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LEADING FROM BEHIND

**AN ETHNOGRAPHIC STUDY OF BUSINESS
DIPLOMACY IN THE MAKING OF FREE TRADE
AGREEMENTS IN NEW ZEALAND**

Sasha Maher

A thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy in
Management and Anthropology, The University of Auckland, 2012

Abstract

This thesis draws together theoretical strands from the literatures on international political economy, governmentality and the anthropology of policy to examine business engagement in the making of free trade agreements (FTAs) and trade policy in New Zealand. A small state, heavily dependent on the export of agricultural products, New Zealand, is considered a world leader in trade liberalisation and has been vociferous in its promotion of neoliberal trade principles since it began to open its borders in 1984.

An assumption in the trade literature is that business, primarily motivated by profit, is at the forefront of pushing governments into free trade deals. Through a multi-sited ethnographic study of an informal business–government network undertaken over the course of eighteen months, I test that assumption and inquire into why business actors appear so keen to perform diplomatic functions. Using first-hand empirical fieldwork with actors who are active in the longstanding quest to obtain an FTA with the United States, the study seeks to open up the “black box” of business diplomacy and the rarely explored world of international trade negotiations.

Known as the Trans-Pacific Partnership Agreement, or TPP, New Zealand began discussions with the United States in the late 1990s, but only in 2008 did they enter into formal negotiations. The thesis tracks both the history of the TPP and subsequent developments in the negotiation rounds. A key finding from the thesis is that a form of economic nationalism, encapsulated in the term “NZ Inc”, is being used to mobilise support from business for its trade policy initiatives. Business does not dictate the terms of FTAs; in New Zealand, the state steers the momentum for free trade. FTAs such as the TPP signal the state’s pre-eminent role in trade policy-making but also highlight the state’s tentative grip on sovereignty.

By analysing the transformation of the state in an era of deepening economic integration, this thesis also contributes to debates in anthropology and business studies on the significance of leadership, diplomacy and soft power and how these concepts relate to new kinds of transnational subjects and spaces that are emerging in the interstices of power.

KEYWORDS: Policy, diplomacy, anthropology, free trade, neoliberal state

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List of Abbreviations

ABAC	Asia–Pacific Economic Cooperation Business Advisory Council
AFL-CIO	American Federation of Labor and Council of Industrial Organizations
APEC	Asia–Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AUSFTA	Australian–United States Free Trade Agreement
CEP	Closer Economic Partnership
CSIS	Center for Strategic and International Studies
CTU	Council of Trade Unions (NZ)
DTI	Department of Trade and Industry (NZ)
EC	European Community
EEC	European Economic Community
EVSL	Early Voluntary Sectoral Liberalisation
FADTC	Foreign Affairs, Defence and Trade Committee
FinSec	Finance Sector Union (NZ)
GAO	General Accounting Office (US)
GATT	General Agreement on Tariffs and Trade
GI	Geographic indications
IPR	Intellectual property rights
IPS	Imperial Preference System
JAGS	Joint Action Groups
KEA	Kiwi Expatriates Abroad
MAF	Ministry of Agriculture and Fisheries (NZ)
MAI	Multilateral Agreement on Investment
MED	Ministry of Economic Development (NZ)
MERT	Ministry of External Relations and Trade (NZ)
MFA	Ministry of Foreign Affairs (NZ)
MFAT	Ministry of Foreign Affairs and Trade (NZ)
MfE	Ministry for the Environment (NZ)
NAFTA	North American Free Trade Agreement
NDC	National Development Conference
NIA	National Interest Analysis
NTB	Non-tariff barriers
NZBR	New Zealand Business Roundtable
NZI	New Zealand Institute
NZIBF	New Zealand International Business Forum
NZIIA	New Zealand Institute of International Affairs
NZMDB	New Zealand Marketing Development Board
NZTDB	New Zealand Trade and Development Board
NZTE	New Zealand Trade and Enterprise
NZ–US Council	New Zealand United States Council
OECD	Organisation for Economic Co-operation and Development
P2	Pacific 2
P3	Pacific 3
P4	Pacific 3
P5	Project 5
P8	Pacific 8
PECC	Pacific Economic Cooperation Council
PTA	Preferential trade agreement
ROO	Rules of origin
RTA	Regional trade agreement

SATE	Special Agricultural Trade Envoy
SPS	Sanitary and phytosanitary standards
TLN	Trade Liberalisation Network
TPSEP	Trans-Pacific Strategic Economic Partnership Agreement
TPP	Trans-Pacific Partnership Agreement
USTR	United States Trade Representative
WTO	World Trade Organisation

Introduction

PURSUING THE “HOLY GRAIL”

In early September 1999, New Zealand hosted the Asia–Pacific Economic Cooperation (APEC)¹ Leaders’ meeting.² Protesters gathered across from the Stamford Plaza Hotel and Auckland Town Hall to wave banners, burn candles and express their grievances. Although some shouted “Free Tibet, China Out” at Chinese President Jiang Zemin, most of the protesters were there to unite against what Green Party leader Rod Donald described as APEC’s dubious trade agenda: “APEC has failed, putting free trade ahead of human rights and jobs.”³ Two months later, in late November, these anti-free trade sentiments surfaced again during the World Trade Organisation’s (WTO) ministerial meeting in Seattle where an estimated 40,000 anti-globalisation protesters purportedly stalled trade talks.⁴ These protests signalled the shift in the centre of gravity in trade policies and politics, from tariff reduction at the border to the re-regulation of domestic laws according to internationally negotiated trade rules. The shift was seen by many as a threat to national self-determination and domestic sovereignty.

In light of the stalled WTO talks and ongoing protests against the idea of free trade, in early 2001, a group of New Zealand and American business and government actors organised a high-level, free trade discussion at the Sheraton Hotel in Auckland.⁵ The purpose of the business–government conference was to demonstrate support for a free trade agreement between the two countries (US–NZ FTA) and to ensure that free trade remained a top policy priority in New Zealand. The occasion brought together for the first time, an informal network of state and non-state actors who are the focus of this thesis.

