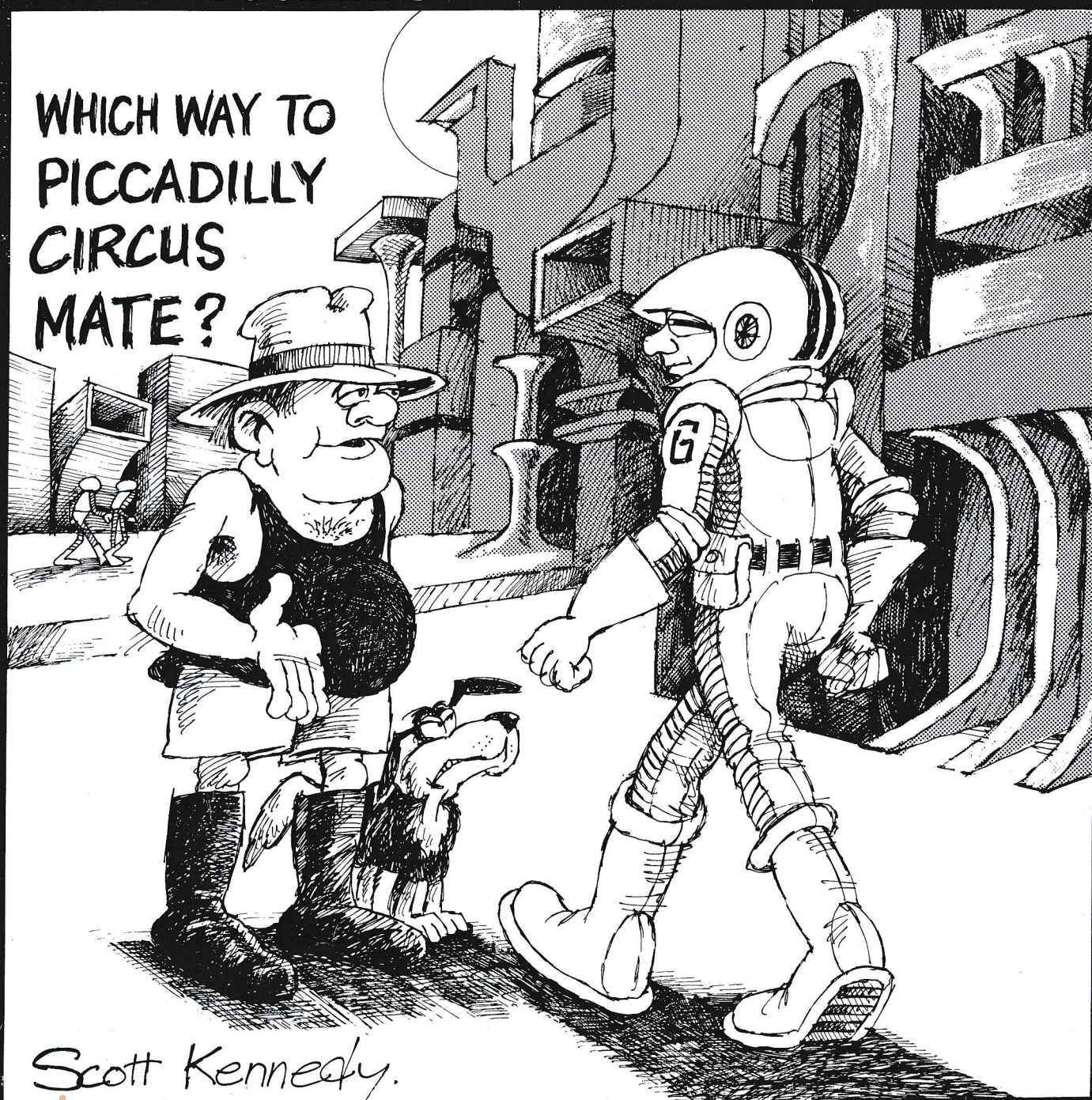


NEW ZEALAND

# INTERNATIONAL REVIEW

**NEW ZEALAND IN WORLD SOCIETY:  
TOWARDS THE YEAR 2000**



july / august 1978

# New Zealand in World Society: Towards the year 2000

**peter rankin**

By international standards, New Zealanders display a high degree of interest in the rest of the world. They have consistently put a high value on their place in world society and on the maintenance of contacts individually and as a nation with other countries.

