



# BUSINESS & LABOUR HISTORY GROUP

NEW ZEALAND WORK RESEARCH INSTITUTE

## The Seventh Annual Conference of the AAHANZBS

Academic Association of Historians in Australian and New Zealand Business Schools

### Global business practices in historical perspective

*2–3 November 2015, Auckland University of Technology, Auckland, New Zealand  
AUT Business School*

Hosted by the Business & History Labour Group of the  
NZ Work Research Institute  
Sponsored by History@AUT

### Conference Programme & Proceedings



**AAHANZBS exists to promote:**

The role of historical research in developing theoretical perspectives in business and management  
How historical research aids our understanding of contemporary issues in business and management  
Teaching history in business and management schools

## Conference Program

Day 1 — Monday 2 November 2015		
08:30am	Registration opens	
9:15am	Welcome	<b>Associate Professor Simon Mowatt</b> , Business & Labour History Group of the AUT Work Research Institute, President AAHANZBS
SESSION 1: GLOBALISATION AND LABOUR IN NEW ZEALAND – CHAIR DR SIMON MOWATT		
9:30am	Conference paper <i>Abstract p.5-6</i>	<b>Dr Geoffrey Brooke</b> , Economics, AUT <i>Migration to New Zealand 1840 – 1914</i>
10:00am	Conference paper <i>Abstract p.6-9</i>	<b>Dr Fiona Hurd</b> , International Business, AUT, and <b>Dr Suzette Dyer</b> , Strategy & Human Resource Management Waikato <i>Documenting Change at the National, Industry, Corporate and Community Level: The Case of a New Zealand Forestry Town 1950-2013</i>
10:30am	Morning Tea	
SESSION 2: BUSINESS AND POPULAR CONSUMERISM – CHAIR DR NIKOLA BALNAVE		
11:00am	Conference paper <i>Abstract p.10-11</i>	<b>Dr Matt Bailey</b> , Modern History, Politics and International Relations, Macquarie University <i>One-Stop-Shop: The rise and rise of the Australian shopping centre</i>
11:30am	Conference paper <i>Abstract p.11-13</i>	<b>Professor Howard Cox</b> , University of Worcester, and <b>Associate Professor Simon Mowatt</b> , International Business, AUT <i>Horatio Bottomley, magazines and the business of populism</i>
12:00pm	Lunch	
SESSION 3: PLENARY SESSION		
1:00pm	Keynote Speaker	<b>Professor Ray Markey</b> , Director of the Centre for Workforce Futures, Department of Marketing and Management, Macquarie University <i>Global business and labour practices in historical perspective: What's Really New?</i>
SESSION 4: HISTORY OF MANAGEMENT THOUGHT – CHAIR DR GEOFFREY BROOKE		
2:00pm	Conference paper <i>Abstract p.13-14</i>	<b>Dr Bernard Mees</b> , Management, RMIT Melbourne <i>From Prudence to Strategy</i>
2:30pm	Afternoon Tea	
SESSION 5: LABOUR ORGANISATIONS – DR BERNARD MEES		
3:00pm	Conference paper <i>Abstract p.14-15</i>	<b>Professor Rob Allen</b> , History@AUT <i>Spreading The Light: Labor Networks In New York In The Early 1880s</i>
3.30pm	Conference paper <i>Abstract p.16</i>	<b>Dr Nikola Balnave</b> , Department of Marketing and Management, Macquarie University, and <b>Professor Greg Patmore</b> , B&LHG, University of Sydney <i>Aboriginal Co-operatives: The Role of Alf Clint</i>
4:00pm	AAHANZBS AGM	
6:30pm	Champagne reception	Reception and dinner sponsored by <b>History@AUT</b>
7:00pm	Conference dinner	<b>Four Seasons restaurant</b> AUT University, Level 2, WH Building, Corner of Mayoral Drive and Wellesley Street East

## Conference Program continued

Day 2 — Tuesday 3 November 2015		
09:00am	Registration	
9:15am	B&LHG Student travel awards	<b>Associate Professor Simon Mowatt</b> , Business & Labour History Group Awarded to: Malin Dahlström, James van Dissen
SESSION 6: LIMITS OF BIG BUSINESS – CHAIR PROFESSOR GREG PATMORE		
9:30am	Conference paper <i>Abstract p.16-18</i>	<b>Malin Dahlström</b> , Economic History, University of Gothenburg, Sweden <i>Cement cartels in US and Sweden during the 20th century - how did the cartel legislation affect the cement industry?</i>
10:00am	Conference paper <i>Abstract p.18-19</i>	<b>Dr Mark Westcott</b> , Work and Organisational Studies, University of Sydney <i>Takeover defence and corporate demise – Elders IXL, 1983-1990</i>
10:30am	Morning Tea	
SESSION 7: EMPLOYMENT RELATIONS – CHAIR DR CAROLYN FOWLER		
11:00am	Conference paper <i>Abstract p.20-21</i>	<b>Professor Greg Patmore</b> , B&LHG, University of Sydney <i>The German Works Councils: The Weimar Experience</i>
11:30am	Conference paper <i>Abstract p.21-22</i>	<b>Professor Erling Rasmussen</b> , Management, AUT <i>Past and Present: Danish industrial foundations and their employment relations impact</i>
12:00pm	Lunch	
SESSION 8: COLONIAL NEW ZEALAND – CHAIR DR FIONA HURD		
1:00pm	Conference paper <i>Abstract p.22-23</i> <i>Full paper pp.24-34</i>	<b>Professor Paul Moon</b> , Te Ara Poutama, AUT <i>“A Great Commercial Emporium”: The Nexus of British Colonial Policy and Global Economics in New Zealand in the 1820s</i>
1:30pm	Conference paper <i>Abstract p.23-24</i>	<b>Associate Professor Carolyn Fowler</b> , <b>Dr Binh Bui</b> and <b>James van Dissen</b> , Accounting and Commercial Law, Victoria University Wellington <i>Occupational roles and social networks of colonial Nelson “accountants” (1850-1905)</i>
SESSION 9: BOOKS AND BUSINESS HISTORY – MODERATOR - DR SIMON MOWATT		
2:00pm	Discussion session	Discussion session on the role of books in business history and business school research
2:30pm	Afternoon Tea	
3:00pm	CONFERENCE CLOSES	

## Paper abstracts (in presentation order)

**Dr Geoffrey Brooke**, Economics, AUT  
*Migration to New Zealand 1840 – 1914*

The colonial settlement of New Zealand took place during the mass migration from Western Europe that began early in the nineteenth century and was effectively ended by WW1. Estimates vary, but something in the order of fifty million people left Western Europe during this period. Some returned, but most did not. The migration to New Zealand was a small part of the overall flow; approximately 412,000 people migrated to New Zealand from United Kingdom and Ireland between 1840 and 1914, less than one percent of the total flow for this period. These British and Irish migrants accounted for almost all direct European migration to New Zealand, and were the main source of increase in the European population until overtaken by natural increase in the late 1870s. This paper investigates the causes of the decision by these British and Irish migrants to move to New Zealand between 1840, when New Zealand became part of the British Empire, and 1914. The central question is not why the migrants preferred New Zealand to the UK, but why they preferred New Zealand to the well-established alternatives: Australia, Canada, South Africa, or, most importantly, the U.S.A..

The study of the nineteenth century mass migration from Europe received recent impetus from the joint work of Timothy Hatton and Jeffrey Williamson. Drawing on Hatton's (1995) model of the decision to migrate and Williamson's (1995) cross-country real-wage series, they were able to demonstrate that the decision to migrate was motivated by differences in real wages, that the timing of the move was sensitive to labour market conditions, and that assistance from previous migrants played a large role in the choice of destination (Hatton and Williamson, 1998). These results were a major advance, as previous statistical studies had produced mixed results (Gould, 1979).

While their project was successful in explaining the broad sweep of the migration, Hatton and Williamson effectively avoided the problem of explaining how migrants chose between destinations. First, rather than compare wages in the sending and receiving countries on a pairwise basis, they compared the weighted average wage in the destination countries to the wage in the sending country, where the destination weights were determined ex-post. Second, they included the stock of migrants from the sending country in order to account for "chain-migration," the observation that migrants follow each other, and are often assisted by those that preceded them.

New Zealand, omitted by Hatton and Williamson in their study, offers an interesting case. Using a database constructed from a range of sources, including official statistics, provincial government gazettes, ship ledgers, and newspapers, this paper offers an empirical examination of the migration to New Zealand. A full description of the data sources is in Brooke (2011). In order to overcome the natural disadvantages of cost, distance, and established alternatives noted above, many of the migrants to New Zealand were offered inducements to migrate. Approximately 47% of the migrants who arrived in New Zealand from the UK between 1858 and 1914 received some form of inducement to migrate. The data for 1840 to 1857 are of poorer quality, but the proportion assisted was at least as large. For the majority the assistance took the form of a free or discounted passage, often with a loan for part of the cost. For a minority the inducement took the form of a free grant of land, calculated to be equal in value to the total cost of their passage.

The inducements were offered by private organisations until the early 1850s, and by the provincial and central governments thereafter. In this respect New Zealand was similar to Australia (Haines and Shlomowitz, 1991), but markedly different to the destinations that could be reached more cheaply where assistance was largely kept within families. In total, inducements to migrate were available in 62 of the 75 years between 1840 and 1914. Twelve of the thirteen years in which assisted passages were not available was the period from 1892 to 1903, a response to the Long Depression.

This paper considers the problem of explaining the migration to New Zealand in two ways. First, Hatton and Williamson's model is applied to the New Zealand data. Second, the nature and extent of the inducements to migrate are considered as motivation for the choice of destination.

Applied to the New Zealand data, the Hatton and Williamson model performs well for the migration as a whole. The regression coefficients have the expected sign and the magnitudes are plausible. However, taken individually the model performs very well for the assisted immigrants and very poorly for the unassisted immigrants. Specifically, the coefficients on the economic variables expected to drive the migration decision, relative wages and the relative state of the economy in the sending and receiving country, are significant with the expected sign for the assisted immigrants but not significant for the unassisted immigrants.

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**Dr Fiona Hurd**, International Business, AUT, and **Dr Suzette Dyer**, Strategy & Human Resource Management, University of Waikato

*Documenting Change at the National, Industry, Corporate and Community Level: The Case of a New Zealand Forestry Town 1950-2013*

Single Industry Towns are a significant phenomenon on the global business history landscape (Barnes, 2005; Lucas, 2008; Mawhiney & Pitblado, 1999; Southcott, 2000; White, 2004). In Britain and North America, such towns were associated with the post industrial revolution period, and increasing concerns over worker welfare (Shackel & Palus, 2006), leading to traditional industrial paternalism practices. In the New Zealand context, communities of work were associated with the Keynesian macro-management era of 1940-1970, and although few towns could be constituted 'single industry' by definition, many New Zealand towns were dominated by a single employer, whether in the meat processing, dairy, or mining industries. Although these towns are often characterised as a historical phenomenon, their significance to current studies of the industry/society link remains. Similar towns/regions are seen developing currently in other countries. For example, during the post-cold war era, single industry towns were developed in the former Soviet Union (Kryukova et al, 2015), and more recently, in the past two decades, planned towns and regions (economic zones) have been constructed around single industries in the emerging markets such as China (Di Tommaso & Bellandi, 2005).

In this paper, we present a case study of the development and changes experienced within one of the few single industry towns in New Zealand, Tokoroa, through the period 1950-2013. Our research is based on a comprehensive secondary data analysis covering publicly available texts, documents, images, footage from media, local and central government, and corporate publications. The site of our inquiry is Tokoroa, a single industry town in rural New Zealand, founded in 1947 on company-owned land (Healy, 1982), and once the fastest growing town in the country. Tokoroa is situated 3 hours south of Auckland, and in close proximity to the large-scale central North Island forests. The town is based around the forestry industry, and particularly the Kinleith Pulp and Paper Mill, built 8km south of the town. The initial development of the town took place on a relatively infertile and isolated volcanic plateau, largely on land owned by one of the largest private companies of the time, New Zealand Forest Products (later Carter Holt Harvey), and accompanied the

development of the Kinleith Pulp and Paper Mill. The town was initially largely populated by employment migrants, both internal to N.Z. and external. During the early period of the town, an estimated 60% of residents were born outside New Zealand, and Tokoroa was one of the first sites for placement of Pacific employment migration programmes in the 1960s. During the 1960s and early 1970s, the town was the fastest growing urban area in New Zealand.

As with many industry towns, the global shift to neo-liberalism and technological change has seen functions once performed locally by the firm, or by locally owned firms developed to support the major industry, being exported off-shore. Resultant large-scale redundancies have characterized the town in a state of population and socio-economic decline. Growth and retraction of Tokoroa's population has mirrored the expansion and retraction of the Kinleith Pulp and Paper Mill work force. For example, the town's population grew from approximately 1100 in 1948 to a peak of over 19,000 in the 1980's (Campbell & Weerasingle, 1986), similarly, the Mill workforce peaked at approximately 5500 in the 1980s (McCaw & Harbridge, 1990). Since the mid-1980s, the Kinleith workforce has been repeatedly downsized and by 2013 stood around 130 FTE workers, and the population at the 2006 census was recorded as approx. 14,000 (Statistics NZ, 2013).

### **Summarised Findings**

The development of the Tokoroa community signified the Keynesian emphasis on economic growth through communal development. The Mill not only provided essential employment for the Tokoroa community and therefore New Zealand, but also infrastructure, social events and town administration. The government policies of the time largely enabled this industry-level ideology. For example, the workforce at Kinleith may not have held such a position of power, had the government of the time not been committed to encouraging worker representation and compulsory unionism. This interrelationship was reciprocal, with the forestry industry and Kinleith operations also playing a significant role in the political agenda of the day, providing a site for post WWII employment, and significant industry-based trades training.