¹ Due to the nature of trade policy discourse acronyms feature frequently in this thesis and are unavoidable.

² APEC was initially spearheaded by Australian Prime Minister Bob Hawke in 1989, as an inter-governmental organisation comprised of twelve founding members: New Zealand, Australia, Japan, South Korea, Canada, the United States, Singapore, Malaysia, Indonesia, Brunei, Thailand, and the Philippines. The objective of APEC was to create a forum through which Asia–Pacific economies could meet yearly to talk about how to enhance growth in the region by deepening economic integration and co-operation. It emerged at the time that Europe and the United States were forming their own regional trading blocs and the Cold War had ended. Throughout the year, APEC committees, working groups, special task groups and business and industry dialogues are held in the country which is hosting APEC. The apex of the yearly meetings is the Economic Leaders’ Summit of prime ministers and presidents, which usually takes place in November. The vision of APEC is: “Stability, security and prosperity for our people”. Accessed 13 September 2009 at: <http://www.apec.org/>

³ G. Espiner. Protesters make their point. *Dominion*. 13 September 1999. Accessed 4 February 2009 on Index New Zealand (INNZ) database.

⁴ S. Verhovek. For Seattle, triumph and protest. *New York Times*. 13 October 1999. Accessed 7 February 2009 at: <http://www.nytimes.com/1999/10/13/us/for-seattle-triumph-andprotest.html>

⁵ S. Collins. Free trade – wooing Uncle Sam. *New Zealand Herald*. 12 December 2001. Accessed 18 February 2010 at: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=233473

Broadly defined, free trade agreements (FTAs) are international treaties between two or more states in which each party is obliged to reciprocally lower tariffs at the border and/or behind the border. These tariffs, called non-tariff barriers (NTBs) are wide ranging and include: import quotas, packaging and labelling conditions, copyright law, geographical indications (GI)⁶ and rules of origin (ROO).⁷ The list of NTBs has expanded as global economic integration has deepened and firms operating outside of their “home” country are confronted with complicated regulatory environments. Navigating around NTBs can be extremely costly to business in terms of time and compliance. To lower these costs, since the late-1990s, trade agreements have increasingly come to focus on the “harmonisation” of domestic regulations among states rather than through direct tariff reductions. Thus, the objective of most contemporary trade negotiations is to now standardise and make transparent the plethora of NTBs that impede or obstruct the fluidity of cross-border business activity and global supply chains.

The sea-change from reducing tariffs at the border to the quest for regulatory coherence across multiple states is indicative of what has been called by trade scholars the “new trade agenda”, whereby policy-making has become more complicated both substantively and politically (Hocking and McGuire 2004). More issues are now placed “on the negotiating table” for discussion, with more stakeholders wanting to be engaged in the decision-making process in a “meaningful way”. From environmentalists to open source software advocates, stakeholders demand to be heard by their governments’ negotiators and politicians. As a result of the complex agenda, trade agreements have increasingly come to appear as weighty, legal documents, some with as many as twenty chapters⁸ detailing in a number of articles⁹ each participating state’s long list of trade concerns, from intellectual property rights (IPR), investment regulations, through to sanitary and phytosanitary standards (SPS)¹⁰ and customs procedures.

⁶ GI is a name used on certain products which corresponds to a specific geographical location or origin (e.g. a town, region or country). A GI certifies that the product possesses certain qualities, is made according to traditional methods or enjoys a certain reputation due to its geographical origin.

⁷ ROOs are used to determine the country of origin of a product. There are two common types of rules of origin depending upon application: preferential and non-preferential. Tariffs rates are lower for countries with preferential rules of origin, such as between FTA partners.

⁸ For example, see the North American Free Trade Agreement (NAFTA) text. Accessed 18 May 2010 at: <http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta>

⁹ An “article” is a legal term and outlines obligations and procedural matters. A “provision” refers to the content of particular articles.

¹⁰ SPSs seek to protect the integrity of a country’s people, animals and plants. Each WTO member is signed to the SPS Agreement and is allowed to undertake SPS measures but these must be “based on scientific principles

A commonly held view often expressed in popular media is that FTAs are the result of lengthy discussions among trade bureaucrats working in Geneva. While this is indeed the case, actors other than trade diplomats are also involved in the formation of these cultural texts from business to politicians, academics, union leaders, media, lobbyists, non-governmental organisations, lawyers and economists. This thesis takes a different approach and instead focuses on the role of business in the making of New Zealand's free trade agreements. Through an analysis of the participation of business actors in an informal business–government network, the thesis seeks to address questions about the transformation of the state in the context of increased global economic integration.

The Changing Cast of Characters in Trade Diplomacy

In New Zealand, the executive branch of government holds the foreign affairs prerogative to enter into trade treaties. This capability was inherited from the British Westminster system and is carried out in New Zealand by the Crown on the advice of ministers.¹¹ In effect this means that Cabinet is able to ratify treaties regardless of Parliament.¹² This is despite the recent effort from the left-leaning Green Party to have Parliament more involved in the process (Chen 2001, Kelsey 1999, Nielsen 2007, Palmer 1986). As such, FTAs are tabled and ratified by Cabinet.

The lead advisor and negotiator for the government on all trade policy matters is the Ministry of Foreign Affairs and Trade (MFAT). With a relatively modest annual operating budget of NZD 384 million, 1,341 staff and 53 posts abroad,¹³ the Ministry is small in comparison to its major trading and negotiating partners. Despite its size, the Ministry is currently negotiating five FTAs, one of which is the TPP – a plurilateral agreement encompassing nine countries, including New Zealand. The formal steps that MFAT takes in its negotiations has been described by international relations scholar Stephen Hoadley (2002) and is said to follow seven distinct phases: (1) problem identification, (2) diagnosis, (3) pre-negotiation, (4) negotiation, (5) legitimisation, (6) ratification and (7) implementation.

and is not maintained without sufficient scientific evidence". SPS standards must not discriminate against imports. Accessed 12 July 2010 at: <http://www.biosecurity.govt.nz/sps/agreement/provisions.htm>

¹¹ The foreign affairs prerogative was one of the last prerogatives to be delegated from the Imperial Executive to the Dominions (Joseph 2001).

