ken Piddington, Director, Planning Council, to Z.M. Journet, 7 February 1979, ABCX W4023 24117 Box 45 ECON 2/4 Record Number ECON 2/4 ECON 2 Economics Topics – Fiscal Policy – Taxes, Borrowing, Subsidies, Expenditures etc. See also *An Agenda for Tax Reform*, Wellington, June 1981, ABCX W4023 24120 Box 95 New Zealand Planning Council Publications – Agenda for Tax Reform – Various.

16 *Taxation Reform: Report from the Private Sector Tax Consultation at Trillos in Auckland on February 24 1981*, ABCX W4023 24117 Box 50 Record Number ECON 4/2/1 ECON 4 Publications – Task Force on Taxation Reform. *New Zealand Herald* (NZH), 16 July 1982, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc.

17 Frank Holmes to Don Brash, 13 January 1978, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc. Holmes recommended 'an expenditure tax'.

18 Statement by Sir Frank Holmes, Chairman, NZ Planning Council, 6 July 1981, ABCX W4023 24117 Box 50 ECON Record Number 4/2/1 ECON 4 Publications – Task Force on Taxation Reform.

19 Clipping [unidentified], Richard Long interview with Robert Muldoon [early 1982], ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc. On Muldoon and Treasury, see Michael Bassett and Judith Bassett, *Roderick Deane: His Life and Times*, Auckland, 2006, pp.70–100.

20 Muldoon's prickly attitude to intellectuals and those who disagreed with him is conceded by Gustafson, pp.470–1.

21 On Holmes's opinion of the task force, see Barbu Niculescu to Holmes, 15 September 1981, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc. Niculescu wrote that he assumed Holmes had little to do with the membership. 'Crikey', Holmes wrote in the margin.

22 I.G. Douglas, Director-General, NZ Manufacturers' Association to P.M. McCaw, 30 September 1981, AALRE W5427 873 Box 1779 Record Number 76/0/1 Part 1 Task Force on Tax Reform.

23 I am indebted to Brian Easton for calling my attention to Treasury's practices of marking up reports with this symbol.

24 *Retail News*, November 1981, p.1, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc.

25 'Questions to NZ Government: IMF Article IV Consultations 1982', AALN W4748 7234 Box 163 Record Number 962/40/23A IMF 1982 Mission. Answers to Questions 13 and 14, AALN W4748 7234 Box 163 Record Number 962/40/23B IMF 1982 Mission.

26 'New Zealand Staff Report for the Article IV Consultation', AALN W4748 7234 Box 163 Record Number 962/40/23A IMF 1982 Mission. This was a précis of the findings.

27 Answer to Question 14 on current account, AALN W4748 7234 Box 163 Record Number 962/40/23B IMF 1982 Mission.

28 'New Zealand Staff Report for the Article IV Consultation', AALN W4748 7234 Box 163 Record Number 962/40/23A IMF 1982 Mission.

29 Briefing Note for Mr Chetwin, Personal Income Tax Reform, 24 February 1982; J.M. Chetwin to D.A. Preston, Deputy Head, New Zealand Permanent Delegation to the OECD, 14 April 1982. AALRE W5427 873 Box 1779 Record Number 76/0/1 Part 1 Task Force on Tax Reform.

30 Memo: 'Tax Reform', 30 March 1982, AALR W5796 873 Box 56 Record Number T76/0/3 Part 2 Task force on Tax Reform – Treasury Submission to the Task Force. Treasury recognized that indirect taxes had equity implications, but discussed the form of indirect taxes, not philosophical matters. On support among National Party members, see Michael Cox, 'Value Added Tax (VAT)', in *Taxation Reform: Report from the Private Sector Tax Consultation at Trillos in Auckland on February 24 1981*, ABCX W4023 24117 Box 50 ECON 4/2/1 ECON 4 Publications – Task Force on Taxation Reform. See also Gustafson, p.272.

31 'New Zealand Staff Report for the Article IV Consultation', AALN W4748 7234 Box 163 Record Number 962/40/23A IMF 1982 Mission.

32 B.H.C. Tyler, Memo: 'VAT and Inflation', ABCX W4023 24117 Box 50 Record Number ECON 4/2/1 ECON 4 Publications – Task Force on Taxation Reform. Paul Goldsmith, *We Won, You Lost. Eat That! A Political History of Tax in New Zealand since 1840*, Auckland, 2008, pp.270–2. Goldsmith provides an account of the McCaw report and Muldoon's thinking on taxation.