There are obvious reasons for this. All the elements in the New Zealand ethnic mixture even the longest established, recognise themselves as having come from somewhere else. None regard themselves as autochthonous, or see New Zealand as the navel of the universe. Interest in the wider world society is bred into us and is marked by the constant use of that very New Zealand word "overseas".

Among the British pakeha in particular the tendency to look back overseas has been strengthened by the continued arrival of new immigrants from the homeland and by the almost obligatory trip "home".

sources could not match overseas experience they have been supplemented by importing the population, the culture, skills and knowledge and the labour, capital and materials required to create and maintain the desired social and economic standards.

A high degree of interaction with the rest of the world has resulted and been taken for granted. New Zealanders have seen themselves not as an enclave cut off from the rest of the world, nor as a self-sufficient and independent entity operating within it, but very much as part of world society and as members of a group that played a major role in that society.

The groups of which New Zealand has been a member — first the British Empire, then the Commonwealth and, more recently, the "old Commonwealth", led by the United States — have been regarded as serving our interests fairly comprehensively. We have not felt the need to spend

gross national product table

But for some time now it has been apparent that the group is losing its cohesion and strength. The common traditions, culture and sentiment survive but with less practical support from the other areas. It is clear now, for example, that the British take only a perfunctory interest in military security in the Pacific; that one of the main concerns of the Canadians is to reduce their dependence on links with the United States; that the United States regards us as an involved ally only in respect of an area of the world which is rather low on their list of priorities, that even the Australians are more concerned, for example, with the Indian Ocean and Indonesia and less with the South Pacific than we are in New Zealand.

The importance of trade between the members of the group has declined very substantially and the common trade philosophy looks rather tattered. The keystone of it — and not only for New Zealand — was the foundation of the British economy on the concept of importing food from the cheapest available source in order to keep its cost structure down and maintain the competitiveness of its world-wide industrial exports. That has now gone by the board and what attachment Britain retains to the ideas of comparative advantage and free trade in agriculture is an anachronism founded rather shakily on sentiment rather than self-interest.

It is also evident that the interest of Canada, Australia and the United States in agricultural trade is of a different order from New Zealand's and is focussed on different products. We can expect little practical support from them, either in their own domestic markets or in international trade negotiations, for the application of the old philosophy of trade to the products of particular interest to us.

Finally, in the world GNP stakes, the group's dominance of the top table has been diluted by the entry of the Japanese, a number of Europeans and some newly rich oil-producers who have been doing better than the group. New Zealand's position, in particular, is sinking fast.

So the group no longer pursues effectively the comprehensive range of goals we had regarded as our own. While this change has been more noticeable recently it represents a trend that has been going on for many years. It is possible that a new external threat, such as that posed by the Second World War, might again strengthen the degree of co-operation, but it is highly unlikely that the trend itself will be reversed.

New Zealand's foreign policy has been responding to this change since the 1950s



Those who have come to New Zealand have generally come not to escape civilisation and return to nature but to improve on what they left behind. The constant updating of overseas experience has provided a reminder of New Zealand's smallness and remoteness and sharpened a sensitivity to any lowering of local standards.

Values and fashions as well as standards have not developed solely out of the domestic scene. Where New Zealand's re-

much effort defining our own external goals or ways of achieving them because the group's goals fitted us comfortably and it had the power to achieve most of what we wanted. The group provided bonds of sentiment, common traditions and culture, strong military security links, a shared philosophy of trade, practical links in commerce and communications and, moreover, confirmation of the rightness of the group's approach by its domination of the top positions in the world per capita

and more particularly in the 1970s by holding on to what we can retain of the old group relationship, strengthening our bilateral ties with its members where we still share common interests and developing new and more independent links with other countries.

New Zealand did not oppose Britain's entry to the EEC but worked to retain the essential parts of our old economic links. We have maintained the ANZUS alliance and worked to strengthen our bilateral relations with Australia, the United States and Canada. We have built up our independent links with Asian countries and opened new links with Eastern Europe, Latin America and the Middle East. Two new groupings have attracted our interest. We have developed a form of association with ASEAN and, more significantly, we have played a major part in the establishment of the South Pacific Forum. We continue to play our full part in international co-operation drawing on our new links as well as the old.

This approach has not met with unanimous support: there are some who would call for a return to reliance on a close relationship with our old partners and some who call for a greater spirit of gaullist independence or for a self-sufficient isolation from the world.