Although a private company, the government had a significant role in Kinleith's operations, providing industry protection and issuing licenses upon which the organisation could trade internationally. In addition, through national-level award negotiations, the government played a role in the conditions and wages afforded to workers, and frequently intervened in industrial disputes. Therefore, although Kinleith was fundamentally important to the government, the workforce and surrounding community of Tokoroa; the government in turn, was fundamentally important to Kinleith Mill.

By the mid-1970s, private business in New Zealand had become significantly more powerful, enabled by the growing importance of diversified export markets and an economic downturn at a time when private businesses were performing well. The downturn in the national economy enabled subsequent changes at an organisational level. For example, in the Kinleith case, the sense of urgency conveyed by the Government during the late 1970s and early 1980s was quickly adopted by New Zealand Forest Products, and used to justify the first wave of redundancies (and refusal to negotiate during industrial action). However, the economic downturn experienced on a national-level did not transfer to a drop in company profits. Yet the messages conveyed by both the public and private sector reinforced each other, and served to further embed the sense of panic and urgency. What followed was 15 years of rapid structural change in New Zealand, the restructuring of the state, sale of state assets, and a significant change in the business operations of Forestry industry members.

This change was reflected at the organisational level at Kinleith. Deregulation of monetary and industry policy more freely enabled changes of ownership, and Kinleith moved to a global ownership model. The mill became one asset in a world-wide organisation, each having to prove its own competitive worth. Therefore, while Kinleith was continuously surpassing previous production records, and forestry labour prices were amongst the lowest in the world (Harris, 1996), the message conveyed was still that the mill was 'unprofitable' and not 'globally competitive'. These phrases in hindsight, were relative. For example, even at the height of the cost concerns at the Mill during the late 1990s, as international pulp prices fell, Carter Holt Harvey was still averaging annual profits of over \$200 million. Although this was a departure from the early 1990s levels of up to \$400million, it still signalled a significant profit for the Mills owners.

There were also marked changes in operational strategy at Kinleith. Outsourcing of non-core functions was introduced, and the adoption of flexible forms of employment. For example, the maintenance functions (which also contained large numbers of the highest skilled, highest paid staff), was outsourced to ABB, an international company, who, while employing some of the staff previously made redundant, also brought in

a significant number of their own employees (Watkin, 2002 December 7-8). The outsourced and flexible employees, although still theoretically employed, were not covered by company wage agreements or working conditions, and prone to the flexibility of operations during times of downturn. This change had significant impacts on the skill profile of the town, as many of the ABB contractors lived outside of Tokoroa.

At the community-level, as a single industry town in a global business environment, Tokoroa is fundamentally reliant on the Kinleith operations to ensure its citizens can participate in society, and at a basic level, for the town's survival. This reliance is illustrated in the following excerpt, printed at the time of the 2002 redundancy announcement:

“Whether it likes it or not, CHH has a paternalistic position in Tokoroa as the town's principal employer. In many cases employees have spent their whole working lives at Kinleith, and sons have followed fathers into the mill. For many, some highly skilled, there is no alternative employment in the town. If they don't work for CHH they either move away or they don't work.” (Mill Changes Have to Work, 2002 March 30)

Consequently, as redundancies occurred at Kinleith during the 1980s and 1990s, so too did a marked increase in negative socio-economic indicators in Tokoroa. Sharp increases in unemployment, welfare rates, health indicators and income inequality have all been recorded. What occurred within the community is reflective of the patterns of income inequality occurring on a global scale, both between, and within national boundaries. The systematic downsizing of Kinleith, and flow-on effects have resulted in Tokoroa now having a larger than average number of both high income earners, and those categorised as living in poverty.

## **Conclusion**

The documentation of the concurrent development of New Zealand political-economic policy, the New Zealand Forestry Industry, the Kinleith Mill operations, and the town of Tokoroa, provides a significant case for exploring the historical interrelationship between government, corporate, and community spheres, the macro-, meso- and micro- levels of change. From a historical perspective, this research documents the case of one of the most explicit examples of a 'single industry town' in the New Zealand context through a period encompassing significant changes. In a wider research context, this paper provides an analysis of a phenomenon still being widely used globally today. In a context of increasing emphasis on responsible management education and practice, the exploration of the impacts of management decisions is of significant interest, and this research provides a relevant, thought-provoking case for consideration.

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Between the US presidential election of 1880, and the congressional elections of late 1882, the labor movement in New York, for the first time, attempted to bring together a temporary coalition of socialists, unionists and the Greenback-Labor party to develop its own United Labor party. This initiative was built on the activities of a strong informal network of radicals – not all of them principally engaged with the labor movement – and a range of mostly ephemeral organizations that they established and ran. The paper investigates how this network of interconnected activists were engaged through multiple memberships with a range of organisations that emerged, grew, flourished, declined, or disappeared during that period. It considers the interconnections between, and intertwining of, both the individuals and the organizations. Rather than seeing any specific organizations or individuals as central it looks at the way in which this informal, overlapping and highly fluid extended social network sought to leverage organisations, events, actions and publicity to promote the cause of labor.

In the early 1880s the Brooklyn Spread the Light Hall briefly provided a base for these activists. Here, the Spread the Light Club heard lectures from well-known radicals on topics including land reform, cooperation, socialism, and boycotting. It was here that the first 'Labor Day' parade was initiated. The briefly flourishing 'spread the light' movement had emerged from recent agitation in support of the Irish Land League, but many of the major participants were primarily and prominently involved in the internal battles of the emerging Knights of Labor, but were also seeking to develop, individually and collectively, labor union organisations; to establish a party for labor; to promote various radical causes such as 'No-Rent'; all under the banners of *Agitate, Educate, Organise and Spread the Light*.

The organisations presented some common interests. In these two years, they usually represented the 'anti-monopoly' movement and the need for alternatives to the existing political parties. Specific issues, notably the eight-hour day, were also common to them. Increasingly the land tax reforms of Henry George provided a linking theme. A range of other smaller issues could supplement their programme, but for the activists, there was sufficient in common for these organisations to be mostly acceptable to, and accepting of, the broad network of radicals and many radicals had multiple memberships.

What did differ was the nature and scope of the organisations: size, culture, constituency, events, experience, public profile, and impact. The Spread the Light Club itself, for example, provided an opportunity for leading radicals to 'educate' and an audience of several hundred to listen and, hopefully, learn; a labor union was a vehicle for specific, pragmatic, work-related issues and actions; the burgeoning Knights of Labor offered a fraternal semi-masonic experience within a small group but devoted to education, cooperation, solidarity and brotherhood rather than pragmatism; the Irish Land League was a unifying experience for the Irish and their allies, bringing together the old and the new worlds; the Central Labor Union combined the world of New York's unionism with that of large scale political organisation and action. The political 'party' threaded its way through these experiences. Elections were events which provided a temporary, public, base that allowed the various non-party organisations and their members to express much of what they wanted, but without them having to fall into the trap of the machine-based parties they so despised. Loyalty, exclusivity, and certainly permanence were not necessarily important components. Although they took on different forms and structures, with different programmes, they shared the position with many other organizations that it was their role to 'rescue the country from the clutches of the corporations and the monopolists' and looked on the two main parties as 'accomplices of these latter and as an obstacle to reform.'

Underpinning much of the activity of this radical network, and the labor movement more generally, was what Canovan has called the 'democratic pretensions' of such popular activists. Seeing themselves as 'true democrats', claiming to be the voice of 'the people', they utilised the available organisations to provide a range of outlets for that voice. Canovan proposed that there are within the democratic process two opposing but independent faces; one 'pragmatic', the other 'redemptive'. 'Ballots not bullets' constitutes the pragmatic face, with '*Vox Populi, Vox Dei*' or 'government of the people, by the people, for the people' the redemptive face. If the democratic 'machine' cannot deliver that redemptive aspect, there will be a challenge from outside the mainstream. As such, says Canovan, populism – in the broadest sense of that word - accompanies democracy like a 'shadow'.

In this particular period, within this 'shadow', there was a determination, through the range of organisations made available – clubs, leagues, unions, federation, parties – to provide opportunities and

events that would express the many concerns that were held by individuals, and groups, who believed that the democratic machine – and specifically the main parties - could never deliver them from the grasping hands of the monopolists. The extended and highly energetic network of activists, sought to use the different structures and experiences of the different organisations to gain traction and to maximise impact, but also to ensure continuity such that the organisations might disappear but the aims and purposes – general and specific - continued on. It was the complex iteration between a highly active informal network and a multitude of organisational forms (including, but not principally, political parties) that provided the platform for the radical thinking that would in a later period come to be accepted aspects of the platforms of the established national parties.

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**Dr Nikola Balnave**, Department of Marketing and Management, Macquarie University, and **Professor Greg Patmore**, B&LHG, University of Sydney  
*Aboriginal Co-operatives: The Role of Alf Clint*

## Summary of Argument

The issue of creating economic sustainability for rural and remote Aboriginal communities is not new. There has been a long history of using co-operatives to assist tribal communities expand their economic opportunities and independence in a competitive global market. In Africa, this was built on a “paternalistic vision” of the colonial administrators introducing co-operatives rather than locals developing their own co-operatives from below. As Ketilson and Macpherson have argued, co-operatives “have been the most successful when they have arisen out of grassroots efforts to meet the needs of a community.” From the 1950s to the 1970s the Rev. Alf Clint led a movement to bring about economic sustainability in Aboriginal communities through the establishment of co-operatives. He viewed the co-operative model as an appropriate way for indigenous communities to be integrated into Australia’s political and economic system. As Clint was to later argue, “The Aborigines are communal in their life, and this communal unity is the first step towards co-operative development”. This paper explores this “first wave” movement of co-operatives aimed at indigenous Australians and examines why it was not successful.

## Summary of Findings

Clint was born in Wellington New Zealand in 1906 and moved to Sydney in 1910. His family poverty radicalised him. He studied Marxism and joined the Australian Labor Party, while remaining an active member of the Anglican Church. He gained experience in co-operatives through working at the Balmain Co-operative Society in Sydney. He trained for the Anglican priesthood and entered the ministry in 1929 on the condition that he could maintain his membership of the Australian Labor Party and the Australian Workers’ Union, which he did for the rest of his life. In 1948, at the invitation of the Bishop of New Guinea, he became the co-operative advisor at Gona, Papua. He visited villages helping to form Christian co-operatives. He became convinced from

his Papuan experiences that co-operatives were an advantage to indigenous people because they were non-exploitative and that the co-operatives reflected the lifestyle of Aboriginal clans.

Clint found sympathy for his ideas at the Anglican Australian Board of Missions (ABM). In 1952 the ABM adopted the co-operative model as the best way for Aboriginal communities to progress. It found funds for the implementation of Christian co-operatives and appointed Clint as an organiser. In 1953 the ABM established a Co-operative Department and from this emerged the ABM Christian Community Co-operative Ltd. This body became responsible for directing all church co-operative activity and eventually overrode the role of the Co-operative Department. Clint initially planned to begin his organising activities in the Aboriginal reserves and camps of NSW, but at the insistence of the ABM Chair Archdeacon Robertson, he was directed to focus on ABM missions in North Queensland at Edward River, Mitchell River, Lockhart River, Yarrabah and Moa Island in the Torres Strait. Later he also became involved in the Cabbage Tree Island Aboriginal Reserve near Ballina in Northern NSW.

While there were a number of initial successes, some of the co-operatives faced enormous difficulties, and enthusiasm within the ABM began to wain. In May 1962 the ABM abolished its Co-operative Department and the ABM Christian Community Co-operative Ltd. from December 1962 moved towards independence. It became known as the Co-operative for Aborigines Limited and took over the running of Tranby College, which had been established to provide training assistance for Aboriginal co-operativists, where Clint remained involved until his death in 1982. The last remaining link broke in 1968 when the Reverend Frank Coaldrake, chairman of the ABM, resigned from the Board of Directors of Co-operatives for Aborigines Limited.

The Aboriginal co-operatives faced a number of economic, management and political challenges that placed barriers to the development of the movement. A major issue was the economic sustainability of remote communities. For Lockhart River, for example, the introduction of plastics led to the collapse of the trochus shell market. When they looked at mining, their efforts were undermined by the lack of legal ownership of the land by either Aboriginals or the mission, which was a basis of complaint for the emergence of the Aboriginal land rights movement. While the movement established Tranby College in Sydney to redress training issues, there was a lack of skills in regard to basic management and accounting practices. At Cabbage Tree Island in 1964 a problem arose with the co-operative store providing excessive credit to customers. There was also a problem with continuity of management as many Aboriginals sought paid work outside their community and could be absent for the long periods of time.

The co-operatives also faced opposition both within the Anglican Church and beyond. S.J. Matthews, the new Anglican Bishop for Carpentaria, decided that Clint was a Communist and in 1961 forbade him from entry onto missions in the Carpentaria, a move that was supported by the Queensland Government. The conservative state government in Queensland, elected to power in 1957, saw the co-operatives as a Communist front. This government also preferred to establish privately owned businesses, such as retail stores, in the Aboriginal communities rather than co-operatives. Clint complained that his lack of access to the Queensland co-operatives weakened the effectiveness of the movement.

While Clint found support within the established co-operative movement and the Australian labour movement, there were issues even here. Clint's efforts received support from the metropolitan and coalmining co-operatives by way of financial assistance and training opportunities. Consumer co-operatives in rural areas, however, provided little support for this movement. Clint attacked the rural co-operatives for being "more philosophically Tory than cooperative" in their outlook and being geared to the "convenience" of the Australian Country Party, "which represents the most conservative section of the Australian population" and "big business".