33 Many sources on this venture are filed in ABOT W4375 6787 Box 35 Devaluation – Post Election 1984. See for example a memo entitled 'Supporters of the Right Hon. R.D. Muldoon's Call for Another Bretton Woods-Type Conference' and these clippings: *Dominion*, 24 September 1982; *Evening Post* (EP), 26 August 1982; NZH, 2 September 1982; EP, 6 September 1982; EP, 7 September 1982; NZH, 9 September 1982; EP, 11 September 1982; *Dominion*, 16 October 1982; EP, 4 December 1982; EP, 9 May 1983; *Dominion*, 25 May 1983; *NZ Herald*, 2 June 1983; *Press*, 9 June 1983; *Dominion*, 13 February 1984; NZH, 1 March 1984.

34 On economists in government, see Malcolm McKinnon, *Treasury: The New Zealand Treasury*, Auckland, 2003, pp.261–300. For Muldoon's pettiness and his distance from Treasury economists, see his denial of conference travel assistance for economists critical of wage freeze measures. Paul Bevin to Mr Galvin, Mr Scott and Mr Kerr, 13 April 1983, AALR W5427 873 Box 1718 Part 1 Treasury – Public Economic Information Programme.

35 Memo: 'Chronology of Taxation Reform in New Zealand since July 1984', Tax Policy Division, April 1986; Briefing Papers: Inland Revenue Department', 25 June 1984, AALR W4446 873 Box 631 76/1/1 Part 2 Task Force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

36 Roger Douglas had not suggested a GST in his 1980 economic reform musings, but recommended a capital gains tax. Douglas, *Alternative Budget: A Personal View*, Wellington, 1980, p.37.

37 The drafts on economic policy and the minutes of policy meetings are contained in AAYK W3603 Box 3, Labour Economic Policy Material. Geoffrey Palmer mentions his role in *Reform: A Memoir*, Wellington, 2013, p.503.

38 For a blizzard of data, see the media interviews with Roger Douglas and Michael Cox, Newztel Log: Radio NZ: ‘Morning Report’, 22 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 2.

39 *An Agenda for Tax Reform*, Wellington, June 1981, p.6, ABCX W4023 24120 Box 95 New Zealand Planning Council Publications – Agenda for Tax Reform – Various.

40 For a discussion, see ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc. On a proportional tax, see Donald T. Brash, ‘The Direct Expenditure Tax. And Comments on the Paper by Mr. L.N. Ross’, in *Taxation Reform: Report from the Private Sector Tax Consultation at Trillos in Auckland on February 24 1981*, ABCX W4023 24117 Box 50 Record Number ECON 4/2/1 ECON 4 Publications – Task Force on Taxation Reform. On indexing, see NZH, 14 September 1979, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc.

41 Memo: ‘Tax Reform’, 30 March 1982, AALR W5796 873 Box 56 Record Number T76/0/3 Part 2 Task force on Tax Reform – Treasury Submission to the Task Force.

42 Margaret Shields to Geoffrey Palmer, 13 February 1986; Chairman, Officials Policy Committee, Memo: ‘GST and Ticket Pricing’ for Chairman, Cabinet Policy Committee, 27 February 1986. Both in AATJ W3566 74 28 Box 1351 Record Number 84/3/7/1 Part 1 Consumer Affairs Unit – Consumer Issues – GST 1985–1986.

43 Terry Shanahan, Asia and Pacific Director of Taxes, Touche, Ross and Co., quoted in *Taranaki Herald*, 1 July 1985, AAXU W3053 Box 11 GST Media Clippings July 1985.

44 Graeme Thompson, ‘Note for File’, 23 April 1981, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc.

45 P.J.H. Jenkins, Chairman, International Fiscal Association, to Robert Muldoon, 6 May 1982, AALRE W5427 873 Box 1779 Record Number 76/0/1 Part 1 Task force on Tax Reform.

46 *Dominion*, 9 April 1985, AATJ W3566 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

47 ‘Introduction of Value Added Tax in New Zealand’, translated from ‘*Neue Zürcher Zeitung*, 4 October 1986, AALR W4446 873 Box 631 76/1/1 Part 2 Task force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986. On trusts and avoidance, see Goldsmith, pp.279–84.

48 *NZ Financial Review*, April 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit tax – General.