¹² Foreign Affairs Act 1988, section 13.

¹³ See MFAT's 2010/2011 Annual Report. Accessed 10 May 2010 at: <http://mfat.govt.nz/Media-and-publications/Publications/Annual-report/index.php>

During the pre-negotiation and negotiation phases a special division within MFAT's Trade and Economic Group (TEG) called the Trade Policy Liaison Unit (TPLU) accepts public submissions and consults with stakeholder groups in order to garner concerns as well as inform the public about an FTA (see Appendix 1). At these points, and others not shown in Hoadley's (2002) seven steps, business is able to communicate its interests and issues to the Ministry and other agencies involved in negotiations, such as the Ministry of Agriculture and Fisheries (MAF), Ministry of Economic Development (MED) and New Zealand Customs Service. However, lobbying from an exterior position is not the only type of interaction business has with government in the arena of trade policy. Since the late 1990s, business has increasingly entered the diplomatic space and engaged in activities that were once the domain of the state's official representatives, its diplomats.

In this higher-level policy context, business does not lobby government for its interests, but rather it uses its influence to advocate for the state on its behalf in domestic and international settings, acting as "unofficial diplomats" (Berman and Johnson 1977) or business diplomats. Rarely, in the literature, is business seen from this perspective, as private actors pushing the agenda of the state; working for the "national interest" but from the capacity of the private sector.

The thesis is primarily concerned with understanding the reasons for this change in the cast of characters. With this in mind, the central questions of the thesis centre on the role of business activity in the formation of New Zealand's trade policy. The bulk of the trade literature suggests business, particularly actors from "big business", are able to dictate the terms of FTAs to governments (see Oatley 2010). Is this assessment correct? Have business actors captured New Zealand's trade policy? Or, alternatively, is the state leading business from behind? Are FTAs a state project from which business lends support? If so, what are the implications for understanding transformations of the modern state and in the way contemporary governance is enacted?

This thesis explores these empirical questions and deeper conceptual issues about the changing nature of the modern state through a case study of the pursuit for an FTA with the United States. This highly prized but elusive FTA has at times been called the "Holy Grail". For New Zealand it began in 1997 as an initiative to access the world's largest middle-class

consumer market, the United States – a prime destination for New Zealand’s agricultural produce, particularly meat and dairy, which are foods mostly consumed by status and health-conscious middle-class populations. Since the idea was formed, the quest to get an FTA with the US has widened in scope and is no longer just a bilateral NZ–US FTA. In its current form, the “NZ–US FTA” has become the multiparty TPP. Neither is the ambition to merely reduce tariffs at the border. In parallel to changes in trade policy under the new trade agenda, the aim of the TPP is to facilitate deeper economic integration and harmonise regulations among Asia–Pacific countries. Although tariff reductions are still part of the plan, the idea is to amend domestic laws and regulations in order to make cross-border trade less costly and more certain for investors.

The thesis argues that contrary to predominant thought, business has not captured trade policy. FTAs are not the end result of business manipulating or dictating its demands to the state. But neither is business entirely subordinate to the power of the state and its officials. The relationship between government and business is more complex than what this zero-sum framework found in the literature on trade would imply. Rather, I suggest that principally, as governance mechanisms, FTAs endow small neoliberal nation-states such as New Zealand with the means with which to exercise and extend their sovereign authority at a supranational and extranational level (see Trouillot 2001). FTAs such as the TPP reflect the state’s attempt to effectively control and manage the complexities and power of the economic sphere (see Brown 2010). FTAs at once signal the state’s pre-eminent role in trade policy-making but also highlight the state’s tentative grip on sovereignty. However, the state cannot achieve this act of extension and transformation alone. Not only is the state fiscally constrained, but stakeholders have made the space in which the state can unilaterally negotiate FTAs far more difficult. As a result, the state has delegated some of its diplomatic and trade policy duties to business actors who have greater resources and powerful informal networks. A key finding from the thesis is that state officials are able to mobilise support from business, and entreat them to adopt diplomatic duties, by deploying the economic nationalist concept of “NZ Inc”.

In the following sections of the introduction, I will give a brief overview of the TPP in order to describe how the struggle to get an FTA with the United States has changed over time, but has remained a policy objective of successive New Zealand governments. Second, I will discuss why New Zealand makes an excellent site from which to examine questions about the changing nature of the neoliberal state and trade policy-making. In the third section, I

will map out the conceptual framework and outline the contributions and limitations of the research. This is followed by an outline of the chapters.

New Zealand's Longstanding Pursuit of the NZ–US FTA

Since the late 1990s, an FTA with the United States has been an objective of New Zealand governments (see Appendix 2). The idea of an agreement with the United States is closely linked with the failure of APEC to realise the “Bogor Goals”. In 1994, at Bogor, Indonesia, APEC’s 21 member countries agreed to work toward, “free and open trade and investment in the Asia–Pacific by 2010 for developed economies and 2020 for developing economies”.¹⁴ However, the Bogor Goals were declared not legally binding and, as such, concerns were raised in New Zealand about how to ensure they would be met.¹⁵ Without enforceability they were thought promising, but ultimately hollow.¹⁶