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**Dr Bernard Mees**, Management, RMIT Melbourne  
*From Prudence to Strategy*

Alfred Chandler is widely held to have popularised the notion of business strategy in his 1962 historical study *Strategy and Structure*. Yet the understanding that business strategy was first described by a business historian seems to forget the recurrent first-year textbook theme (after Fayol's *Administration industrielle et générale*) that planning is one of the four elements of management. Fayol, however, did not use the word 'planning' (French *planification*) in his celebrated 1916 work; rather he spoke of *prévoyance*, translated by Storrs in 1949 as both 'planning' and (more literally as) 'foresight'. Nonetheless the usual gloss for French *prévoyance* is 'prudence' (Aristotle's *phronêsis* or 'practical wisdom') – Fayol was advocating prudent management of the business enterprise. How prudence became strategy (a military metaphor) remains a largely forgotten, but watershed development in the history of business management.

As Daniel Wren has described in his landmark *Evolution of Management Thought*, the notion of business strategy is a post-war phenomenon. Before Chandler, it was more common to speak of business policy or planning; it was not until Chandler's landmark 1962 book appeared that works like William Newman's *Administrative Action* began to include the description strategy. Economic thought in the 1940s and 50s stressed planning in a sense similar to wartime planning, but after Chandler the military notion of strategy (learnt, for example, by the Ford "whiz kids" while they served in the US Air Force) replaced the earlier notion (which, indeed since Hayek's *Road to Serfdom*, had come to be associated with socialism). But the earlier concept of prudence is more widespread in the pre-war literature – a Christian virtue since the time of St Thomas Aquinas, managing a business prudently had been the traditional theme in business understanding.

This change from a predominantly moral notion to a military one can be seen as reflecting a key change in management thought concerning the principal function of business leadership. Where the role of senior management had been typically conceptualised previously as one of stewardship, the adoption of the military metaphor strategy represents an early sign of the adoption of the economic language of competition in management discourse. There has been a recent revival of interest in prudence (or *phronesis*) in strategic management, but its historical association with business practice has long been forgotten. Rather than holding to the traditional virtue of prudence, from the 1960s the key attribute of business leaders came to be seen as martial or fighting. This development is one of several themes that had already entered business discourse before the advent of what its critics term neo-liberalism, but has become a key aspect of

management thought and education whose development remains fossilised linguistically in the continued mistranslation of Fayol's *prévoyance* as 'planning'.

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**Dr Matt Bailey**, Modern History, Politics and International Relations, Macquarie University  
*One-Stop-Shop: The rise and rise of the Australian shopping centre*

This paper draws on archival research and oral history interviews to explore the adaptation of the American shopping mall to Australian conditions, the unique features of the Australian model, and the reasons for its success. It argues that Australia's planning regimes, the incorporation of a wide range of discretionary and non-discretionary retailers, the stability provided by a concentrated retail industry, and the capacity of retail property operators to adapt to change have provided the basis for a highly successful industry in Australia. Further, the organisational capabilities that were developed in this environment facilitated the export of the Australian model to foreign markets.

Shopping malls first emerged in America during the 1920s in response to increasing automobile usage and suburban retail activity. Development was sporadic until a construction boom in the 1950s when innovators such as Victor Gruen established the prototype for the modern mall.<sup>1</sup> The shopping center model subsequently spread, with variations, around the globe. It was introduced comparatively early in Australia, where the post-war boom had brought negligible unemployment, rising wages, mass housing construction, rapid increases in motor vehicle usage, suburban expansion, and the emergence of a modern consumer sensibility that filtered through most aspects of social activity.<sup>2</sup> Shopping centres were a retail distribution model aligned to these changes, and since the 1960s have been a significant force in the reshaping of Australian cities.

Shopping centres now provide a retail social infrastructure that most Australians engage with on a regular or semi-regular basis.<sup>3</sup> They currently represent asset values of more than \$126 billion and capture retail sales of around \$122 billion, accounting for 47% of the country's retail trade.<sup>4</sup> Despite their social and economic significance, however, histories of this retail form in Australia have received little scholarly attention. Peter Spearritt has written two book chapters analysing the early developments;<sup>5</sup> Graeme Davison has traced the history in a government report;<sup>6</sup> Beverly Kingston and Kim Humphrey incorporate

them within broader retail histories;<sup>7</sup> and there are some case studies of particular centres that inform aspects of the broader context.<sup>8</sup> There is, though, no business history of the Australian shopping centre industry, outside of self-published company histories, nor examples of historians engaging with decision makers and key executives within the leading firms. The interviews reported on here tap into decades of hands-on experience and accumulated expertise. Interviewees have clear views on the historical trajectory of the industry, the unique features of the Australian model and the frameworks that have guided its development.

In contrast with large North American malls, which remained lifestyle oriented and dependent on discretionary expenditure, Australian shopping centres of all sizes from the beginning incorporated supermarkets and grocery outlets.<sup>9</sup> Further, the limited sites available to major discount stores from the 1970s onwards, meant that they, too, frequently opened in shopping centres rather than following the stand-alone American development path. In Australia, supermarkets and discounters delivered large volumes of foot traffic to discretionary specialty shops and department stores. This created highly productive spaces that generated strong growth in leases across long periods of time. In the United States, non-discretionary food shopping, discounting and higher-end discretionary retail tended to be segregated in a more dispersed retail geography.<sup>10</sup>

The Australian shopping centre was also heavily shaped by planning instruments, and even from within the industry has been described as a “protected species”.<sup>11</sup> Planning legislation prevented the laissez-faire development characteristic of the United States, encouraging major developers to secure sites in advance of demographic tides. Once obtained, these sites were protected to a significant degree from potential competition. Relatively strict and transparent planning thus provided certainty and security, encouraging investment. When assessing the historical shape of development, it is clear that Australian developers judiciously leveraged what were ostensibly sound planning instruments to establish retail dominance in many urban locations.<sup>12</sup> The stability and security provided by planning was further reinforced by the concentration of major retail firms in Australia. The strength of the major retailers provided a guarantee of a centre’s viability for both specialty retailers and investors.<sup>13</sup>

Protective planning regimes, strong retailers, and high foot traffic underpinned an innovative, highly professional industry that was able to continually innovate around these fundamentals. Organisational capabilities established in this environment subsequently facilitated the internationalization of firms such as Westfield, which took Australian operating expertise to foreign markets, including the United States.<sup>14</sup> The unique characteristics of the Australian market, then, in combination with a relatively small and well-organised industry, created a shopping centre model that is viewed both here and overseas as one of the most successful in the world.

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**Professor Howard Cox**, University of Worcester, and **Associate Professor Simon Mowatt**, International Business, AUT

*Horatio Bottomley, magazines and the business of populism*

*John Bull* is largely remembered as a periodical which during the First World War rose to prominence as Britain's leading weekly magazine. As such it has been used by cultural historians as a reflection of both popular patriotic sentiment and a critical voice against the authorities. The magazine's ability to wield such a strong influence between 1914 and 1918, however, was founded on the success it achieved in the years leading up to the war, during which time it emerged as a populist publication with a circulation rising to over one million following its launch by Horatio Bottomley in 1906.

The current paper seeks to explore from a business perspective the reasons behind the pre-war commercial success of *John Bull*. It does this from three different perspectives: in relation to the magazine's management and particularly the influential role of its printer, Odhams Press; in terms of its editorial content in extending the popular appeal of the magazine through both the promotion and criticism of business enterprises; and by means of its advertising policy which provided a platform for offshore betting companies and bookmakers to reach a large pool of actual and potential punters.

This issues encompassed several contradictions: *John Bull* pursued both a populist anti-big business rhetoric along the lines of the 'yellow press' in the United States, whilst at the same time promoting the idea of a 'business government' with anti-labour sympathies. These apparent contradictions reflected the complex character of *John Bull*'s founder Horatio Bottomley who was in the period prior to the outbreak of the First World War using magazines, rather than newspapers, as a mechanism to build a basis of popular political support in the United Kingdom.

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**Malin Dahlström**, Economic History, University of Gothenburg, Sweden

*Cement cartels in US and Sweden during the 20th century - how did the cartel legislation affect the cement industry?*

## **Argument**

The literature about cartels and cooperation are in many ways contradictory, the results differ from study to study. Several of the implications from former research are valid only within their context. Therefore it's useful to make comparisons between industries and between countries. In the paper the cement industry in US and Sweden is compared. The cement industry is a good object for comparison because the industry has always been international and the product is homogenous. Different legislation and policies for competition would therefore have impact on the industries in the countries.

The legislation has of course an impact on the emergence of cartels and how cartels function. This is also where the idea of big business and cartels as each other's replacements come from. George Stigler, maybe the most famous cartel theorist, sees cartels as an alternative to mergers. He argues that cartels are set up when a merge is not possible, because of the law or because it does not give scale advantages. Jeffrey Fear argues that cartels are slowing the process of consolidation on the market. In his view the cartels could allow for smaller companies to stay in business due to the fact that they can engage in cartels. Dominique Barjot and Harm Schröter argue that the view of cartels would need to be reconsidered since the cartels are an (better) alternative to huge companies. This also relates to the debate if cartels take out competition or not,

many scholars as Jeffrey Fear and Harm Schröter simply mean that cartels rearrange the competition. The competition does not end with cartels; there is still competition in the cartels.

## Findings

The biggest difference between the two countries during the 20th century was that in Sweden cartels were not banned until 1993 and in US the cartels were banned since the 1890s. The government did not intrude in the cement industry, even if the price during times were put under price control - but so were also many other products. Since the cartel in the industry controlled the cement industry, the competition authorities kept their eyes on the industry.

In the 1890s with the Sherman act restraint of trade and monopolization became forbidden. Between 1938 and 1980 the Sherman act was extended. Both horizontal and vertical mergers were prohibited by the rules and the government took action against abuse of the rules.

The cement industry in Sweden and US has evolved differently because of the legislation surrounding competition in the two countries. In Sweden the cement producers engaged in a cartel and sales company already in the end of the 19th century. During the 20th Century the concentration process in the industry continued gradually, ending up with monopoly in the 1970s.

In US the cement producers were scattered and the authorities intertwined in what they considered anti-competitive behavior. The Federal Trade Commission broke up the basing point system in the 1940s and the vertical integration into ready mixed concrete in the 1960s. In the 1960s and 1970s the structural change took off in US, old plants closed and many mergers and acquisitions took place, this change had already occurred in Sweden 20 years before.

The regulation of the market could be done in different ways. In Sweden the cartel was the regulator of the market, in US the authorities was the regulator. These organizations functioned as control mechanisms for the growth and the future of the industries, they created the frames that the companies had to work within.

The biggest problems in both countries were the overcapacity that occurred in economic downturns. For the Swedish cartel it was not that hard to control the outcomes, and Skånska Cement was a low cost producer that could regulate its outcome. The Swedish industry also had the export for balancing the overflow, the integration also worked beneficial in this way; the cement could be used in other industries where the cement companies were involved. For the US cement industry the downturns must have affected the profits to greater extent, we can also see that the industry in US get in to big changes in periods of problems. The most significant difference between the countries is the export/import ratio. For the Swedish cement industry the possibility to export has always been important, for the American industry the export is almost negligible. One reason for the balance problem is the location of the American cement industry, most plants are and have been located inland and therefore depend of land transportation.

Today both the Swedish and the American cement industry is controlled by foreign interests, the Swedish industry totally, and the US industry barely. The competition policy does not seem to matter for that purpose, neither for the concentration that is quite high in both countries.

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**Dr Mark Westcott**, Work and Organisational Studies, University of Sydney  
*Takeover defence and corporate demise – Elders IXL, 1983-1990*

This paper examines the issue of corporate managerial discretion through the prism of takeover defence activities by listed companies. Berle and Means (1932) established early in the 20<sup>th</sup> century that management of listed companies in the USA exercised a degree of discretion in their ability to decide how corporate assets were used. This discretion arose as a consequence of the separation of ownership and control. However, management performance would be checked by the public market. Poor corporate management could be punished through an active market for corporate control (Jensen and Meckling, 1976). In other words if management used their discretion to make decisions that led to poor corporate performance, reflected in a low share price, they could be punished through hostile acquisition. A potential tension arises where management can dilute this threat by using their discretion to manipulate company assets in such a way as to bolster their position against hostile bidders, by means such as agreed cross share purchases with other listed entities. Such a situation raises the question as to whether the threat of takeover is an effective check on managerial power and discretion. In the case of Elders-IXL in the 1980s in Australia, the actions taken by executive management to create a bulwark against hostile takeover clearly led to corporate crisis. During the mid-1980s Elders-IXL and BHP cooperated, through cross share ownership, to defeat a takeover bid from Robert Holmes a Court. The manner in which this cross share ownership position was unwound led to a situation of corporate crisis for Elders-IXL and the restructuring of the company into the Fosters Brewing Group.