49 *National Business Review* (NBR), 25 March 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit tax – General.

50 ‘Inland Revenue Department Current Performance and Possible Improvements. Briefing Paper No. 5’ (25 June 1984), AALR W4446 873 Box 631 Record Number 76/1/1 Part 2 Task Force on Tax Reform – Taxation Tax Reform - General October 1982–December 1986.

51 Report from the OECD, ‘Taxation on Fringe Benefits’, n.d. [April 1985], AALR W4446 873 Box 631 76/1/1 Part 2 Task force on Tax Reform – Taxation Tax Reform – General – October 1982–December 1986.

52 T.G. Murray, General Manager, Taranaki Electric-Power Board, to Roger Douglas, 4 April 1985. The practice was based on 1925 legislation; Douglas to Murray, 30 April 1985. NZH, 2 May 1985 explains the tax on concessionary interest rates. AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe

Benefits – Fringe Benefit tax – General.

53 'Task force on Tax Reform, Interim Report', 7 December 1981, p.9, AALR W4446 873 Box 631 Record Number 76/1/1 Part 2 Task force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

54 Unidentified Clipping, Richard Long interview with Robert Muldoon [early 1982], ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc.

55 Memo: Taxation of Fringe Benefit, to Minster of Finance by author unknown, 4 October 1984, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit Tax – General.

56 *Fringe Benefit Tax Guide for Employers*, Wellington, 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit Tax – General.

57 Telex from Treasury and Inland Revenue to High Commission, Canberra, 16 August 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit Tax – General. Australia was considering a fringe benefits tax and wanted reports on developments. Jan Andrews to Douglas, 26 February 1986, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 2. New Zealand Forest Products accelerated its exit from company housing at Tokaroa for this reason.

58 NBR, 25 March 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit tax – General.

59 Memo: 'Question for Written Answer, 17 April 1986', AALR W5427 873 Box 1838 Record Number 76/2/98 Part 2 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit Tax – General. Three quarterly collections of the tax had produced \$102 million; collections from government departments over nine months yielded \$8.5 million. See also 'Fringe Benefit Statistics, as at 31 July 1986'.

60 On government critiques of public service privileges, see Pat Walsh, 'Has the Evil been Remedied? The Development of Public Sector Unionism in New Zealand', in Pat Walsh, ed., *Pioneering New Zealand Labour History: Essays in Honour of Bert Roth*, Palmerston North, 1994, pp.118–19, 123.

61 NBR, 25 March 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit tax – General.

62 *Northland Age*, 14 May 1985, AAXU W3053 Box 11 GST Media Clippings June 1985.

63 *Dominion*, 27 March 1985, AATJ W3566 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

64 I.G. Douglas, Director-General, NZ Manufacturers' Association to P.M. McCaw, 30 September 1981, AALRE W5427 873 Box 1779 Record Number 76/0/1 Part 1 Task Force on Tax Reform.

65 'Address to Hamilton Combined Lions Clubs, 23 January 1985' (by Roger Douglas); 'Address to Canterbury Chamber of Commerce, 27 March 1985'; 'Interview with Alan Hardcastle of Peat Marwick and President of the Institute of Chartered Accountants in England and Wales', pp.20–21. AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

66 Mr Peter Neilson, Parliamentary Under-Secretary to the Minister of Trade and Industry, 'Address to the National Partners Meeting of Deloitte, Haskins, and Sells, 13 April 1985', AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit tax – General.

67 Audio Monitor, Radio Special on 2YA, 31 March 1985, Interview with Trevor de

Cleene (Labour), Michael Cox (National), Rob Campbell (trade unionist), pp.6–7, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST. Campbell was an astute debater who kept the focus on imperfections with the GST, but did not reply to criticisms of his conception of a higher marginal tax rate for high-income earners.

68 ‘Address to Hamilton Combined Lions Clubs, 23 January 1985’, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

69 Memo: ‘Financial Institutions and GST’, 28 July 1985, AALR W5427 873 Box 1868 Record Number 76/5/6 Part 4 Taxes on Goods and Services – Financial Services. Due to training and recruitment of specialists, the GST may not have been ready to go at an earlier date. See also Memo: ‘IMF Report on GST: Staffing Implications for Customs Department’, R.D. McGrath, Director Administration, 4 March 1985; Memo: ‘Sales Tax: Staffing for Extended Period of the Collection’, 25 June 1985; Memo: ‘GST/IRD, 10 May 1985. AALN W5627 7234 Box 137 Record Number 966.124 Part 1 GST Staff and Workload Implications.