**To attempt to rejuvenate the old partnership would be wasted effort. It is disintegrating not for lack of political will but because the area of common interest on which it was based is contracting.**

Links of history and culture will provide the base for a continuing relationship between the members of the group as far ahead as one can imagine, but the partnership cannot be willed back into its former comprehensive state. A weakened Britain can no longer afford to play a world role or to stand apart from the dynamics of change in its own region. The United States must set its priorities according to the demands of its world role, not according to a sentimental attachment to the needs of old partners. The Canadian and Australian economies are now founded on their resources of industrial raw materials and do not share our continuing dependence on an agricultural base.

**In a real sense, it is New Zealand's position that has stagnated. We were always a small partner: the massive growth in the world economy in the 1960s has left us**

**insignificant even in world food production.**

We cannot change the situation of our old partners: we can only reassess our own.

Greater independence or even isolation are more real options but the further we go along that path the greater the implications become. Total isolation, if it were practicable, would require a massive change in our conception of ourselves and in our national objectives. As noted earlier, we have not found within New Zealand the resources to maintain the standards we have so far set ourselves. We have looked overseas for traditions, for stimulation of our culture, our information and our entertainment, for additional labour, capital and skills, for travel, for assurances of military security and for the maintenance of a high standard of living. It has also been part of our tradition to play an active role in international co-operation — to help the disadvantaged and to improve the management of the world — through the League of Nations and the United Nations and by direct bilateral assistance.

While it may have been our links with Britain and the Commonwealth that led to the growth of this wide-ranging internationalism, the result is that we now have a well-developed set of external interests. The

particularly Polynesia, by growing interest. The ties with Britain may have lessened but there is no substantial call for their rejection. Many of those pakehas who are the least enthusiastic about the maintenance of British traditions are also the most anxious to borrow from the Maori and redefine New Zealand within Polynesian traditions.

We still draw additional population from other countries. While we seek to regulate and limit this flow, particularly in times of economic difficulty, there is no substantial pressure to stop it altogether and there seems always to be support for immigration on humanitarian or family grounds. The New Zealander's enthusiasm to travel overseas and to welcome tourists is undiminished. The rapid development of indigenous arts and crafts, of our own information, research and teaching capabilities, of our professional skills and of local entertainment seems to match an increased domestic demand rather than indicate any lessening of interest in the overseas product. There is a strong desire to test our skills and achievements in all these areas, very noticeably in sports, against overseas standards. A domestic standard is not good enough: we want to meet the best international standard.

These are not the glamour areas of external relations but they are probably the ones that mean most to the average New Zealander. They make an important contribution to maintaining the dynamism and inspiration of our small and remote society. It seems a fair assumption for the longer term that New Zealanders will want to maintain these contacts and will oppose developments overseas or in New Zealand which would have the effect of substantially curtailing them. They will continue to want other countries to know about and accept New Zealand and to draw from them additional inspiration and stimulus. To maintain our good name internationally seems likely to be an enduring goal for most New Zealanders.

This will demand not just the continuation of our traditional contacts but the development of our contacts with new regions — Japan and China, South East Asia, the Pacific Islands and Latin America — as we increasingly recognise new sources of stimulus. It will require that we work for a world order which maintains freedom of exchange of people, skills and ideas — of travel and communications.

## ECONOMIC

Discussion of our economic relations with the rest of the world tends to focus on our exports — on production levels and the availability of access to good markets, particularly for our main traditional agricultural exports. For longer-term consideration it might be better to start with the first determinant — what we want from other countries, not just in strictly economic external inputs but in social and cultural contacts, and security and co-operation. It is the level and cost of these demands that have required us to maintain high per capita export earnings. For a small, remote country with few natural advantages, the burden of that demand is considerable now and may be expected to increase in most scenarios for the world's future. We need therefore to look at options for reducing our external demand as well as improving our capacity to pay.

## CULTURAL AND SOCIAL

Most of our traditions not only have their origins in other countries but continue to draw on them, in Britain by constant and formal contacts, in other homelands, par-

Looking at our demand for imports of capital, services, raw materials, energy and goods that are beyond our productive capacity, we have the option of reducing these by accepting a lower comparative standard-of-living — a solution that circumstances has forced on us in recent years. While a growing number of New Zealanders advocate "low growth" as a principle, there is little indication that New Zealanders in general are likely to adopt this as a preference.

Without a general lowering of standards we could be more careful in our use of imports. We are not notably efficient in our use, for example, of heavy equipment and transport facilities. We could also make greater efforts to replace imports by making more extensive use of domestic resources. We are becoming more conscious of the need to "go easy on energy" and to make more use of domestic sources such as coal, wood and wind. Our sensitivity in this case arose from a crisis indicating that oil was something of a luxury for the world as a whole. In our circumstances, we might usefully apply that approach to our other imports. As an example, we import metals and plastics: instead of adopting the consumption habits of countries in which they are plentiful, we need to use these materials more sparingly and contrive to replace them where possible by more inventive uses of our renewable resources of wood.