Following the end of the General Agreement on Tariffs and Trade (GATT) Uruguay Round in 1994, the faith in what multilateralism could deliver to both developed and developing countries began to falter. In response, a proliferation of preferential trade agreements (PTAs) and regional trading blocs emerged in the Asia–Pacific including the North America Free Trade Agreement (NAFTA). These mostly bilateral trade agreements placed the GATT¹⁷ under considerable pressure (see Bhagwati 2008). On the margins of diplomatic discussions, New Zealand officials were told that the United States had already begun free trade talks with Chile and Singapore. This was seen as a threat and signalled to officials that New Zealand needed to step up its efforts to secure an FTA with the United States in order to avoid being shut out from the evolving trade architecture; the pattern of trade agreements that were cutting up the Asia–Pacific region.¹⁸

In 1997, the United States Trade Representative (USTR), Charlene Barshefsky, floated the idea of a multi-country agreement in a private meeting with New Zealand’s Minister of Trade, Lockwood Smith, in Washington DC. US officials were concerned about the rising economic and geo-strategic influence of China in the region. Smith then took the USTR’s idea to Singapore and worked on it with Trade Minister George Yeo who “instantly saw the

¹⁴ APEC. Accessed 18 July 2010 at: http://www.apec.org/apec/leaders__declarations/1994.html

¹⁵ Interview, Lockwood Smith, 31 March 2010.

¹⁶ Interview, Senior Trade Diplomat, 1 February 2010.

¹⁷ In 1995, at the conclusion of the Uruguay Round, the GATT was incorporated into the WTO.

¹⁸ Interview, Senior Trade Diplomat, 1 February 2010.

strategic goal in it”.¹⁹ Singapore agreed to join talks on the proposed agreement along with Australia and Chile. Together with New Zealand and the United States, this group of APEC countries were informally called the P5 (Project 5).²⁰ However, by 1999, the likelihood of the US Congress passing the agreement appeared extremely slight and the Office of the USTR advised New Zealand that the P5 should be set to one side.²¹ This was a disappointment for the pro-free trade National Government, who had hoped to announce a trade deal at the APEC Leaders’ Summit it was due to host that year in Auckland. As a result of the failed P5 idea, trade officials ignited a new campaign, a more aggressive “multi-track” approach that would reinvigorate free trade in the Asia–Pacific region.²² The vision of the Bogor Goals remained the target.

In 1999, New Zealand began to negotiate with Singapore (called the P2). This was successful and flowing on from the P2 came the P3 talks (Chile, Singapore and New Zealand). In 2005, P3 transformed into the P4 agreement after Brunei decided to join. The P4 was officially referred to as the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP). Throughout these changes from the P5, P2, P3 and finally the P4, New Zealand continued to remain interested in forming a bilateral agreement with the United States. Prior to the two-way free trade discussions between Australia and the United States, which culminated in a bilateral FTA in 2004, New Zealand had aspired to also securing a bilateral NZ–US FTA. Economic research reports (Bergsten and Scollay 2002) and glossy public diplomacy materials had been funded by New Zealand’s private and public sectors in order to promote the idea of a bilateral agreement. These had been circulated in the United States through the New Zealand Embassy, US–NZ Council and US Chambers of Commerce. During this period, prominent New Zealand business individuals even employed a reputable Washington lobbyist to walk the halls of Congress.²³

But in 2004, soon after Australia’s FTA success, the strategy shifted from a bilateral agreement to attention on how to attract the United States using the multi-party TPSEP as the principle mechanism. It became obvious to those close to trade policy that New Zealand would not get an FTA unless it was able to offer more than freer access to its small market.

¹⁹ Interview, Lockwood Smith, 31 March 2010.

²⁰ Sometimes referred to as the “Pacific 5”, however, Lockwood Smith commented that its original name is actually “Project 5” (Interview, Lockwood Smith, 31 March 2010).

²¹ Interview, Lockwood Smith, 31 March 2010.

²² Ministry of Foreign Affairs. 1993. *New Zealand trade Policy: implementation and directions, a multitrack approach*. Wellington: Ministry of Foreign Affairs.

²³ Interview, Ian Reid, 9 December 2009.

Unlike other regional trade agreements (RTAs), the TPSEP had been purposefully designed with expandability in mind (Lewis 2005). As such, it was suggested to the United States that it should join the TPSEP. Not only did it offer access to more than one market but it could also be used as a platform for the United States to lead the charge for trade liberalisation in the Asia–Pacific region. The TPSEP was an enabler, a strategic tool that could be of use to the United States. So in 2008, USTR Susan Schwab announced that the United States would explore the idea of joining the TPSEP. After a brief suspension following the election of President Barack Obama, the United States officially joined the negotiations in November 2009, which has since expanded to encompass nine countries including the original TPSEP countries: New Zealand, Brunei, Singapore and Chile; plus United States, Vietnam, Australia, Peru, and Malaysia. This latest group is called the P9 and is no longer the TPSEP but is referred to as the TPP. The membership has continued to grow, with media reports in July 2010 stating that Canada, Japan and the Philippines also want to join talks.²⁴ The original P4 template keeps on expanding.

Similar to other contemporary FTAs, the objective of the TPP is to simplify regulations to an agreed international standard that supports rather than hinders trans-border trade between the member countries. The technical end point of this harmonisation is the rationalisation of the “Spaghetti Bowl” of trade agreements that criss-cross the Asia–Pacific (see Baldwin 2006, Bhagwati 2002; see Figure 1). Ideally, because of the TPP, divergent national regulatory regimes would be forced to converge and simplify into one internationally agreed regime. But the TPP is also much more than this grand plan of harmonisation. For New Zealand, the TPP is about insuring against being locked out of the emerging global value chains and forecasted economic opportunities in Asia (Larner and Le Heron 2004). For the United States, it is related to access to resources, geo-political security and broader economic expansion into the Asia–Pacific region. USTR Ron Kirk explains, “the Trans-Pacific Partnership is a launch pad for the Obama Administration’s intention to dramatically increase American exports to the Asia–Pacific and create good jobs here at home.”²⁵ He adds:

the TPP I intend to negotiate and conclude will reflect US priorities and values, enhance American competitiveness, and generate job-creating

²⁴ J. Hermosa. Malaysia eyes Trans-Pacific Partnership entry. *Business World*. 22 July 2010. Accessed 1 August at: <http://www.bworldonline.com/main/content.php?id=14689>

²⁵ USTR Ron Kirk comments on Trans-Pacific Partnership talks. 18 June 2010. Accessed 1 August 2010 at: <http://www.ustr.gov/tpp>

opportunities for American businesses and workers ... In short, we expect the TPP agreement to serve as a model for the future of American trade.²⁶

Whether a model, platform, convergence tool or mechanism to realise the vision of Asia–Pacific integration under the Bogor Goals, the TPP has evolved to become a central piece in New Zealand’s trade policy precisely because it is deeply symbolic as well as economically significant.