70 Audio Monitor, Radio Special on 2ZB, 28 March 1985, Interview with Dr. Claudia Smith, Economics Department, Victoria University, 28 March 1985, p.9, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

71 Trevor de Cleene, quoted in *Taranaki Herald,* 27 June 1985, AAXU W3053 Box 11 GST Media Clippings July 1985.

72 *Better Business*, August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

73 Goldsmith, pp.267–8.

74 The WST was often mentioned as a sales tax, leading to confusion about what was different with a GST.

75 Joint Paper with Treasury, Customs Department, ‘Directions for Indirect Tax Reform’ n.d. [early 1984], AALN W4748 7234 Box 165 Record Number 962/40/78 Part 1 Indirect Tax Reform – 1984.

76 Memo: ‘New Zealand’s Wholesale Sales Tax – An Overview’; Memo: ‘Problems with Boats’; Memo: ‘Problem of Administration: Exemptions’; Memo: ‘Significant Changes to the Wholesale Sales Tax System’. AALN W4748 7234 box 165 Record Number 962/40/61 Part 2 Overview of the Wholesale Sales Tax (WST). These appear to have been prepared in May 1984. On Muldoon and the WST, see Gustafson, p.271. The author mentions a sales tax but, to be accurate, it was a wholesale tax.

77 Memo: ‘New Zealand’s Wholesale Sales Tax – An Overview’, May 1984, AALN W4748 7234 Box 165 Record Number 962/40/61 Part 2 Overview of the Wholesale Sales Tax (WST).

78 Memo: ‘New Zealand’s Wholesale Sales Tax – An Overview’, May 1984, AALN W4748 7234 Box 165 Record Number 962/40/61 Part 2 Overview of the Wholesale Sales Tax (WST).

79 Mr Peter Neilson, Parliamentary Under-Secretary to the Minister of Trade and Industry, Address to the National Partners Meeting of Deloitte, Haskins, and Sells, 13 April 1985, p.7, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on fringe benefits – Fringe Benefit tax – General.

80 NZH, 11 November 1985, AAXU W3053 Box 11 GST Media Clippings November 1985; Confidential Cable, London to Wellington, 31 January 1986, AATJ W3566 74 28 Box 1351 Record Number 84/3/7/1 Part 1 Consumer Affairs Unit – Consumer Issues – GST 1985–1986. United Kingdom experience indicated a 0.5% rise in inflation for every 1% rise in existing GST/VAT.

81 ‘Submission from Alan Martin of L.V. Martin and Son Group of Companies’; Keith Fraser, ‘The Economics of Mr. Martin’, 31 January 1986, AATJ W3566 74 28 Box 1351 Record Number 84/3/7/1 Part 1 Consumer Affairs Unit – Consumer Issues – GST 1985–1986.

82 de Cleene to Roger Douglas, David Caygill, Margaret Shields, and David Lange, 29 January 1986, AATJ W3566 74 28 Box 1351 Record Number 84/3/7/1 Part 1 Consumer Affairs Unit – Consumer Issues – GST 1985–1986.

83 Audio Monitor, Radio Special on 2YA, 21 March 1985, Interview with Alan Hardcastle of Peat Marwick and President of the Institute of Chartered Accountants in England and Wales, pp.11–12; Audio Monitor, TV One 6:30 News, 20 May 1985, Interview with British tax adviser Cliff Dilloway, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

84 See 'Notes of Discussion with UK Customs Officials on VAT Matters', 2 April 1985, AALR W4446 873 Box 631 Record Number 76/1/1 Part 2 Task force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

85 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], pp.5–11, 27–30, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

86 Meeting of 13 May 1985, Summary of Legislation by Mr Leloir; 'Historical Analysis of the Goods and Services Tax Legislation', AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

87 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], p.2, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

88 He pressed for corporatization, but Geoffrey Palmer supervised its complicated implementation; he championed an overhaul of industrial relations in the private and public sector, but Stan Roger saw these measures through from study and consultation to implementation.

89 Brash, *Incredible Luck*, p.48.

90 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], p.1, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

91 Owen S. Robinson, Executive Director, Council of Christian Social Services, to Dr D.T. Brash, 24 June 1985, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

92 Richie Guy, North Auckland Rugby Union chairman, cited in *Northern Advocate*, 27 June 1985, AAXU W3053 Box 11 GST Media Clippings July 1985.