Elders IXL was one of the most successful Australian listed companies during the latter half of the 1980s, valued as Australia's second largest listed company in terms of market capitalisation in 1988 (Huxley, 1990). The company was constructed through the 1980s under the guidance of John. D. Elliott. He took a small Tasmanian Jam manufacturer (Henry Jones IXL) and developed this into an international conglomerate encompassing activities in wool broking, agricultural supplies, brewing, merchant banking and finance. The company was built through a series of acquisitions, mostly funded by debt (Hagan, 1990). The performance of the company deteriorated suddenly and dramatically in 1989. In price adjusted terms Elders IXL shares were valued at \$4.14 in July 1989. Just over one year later in September 1990 these shares were valued at \$2.28 (Fin Analysis). In 1990 Elders reported the largest loss then recorded in Australian corporate history and was forced to reorganise its activities, including a program of corporate divestment, in order to remain viable. John Elliott was forced first to relinquish his position as Chairman of the Board and then his role of CEO as Elders-IXL was transformed into Fosters Brewing Group. While it would be too simplistic to link the demise of Elders IXL to a particular event - the company certainly assumed a great risk by carrying such a high level of debt (Walker, 1991; Hagan 1990) - a trigger for its demise can be found in the unwinding of its cross share ownership position with BHP. This cross ownership situation arose as a consequence of a decision by Elders to defend BHP from hostile takeover by Robert Homes a Court's Bell Resources limited in 1986 (National Companies and Securities Commission, 1996).

The paper examines the demise of Elder's by focussing on two instances where corporate management directed company resources toward take-over defence. The first instance occurred with the creation of the Elders IXL entity. A small listed company, Henry Jones IXL, merged with Elder Smith Goldsborough Mort (Elders Ltd) when it came under threat from a Robert Holmes a Court's takeover bid in 1981. An important element of this merger was the installation of Elliott and the Henry Jones Chairman Ian McLennan as CEO and Chairman of the Board respectively (Hewat, 1988). This action resulted in two important outcomes. The company that emerged as a result of this response was the merged Elders IXL entity, which created the corporate infrastructure for the relatively small John Elliott controlled Henry Jones IXL to expand its operations through the more established Elders Ltd. The second outcome was that Carlton United Brewers (CUB), one of Henry

Jones IXL major shareholders, through acquiring Elders shares purchased by a corporate supporter of Elders, came to have a controlling interest in Elders IXL (Hagan, 1990). Elliott's perception that CUB's shareholding in Elders IXL made the company vulnerable to takeover, along with his desire to access the cash flow and assets provided by CUB, were the grounds for Elders IXL's 'reverse' takeover of CUB in 1983. Thus the motivation of defending against hostile takeover were important in the creation of Elders IXL as an international conglomerate in the early 1980s

The second instance of take-over defence relates to Elders IXL purchase of BHP shares (along with BHP's subsequent purchase of Elders preference shares and options) in 1986. These purchases were publicly recounted as a result of an independent decision first by Elders to purchase BHP shares, and BHP's subsequent response to this move. Regardless of the independence of these transactions Elders IXL and BHP shared a number of informal linkages (through advisors and directors) and Elders had previously approached BHP with a request for that company to provide it with equity capital (National Companies and Securities Commission, 1986). The outcome for both companies of these share purchase transactions were that Elders IXL spent approximately A\$1.7 billion to acquire around 18 per cent of BHP shares and BHP spent around A\$1 billion to purchase the rights to approximately 13 percent of Elders, an effective position of defence against the attempts of Bell Group to acquire control of either, but particularly BHP (Coster, 1990; Stretton, 1990). It was the relaxing of this cross ownership position which led to the demise of Elders IXL.

With the passing of the threat from Bell Resources (largely as a result of the effect on this company of the stock market crash on October 1987), both companies moved to unwind the cross ownership position. It was reported that in late 1986 BHP sold the options it held over Elders IXL shares to a privately held company called AFP Limited (a company run by Peter Scanlon, an Elders IXL director). These options were then bought by Harlin Holdings, another privately held company but owned by Elliott and a number of Elders executive managers (Stretton, 1990). In March 1989 Harlin announced that that it was a substantial shareholder of Elders IXL shares with a parcel of 23 per cent (Coster, 1990). When Harlin sought to acquire a further 17 percent of Elders IXL shares (which were owned by another company associated with AFP), it came under pressure from the corporate regulator to make an on market offer to all Elders IXL shareholders. It is reported that in the Elders IXL general meeting in July 1989 Elliott as CEO and Chairman of Elders IXL recommended to shareholders they not accept the offer being made by his private company for their shares (Coster, 1990). Elliott's off-market attempt to gain control of Elders IXL resulted in the unintended outcome that his private company was largely forced to make a management takeover. Harlin acquired over 50% of the company's shares at a cost of A\$2.8 billion (The Economist, 1990). Harlin holdings had no assets (other than Elders shares) and no income and could not sustain its debt repayments. This situation resulted in a dramatic loss of value for Elders IXL and the subsequent restructuring of the company into Foster Brewing.

These instances of take-over defence tactics, where corporate resources have been directed by management toward the end of defending the independence of other companies, highlight that particularly at this time in Australian corporate history management discretion was not disciplined by the threat of hostile acquisition.

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This paper will overview the role of Danish Industrial Foundations, their defining characteristics and enduring importance for the Danish private sector. The paper will then discuss the link between firm financing and employment relations and in particular, it will suggest that the employment relations role of Industrial Foundations are well aligned with the so-called 'Danish Model' of employment relations.<sup>1</sup>

It has been a well-established theme in employment relations that governance and financial structures can play a major role in the development of particular managerial employment strategies. For example, Gospel and Pendleton (2005) have suggested that various forms of firm financing can influence managerial employment approaches. This theme has also featured in comparative analyses of the economic success of the German or Japanese forms of capitalism where close relationships between banks and firms can create a basis for long-term employment relations strategies (Morgan 2010, Streeck & Yakumura 2005, Streeck & Thelen 2005). It has been less explored in the literature how Danish industrial foundations – that is, foundations with major shareholdings in private firms – have played an important role in the recent economic success of the Danish economy and the celebrated 'Danish Model' of employment relations (Due et al. 1994, Campbell et al. 2006, Rasmussen & Lind 2013).

On this background, the first part of the paper will overview the origins and importance of Danish industrial foundations. As industrial foundations have had a long history the paper will emphasise the particular context which made foundations a long-term strategy for many family-owned and sharemarket businesses. It will also address whether a positive context is still existing for the formation of industrial foundations. While the importance of industrial foundations is mainly illustrated through key statistics about their economic and social importance, the paper presents a historical overview of the oldest industrial foundation – the Carlsberg Foundation – which attests to its past and current importance. It also indicates that industrial foundations can play a useful role in a more globalised world if they adjust their relationships with the businesses they own or partly own (Lunde, 2008).

The second part of the paper deals with the theoretical discussions surrounding various forms of firms financing and the positive and/or negative effects on employment relations. It has been suggested in the recent debates of 'varieties of capitalism' that some market economies have been able to exploit the existence of 'patient' long-term orientated capital to build sustainable competitive advantages (Hall & Soskice 2001). This has often been associated with well-functioning education and training systems which allows for continuous upskilling and career adjustments (McLaughlin 2010 & 2013). On the other hand, there has been considerable criticism of 'patient', long-term capital funding as supporting ineffective firms and practices compared to firms exposed to direct and strong market pressures. For example, this has been a core element in Western criticism of Japanese forms of capitalism (Abegglen 2006, Dore 2000) and also surfaced in the discussion of the so-called "Eurosclerosis" associated with low performing European countries in the 1990s (Boeri & Garibaldi 2009).

The theoretical analysis suggests that the link between long-term firm financing and positive employment relations is much more tenuous and indirect than often portrayed in some of the literature. Positive employment relations outcomes are also dependent on a number of other contributing factors which may or may not be in place at various time periods; a crucial point underscored by the paper's historical approach which highlights the fluctuating fortunes of the national economy and firms owned by industrial foundations. However, the theoretical analysis also highlights that there can be number of very positive employment relations outcomes associated with 'patient', long-term forms of firm financing and this can make firms both competitive internationally and overcome negative effects of market-orientated 'short-termism'.

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<sup>1</sup> This paper is only one part of a number of papers about the 'Danish Model' of employment relations (forthcoming in *New Zealand Journal of Employment Relations* in 2016).

**Professor Greg Patmore**, B&LHG, University of Sydney  
*The German Works Councils: The Weimar Experience*

### **Summary of the Argument**

The German system of works councils has attracted a great deal of attention as a state mandated form of Non-Union Employee Representation (NUER). The major interest is on the post-war experience with the earlier Weimar system of works councils largely overlooked. The idea of works councils in Germany predate the Weimar Republic and the passage of the Works Council legislation in 1920 can be linked to the political upheavals that accompanied Germany's defeat in World War I. The works councils, which consisted of elected employee representatives, could have representatives on the Supervisory Boards of German companies. The demise came about with Hitler's rise to power in 1933. While Weimar works councils operated for only 13 years, they provided the foundations for the modern system of co-determination in Germany.

The Weimar works councils provide a valuable testing ground for the general arguments in regard to NUER. There are concerns that NUER may inhibit and undermine union organisation in the workplace. While non-unionists could run for election on German works councils, there were provisions in the Weimar works council legislation that protected freedom of association and therefore limited the potential for employers to weaken union organisation. German trade unions were generally well organised and their right to engage in collective bargaining recognised. Another concern with NUER is that workers may lose interest rapidly in participation unless they have some influence. The Weimar legislation provided works councils with a significant role in the workplace with for example an oversight role over dismissals and a requirement that management provide the works councils with all relevant information relating to the firm's financial position.

### **A Summary of the Findings of the Paper**

The German Weimar works councils experience supports the argument that is possible for unions to co-exist and thrive alongside NUER. Where these schemes are voluntary, unions may see little need for them when there is a strongly based system of collective bargaining and management recognition of unions. When the schemes, however, are based on a legislative framework, which recognises unions, and provides the NUER with a meaningful role, as was the case with the German works councils in regard to dismissals, unions generally appear willing to live alongside these forms of employee representation.

There is also another important message for unions. The fears that NUER could be captured by workers hostile to unions or manipulated by employers with an anti-union agenda could be realised if unions do not play an active role in ensuring that union candidates contest elections and win positions on these bodies. The support of German unions for their respective forms of NUER was built on them taking an active role in these bodies and ensuring through participation in the NUER elections that they did not undermine their interests. They also emphasised education to ensure that their works councillors could carry out their duties in dealing with management.

While there were positive aspects of the German works councils, there were problems for the system. There were a significant number of eligible workplaces that did not have works councils. While most employers tolerated the presence of works councils, they undertook the minimum required by the law. There was a lack of trust in regard to role of works councils improving productivity and production methods. Management, despite the legislative requirements, was reluctant to share information with unions that may have highlighted the need to reform production. Trade unions for ideological reasons were unwilling to assist management. Women, despite the reforms of the Weimar Republic in regard to women's rights, were underrepresented on the works councils and indeed in some cases faced hostility from their male counterparts.

The relationship of German work councils with the Nazi Government highlights a broader point that goes beyond whether employee representation protects freedom of association. While Robin Archer reminds us that the basic ethical commitments that lead to political democracy should also promote economic democracy, the reverse is also true. Not only did German works councils assist union organisation, but the democratic principles underlying them became a barrier for the forces in Germany that were attempting to destroy the Weimar Republic, eliminate free trade unions and promote totalitarianism in the political arena in 1933.

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### **Professor Paul Moon, Te Ara Poutama, AUT**

*"A Great Commercial Emporium": The Nexus of British Colonial Policy and Global Economics in New Zealand in the 1820s*

The evolution of global economic formations in the manner prescribed in Immanuel Wallerstein's World-Systems Theory can be used to provide an alternative interpretation of the nexus between trade and British colonial policy in New Zealand in the 1820s. This paper explores the commercial and official relationship between the two countries in this decade in the specific context of Wallerstein's core-periphery construct, incorporating the crucial role of the neighbouring British colony of New South Wales functioning in what is categorised as a semi-periphery state. Elements of World-Systems Theory are employed as a means of providing a revised interpretation of events in this era, with a focus on the degree to which trade accounts

for the dynamics of British colonial policy relating to New Zealand in the 1820s, and some of the axiomatic policy-trade tensions brought about in the process.

World-Systems Theory rose to prominence in the 1970s, but in the following decades, was subject to criticisms for conceptualising history within a narrow ideological framework, and for reductionist interpretations of transnational capitalist superstructures. However, it is a paradigm which continues to be applied as an interpretive tool for political and economic developments, particularly in international settings.

*The full paper is presented at the end of the abstracts.*

**Associate Professor Carolyn Fowler, Dr Binh Bui and James van Dissen**, Accounting and Commercial Law, Victoria University Wellington

*Occupational roles and social networks of colonial Nelson “accountants” (1850-1905)*

Historical research in Australia and the UK has predominantly studied the social background and/or occupations of men before becoming or in addition to being full-time public or professional accountants during the Victorian era (Carnegie and Edwards, 2001; Carnegie, Edwards, and West, 2003; Walker, 2002; Edwards and Walker, 2007). However, within New Zealand before the 1890s, it was very rare for any person to be able to support themselves solely by being a public accountant due to the small size of New Zealand’s population, the long depression of the 1880s, and the predominance of microbusiness models (Graham, 1960; Fowler, 2010, 2013). Research by Fowler (2013), who details the lives and careers of two Nelsonians who performed accounting-related occupations indicates that many types of accounting-related and other occupations were performed in conjunction with being an “accountant”. In the 1890s two accounting professional bodies were established; the Incorporated Institute of Accountants of New Zealand (1894-1972) and the Accountants’ and Auditors’ Association (1898-1950). They subsequently sponsored the establishment of the New Zealand Society of Accountants (NZSA) in 1908, whose purpose was to control and regulate the practice of the profession of accountancy in New Zealand (Graham, 1960). However, there is very little research that focuses on individual accounting practitioners and their backgrounds in New Zealand prior to the formation of the NZSA. Whilst some of those who contributed prominently to the New Zealand accounting profession from 1893 until 1908 are briefly mentioned in professional-oriented histories, little mention is made of the others who preceded them in the new colony. Therefore, further research is needed not only into personal background characteristics and social indicators such as education, wealth, household composition, religion and other social indicators of these individuals (Carnegie and Edwards, 2001; Edwards and Walker, 2010; Walker, 2002; Fowler, 2013), but also their accounting and other related occupational roles.