Prices may not be the only constraint on our access to overseas resources. New Zealand will be concerned to ensure that fair and reasonable access to limited resources is maintained for small purchasers.

Even if we achieve a significant improvement in the extent and efficiency of our use of imports, we must expect to remain substantial traders — to need to earn substantial amounts of foreign exchange to pay for our external purchases and our other overseas activities. We must look at our potential for export earnings in the longer term, not simply on the basis of present patterns of domestic production but of expected developments in world demand and supply and our potential for meeting them on competitive terms.

Traditionally, we relied on producing a narrow range of agricultural products in a high volume/low price form requiring special transport facilities for sale to a single market on the far side of the world. Clearly that is an approach which is viable only in very special circumstances, and in our case these circumstances have ceased to exist. In recognition of that we have achieved over the last twenty years a very substantial diversification of markets and a significant diversification in the range of products. But many of the basic habits engendered by the old pattern remain strong. Our main export products are still sold in high volume/low price form; we are still noticeably dependent on single markets for single products and we still rely on long distance bulk transport. The serious downward trend in our terms of trade is a clear sign that much more has to be achieved if we are to maintain ourselves in the style to which we are accustomed.

**Probably the most notable weakness in our exports is their lack of sophistication.** The great expansion of world trade in the 1960s was accompanied by a general shift into more sophisticated products. The most

highly developed countries became involved in the wider application of space technology, the second rank moved into electronics and synthetics and the stronger developing countries achieved basic industrialisation. The standard of food production improved significantly in most areas.

New Zealand's achievements were less remarkable. We established a regular trade in cheap beef to the United States; we made a modest start on selling lamb cuts instead of whole carcasses; we learned to produce a wide range of milk powders; our forest industry built up significant exports of wood pulp and cheap newsprint; carpets replaced a small portion of our raw wool exports; our manufacturing industry developed export markets for basic domestic whiteware. Within New Zealand these look like significant achievements, but in terms of what was happening in the rest of the world they were very minor changes. The techniques used are very basic and very easy for many countries to pick up. We did not even keep pace with the faster growing developing countries, but at the same time we tried to maintain a much higher general standard-of-living.

The growth and spread of economic sophistication can be expected to continue, though possibly at a slower overall pace in the short to medium term. Indeed there is a growing recognition that it must continue at least in the developing world if we are to avoid widespread economic, social and political dislocation. We face, therefore, the prospect of many more competitors in every field of export production that we have so far mastered. In most cases these competitors will have a stronger political case for preferred access. They will generally have economic advantages too — in lower wage structures, more disciplined and more strongly motivated work forces, domestic supplies of raw materials and shorter transport lines.

This last factor in particular can be expected to become increasingly important. It is characteristic of our main exports that they are comparatively expensive to move: they are bulky, many require special transport facilities and they are aimed at the lower end of the price range where high transport and handling costs are harder to absorb. There is every indication that bulk international transport, relying heavily on oil and labour, will become increasingly expensive. This will impose a particularly heavy burden on New Zealand, both for imports and exports, because we are a small supplier and purchaser remote from both markets and major trade routes.

Nearly all our main export industries are dependent on one or two major markets and are thereby particularly vulnerable to changes in political attitudes and consumer preferences and to increased domestic and external competition. This is true, though to a lesser extent, even for our newer exports of manufactures and forest products. In most cases we have no reason to expect an increase in the political economic leverage we can bring to bear bilaterally to maintain our access. It is also noticeable that even in our market diversification we have concentrated on the wealthiest and most sophisticated western countries. While these countries have until recently achieved the highest growth rates in demand, it is not clear that this will con-

tinue and it is worth bearing in mind that these are the countries that can most easily meet our competition by domestic production if they wish to.

To maintain, let alone improve, our standard-of-living we will need to improve our export earning capacity by meeting these three challenges: the spread of sophistication, the high cost of transport and the vulnerability of our markets. We must also watch carefully our use of imported raw materials for the production of exports. Even if the world has ample supplies of the materials we need, we will find them more costly than our competitors because we are a small, remote purchaser. A greater reliance on and more inventive use of our renewable domestic resources will be important. Where we decide to import we will need to achieve a high net foreign exchange benefit.