93 Jim Sutton, Chairman, Caucus Fiscal Sub-committee, to Roger Douglas, 30 October 1985, AALR W4446 873 Box 631 Record Number 76/1/1 Part 2 Task force on Tax Reform – Taxation Tax Reform – General – October 1982–December 1986.

94 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], p.12, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

95 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], p.4, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

96 Not all economists understood the tax. Audio Monitor, Radio Special on 2YA, 30 March 1985, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

97 AAXU W3053 Box 4 Submissions – Summary of GST Submissions. Number 690.

98 On a desire to widen influence, see Notes by unidentified speaker at Canterbury University Labour Issues Course (July 1986), AANK W3580 947 Box 726 Record Number 61/2/6 Part 1 Industrial Relations – Institutions – Federation of Labour 1984–1988. The speaker represented the Federation of Labour. On disappointment, see R.E. Jones, National Secretary, The NZ Amalgamated Engineering and Related Trades Industrial Union of Workers, to D. Martin, Director, Industrial Relations, Department of Labour, 25 July 1986, AANK W3580 947 Box 726 Record Number 61/2/6 Part 1 Industrial Relations – Institutions – Federation of Labour 1984–1988.

99 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], p.30, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

100 Alan Tait, Deputy Director, Fiscal Affairs Department, to Ross Tanner, Counsellor

(Economic) New Zealand Embassy, 30 January 1986, AALR W4446 Box 636 Record Number 76/5/6 Part 2 Task Force on Tax Reform – Taxation Goods and Services Tax, Financial Services – November 1984–December 1986.

101 AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Numbers 17, 80, 94, 101, 108, 112, 117, 121, 122, 132, 133, 137, 138, 143, 167, 185, 186, 198, 199, 225, 231, 256, 263, 277, 281, 284, 949.

102 AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Numbers 375, 534, 542, 718.

103 AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Numbers 272, 708. *Christchurch Star*, 27 November 1985, AAXU W3053 Box 11 GST Media Clippings November 1985.

104 AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Numbers 56, 83, 89, 96, 97, 102, 366, 530, 543, 557, 728, 893, 1030, 1054.

105 Mr Peter Neilson, Parliamentary Under-Secretary to the Minister of Trade and Industry, Address to the National Partners Meeting of Deloitte, Haskins, and Sells, 13 April 1985, AALR W5427 873 Box 1838 Record Number 76/2/98 Part 1 Taxes on Income Profits and Capital Gains – Taxation on Fringe Benefits – Fringe Benefit Tax – General.

106 *Press*, 16 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

107 AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Number 194.

108 AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Numbers 601, 606, 837, 869, 1049.

109 *Christchurch Star*, 27 November 1985; NZH, 15 November 1985; *Otago Daily Times* (ODT), 15 November 1985; NZH, 28 November 1985. AAXU W3053 Box 11 GST Media Clippings November 1985.

110 In a forthright speech at the party’s 1985 conference, Labour Party President Margaret Wilson told delegates that Labour had been elected without a clear economic policy being stated. *Dominion*, 31 August 1985, ABOT W4375 6787 Box 32 Labour Party Conference 1985–87. See also AAYK W3603 Box 3, Labour Economic Policy Material.

111 ‘GST = The wrong way to tax reform’, *PSA Journal*, May 1985, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

112 ‘Taxation Policy and Issues, Briefing Paper No. 1’, p.15, AALR W4446 873 Box 631 76/1/1 Part 2 Task Force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

113 Douglas, Speech to the Auckland Labour Regional Conference, Pacific Island Church Hall, Ferguson Rd., Otara, 11 May 1985, p.9, AALR W4446 873 Box 631 76/1/1 Part 1 Task force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

114 Audio Monitor, Radio Special on 2YA, 31 March 1985, Interview with Trevor de Cleene (Labour), Michael Cox (National), Rob Campbell (trade unionist), p.17, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

115 Audio Monitor, Radio Special on 2YA, 31 March 1985, Interview with Trevor de Cleene (Labour), Michael Cox (National), Rob Campbell (trade unionist), pp.4-5, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

116 Memo: R.D. McGrath, Director Administration, ‘IMF Report on GST: Staffing Implications for Customs Department’, 4 March 1985, AALN W5627 7234 Box 137 Record Number 966.124 Part 1 GST Staff and Workload Implications.