This study details the lives of 16 men living in Nelson, New Zealand from 1850 to 1905. The objective of the research is to examine the social networks and occupational roles of these actors, and the extent to which their roles and networks allowed these actors to develop, practice and use their accounting skills. By considering a 55 year period, we are also able to explore the effect that accounting professionalization had on the actors’ occupational roles and social networks. The key research questions it thus addresses are:

1. What were the occupational roles and social networks that Nelson accountants were involved in and were they influenced by their personal background?
2. How does the accountant’s involvement in occupational roles and social networks enable the transfer of resources?

The *Cyclopedia of New Zealand Volume 5: Nelson, Marlborough and Westland Provincial Districts (1906)* and other biographical sources such as the *Nelson Notables 1840-1940 - A Dictionary of Regional Biography* (Lash, 1992) were used to identify men and women who utilised accounting skills; 34 possibilities were identified. Further detailed research narrowed this down to 16 men. These 16 men selected were all employed in some form of accounting job (enough to at least call them ‘also accountants’ - Carnegie and Edwards, 2001) at some stage in their careers.

This study examines the personal background of, and relationship between, these historical actors by studying their occupational roles and social networks. Information relating to personal background, including birthplace, immigration details, and personal characteristics was obtained; the occupational roles are based on accounting jobs, accounting-related jobs, and jobs that are non-accounting in their nature; the social

networks include public service and office, lodges, clubs, and church groups. It is based on archival sources, other primary information such as the Births, Deaths and Marriages register and the Nelson Early Settlers' and Cemeteries' databases and some secondary material.

From the preliminary analysis of the occupational roles and social networks of the 16 men, four distinct groups have been identified:

- Group 1: Early colonists who immigrated as accounting practitioners but pursued other occupations.
- Group 2: Early non-accountant colonists who overtime performed public service accounting roles.
- Group 3: Non-accountants who became accountants.
- Group 4: Subsequent generation who were predominantly accountants.

It appears that these actors' social networks and occupational roles have enabled the transfer of resources, although perhaps not as originally proposed, that is through the development and practice of accounting skills. It can be seen that, over time, those employed in accounting roles usually ended up performing other commercial or auditing roles, perhaps as their skillset expanded or reputation increased. Only two-thirds held treasury roles in the community (and most only briefly). However almost all of the actors held the position of secretary at some point; at that time it was not unknown for secretaries to deal with financials and their recordkeeping and accounting skills may have been put to use here. For others, however, accounting as an occupation appears to have been a stepping-stone, and the skills learnt put to use in other areas of business. With the exception of those who aspired to public office or were also part of the legal profession, most who practiced accounting had little further involvement with non-accounting-related roles, sticking with occupations that utilized some accounting skills or knowledge.

With the exception of those in group four and those who held respected positions in the community sooner by virtue of their social-class, it tentatively appears that accountants, through their occupational role, gained social standing and subsequently became increasingly involved in the more respected and important areas as the community developed. It seem likely that many of the men were either of sufficiently high social standing and subsequently received important provincial accounting roles; or their accounting skills were recognized, giving them the position, and subsequently they became involved in more important areas of community.

These findings support the conclusions of previous literature. The preliminary results lends support to the statements regarding the situation of accountants in early New Zealand and their need for multi-occupations. It also shows similarities to other studies (e.g. Carnegie and Edwards, 2001; Carnegie, Edwards, and West 2003; Edwards, and Walker, 2010) during the professionalization period in the UK and Australia, in that many accountants who were founding members of the inaugural accounting professional bodies did not come with an accounting background, and almost all were not solely accountants, undertaking other occupations or accounting related jobs such as liquidation or commission work.

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## **“A Great Commercial Emporium”: The Nexus of British Colonial Policy and Global Economics in New Zealand in the 1820s**

Paul Moon

### **Introduction**

In 1819, the British colonial official Sir Stamford Raffles argued in relation to the modus of the British Empire that “[o]ur object is not territory but trade, a great commercial emporium...whence we may extend our influence politically”.<sup>1</sup> It was an ambiguous summation. Trade was often a precursor to greater political and territorial aspirations, and throughout the 1820s, this ambiguity became apparent in the case of Britain’s involvement in New Zealand. The expansion of private British commercial activities in New Zealand was counterbalanced by persistent official British reluctance to intervene.<sup>2</sup>

This use of Wallerstein’s World-Systems Theory<sup>3</sup> allows for the development of an alternative explanation for the dynamics of British colonial policy relating to New Zealand in the 1820s, and builds on the revisionist work of Tony Ballantyne,<sup>4</sup> although the augmentation of the metropole-periphery binary (which Ballantyne acknowledges has deficiencies)<sup>5</sup> with the intermediary stage of a semi-periphery allows for a more nuanced interpretation.

One of the themes that emerges from this analysis is that while private and state objectives in this period superficially appeared at odds with each other – and have typically been represented as such<sup>6</sup> – in the context of World-Systems Theory, they were part of a single and systematic process: ‘two sides of the same coin’.<sup>7</sup> In Wallerstein’s construction of a world-system (a system which he saw as encroaching rapidly into the non-European areas of the world by the nineteenth century)<sup>8</sup>, nations were classified as being either core, semi-periphery, or periphery states. In this model, the relationship between Britain, New South Wales and New Zealand in the 1820s can be described as one of core, semi-periphery, and periphery respectively. The systematic extension of European-based capitalism throughout the world at this time, and the ensuing dependency on the core that it produced among periphery territories, was presented by Wallerstein as being part of the culmination of three centuries of capitalist encroachment and exploitation,<sup>9</sup> rather than the

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<sup>1</sup> Stamford Raffles to Colonel Addenbrooke, Singapore, 10 June 1819, in “The Founding of Singapore,” *Journal of the Straits Branch of the Royal Asiatic Society*, no. 2, (December 1878): 175.

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<sup>4</sup> Tony Ballantyne, *Webs of Empire: Locating New Zealand’s Colonial Past* (Wellington: Bridget Williams Books, 2012), 13, 24-45

<sup>5</sup> Ballantyne, *Webs of Empire*, 44.

<sup>6</sup> This perception of harmful private interests in territories being at odds with more benign official British approaches to potential colonies is exemplified in *Report of the Parliamentary Select Committee on Aboriginal Tribes (British Settlements)* (London, 1837) 15-27; Alan Ward, *A Show of Justice: Racial Amalgamation in Nineteenth Century New Zealand* (Toronto: University of Toronto Press, 1974), 34-40.

<sup>7</sup> Emeh I. E. Jeffrey, “A Discourse on Andre Gunder Frank’s Contribution to the Theory and Study of Development and Underdevelopment; its Implication on Nigeria’s development situation,” *Greener Journal of Biological Sciences* 2, no. 3 (November 2012): 55.

<sup>8</sup> Immanuel Wallerstein, *The Capitalist World-Economy* (Cambridge: Cambridge University Press, 1979), 27, 30, 198-9, 232.

<sup>9</sup> Anfbal Quijano and Immanuel Wallerstein, “Americanity as a concept, or the Americas in the modern world,” *International Social Science Journal*, (1992): 549-557; One of the few places where this mediation, and the partial self-positioning of New Zealand and New South Wales in this period respectively as periphery and semi-periphery states sometimes manifested itself at the time was in the press. See Alan Lester, “British Settler Discourse and the Circuits of Empire,” *History Workshop Journal* 54 (2002): 27-50.

consequence of an ad hoc and ostensibly hesitant approach (in this case by the British) to imperial enlargement, as has been the general portrayal by historians.<sup>10</sup>

### **Wallerstein's World-System**

Wallerstein argued that during the nineteenth century, the European model of aggressive capitalism expanded to its fullest extent, finally incorporating the entire world.<sup>11</sup> This generated unprecedented levels of capital by many European economies<sup>12</sup> which corresponded with commercial expansion into those territories on the periphery of this system – territories which were subsequently subject to exploitation by the capitalist core. He summarised this process as “a constant and patterned movement between groups of economic actors as to who...occup[ied] various positions in the hierarchy of production, profit, and consumption”,<sup>13</sup> relying on the *structural* exploitation of periphery nations.<sup>14</sup> On the contrary, every action and inaction, every policy or absence of policy, and every decision or failure to decide, lead to the increased and entrenched exploitation of periphery territories.

A key aspect of the core-periphery relationship is the interconnectivity of its exploitation – a trait that is fundamental to the process of nations being drawn into the periphery of global capitalism. It is an “exploitative relation which in chain-like fashion extends the link between the capitalist world and national metropolises to the regional centers (part of whose surplus they appropriate), and from these to local centers”.<sup>15</sup>

Wallerstein avoided an over-simplified binary conception of the international core-periphery relationship, though, by introducing the notion of a semi-periphery – a model which applies to and illuminates aspects of the relationship between New Zealand, New South Wales, and Britain in the 1820s. Wallerstein attributed to core nations high-profit, high-wage, and high-technology economies with diversified production. Periphery territories were represented as the opposite (low-wage, low-profit, and low-technology economies with little diversification of production). Semi-periphery states shared elements of both core and periphery zones,<sup>16</sup> and was a transitory intermediary within the predominately two-tiered world-system.<sup>17</sup>

In Wallerstein's analysis, one of the factors that propelled the expansion of European capitalism across the world in the nineteenth century was the need by core economies to secure access to natural resources in peripheral zones, through formal or *de facto* annexation, wars of conquest, diplomatic activity, the introduction of new technologies, or by other means, was what drove nineteenth-century colonial expansion in Wallerstein's assessment.<sup>18</sup>

The principal argument here is that the economic benefit Britain derived throughout the 1820s from extracting raw materials from New Zealand drew New Zealand into the world-system through the agency of New South Wales acting as a semi-periphery zone,<sup>19</sup> which functioned as a “regional centre” that simultaneously is exploited by the core, and that seeks periphery territories to exploit in turn, as part of this “chain-like”

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<sup>10</sup> This structuralism is assessed in Angus McDonald, “Wallerstein's World-Economy: How Seriously Should We Take It,” *The Journal of Asian Studies* 38, no. 3 (May 1979): 535-540.

<sup>11</sup> Immanuel Wallerstein, “Dependence in an Interdependent World: The Limited Possibilities of Transformation within the Capitalist World Economy,” *African Studies Review* 17, no. 1 (April 1974): 1-26; Immanuel Wallerstein, “Globalization or the Age of Transition?: A Long-Term View of the Trajectory of the World-System,” *International Sociology* 15 (2000): 249.

<sup>12</sup> Immanuel Wallerstein, “World System versus World-Systems: A Critique,” *Critique of Anthropology* 11 (1990): 190.

<sup>13</sup> Wallerstein, “Dependence in an Interdependent World,” 1.

<sup>14</sup> Trevor Williams, “James Stephen and British Intervention in New Zealand, 1838-40,” *The Journal of Modern History* 13, no. 1 (March 1941): 21-2; Ward, *A Show of Justice*, 15, 25; Wayne Rumbles, “Spectre of Jurisdiction: Supreme Court of New South Wales and the British Subject in Aotearoa/New Zealand 1823-1841,” *Law Text Culture* 15 (2011): 209-225.

<sup>15</sup> Andre G. Frank, *Latin America: Underdevelopment or Revolution; Essays on the Development of Underdevelopment and the Immediate Enemy* (New York: Monthly Review Press, 1970), 7-8.

<sup>16</sup> Immanuel Wallerstein, “Semi-peripheral countries and the contemporary world crisis,” *Theory and Society* 3, no. 4 (1976): 461-83.

<sup>17</sup> Adam Driscoll and Edward L. Kirk, “Naval Stores Extraction in Eastern North Carolina: The Historical Basis of Spatial Inequality within a Core Nation,” *American Sociological Association* 19, no. 1 (2012): 1-23; Steven P. Hanna, “Finding a Place in the World-Economy: Core-periphery Relations, the Nation-State and the Underdevelopment of Garrett County, Maryland,” *Political Geography* 14, no. 5 (1995): 451-472; Kees Terlouw, *The Regional Geography of the World-System: External Arena, Periphery, Semi-Periphery, Core* (Utrecht: Koninklijk Nederlands Aardrijkskundig Genootschap, 1992), 36-45.

<sup>18</sup> Stephen Bunker and Paul Ciccantell, “Economic Ascent and the Global Environment: World-Systems Theory and the New Historical Materialism,” in *Ecology and the World-System*, eds. Walter L. Goldfrank, David Goodman, Andrew Szasz (Westport: Greenwood Press, 1999), 107-122.

<sup>19</sup> An account of New South Wales ascending to this role is found in Grace Karskens, *The Colony: A History of Early Sydney* (Crows Nest: Allen and Unwin, 2010), 63-7.

sequence of exploitation.<sup>20</sup> However, contrary to Wallerstein's longer-term prognosis of periphery nations usually existing permanently in an exploited and dependent state was New Zealand's evolution to a "white colony".<sup>21</sup> This transition highlighted the nexus of race and capitalist exploitation as part of the equation of dependency, and how shifts in the racial balance of a state can sometimes lead to transitions in core-periphery relationships.<sup>22</sup> Thus, official British reluctance in the 1820s to annex New Zealand was not a case of resistance by the core to further encroachment into the periphery, but more an example of the *official* apparatus of a core state allowing itself to expand its capitalist exploitation by the *unofficial* agents of the core state – in this case, principally traders.