There has been much discussion of these problems in New Zealand and some argument over whether our export future lies in agriculture or manufacturing. In the absence of reliable long-term forecasts of the pattern of world demand, the answer would seem to be spread our bets and seek from both fields more sophisticated high-price/low volume products that can be sold in smaller quantities to a wider range of markets. Our best opportunities will come from the combination of manufacturing and agricultural skills; more generally from the application of sophisticated manufacturing, marketing and design skills to the products and resources of our land and the surrounding seas.

## DEFENCE

It is a first charge on any government that it maintain an effective ability to protect its citizens from unwanted external interference — to preserve their right to shape their lives as far as possible in accordance with their own choices. It should be noted that this century has seen a very substantial broadening of the range of interactions between countries and with this an expansion of the means available for interfering in the affairs of another country. Greater account must now be taken of the opportunities for interference available to governments and to non-governmental political, terrorist, commercial and other pressure groups through international communications, travel and transport, and monetary and commercial operations.

In New Zealand's case, pressures exerted on us and attempts to interfere with our freedom of action are more likely to fall into these categories than to be purely military.

Given the global range of our interests, our dependence on long lines of communication and our relative power in the world, our primary interest is clearly in a stable international order and the lessening of the danger of conflict in all parts of the world.

## INTERNATIONAL CO-OPERATION

New Zealand has shown a strong interest in most forms of international co-operation from narrow technical and professional bodies to the League of Nations and the United Nations. This trait may well stem from our past as a remote colony and our experience of the benefits of co-operation in the Commonwealth, but these explanations reflect continuing realities. We are small — and what you cannot do by yourself you can try to do with the help of others.

Despite the vast improvements in communications and transport we remain relatively isolated and remote both by geography and in relation to our dominant culture. We are by nature and tradition dependent — without a strong natural self-sufficiency. Like a less powerful member of any community, we have more to gain from effective co-operation within our community.

The development of that community into a single world-wide community has already been one of the most notable characteristics of this century. Communications, knowledge, technology and trade bind all parts of the world together. Neither geography nor politics can render any part entirely immune from the rest. Human beings now recognise and try to manage world economic trends, global social and political movements and a limited intra-dependent ecosystem. We are increasingly reminded in New Zealand that trends and events in any part of the world can have significant effects on us and that it is in the better management of this world community that our best interests will ultimately lie.

More often than not, it will be unrealistic to pursue short-term goals through the slow and delicate process of global co-operation. More narrowly based forms of international co-operation will be useful. Mention has been made of the continuing, though less comprehensive, value of our familiar "United States and Commonwealth" group, and of the significant

emergence of a new group in the South Pacific Forum.

Membership of the Forum provides a new and strange experience for New Zealand in that we are, for the first time, a large and dominant member of a group. Successful management of this relationship, which could strengthen significantly our role in the world, will require a sensitive ability to apply to others the hard lessons we learnt as the smaller partner in former groups.

Amongst the many avenues of international co-operation available we must allocate our limited resources of manpower and money on a careful cost-benefit basis. We will need to choose points at which our own interests are particularly involved, where a real potential for progress exists and where the costs bear the best relationship to the expected achievements.

#### CONCLUSION

**Looking back at the basic options for our approach to the world, the balance is heavily loaded towards a co-operative rather than an isolationist approach. The latter would entail not just "low growth" but a substantial and continued lowering of our social and economic standards. Unless we accept that, we will need to give high priority to the pursuit of our external interests.**

The range and significance of those interests and our intrinsic lack of power for their pursuit require that we work with others. The first major question for our

long-term foreign policy will therefore concern the choice or balance between a broadly based approach seeking allies where we can for particular interests or closer co-operation in a smaller and more constant group.

The trend towards diversification both in the world power structure and in the spread of our own interests suggests that no one group is likely to be able to provide effective support for all our interests. A close association with one group for the sake of some interests may well work against us on others.

The broad approach will serve the widest range of our interests but serve them more slowly and require the devotion of greater resources. The narrower will require us to restrict our sights to a smaller range of interests but provide stronger support for them and involve greater risks. The choice may depend primarily on the urgency for New Zealand of the achievement of particular short-term goals and the pace of progress towards better global co-operation.

The second major question is whether or not we will succeed in earning enough from the rest of the world to pay for the pursuit of our chosen domestic and external objectives.

*PETER RANKIN is at present studying at the John F. Kennedy School of Government, Harvard University. He originally prepared this paper for the Commission for the Future, and the opinions are his own.*

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