117 Douglas, Speech to the Auckland Labour Regional Conference, Pacific Island Church Hall, Ferguson Rd., Otara, 11 May 1985, p.9, AALR W4446 873 Box 631 Record Number 76/1/1 Part 1 Task force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

118 The union's card vote had been strengthened at the Easter 1940 Labour Conference to assist with Lee for his intemperate attack on dying Prime Minister Joseph Savage. Sinclair, *Walter Nash*, p.194.

119 *Dominion*, 19 March 1985, AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST.

120 Goldsmith misleads when he states that 'conference remits flooded in against GST outright, or at least against its application to food and essential services'. There were critical remits, but the important observation is that the majority were defeated. Goldsmith, p.295.

121 *Press* and EP, 27 May 1985. Microfilm, National Library, Wellington.

122 *Straight Furrow*, 24 July, AAXU W3053 Box 11 GST Media Clippings July 1985; *Timaru Herald* (TH), 17 August 1985, AAXU W3053 Box 11 GST Media Clippings, August 1985. The organization wanted the debt cut by spending reductions, not tax increases.

123 On the federation's arguments against, see AAXU W3053 Box 4 Submissions – Summary of GST Submissions, Number 552.

124 Unidentified speaker for Federation of Labour, Canterbury University Labour Issues Course (July 1986), p.18, AANK W3580 947 Box 726 Record Number 61/2/6 Part 1 Industrial Relations – Institutions – Federation of Labour 1984–1988.

125 Raymond Harbridge, 'Labour Market Flexibility: A Trade Union Perspective', p.3, AANK W3580 947 Box 730 Record Number 61/3/14/1 Part 4 ECON 2 Economics Topics – Labour Market Flexibility.

126 Harbridge, 'Labour Market Flexibility', p.14, AANK W3580 947 Box 730 Record Number 61/3/14/1 Part 4 ECON 2 Economics Topics – Labour Market Flexibility.

127 For background on some trade unionists' arguments about the perils of state assistance, see Peter Palmer to Don Brash, 8 November 1979, ABCX W4023 24117 Box 48 Record Number ECON 2/25 ECON 2 Economics Topics – Industrial Relations.

128 *Auckland Star*, 17 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 1. As a union official put it, 'whatever comes in the Budget will not have been worked out with the FOL and CSU'.

129 NZH, 30 November 1985 [misfiled], AAXU W3053 Box 11 GST Media Clippings July 1985; TH, 31 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 2. The Australian example was used in last-ditch appeals by the opponents to the GST.

130 *Dominion*, 31 August 1985, ABOT W4375 6787 Box 32 Labour Party Conference 1985–87.

131 NZH, 26 April 1986, ABOT 4375 6787 Box 6 Employers Federation – Rob Campbell; *Dominion*, 3 January 1987; Press statement by David Caygill, 14 March 1989, AAWW W4640 7112 Box 47 BNZ [Bank of New Zealand] – Sale of – Rob Campbell. See also Henri Eliot, 'Lunch in the Boardroom: Rob Campbell', NBR, http://www.nbr.co.nz/article/lunch-boardroom-rob-campbell-gb-123023

132 Trevor de Cleene to G.H. Klippel, 22 August 1986, AALR W4446 873 Box 636 Record Number 76/5/1 Part 1 Task Force on Tax Reform – Taxation on Goods and Services General and Ministerials – April 1986 – October 1986.

133 *Taranaki Herald*, 30 July 1985; *Christchurch Star*, 30 July 1985. AAXU W3053 Box 11 GST Media Clippings July 1985. ODT, 3 August 1985, AAXU W3053 Box 11 GST Media Clippings August Part 2.

134 *Auckland Star* 21 August 1985, citing a *Consumer* magazine study; *Dominion,* 21 August 1985; NZH, 22 August 1985; EP, 23 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 1; NBR, 26 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 2.

135 NZH, 30 August 1985, ABOT W4375 6787 Box 32 Labour Party Conference 1985–87.

136 TH, 14 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

137 Audio Monitor, TV One 6:30 News, 24 April 1985; Audio Monitor, TV One 6:30 News, 27 April 1985. AATJ W3566 7428 Box 1266 Record Number 70/1/7 Part 1 Economics – Administration – GST. *Dominion*, 3 September 1985 and EP, 3 September 1985. Newztel Log: Radio NZ 6:00 pm News, 31 August 1985. ABOT W4375 6787 Box 32 Labour Party Conference 1985–87. On applause, see *Nelson Evening Mail*, 2 September 1985, AAXU W3053 Box 11 GST Media Clippings September 1985.