British officials routinely rejected requests from traders and others in the 1820s and beyond to annex the country or offer protection for their commercial ventures, using the rationale that there were no resources that New Zealand offered that could not more easily (and usually just as cheaply) be obtained elsewhere. Yet, such was the regional significance of the commodity chain, particularly between New Zealand and New South Wales – in which "a network of labor and production processes"<sup>23</sup> linked the two states – that New Zealand grew into the role of a periphery state without there ever being a deliberate policy on behalf of the British Government in this period for such a development to occur. This highlights the systematic element of World-Systems Theory, in which capitalist exploitation has the capacity to structure subsequent policy development by core nations.

### Early British Intervention in New Zealand, 1770-1819

Captain James Cook's 1770 claiming of New Zealand as a British colony<sup>24</sup> coincided with "a revulsion against colonization and a clear preference for trade over dominion",<sup>25</sup> among British officials – a position that persisted well into the nineteenth century. Consequently, there was no British policy on engagement with New Zealand between 1770 and 1833. As an example, on one of the rare occasions in the eighteenth century that the territory was given consideration (in April 1787), oblique reference was made to the "advantages [that] may be derived from the Flax Plant which is found in the Islands not far distant from the intended Settlement".<sup>26</sup> New Zealand was those 'Islands' and although its name was known, it did not even merit direct reference in this instance, so slight was its significance to Britain. In the early 1800s, New Zealand was still regarded by British officials as being outside the Empire,<sup>27</sup> and its significance was similarly disregarded by British politicians.<sup>28</sup>

In New South Wales though, which had been a British colony since 1788, there was a growing interest in New Zealand from the early 1800s. On 9 November 1814, the Governor of New South Wales issued a Proclamation stating that New Zealand was a dependency of the colony, and that thereafter, justices of the peace could be appointed to act there.<sup>29</sup> Such attempts at extending a type of quasi-official British jurisdiction in New Zealand were prompted mainly by concerns among officials over the lawlessness of British subjects living or working

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<sup>20</sup> Frank, *Latin America*, 7-8.

<sup>21</sup> Robert A. Huttenback, *Racism and Empire: White Settlers and Colored Immigrants in the British Self-Governing Colonies, 1830-1910* (Ithaca: Cornell University Press, 1976) 23.

<sup>22</sup> Satyananda J. Gabriel and Evgenia O. Todorova, "Racism and Capitalist Accumulation: An Overdetermined Nexus," *Critical Sociology* 29, no. 1 (January 2003): 29-46; Immanuel Wallerstein, *The Modern World-System IV. Centrist Liberalism Triumphant, 1789-1914* (Berkeley: University of California Press, 2011), xiii.

<sup>23</sup> Terence Hopkins and Immanuel Wallerstein, "Patterns of Development of the Modern World-System," *Review* 1, no. 2 (1977): 127-8.

<sup>24</sup> John C. Beaglehole, *The Discovery of New Zealand* (London: Oxford University Press, 1961), 49.

<sup>25</sup> David L. Mackay, "Direction and Purpose in British Imperial Policy, 1783 – 1801," *The Historical Journal* 17, no. 3 (1974): 487.

<sup>26</sup> Viscount Sydney, "*Draught Instructions for Governor Phillip*," in *Historical Records of New South Wales, pt. 2, 1783 – 1792 (Sydney: Government Printer, 1892), 89.*

<sup>27</sup> James W. Davidson, "New Zealand, 1820-1870: An essay in re-interpretation," *Historical Studies: Australia and New Zealand* 20 (1953): 352.

<sup>28</sup> William Wilberforce, *Hansard: House of Commons Debates, 18 February 1819*, 39 (London, 1819), 487.

<sup>29</sup> Joseph Somes to Palmerston, London, 7 November 1839, *Correspondence with the Secretary of State Relative to New Zealand*, (London: Colonial Office, 1840), 67; Timothy Yates, *The Conversion of the Maori: Years of Religious and Social Change, 1814-1842* (Michigan: W. B. Eerdmans, 2013), 16; Thomas Kendall to Josiah Pratt, 22 January 1816, in *Marsden's Lieutenants* ed. John R. Elder (Dunedin: Coulls Somerville Wilkie Ltd., 1934), 121.

in New Zealand.<sup>30</sup> These positions were “powerless”, though, and “probably illegal”,<sup>31</sup> in so far as they were an attempt to exert British authority in a territory where Britain had no legal basis to claim jurisdiction.<sup>32</sup> The situation was clarified in 1817 when the British Parliament confirmed that New Zealand was among “...those islands and territories not within His Majesty’s Dominion”.<sup>33</sup>

However, this relatively clear delineation of jurisdiction was blurred within two years as the consequence of the Governor of New South Wales, Lachlan Macquarie, appointing a magistrate to New Zealand with the authority to apprehend European offenders in the territory and send them to trial in Sydney.<sup>34</sup> Such attempts, though, proved to be largely unsuccessful,<sup>35</sup> and no more invasive measures quasi-legal initiatives were proposed.<sup>36</sup>

Despite the ineffectiveness of these efforts by the New South Wales administration,<sup>37</sup> from a world-systems’ perspective, they can be regarded as initial stages in the structural expansion of the British Empire’s capitalist core into what was emerging as a periphery territory. The method may have been clumsy and tentative, and the results ineffective, but they were nonetheless part of a broader and longer-term process by which New Zealand would be absorbed into the global capitalist system.

Commercial exchanges are deemed by world-systems theorists as the most significant type of relationships that determine the status of core and periphery nations and the extension of the world-system.<sup>38</sup> It was principally increased private British commercial activity in New Zealand during the 1820s for example (most of which was conducted through New South Wales) that accelerated New Zealand’s entry into the world-system. The conventional view of this growth in trade between New Zealand and New South Wales in this period is that it resulted in added pressure being put on Britain’s long-standing policy of restraint when it came to any official involvement in territories outside of the Empire.<sup>39</sup> What emerges from a world-systems perspective, though, is a longer-term strategic interpretation of the commercial interests of the Empire, in which New South Wales’ increased trade with New Zealand gradually overturned the British Government’s hesitance to intervene.

Even that apparent official British hesitance was part of a method of expansion and exploitation, as opposed to an obstacle to it. It enabled the Empire to extend and enlarge its commodity chain with peripheral territories, incurring the least possible costs associated with the formal annexation of a colony. The underlying ambition was to achieve “a network of labor and production processes whose end result is a finished commodity”,<sup>40</sup> with every step in the process dominated by unequal exchange to the detriment of the periphery and to the profit of the core.<sup>41</sup> It is certainly the sort of theoretical analysis that matches closely Britain’s developing relationship with New Zealand in this period.

### **British commercial involvement in New Zealand in the 1820s**

The nature of British economic activity in New Zealand in the 1820s was characterised by three features: a steadily increasing growth in volume and value over the decade; the transformation of some branches of the Maori economy from purely subsistence activity to partial production for export as well; and the persistence

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<sup>30</sup> Lydia Wevers, *Country of Writing: Travel Writing and New Zealand, 1809-1900* (Auckland: Auckland University Press, 2002), 65; James Stephen, Memorandum, Enclosure No. 38, London, 19 March 1840, in Great Britain Colonial Office, *Correspondence with the Secretary of State Relative to New Zealand* (London, 1840), 67; *The Sydney Gazette and New South Wales Advertiser*, 12 November 1814, 1.

<sup>31</sup> Judith Binney, *The Legacy of Guilt: A Life of Thomas Kendall* (Auckland: Oxford University Press, 2005), 45.

<sup>32</sup> *The Sydney Gazette and New South Wales Advertiser*, 12 November 1814, 1.

<sup>33</sup> 57 George III, c. liii, in Frederick L. W. Wood, *New Zealand in the World* (Wellington: Department of Internal Affairs, 1940), 10.

<sup>34</sup> *Somes to Palmerston*, 67.

<sup>35</sup> John L. Nicholas, *Narrative of a voyage to New Zealand, performed in the years 1814 and 1815, in company with the Reverend Samuel Marsden, Principal Chaplain of New South Wales*, (London: Hughes and Baynes, 1817), vol. 1, 213, vol. 2, 189-190.

<sup>36</sup> Stuart Banner, “Two Properties, One Land: Law and Space in Nineteenth-Century New Zealand,” *Law and Social Inquiry*, 24, no. 4 (October 1999): 807-819.

<sup>37</sup> Binney, *The Legacy of Guilt*, 45.

<sup>38</sup> Bunker and Ciccantell, “Economic Ascent,” 107-122.

<sup>39</sup> Davidson, “New Zealand, 1820–1870,” 349-50; Wood, *New Zealand in the World*, 17; Jim McAloon, “Gentlemanly Capitalism and Settler Capitalists: Imperialism, Dependent Development and Colonial Wealth in The South Island of New Zealand,” *Australian Economic History Review*, 42, no. 2 (July 2002): 211-2; Roger P. Wigglesworth, “The New Zealand timber and flax trade, 1769-1840,” PhD Thesis (Palmerston North: Massey University, 1981), 259–61; The persistence of this official reluctance into the 1830s is detailed in Shaw, “British Attitudes to the Colonies, ca. 1820-1850,” 75.

<sup>40</sup> Terence Hopkins, and Immanuel Wallerstein, *World-Systems Analysis: Theory and Methodology* (Beverly Hills: Sage, 1982), 159.

<sup>41</sup> Wallerstein, “The rise and Future Demise of the World Capitalist System,” 387-415.

off barter rather than cash as the main means of exchange.<sup>42</sup> Growth in trade value and trade-based activity are elements identified by Wallerstein as one of the chief factors linking a territory into the world-system. And collectively, the strengthening of the trade relationship between Maori and traders (the latter operating principally from New South Wales in this period) is consistent with Wallerstein's emphasis on the interdependent nature of exchange in the world-system that both precedes and accompanies the emergence of a periphery state, and on the crucial role of the semi-periphery state in fostering this growing interdependence.<sup>43</sup>

The scale of trade between New Zealand and New South Wales in the 1820s was substantial in comparison with any preceding period. Figures collected by the New South Wales Customs (through which most of New Zealand's trade passed in this decade) show that, for example, in 1826, the value of goods sent to New Zealand from Sydney was £1,735, while New Zealand exports to Sydney that year amounted to £30,000. The following year, goods sent from Sydney to New Zealand had risen in value to £4,926, against goods valued at £63,000 that left New Zealand for Sydney. And by 1829, goods sent from Sydney to New Zealand were worth £12,691, while New Zealand was exporting £135,486 worth of commodities to Sydney annually.<sup>44</sup>

In addition to these import and export figures were branches of economic activity that occurred in New Zealand's immediate vicinity that were excluded from the preceding amounts. One such example is whaling, which had been taking place in New Zealand waters since at least 1804, but which generally involved little contact with the inhabitants of the territory. For almost two decades, most of the whaling vessels hunting in the area used ports other than those in New Zealand as the bases for their operations.<sup>45</sup> However, there was a small industry in whaleboat construction from the late 1820s on New Zealand territory,<sup>46</sup> and the surgeons on whaling ships were sometimes called on to treat Maori wounded in inter-tribal conflicts.<sup>47</sup>

What is significant about these characteristics of the whaling trade is the extent to which New Zealand was a place of resource-extraction, whereas processing and selling of the raw product was based in New South Wales. This exemplifies the sort of surplus-extraction which Wallerstein identified as occurring between periphery and semi-periphery states, whereby the latter profited more in the short term than the core nation, and that the profit accrued by the semi-periphery was predicated on the prevention of the development of any non-extraction industry in the periphery, and the inability of the periphery to capitalise on the unequal exchange which was at the heart of such trade.<sup>48</sup>

Trade was also beginning to arouse slight official British curiosity about New Zealand around this time. The direct role whaling played in the New Zealand economy in the 1820s, for example, may have been comparatively slight in monetary terms, but it served another, non-commercial function: as a source of intelligence on New Zealand for British officials, with British whaling captains expected to feed information on the places in the territory they visited back to the Admiralty.<sup>49</sup>

However, while the quality and quantity of the intelligence obtained was slight obtained is of secondary importance to the motives behind the request for such intelligence. If, as most historians agree, Britain had no stated intention of any official intervention in New Zealand at this time or any other in the foreseeable future,<sup>50</sup> the requirement for some captains to gather information on the territory indicates at least that British interest in New Zealand's potential commercial opportunities and its political make-up existed from the start of the decade. Such activities in no way constituted or should be construed as part of a covert plan for further

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<sup>42</sup> Vincent O'Malley, *The Meeting Place: Maori and Pakeha Encounters, 1642-1840* (Auckland: Auckland University Press, 2012), 114.

<sup>43</sup> Christopher Chase-Dunn and Richard Rubinson, "Toward a Structural Perspective on the World-System," *Politics & Society* 7, no. 4 (December 1977): 453-476.

<sup>44</sup> *Sydney Gazette and New South Wales Advertiser*, 22 December 1828, 2; *Sydney Monitor*, 26 September 1829, 4; Robert Carrick (ed.), *Historical Records of New Zealand South prior to 1840* (Dunedin: Otago Daily Times and Witness, 1903), 73.

<sup>45</sup> P. G. Canham, "New England Whalers in New Zealand Waters, 1800 – 1850," MA Thesis, (Christchurch: Canterbury University, 1959), 7, 11.

<sup>46</sup> John Butler, in Robert J. Barton, *Earliest New Zealand: the journals and correspondence of the Rev. John Butler* (Masterton: Palamontain and Petherick, 1927), 331; Harry Morton, "Whaling in New Zealand Waters in the First Half of the Nineteenth Century," PhD Thesis (Dunedin: University of Otago, 1977), 286.