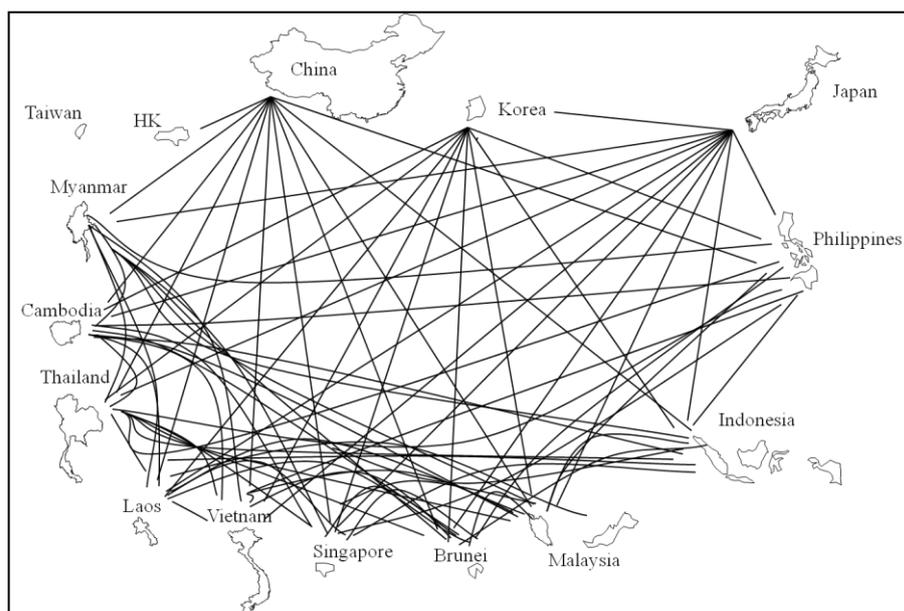


Figure 1. “Spaghetti Bowl” of FTAs that criss-cross the Asia–Pacific region

Tracking an FTA through Multiple Fieldsites

The thesis is based on eighteen months of fieldwork (2008–2010) conducted on New Zealand’s quest to secure an FTA with the United States via the TPP. My goal was to gain a first-hand understanding of the actors and organisations²⁷ that, together, comprise New Zealand’s informal business–government network. As such, I spent my days preparing for meetings, attending dinners, conferences and interviewing state and business actors at the centre of the bilateral relationship. These actors comprise an informal business–government network but, rather than follow these transnational elite actors, I chose instead to follow the TPP story. As such, my research draws inspiration from George Marcus’s (1995) “multi-

²⁶ USTR Ron Kirk comments on Trans-Pacific Partnership negotiations. 15 December 2009. Accessed 1 August 2010 at: <http://www.ustr.gov/tpp>

²⁷ The organisations that I refer in the thesis are: the NZ-US Council, US-NZ Council, ABAC, Association of Southeast Asian Nations (ASEAN) Business Council, Business NZ, Pacific Economic Cooperation Council (PECC) and American Chamber of Commerce New Zealand. My interaction with the New Zealand Government was mostly via MFAT, Office of Ethnic Affairs, Asia New Zealand Foundation and New Zealand Trade and Enterprise (NZTE).

sited” approach to fieldwork, in particular his injunction to follow a metaphor, problem or story (see also Shore, Wright and Però 2011).

For three months in 2009, I worked as an assistant to the President of the US–NZ Council in Washington DC, John Mullen. Each morning at 8.00 AM, I would arrive at the Council’s offices on First and 13th Street, just two blocks from the White House and one block from the USTR and World Bank offices. I would open the office, check the Council’s email inbox and begin the tasks of organising for the 2009 NZ–US Partnership Forum. This three-day “Track 1.5”²⁸ event was a high priority in the NZ–US business–government network’s calendar. Back in New Zealand, I assisted as a secretariat for an APEC Business Advisory Council (ABAC) meeting²⁹ and helped the NZ–US Council prepare for Secretary Hillary Clinton’s planned visit to New Zealand in 2010.

I also participated as a “Future Partner” in the 2011 Partnership Forum in Christchurch. During the eighteen months of being in the field, I attended a significant number of the trade policy talks organised by the Ministry of Foreign Affairs and Trade (MFAT), Asia New Zealand Foundation, New Zealand Trade and Enterprise (NZTE), American Chamber of Commerce NZ and other business associations including the Association of Southeast Asian Nations (ASEAN) Business Council. At these occasions, I met and talked with business actors and officials and followed up introductions with informal one-to-one interviews. I also met with economists and trade policy scholars who actively worked as advisors to New Zealand and Australian governments.

In order to trace the history of trade policy, I read research reports, briefings, speeches, autobiographies, economic histories and interviewed people who had worked as trade officials in past administrations. I asked them to talk about what it was like to work on trade policy issues. I asked the same questions of business people who had once worked on New Zealand’s producer boards such as the New Zealand Dairy Board (NZDB).³⁰ I attempted to gain access to MFAT’s archives, but after a year of correspondence I was offered limited use

²⁸ “Track One” dialogues are state-only talks. “Track 1.5” implies the presence of both state and non-state actors. “Track Two” or “unofficial diplomacy” refers to interactions that take place outside an official negotiation process for the purposes of solving policy-related problems and, although officials may be present, non-state actors lead the talks (see Berman and Johnson 1977, Fischer 2003, Montville and Davidson 1981).

