

# Economy:

New Zealand has a modern, prosperous and developed market economy with an estimated gross domestic product (GDP) at purchasing power parity (PPP) per capita of roughly US\$28,250. The New Zealand dollar, informally known as the "Kiwi dollar", is the currency of New Zealand. It also circulates in the Cook Islands (see Cook Islands dollar), Niue, Tokelau, and the Pitcairn Islands. New Zealand was ranked the 3rd "most developed" country in 2010 according to the United Nations Development Programme's Human Development Index, 4th in the 2011 Index of Economic Freedom published by The Heritage Foundation.

Milford Sound, one of New Zealand's most famous tourist destinations

Historically, extractive industries have contributed strongly to New Zealand's economy, focussing at different times on sealing, whaling, flax, gold, kauri gum, and native timber. With the development of refrigerated shipping in the 1880s meat and dairy products were exported to Britain, a trade which provided the basis for strong economic growth in New Zealand. High demand for agricultural products from the United Kingdom and the United States helped New Zealanders achieve higher living standards than both Australia and Western Europe in the 1950s and 1960s. In 1973 New Zealand's export market was reduced when the United Kingdom joined the European Community and other compounding factors, such as the 1973 oil and 1979 energy crisis, led to a severe economic depression. Living standards in New Zealand fell behind those of Australia and Western Europe, and by 1982 New Zealand had the lowest per-capita income of all the developed nations surveyed by the World Bank. Since 1984, successive governments engaged in major macroeconomic restructuring (known first as Rogernomics and then Ruthanasia), rapidly transforming New Zealand from a highly protectionist economy to a liberalised free-trade economy.

Unemployment peaked above 10 percent in 1991 and 1992, following the 1987 share market crash, but eventually fell a record low of 3.4 percent in 2007 (ranking fifth from twenty-seven comparable OECD nations). The global financial crisis that followed however had a major impact on New Zealand with the GDP shrinking for five consecutive quarters, the longest recession in over thirty years, and unemployment rising back to 7 percent in late 2009.<sup>1</sup> The unemployment rate for youth was 17.4 percent in the June 2011 quarter.<sup>1</sup> New Zealand has experienced a series of "brain drains" since the 1970s<sup>1</sup> that still continue today. Nearly one quarter of highly-skilled workers live overseas, most in Australia and Britain, the most from any developed nation. In recent years, however, a "brain gain" has brought in educated professionals from Europe and lesser developed countries.