<sup>47</sup> Peter Bays, *A Narrative of the Wreck of the Minerva, Whaler of Port Jackson* (Cambridge: P. Bridges, 1831), 147.

<sup>48</sup> Wallerstein, "Semi-Peripheral Countries," 464.

<sup>49</sup> Morton, "Whaling in New Zealand," 158.

<sup>50</sup> Gordon W. Beckett, *British Colonial Investment in Colonial N.S.W. 1788-1850* (Singapore: Trafford Publishing, 2013), 365; James Belich, *Making Peoples: A History of the New Zealanders from Polynesian Settlement to the End of the Nineteenth Century* (Auckland: Penguin, 1996), 182; Andrew Potter (ed), *The Oxford History of the British Empire: Volume III: The Nineteenth Century* (Oxford: Oxford University Press, 1999), 173.

British official or commercial expansion in New Zealand. However, by the same token, the decision to collect information on the territory suggests that formal intervention was not explicitly excluded as a possibility either. Trade, rather than policy, may have been drawing New Zealand closer to becoming a peripheral state in the British Empire, but the pattern of interventionist British colonial policy sometimes following in the wake of growing trade was already well-established by this time, as the Raffles quote at the commencement of this article acknowledged. In metaphorical terms, the appearance of the left hand (in the form of private commercial interests) operating independently of the right hand (in the form of official British policy on New Zealand) belied the shared end of both: the extension of the system of British capitalist hegemony.

During the 1820s, trade was undoubtedly the principal reason for increased European interaction with Maori. However, the New Zealand economy at this time relied almost exclusively on barter rather than cash as the means of exchange – a feature that precluded any prospect of Maori communities accumulating capital (which is a precursor of elevation to a semi-periphery state). This gave greater control to the British in what remained an asymmetrical commercial relationship throughout the decade. This barter economy had its own specific traits, in which the items supplied for exchange by traders were subject to the forces of supply and demand in a way that cash would not have been to anywhere near the same extent.<sup>51</sup>

Without the presence of any government regulation in New Zealand in this decade, it would appear obvious, at a superficial level, to conclude that there was an unencumbered system of perfect competition existing between sellers and buyers in the territory, and to this extent, any claims of encroaching exploitation would appear to be without substance. Such a conclusion is broadly correct, but only as far as it extends. In Wallerstein's assessment of the period when a territory begins to be drawn into the world-system, outward appearances of perfect competition and free trade mask the fact that such exchanges occur 'when the economic advantage of the upper strata is so clear-cut that the unconstrained operation of the market serves effectively to reinforce the existing system of stratification'.<sup>52</sup> The evidence of stratification between traders (representing the core – sometimes via the agency of the semi-periphery) and Maori (representing the periphery) seems scant in New Zealand's case in the 1820s – that is, until the benefits of this trade beyond New Zealand are taken into account.

David Hainsworth's study of the significance of Australian trade in the late eighteenth and early nineteenth century details the extent to which trade with New Zealand aided the growth of the economy of New South Wales, including the expansion of its ship-building industry,<sup>53</sup> and the 'thriving' trade in food, flax, whale products and timber in this period.<sup>54</sup> Undoubtedly, this trade contributed to some extent to the expansion of Sydney's European population, which grew by almost forty per cent during the decade, to around 16,000 by 1829,<sup>55</sup> and to the city becoming a regional commercial hub – precisely the sort of development prescribed by Wallerstein for a semi-periphery zone.<sup>56</sup> Meanwhile, there was practically no comparative growth in infrastructure, population, or capital accumulation in New Zealand, which in a world-systems context is strongly indicative of its emerging status as a periphery territory.

Trade in itself does not necessarily constitute evidence of a world-system. What can matter more is whether the type of goods that form the basis of the trade are either principally 'luxury' goods, or 'bulk' or 'necessity' goods. The distinction is important analytically from a world-systems perspective, because trade in luxuries can occur *between* what could otherwise be separate systems, whereas trade in necessities tends to occur *within* a system.<sup>57</sup> In the case of New Zealand's trade with New South Wales in this period, the goods were

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<sup>51</sup> Kathleen Shawcross, "Maoris of the Bay of Islands, 1769 – 1840," MA Thesis (Auckland: University of Auckland, 1967), 170; Malcolm McKinnon, *New Zealand Historical Atlas* (Auckland: David Bateman, 1998), 28; John Fitzpatrick, "Food, warfare and the impact of Atlantic capitalism in Aotearoa/New Zealand," in *Refereed paper presented to the Australasian Political Studies Association Conference University of Adelaide* (Adelaide, 2004): 9; Paul Moon, *A Savage Country: The Untold Story of New Zealand in the 1820s* (Auckland: Penguin, 2012), 19; Ron D. Crosby, *The Musket Wars: A History of Inter-Iwi Conflict 1806–1845* (Auckland: Penguin, 1999); Angela Ballara, *Taua: Musket Wars, Land Wars or Tikanga? Warfare in Maori society in the early nineteenth century* (Auckland: Penguin, 2003), 147-152; Alfred Crosby, *Ecological Imperialism: The Biological Expansion of Europe* (Cambridge: Cambridge University Press, 1986), 250; Fitzpatrick, "Food, warfare," 14.

<sup>52</sup> Wallerstein, "Dependence in an Interdependent World," 1.

<sup>53</sup> William C. Wentworth, *A Statistical Account of the British Settlements in Australasia, Volume 1* (London: Geo B. Whittaker, 1824), 4, 25.

<sup>54</sup> David R. Hainsworth, *Builders and Adventurers: The Traders and the Emergence of the Colony 1788-1821* (Melbourne: Cassell, 1968), 74ff.

<sup>55</sup> *The Sydney Gazette and New South Wales Advertiser*, 1 October 1829, 2.

<sup>56</sup> Wallerstein, "The Rise and Future Demise of the World Capitalist System," 401.

<sup>57</sup> Immanuel Wallerstein, "World System versus World-Systems: A Critique," *Critique of Anthropology*, 11 (1991), 192.

almost exclusively in the category of bulk or necessity goods – mainly animal products (whale oil, seal skins, and pork), timber, and food crops, which supports the contention that the emerging New Zealand economy was being incorporated into part of a larger, existing economic system, with few opportunities for directing its own growth, or even harnessing some of the capital being generated from this unequal exchange.

### British policy on New Zealand in the 1820s

So how did British Government policy at this time respond to these economic developments? The standard portrayal of the British Empire in the early nineteenth century – from a policy perspective – depicts the major decisions being made in London, and filtering down to regional levels, while in return, intelligence and recommendations from local officials throughout the Empire informed the development of this policy.<sup>58</sup> This was the case in a very general sense, but in some instances, the role of regional officials in the formation of policy was far more influential.

Throughout the 1820s, New South Wales played a vital role in most business ventures that were being carried out in New Zealand, which in turn brought closer together the twin (and seemingly conflicting) imperatives of attempting in some way to manage increased commercial activity between a British colony and a neighbouring ‘unclaimed’ territory, and the static or even reduced desire for political commitment to that territory demanded by London. Even in the smallest of private British commercial undertakings in New Zealand, the hand of the New South Wales Government could sometimes be seen at work. When the Sydney rope-maker Robert Williams sought to travel to New Zealand, for example, to explore the possibilities of flax as a source material for his business, it was the New South Wales Governor who gave him permission to travel to the territory for that purpose.<sup>59</sup> And when it appeared that there were indeed significant commercial benefits to be derived from harvesting New Zealand flax, Macquarie wrote to the Colonial Office, arguing that there would be no ‘bad consequences’ if there was a greater level of formal British involvement in the territory.<sup>60</sup> There was no enthusiasm from London in response to the suggestion, however, so the matter was left to lie, temporarily anyway. Ironically, in picking up the slack left by officials in London, who were opposed to any intervention, the New South Wales administration was obliged to take a more active role in overseeing the developing commercial relationship with New Zealand.

Here, the influence of New South Wales, as a semi-periphery state, is especially pronounced. It possessed a reasonably strong state system (of the sort which was absent in New Zealand), a modern armed force which was a branch of the state (unlike New Zealand), a single leadership structure for the entirety of the state (unlike New Zealand), a legislative authority (unlike New Zealand), a judiciary (unlike New Zealand), and the capacity to direct the economies in its regional sphere of influence (unlike New Zealand).<sup>61</sup> New South Wales was thus well-positioned to serve as the principal link in the chain of dependency extending from New Zealand to Britain.

The apparent official British resistance to involvement in New Zealand in the 1820s has been accounted for by the Colonial Office’s aversion to the political and financial costs of further formal colonisation.<sup>62</sup> Although there were philosophical objections in the Office to territorial expansion at this time,<sup>63</sup> frugality was a much more direct influence. The accumulation of debts from the Napoleonic Wars, coupled with major transitions taking place in the domestic British economy, directed the attention of British politicians and colonial officials inwards during much of the 1820s, at the expense of looking to acquire remote and potentially burdensome

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<sup>58</sup> Peter J. Cain and Anthony G. Hopkins, “Gentlemanly Capitalism and British Expansion Overseas I. The Old Colonial System, 1688-1850,” *Economic History Review* 23 (1986): 501-506; Shaw, “British Attitudes to the Colonies, ca. 1820-1850,” 78.

<sup>59</sup> James Birnie to Lachlan Macquarie, 31 March 1813, in Robert McNab, *Historical Records of New Zealand*, vol. 1 (Wellington: Government Printer, 1914), 315.

<sup>60</sup> Lachlan Macquarie to H. Bathurst, 1 April 1817, in McNab, *Historical Records*, 409-10.

<sup>61</sup> These traits are identified in Immanuel Wallerstein, “Three Paths of National Development in Sixteenth-Century Europe,” *Studies in Comparative International Development* 7, no. 2 (June 1972): 96.

<sup>62</sup> Ballantyne, *Webs of Empire*, 135; David Lambert and Alan Lester, “Imperial Spaces, Imperial Subjects,” in *Colonial Lives Across the British Empire: Imperial Careering in the Long Nineteenth Century*, David Lambert and Alan Lester eds. (Cambridge: Cambridge University Press, 2006), 3; John Gallagher and Ronald Robinson, “The Imperialism of Free Trade,” *The Economic History Review*, New Series, 6, no. 1 (1953): 1-15; Fairburn cites New Zealand’s distance from Britain as a consideration, see Miles Fairburn, “Is There a Good Case for New Zealand Exceptionalism?,” *Thesis Eleven*, 92 (February 2008): 42; the free trade element of this policy is dealt with in Bernard Semmel, *The Rise of Free Trade Imperialism: Classical Political Economy the Empire of Free Trade and Imperialism, 1750-1850* (Cambridge: Cambridge University Press, 1970), 30.

<sup>63</sup> Richard Cobden, speech on free trade, Manchester, 15 January 1846, in *Speeches and Questions of Public Policy by Richard Cobden*, vol. 1, John Bright and J. E. Thorgold Rogers, eds. (London: Macmillan, 1870), 362-3.

colonial possessions.<sup>64</sup> British imperial expansion at this time was only occurring as a direct result of the ‘...force of circumstances’,<sup>65</sup> and not at all simply as part of an impulsive desire for enlargement, or the need to secure a small tributary of trade. However, a world-system perspective proffers an alternative (or at least an accompanying) explanation for such a stance: that this reticence was so pronounced a feature of British colonial policy in relation to New Zealand precisely because of the corresponding eagerness by the semi-periphery to intervene. In this case, the combination of proximity and commercial gain compelled the New South Wales administration to be the main source of and therefore influence on British policy-formation on New Zealand. London could thus afford to procrastinate when it came to assuming any firm position on New Zealand, leaving the way open to New South Wales taking the lead role in shaping both the detail and direction of British policy on the territory that was still unclaimed by any other European power at this time.

This is not to say, though, that the British Government was completely indifferent to New Zealand in this period, despite general outward appearances and even occasional protestations to the contrary. Flax, as has already been discussed, was one item of value to the Royal Navy, but increasingly, timber from New Zealand also began to attract Naval interest.<sup>66</sup> An 1820 report commissioned by the Naval Board addressed first the character of New Zealand’s indigenous inhabitants, claiming that Maori ‘...wish for nothing so much as for some of these [Europeans] to reside among them, in order to learn agriculture and obtain a knowledge of mechanics’.<sup>67</sup> The report also addressed New Zealand’s resources, and concluded that they were both available in good quantities in the territory, and could be obtained without much difficulty. More formal intervention at the present time, as far as the Navy Board would have been concerned, was therefore unnecessary to secure this source of supplies.