138 NZH, 2 September 1986. ABOT W4375 6787 Box 32 Labour Party Conference 1985–87.

139 See *Opening the Books: Key Extracts from the Treasury and Reserve Bank's Briefing Documents Delivered to the New Government*, Wellington, 1984AAXO W4246 Box 35. Hawke's Labor government had pioneered the idea of an economic summit. David Lange consulted Bernard Galvin for ideas on a similar conference and sent Ron Trotter to study what had occurred in Australia. B.V. Galvin to David Lange, 20 July 1984; Minutes of Cabinet Meeting 30 July 1984; Trotter, 'Memo on the Australian Economic Summit'. AANK W3580 947 Box 457 Record Number 46/3/117 Part 1 Industrial Relations Act – General – National Economic Summit Conference 1984.

140 EP, 29 July 1985, AAXU W3053 Box 11 GST Media Clippings July 1985.

141 That was a perception at the time. ODT, 22 November 1985, AAXU W3053 Box 11 GST Media Clippings November 1985.

142 *Dominion,* 6 November 1986, AAXU W3053 Box 11 GST Media Clippings November 1985.

143 *Auckland Star*, 10 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 1; *Ashburton Guardian*, 25 November 1985, AAXU W3053 Box 11 GST Media Clippings November 1985.

144 Phil Goff, cited in *Hawkes Bay Herald-Tribune*, 2 July 1985, AAXU W3053 Box 11 GST Media Clippings July 1985.

145 Donald T. Brash, Chairman, Advisory Panel (GST) to Roger Douglas, 7 August 1985; 'Second Report of the Advisory Panel on Goods and Services Tax to the Minister of Finance', n.d. AALR W4446 Box 636 Record Number 76/5/6 Part 2 Task Force on Tax Reform – Taxation Goods and Services Tax, Financial Services – November 1984–December 1986. Also, the Inland Revenue Department possibly wanted more time to prepare.

146 'Options for the Treatment of Financial Services under the GST', 14 May 1985; Treasury Memo: 'GST and Financial Services', 19 July 1985. AALR W4446 Box 636 Record Number 76/5/6 Part 2 Task Force on Tax Reform – Taxation Goods and Services Tax, Financial Services – November 1984–December 1986.

147 Memo: Treasury Reply to 'Second Report of the Advisory Panel on Goods and Services Tax: Financial Services Section', C.J. Mackenzie to the Minister of Finance, 5 August 1985, AALR W5427 873 Box 1868 Record Number 76/5/6 Part 4 Taxes on Goods and Services – Financial Services.

148 *Dominion*, 2 July 1985, AAXU W3053 Box 11 GST Media Clippings June 1985 Part 2; NZH, 21 August 1985 AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

149 Douglas to Goff, 5 August 1986, AALR W4446 873 Box 636 Record Number 76/5/1 Part 1 Task Force on Tax Reform – Taxation on Goods and Services General and Ministerials – April 1986–October 1986.

150 John P. Goldingham to Chairman, Advisory Panel on Goods and Services Tax, 14 June 1985, AALN W5627 7234 Box 165 Record Number 966.121 Part 1 GST Policy – General and Legislation.

151 Memo: 'Treasury Reply to Second Report of the Advisory Panel on Goods and Services Tax: Financial Services Section', by C.J. Mackenzie to the Minister of Finance, 5 August 1985, AALR W5427 873 Box 1868 Record Number 76/5/6 Part 4 Taxes on Goods and Services –

Financial Services. New Zealand Finance Houses Association, 'Submission on Application of GST to Financial Services', 29 May 1985, AALR W4446 Box 636 Record Number 76/5/6 Part 2 Task Force on Tax Reform – Taxation Goods and Services Tax, Financial Services – November 1984–December 1986.

152 'Treatment of Financial Services', n.d. [Early 1985]; Telex from High Commission in Canada, 8 August 1985. AALR W4446 Box 636 Record Number 76/5/6 Part 2 Task Force on Tax Reform – Taxation Goods and Services Tax, Financial Services – November 1984–December 1986.