²⁹ This offer to attend was serendipitous and came from an interview I conducted with a key figure in New Zealand’s trade policy history. I assisted as New Zealand Secretariat in February 2009 at ABAC’s Wellington meeting of the year.

³⁰ New Zealand’s producer boards were first established in 1923. Following the economic reforms of the 1980s, all were dismantled except for the Kiwifruit Marketing Board (see Hawke 1985).

only and was told that because the classification system was deemed complicated; I would inevitably use up the time of the Ministry's scarce human resources. Reluctant to bother officials, I decided to use the archives only if I could not access material outside of it. As it came to pass, New Zealand's national library, national archives, interviewee's personal papers and the prolific works already published were sufficient for me to trace the history of New Zealand trade policy.

While loosely based on the idea of multi-sited ethnography defined by Marcus (1995: 105) as "research that is designed around chains, paths, threads, conjunctions, or juxtapositions of locations in which the ethnographer establishes some form of literal, physical presence", my study also takes seriously the call by anthropologist Laura Nader to "study up" (1974). As Janine Wedel (Wedel and Feldman 2005) and others have noted, "studying up", as Nader perceived it, was meant as an "antidote to the traditional focus on poor, colonized, and marginalized people" prevalent in anthropology at the time (Wedel and Feldman 2005: 33). Part of studying up for me was learning the art of networking. In a recent article, Michael Powell (2008) writes that "networking" is an essential fieldwork tool for the anthropologist working in the policy world. This is in part because networking is one of the principle ways through which to generate interviews. In my research, networking also mimicked the methods of my interlocutors who used networking as a way to extend their contacts. I only met my interlocutors at scheduled events: dinners, conferences and meetings. Together we would arrive from our respective workspaces to talk about the importance of trade and listen to the latest developments on the TPP, discuss business, politics and strategy. It was serious talk, but carried out informally and with a measure of casualness. Other than these occasions we would not see each other. Because trade politics brought the loose network together, I required a reasonably high level of knowledge about trade and of the culture of diplomacy. I learnt the parameters of what was required by observing how people related to each other and by reading the latest reports and newsfeeds from think tanks such as the New Zealand Institute of International Affairs (NZIIA), the Brookings Institution in Washington, the Cato Institute and the Peterson Institute of International Economics. These think tanks were considered respected sources of information and were frequently referenced by network members in conversation. They were also commissioned to write independent research reports to support the TPP, such as the 2011 study conducted by the Center for Strategic and International Studies (CSIS) and the NZIIA entitled, *Pacific partners: the future of US–New Zealand relations*.

Because of its recent political history, peripheral location and heavy reliance on trade, New Zealand provides an excellent site for examining questions about the formation of trade policy and transformation of the neoliberal state. As has been widely noted, the Fourth Labour Government enthusiastically adopted neoliberal reforms upon its election in 1984. As a consequence, New Zealand came to be regarded by the Organisation for Economic Co-operation and Development (OECD), the World Bank and was referred to in the *Economist* as the paradigmatic successful model of neoliberalism (Challies and Rob 2008, Kelsey 1995 Larner 1997).³¹ As Kelsey (1995) and others have noted, the Fourth Labour Government implemented neoliberal policies based on a belief in the wholesale benefits of neoclassical economic theory. These policies aimed to free the market from state intervention through economic deregulation, the corporatisation and privatisation of the state sector and trade liberalisation. During this reform period, the complicated system of trade protection that had insulated the economy from external competition and volatility in world market prices for most of the twentieth century was dismantled. Import subsidies and export promotion policies were abolished along with other measures that were seen to stifle the development of an efficient, innovative and competitive market economy. A crucial part of the shift in trade policy was the deregulation of producer boards, which had governed the relationship between the farmer and external markets. Coupled with trade liberalisation, the deregulated agriculture sector became disciplined by world market prices, and global supply chains replaced the producer boards as the tools governing trade (Larner and Le Heron 2004).

Conceptual Framework

This thesis seeks to explore the formation of New Zealand's trade policy agenda from an anthropological perspective. In doing so it aims to provide insight into the socio-cultural order that helps to structure the shifting patterns of modern governance. Primarily, it will contribute to studies that focus on policy, leadership, neoliberalism(s), anthropology and the transformation of the state. Although it lies at the intersection of politics, economics and law, it is well beyond the scope of this research to analyse FTAs from the vantage point of these disciplines. I do not intend to deconstruct the TPP as a legal scholar or trade analyst would, but do take note of others who carry out this task (Kelsey 2008, 2010, Lewis 2005). In a

³¹ Indeed, at an ABAC meeting I attended, a New Zealand MP was asked by a Chilean delegate what New Zealand would look like if the 1984 reforms had not happened, to which he replied, "Well, we simply wouldn't exist." This comment shows that despite the reforms being over two decades old there remains international interest in the "New Zealand experiment".

similar vein, I do not detail the construction of New Zealand's national identity in the context of globalisation. The thesis will only touch upon these issues as they directly relate to the TPP. For a fuller exploration of the creation and ramifications of New Zealand's national identity, I refer readers to True (2005) True and Gao (2009) and Capie (2005). And although I will discuss the debate about New Zealand's trade policy, I will not engage in the substantive economic arguments behind whether or not free trade itself leads to economic development. Rather, I wish to consider how New Zealand's trade policy is discursively constructed and how FTAs have become accepted as "doxa" in New Zealand (Bourdieu 1977). The claims made about material gains and the economic argument behind the TPP will be examined, but not by employing economic theories or using modelling techniques. With these limitations in mind, I will attempt to unpack the "black box" of trade policy-making by drawing on three bodies of literature.