Official reports such as this were complemented by a much greater volume of unsolicited proposals intermittently arriving at the Colonial Office from entrepreneurs looking for official sanction for commercial ventures in New Zealand. Some of these, such as William Savage’s 1820 scheme to form an agricultural settlement in the territory, were vague, poorly-conceived,<sup>68</sup> and unlikely to have generated much interest in themselves among officials in London. Others, however, made a more compelling case for intervention. Robert Sugden’s 1821, settlement scheme suggested that there were political, strategic, and economic benefits of as British colony being established in New Zealand.<sup>69</sup> Lord Bathurst, the Secretary of State for Colonies, responded by claiming that he “did not feel he had any power of approving any particular encouragement to the establishment of a colony in New Zealand”.<sup>70</sup>

Yet, despite turning down these requests for official sanction for such schemes, British officials were not oblivious to New Zealand’s growing trading relationship with New South Wales, and some of the problems that were arising from this interaction. Its response at this time was to appoint an English judge – John Bigge – to “enquire into the best means of preventing the commission of outrage and violence on the persons of the inhabitants of the islands of New Zealand by the crews of vessels navigating the Pacific”, and to “obtain information respecting the state of the inhabitants and the progress that has been made in their civilization”.<sup>71</sup> The emphasis appears to have shifted from commercial expansion, which is at the centre of notions of a world-system, to ostensibly humanitarian concerns. Wallerstein addresses this very point, however, when investigating other cases of territories being incorporated into the world-system as periphery states. The interventionist nature of core nations which attempt to ‘improve’ periphery societies (with the definition and parameters of such improvement defined by the core), tends to result in a tension between the core nation and the society where the intervention is occurring – a tension which can only eventually be resolved by harmonisation, violence, or a sort of transcendence.<sup>72</sup> So while officials’ expressions of concern over the treatment of Maori on British vessels might seem innocuous or even humanitarian, in the context of the world-system, it can be interpreted as the first small step in the creation of a nation-society antinomy, which could later lead to further intervention to resolve the tension: a case of intervention which simultaneously produces

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<sup>64</sup> Paul Moon, *Te Ara Ki Te Tiriti: The Path to the Treaty of Waitangi* (Auckland: David Ling Publishing, 2002), 20; Llewellyn Woodward, *The Age of Reform, 1815-1872* (Oxford: Oxford University Press, 1961), 365.

<sup>65</sup> Daniel G. E. Hall, *A History of South East Asia* 4<sup>th</sup> edn (London: Macmillan, 1988), 642.

<sup>66</sup> James Downie to John Butler, 4 April 1821, in Barton, *Earliest New Zealand*, 121.

<sup>67</sup> James Downie to Navy Board, 12 August 1820, in McNab, *Historical Records*, 569-70.

<sup>68</sup> William Savage to Bathurst, 20 March 1820, in McNab, *Historical Records*, 483.

<sup>69</sup> Robert Sugden to Bathurst, 18 January 1821, in McNab, *Historical Records*, 516.

<sup>70</sup> Henry Goulburn to Robert Sugden, 25 April 1821, in McNab, *Historical Records*, 532.

<sup>71</sup> John Bigge to Bathurst, 27 February 1823, in McNab, *Historical Records*, 587.

<sup>72</sup> Immanuel Wallerstein, “The development of the concept of development,” *Sociological Theory* 2, no. 1 (1984), 104.

new tensions as it overcomes existing ones, resulting in a process that eventually entrenches the core-periphery polarity. Bigge's recommendations were used by the Colonial Office more as points for further reference rather than proposals to be acted on immediately. However, that fact that it was the Colonial Office that commissioned this enquiry reveals that interest in the territory of New Zealand and its connection with the Empire was starting to take on a loose form.

Bigge's report reached London around the same time that an anonymously authored work entitled *To the People of England: An Address on the Colonization of New Zealand*<sup>73</sup> was published, proposing the establishment of a British colony in New Zealand.<sup>74</sup> Its ideas led to the formation of the New Zealand Company, and in 1825, two of its directors met with Bathurst, seeking official British support for their venture. Among the other directors were Members of the House of Commons, which enabled Company as a whole to obtain easier access to the Colonial Office.<sup>75</sup> This intersection of private colonising motives and political support<sup>76</sup> typifies a new development in the creation of New Zealand as a periphery to the British imperial core, relying on what world-systems theorists refer to as a 'hierarchical alternative' to the existing market relations that existed between New Zealand and New South Wales at the time.<sup>77</sup> The semi-periphery zone was still the principal influence on New Zealand's relations with the British Empire, but the New Zealand Company's direct negotiations with the Colonial Office represented a development in which the semi-periphery played no role whatsoever.

Bathurst had initially shown some passing interest in the proposal from the New Zealand Company, but did not endorse it. The President of the Board of Trade also apparently gave the Company his 'blessing' before abandoning it.<sup>78</sup> So overall, official encouragement was far too hesitant to materialise into anything more certain. The 'tipping point' for the British Government to intervene formally in New Zealand was either if their commercial interests in the territory were jeopardised to the extent that the cost of intervention would be justified by the protection of this commercial exchange, or that there were partial or fully non-commercial interests in the territory (such as the administration or protection of British subjects residing there) that warranted intervention. Neither threshold even got close to being reached in the 1820s.<sup>79</sup>

However, that the British Government was receiving and evaluating proposals to make more formal New Zealand's commercial contribution to the Empire in this decade is indicative of the extent to which New Zealand was already regarded as a territory that conforms closely to the initial stages of Wallerstein's definition of an emerging periphery state. In a sense, the territory's fate as a periphery state was implicitly decided, from a world-systems perspective, even while the British Government continued to profess its disinterest in the territory.

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<sup>73</sup> Anonymous, *To the People of England: An Address on the Colonization of New Zealand* (London: Knight and Lacey, 1824).

<sup>74</sup> Angus J. Harrop, *England and New Zealand from Tasman to the Taranaki War* (London: Methuen, 1926), 7.

<sup>75</sup> *The London Gazette*, no. 19995, 2 July 1841 (London, 1841), 1722; Benjamin Disraeli, *An Inquiry into the Plans, Progress, and Policy of the American Mining Companies*, 3<sup>rd</sup> edn. (London: John Murray, 1825), 25, 72.

<sup>76</sup> James Taylor, *Creating Capitalism: Joint-Stock Enterprise in British Politics and Culture, 1800-1870* (Suffolk: The Royal Historical Society, 2006), 21-54, 135-168; Anthony Webster, "The political economy of trade liberalization: the East India Company Charter Act of 1813," *The Economic History Review* 43, no. 3 (August 1990): 404-419; Thomas Tooke, *A History of Prices and of the State of the Circulation, From 1793 Until the Present Time*, vol. 2 (London: Longman, Orme, Brown, Green, & Longmans, 1840), 150.

<sup>77</sup> Terry Boswell, "Colonial Empires and the Capitalist World-Economy: A Time Series Analysis of Colonization, 1640-1960," *American Sociological Review* 54, no. 2 (1989): 180.

<sup>78</sup> Douglas Pike, *Paradise of Dissent: South Australia 1829-1857* (Melbourne: Longmans, 1967), 33.

<sup>79</sup> One of the additional arguments used by the Company was that their planned colony in New Zealand would help in the relief of 'surplus' population in Britain. This was in line with a recommendation made in the House of Commons that the British Government consider measures such as '...emigration upon an extended scale' to '...prevent the injurious effects ...upon the condition of the labouring classes of this country' brought about by overcrowding and poverty. Sending hundreds or even thousands of the British poor to the colonies, it was suggested, was '...the only means by which the evils to be apprehended from the continued increase of the pauper population...could be averted'. Such arguments in themselves did not alter directly British colonial policy in this period, but they were gaining currency in some quarters, and accordingly were utilised by those looking to further their private colonising proposals for New Zealand. See Edward G. Wakefield, *A Comparison of the Social and Political State of Both Nations* (New York: Harper and Brothers, 1834), 198-8, 288; Anonymous, *To the People of England*; Alan Lester and Fae Dussart, "Trajectories of protection: Protectorates of Aborigines in early 19<sup>th</sup> century Australia and Aotearoa New Zealand," *New Zealand Geographer* 64, no. 3 (2008): 205-220; Edward J. Wakefield, *The Founders of Canterbury*, vol.1 (Christchurch: Stevens and Co., 1868), 126, 190; Eileen P. Sullivan, "Liberalism and Imperialism: J. S. Mill's Defense of the British Empire," *Journal of the History of Ideas* 44 (1983), 599-617; Edward R. Kittrell, "Wakefield and Classical Rent Theory," *The American Journal of Economics and Sociology*, (1966), 141-152; Helen T. Manning, "Lord Durham and the New Zealand Company," *New Zealand Journal of History* 6, no. 1 (1972): 2; Robert W. Horton in House of Commons Debate, 24 June 1828, in *Hansard*, series 2, vol. 19 (London, 1828), 1501-3.

What emerges from these examples is that the Colonial Office very seldom during the decade asserted any specific policy position on New Zealand, and on the rare occasions when it did, it deferred repeatedly to its default stance of preferring non-intervention in the territory.<sup>80</sup> At the same time, though, its commissioning of reports, its consideration (however faint) of proposed colonising schemes, and above all, its failure to check most of the attempts by the New South Wales authorities to extend a small degree of British legal jurisdiction to New Zealand, indicates that the non-intervention policy with respect to New Zealand served to mask a structural process that Wallerstein identified as “an increasingly interrelated system of strong “core” and weak “peripheral” states, in which inter-state relations – and hence patterns of state-formation...are continually shaped... [by] the deepening and expanding world-scale division and integration of production”.<sup>81</sup>

Wallerstein’s construction of a world-system accounts for the contemplation by the New South Wales administration at this time of greater and broader forms of commercial as well as officially sanctioned involvement in New Zealand, if for nothing else that to regulate in some way the rapidly expanding trade between the two states – a trade in which was fundamentally extractive and unequal, enriching New South Wales at the expense of any significant domestic economic growth or development in New Zealand. It is from the interaction of these various branches of Britain’s colonial administration and private entrepreneurs that the roots of a distinctive policy on New Zealand were nourished in this decade, and from which New Zealand’s position as a periphery state (dependent on the semi-periphery but unable to ascend to semi-periphery status itself) became more certain in the following decade.

### **An assessment of the nexus of policy and theory**

So weakly-developed was the official British stance on New Zealand in the 1820s (and well into the 1830s), that it would be overly ambitious to assert that there were any distinct stages in the development of a British policy on the territory in this period. However, what has been explored here are some of the examples where British officials (both in London and Sydney) either sanctioned or were influenced by private commercial involvement in New Zealand in the 1820s, which in turn helped to form the basis of an embryonic official British view on the territory at this time. The employment of Wallerstein’s notion of a world-system provides a closely-fitting context for this pattern of gradual and reluctant official intervention beyond the Empire’s existing boundaries in New Zealand in this era, with the character of this interaction shaped predominately by the specific economic relationship between New Zealand and New South Wales. Increasingly during the decade, officials in New South Wales were inclined to see New Zealand as a territory which presented opportunities for commercial expansion, and that if these opportunities were to be secured, then a more interventionist policy – however slight – covering the regulation of trade and the reach of British jurisprudence would be required at an official level.

The reticence London showed in committing itself to New Zealand at this time was counterbalanced by the mounting enthusiasm in Sydney for greater economic ties with in its nearest neighbour. Such a contrast resonates with Wallerstein’s construction of a global capitalist system in the final stages of its territorial expansion: Britain fills the role in this period of a core nation (often geographically remote from the periphery while being dependent economically and politically on the core); New South Wales functions as a semi-periphery state (simultaneously possessing the trait of a localised lead agent of capitalist expansion); while New Zealand is the periphery state, being drawn into the global system as a fully dependent nation, deprived of the very capital it generates due to the unequal trading relationship with core and the semi-periphery.

The advantage of employing a world-systems theory to New Zealand’s pre-annexation history in the nineteenth century extends beyond the mere fact of its application as an academic exercise. This approach reveals that in the 1820s, what appears (and what has been represented by historians dealing with this era) as British reluctance even to consider making any commitment to New Zealand can be interpreted not as a case of official hesitance or lethargy at all, but rather, as part of a longer-term process to achieve precisely the opposite: to draw New Zealand into the realm of the British Empire as an economically and politically dependent state. It almost certainly was never consciously planned this way, but the absence of deliberate ambition and intent does not in itself necessarily have any bearing on the almost autonomous structuralist extension of British capitalism in this period to the most distant extremities of the world. In world-systems

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<sup>80</sup> Eris O’Brien, *The Foundation of Australia, 1786-1800: A Study in English Criminal Practice and Penal Colonization in the Eighteenth Century* (London: Angus and Robertson, 1937), 62; John M. Ward, *Colonial Self-Government: The British Experience, 1759-1856* (London: Macmillan: 1976), 108.

<sup>81</sup> Hopkins and Wallerstein, “Patterns of Development of the Modern World-System,” 113.

theory, this longer-term structuralist expansion tends override any day-to-day signs that the core is acting in any way other than to extend the network of dependency which props up the dominance of the core state. The historiographical implications of utilising this theory are evident even in this cursory survey of the 1820s, and can have application in subsequent decades in analyses of the dynamics of New Zealand's relations with Britain.

That New Zealand never emerged into a fully-fledged periphery state, of the sort depicted in Wallerstein's construction of the world-system, might initially appear either as a deficiency in the theory, or confirmation that the process of a territory becoming a periphery state was one in which New Zealand was never involved. However, closer inspection of Wallerstein's world-system theory reveals that an explanation exists for states with histories such as New Zealand's in the 1820s – states which initially seem to be heading along the path of dependency, but then halt this process and even reverse it, emerging essentially as a branch of the core. The allowance for this is found in Wallerstein's observation of the racial division of the world-system,<sup>82</sup> which in the case of substantial immigration into the periphery state of people from the core nation can result in the core-periphery division emerging *within* a formerly peripheral state – a division aligned along racial lines. While the state as a whole may shift from being a periphery to a semi-periphery entity, and later maybe even to a core country, the racial delineation of the state ensures that one group (in New Zealand's case, Maori) remains part of an internal periphery. This development, however, did not materialise until later in the century in New Zealand, and is an area which lends itself to a similar application of world-systems theory in order to expand the historiographical parameters that have traditionally framed analyses of New Zealand's colonisation after 1840.

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<sup>82</sup> Etienne Balibar and Immanuel Wallerstein, *Race, Nation, Class: Ambiguous Identities* (London: Verso, 1991), 198.