153 NZH, 5 June 1985; *Dominion*, 23 August 1985. AALR W4446 Box 636 Record Number 76/5/6 Part 2 Task Force on Tax Reform – Taxation Goods and Services Tax, Financial Services – November 1984–December 1986.

154 EP, 24 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

155 Gustafson, pp.247–8.

156 *An Agenda for Tax Reform*, Wellington, June 1981, p.13, ABCX W4023 24120 Box 95 New Zealand Planning Council Publications – Agenda for Tax Reform – Various. Barbu Niculescu, 'Some International Implications of the New Zealand Tax System' [September 1981], p.4, ABCX W4023 24117 Box 45 Record Number ECON 2/9 ECON 2 Economics Topics – Taxation – General Tax Reform etc. Niculescu noted the advantage without justifying export supports.

157 Newztel Log: Transcript: Morning Report, 6 November 1985, AATJ W3566 7428 Box 457 Record Number 29/4/5 Financial Policy – Taxation – Goods and Services Tax – General Correspondence.

158 *Marlborough Express*, 13 November 1985; *Press*, 26 November 1985. AXU W3053 Box 11 GST Media Clippings November 1985.

159 'Report of the Advisory Panel on Goods and Services Tax: To the Minister of Finance', n.d. [June 1985], p.37, AAXU W3053 Box 4 Submissions – GST – Advisory Panel.

160 Minutes of Meeting of Margaret Shields with delegation from Retailers' Federation, 'GST Pricing', 3 December 1985; *Retail News*, December 1985, p.1; *Dominion*, 9 December 1985. AATJ W3566 74 28 Box 1351 Record Number 84/3/7/1 Part 1 Consumer Affairs Unit – Consumer Issues – GST 1985–1986.

161 Margaret Shields to Roger Douglas, 10 December 1985; Shields to Geoffrey Palmer, 13 February 1986; Chairman, Officials Policy Committee, Memo: 'GST and Ticket Pricing' for Chairman, Cabinet Policy Committee, 27 February 1986. AAFD W4646 7581 Box 52 Record Number 11/7/43 Part 3 Cabinet Committee on Policy, GST and Price Indications, 11 March 1986.

162 Task Force on Tax Reform, 'Interim Report', 7 December 1981, AALR W4446 873 Box 631 76/1/1 Part 2 Task Force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986. National had introduced a form of capital gains tax on a narrowly defined type of land sale. Gustafson, pp.334–5.

163 'Taxation Policy and Issues, Briefing Paper No. 1', p.12, AALR W4446 873 Box 631 76/1/1 Part 2 Task Force on Tax Reform – Taxation Tax Reform – General October 1982–December 1986.

164 EP, 24 August 1985; *Dominion*, 27 July 1985. AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

165 *Daily Telegraph*, 6 November 1985; Interview with Barry Crump, Newztel Log: Radio NZ 'Midday Report', 5 November 1985. AAXU W3053 Box 11 GST Media Clippings November 1985.

166 Box of Cue Cards, AAXU W3053 Box 1 GST Speakers Kit.

167 *Auckland Star*, 25 July 1985, AAXU W3053 Box 1 GST Speakers Kit.

168 Lange, quoted in *Ashburton Guardian*, 27 June 1985, AAXU W3053 Box 11 GST

Media Clippings July 1985.

169 Heylen poll, cited in *Press*, 10 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

170 Heylen Poll, cited in *Bay of Plenty Times*, 12 August 1985, AAXU W3053 Box 11 GST Media Clippings August 1985 Part 3.

171 ODT, 24 September 1985, AAXU W3053 Box 11 GST Media Clippings September 1985.

172 NBR, 31 September 1986, AAXU W3053 Box 11 GST Media Clippings September 1985 [Clipping misfiled].

173 Newztel Log: TV One 6:30pm News, 29 September 1986, AATJ W3566 74 28 Box 1351 Record Number 84/3/7/1 Part 2 Consumer Affairs Unit – Consumer Issues – GST.

174 *Waikato Times*, 3 November 1986, AAXU W3053 Box 11 GST Media Clippings September 1985 [Clipping misfiled]. Several other reforms may have had a rougher introduction because they impinged on major interest groups; moreover, tax reform was supervised by Roger Douglas, who was committed to its success and attended to details. I would suggest too that, as complicated as it may have been, tax reform was simple compared to corporatization and industrial relations.