From the anthropology of policy, neo-Foucauldian approaches will provide the basic analytical starting point for my research. As such, I view policy and trade agreements as cultural formations, which when articulated, create certain meanings and not others in an attempt to guide the way people behave and perceive the world. They are underpinned by a set of cultural ideals, a political rationality (Rose 1999). An anthropological approach to policy is interested in how and why FTAs convey certain "assumptions, values and meanings about how to live" (Wedel et al. 2005: 35). Key writers in this area are Greenhalgh (2008), Ferguson (1994), Lea (2008), Li (2007), Schwegler (2008) and Shore and Wright (1997). As these writers point out, despite policy-makers' intentions, policies are prone to failure and require considerable cultural labour to make them appear objective and "above" society (see also Ferguson and Gupta 2002). When failure eventually and inevitably occurs, new regulations and methods are created, promising better outcomes and further improvements to solve the new and old problem (Lea 2008, Li 2007 Riles 2004).

Related to policy are the significant writings on the anthropology of the state. I draw particular inspiration from the work of Mitchell (1999) and Trouillot (2001), who both write that the state is not an institution, but a bundle of practices and processes from which effects are produced. The differentiation between state and society is one such "state effect". This effect is particularly relevant to my research because of the emphasis placed on the difference between the state and non-state actors and realms. For example, meetings were designated and talked about by network members as either "Track One", "Track Two" or

“Track 1.5”,³² depending on who had organised the events, the ratio of state to society actors and whether talks were on or off the record. Track One events are inter-governmental and a communiqué, or official statement, may be produced at the end of talks, whereas Track Two and Track 1.5 events incorporate non-state actors, such as business, and do not produce any official response.

A second theoretical strand comes from the literature on governmentality, specifically the work of Jessop (1990, 2002, 2008), Rose (1999) and Brown (2010). Like anthropologists who research policy, governmentality writers draw on Foucault’s lecture on the subject (1978/1991). They focus on the moving contours of governance and analyse policies as discursive constructions through which power operates. I take from Jessop’s extensive work his analysis on the tensions facing the capitalist state in its attempt to govern. For Jessop, the state has a peculiar role to play in modern governance. Unlike other entities it must ensure the so-called “general will” is protected from the corrosion of particular capitalist interests, which it depends on for tax. This conflict of interests is apparent in the type of strategies and policies the state pursues. Also useful, is the work of Rose (1999). I find his attention to the technologies of governance, specifically language and knowledge, informative. Rose tempers the overly structuralist approach of Jessop. Although both fall short of addressing issues of agency, they provide excellent theoretical insights into how discourse works to naturalise and legitimise policy.

Another key author is Wendy Brown (2010). Although Brown (2010) does not explicitly examine policy in *Walled states, waning sovereignty*, she does suggest that the creation of territorial boundaries are signals of not the power of states but the tentative grip they have on governing global movements. Drawing on Brown (2010), I view FTAs as invisible yet powerful boundaries that are present to reproduce state power. The purported aims of FTAs such as the TPP are to open up borders but, in the process, they also create new regulations which tend to enhance the power of the state.

The third body of literature I draw on is from Norman Fairclough’s “critical discourse analysis” approach (1989, 1992, 1995, 2003) and the work of interpretative policy analysts such as Yanow (1996) and Fischer (2003). These authors argue that in order to unpack the power of policy, a close analysis of language in policy documents, speeches and other texts

³² See footnote 28.

is essential. In terms of method, the linguistic tools offered through this branch of policy studies will be used to interpret trade documents, agreements, speeches and interview transcripts. Instead of eliding agency and historical context, however, as conventional policy studies tend to, I will pay close attention to the socio-cultural context from which discursive texts emerge and are interpreted. What metaphors and symbols are used in trade documents? How are arguments and narratives formed? Whose interests are represented in text? How are history and historical figureheads used rhetorically? How are anti-free trade voices represented?

Chapter Outlines

Chapter One, *Reframing Trade Policy as Cultural Formations*, examines the substantial literature on trade policy from the fields of international political economy, international relations and international business. FTAs are generally defined as outcomes of rational decision-making with the actors involved being seen as either lobbyists or officials. There is a split between state and non-state actors and an assumption that each work to maximise their own distinct self-interests. As such, actors are narrowly rendered in the bulk of the literature as fitting into either of these two camps. In order to address the research question about business participation in trade policy and what this implies about modern governance, in the chapter I argue that we need to treat trade policies as cultural phenomena. This perspective draws on theoretical insights from the anthropology of policy and the state. The aim of the chapter is to both give an overview of the trade policy literature and to construct a conceptual framework that can help unpack the research task.

Chapter Two, *Methodology: On the Margins of Negotiations*, describes the analytical approach taken in the research design, explains the methods used and documents the data collection and analysis procedures. In the first section, I discuss how the failure to access a single fieldsite and then the obstacles thrown up by the trade policy “machine” of MFAT, were turning points that helped me to reassess my approach to fieldwork. I took into the field my own assumptions about what comprised ethnographic research. Namely, I equated quality research with social proximity, which I assumed could only be generated through sustained participant-observation in a single fieldsite. But confronted with research questions that demanded that I follow an informal network across multiple scales and locations, I was forced to re-examine my methodology. In the latter half of the chapter, I discuss the trials of

studying elite networks and how I have since struggled with the idea of cutting myself out of the network, that is, “exiting” the field.

Chapter Three, *Situating New Zealand’s Trade Policy*, traces the history of trade policy in New Zealand. Since New Zealand as a colony began trading in the late nineteenth century, the main objective of trade policy has been to mitigate risks. The types of policies selected to do this job reflect the way the meaning of risk has shifted over time. From the creation of the Imperial Preference System (IPS) in Ottawa, Canada, through to the 1970s when Britain joined the European Economic Community (EEC), New Zealand’s policy was built on the premise that access to existing major markets was the only way for the country to avoid economic marginalisation. After a period of sustained deficits, a new Labour Government introduced liberal trade policies in 1984. Thereafter, liberalisation became an orthodox approach to trade policy and was viewed as the best way to insure New Zealand against the stagflation of the 1970s. A further step-change in trade policy occurred in the late 1990s, when New Zealand began to vigorously pursue FTAs. The US–NZ FTA/TPP idea emerged during this period. The goal of the chapter is to argue that both protectionist and liberal trade policy developed in response to perceived threats about marginalism and anxieties of irrelevancy. This “risk discourse” still underpins New Zealand’s approach to trade policy and ensures New Zealand never steers far off the course of trade liberalisation.

Chapter Four, *“NZ Inc” and the State of Business in Trade Policy*, directly attends to the relationship between business and the state. It introduces the business organisations that are central to the research and positions them in relation to New Zealand’s liberal approach to trade. The chapter begins with a brief history of the nature of business–government relations in the space of trade policy and highlights how business was divided before the 1984 economic reforms. Shortly after this, the concept of “NZ Inc” was first introduced by the new trade promotion agency to motivate business to join together and market abroad, *without* government assistance. This term has since been appropriated to rally business and public support for New Zealand’s trade policy. It has also been used to describe the network of business–government actors who comprise the subject of this thesis.

Chapter Five, *The Power of Partnerships*, takes a closer look at this informal network and the most significant event in the network’s calendar – the NZ–US Partnership Forum. The objective of the chapter is to explore the motivations behind business attending the NZ–US

Partnership Forum in Washington DC. The chapter argues that a common thread of nationalism is woven through participants' reasons for going.

Chapter Six, *Strategy Discourse in Trade Policy Texts*, examines the concept of “strategy” that frequently appears in policy documents, texts and speeches about the TPP. First, I draw on critical discourse analysis to trace the short history of strategy as it moved from military to private and then to the public sector. I argue that the adoption of “strategy discourse” by MFAT in the mid-1990s was used to both push back against accusations that the Ministry was unproductive and expensive, and as a way to legitimise the pursuit of FTAs, which on the surface appeared to produce little direct economic gains. Strategy makes policy appear future-orientated and robust despite the increasing inability to undertake cost–benefit analysis studies. This quagmire is acute for the TPP because of its morphing nature and focus on non-tariff barriers (NTBs), which are almost impossible to calculate. As I also suggest in this chapter, labelling the TPP as strategic is an effective way to skirt the arguments of anti-TPP critics.

Chapter Seven, *The Business of Reputation*, analyses the state's use of reputation as a mechanism to gain “soft power” in lieu of possessing “hard power” in trade negotiations. Primarily, the chapter examines how NZ Inc participants take on the role of unofficial diplomats and promote New Zealand's international reputation as an “honest broker”. The first section provides a definition of reputation and links this to the rise of the “brand-state”. The chapter then unravels what is meant by the term “honest broker”. In the second half, I draw on interviews to suggest that there is a risk in relying on reputation as a form of soft power and by using NZ Inc to help maintain the integrity of it. That is, business actors entrusted to promote the brand have the capacity to undermine New Zealand free trade credentials by revealing how it is inconsistently applied within the domestic sphere.

Chapter Eight, *Releasing the Text: The Transparency Debate*, explores the dynamics of trade politics by analysing the recent calls by TPP critics to have the trade texts released for public scrutiny. It focuses on the fifth round of trade negotiations, which I attended as a registered stakeholder in Auckland in December 2010. In this chapter, I sketch out the process of making an FTA and argue that an obsession with the text was a common element that all stakeholder groups shared. Officials, business actors and even the vocal TPP-critics were not dissimilar in their singular attention on procedures, time and the progress of the trade text(s).

The aim of this chapter is to argue that a preoccupation with the power and possibility of documents is one element that binds actors together. Furthermore, the chapter demonstrates that actors at the centre *and* margins of trade policy-making are not single-mindedly calculating the costs and benefits – as much of the trade literature would suggest – but are in fact hedging their bets by playing with language and textual forms.

Lastly, in the concluding chapter, I comment on the broader points of the thesis and discuss the research findings. I also touch upon areas where further research could be carried out and the limitations of my research.

Chapter One

REFRAMING TRADE POLICY AS CULTURAL FORMATIONS

This thesis lies at the intersection of literature on international political economy, diplomacy, governmentality and policy. There is limited research in anthropology and leadership on trade policy as a distinctive area of research but a substantial body of work exists within international political economy (see Alt et al. 1996, Gilpin 1987, Oatley 2010, O'Brien and Williams 2007). As a subfield of international relations, international political economy seeks to understand the interplay between firms, finance, globalisation and the state. As such, trade policy – its actors, institutions and the influences – comprise a central part of international political economy research.

As others have already noted (Milner and Yoffie 1989, Oatley 2010, Woll 2008) the literature casts trade policy in either society-centric (also referred to as pluralism or neopluralism)³³ or statist terms. This is despite nuances and deviations that exist in trade policy in practice, which do not always align neatly with the definition of these two positions. Rather, most studies construe trade policy as the product of rational state actors or, alternately, as the outcome of influential pressure groups that have mischievously captured the state with their own agendas. In either case, trade policy is treated as the means to an end, an instrument that can help generate a country's wealth and nothing more. The assumed principal function of trade policy is that it will improve the standard of living of countries and their citizens. Because it purports to maximise wealth, neoclassical economics underwrites most if not all explanations of trade policy and is the most common framework used when scholars attempt to analyse the motivations of actors at the centre of policy-making.

I will suggest in this chapter that the predominant understandings about how trade policy is formed are inadequate. The extant trade policy literature generally reifies the autonomy of the state and fails to account for why business actors wish to engage in policy and diplomatic activities. As I will discuss in later chapters, business actors not only *lobby at the state* with their demands – they also *lobby on behalf of the state* to other foreign companies and foreign state representatives. They perform quasi-diplomatic duties. To cogently address the research

³³ Important works in the pluralist approach include Dahl (1963) and Truman (1951). For an example of the neopluralist approach see Lindblom (1977).

questions about business participation in trade policy we must move beyond explanations based on neoclassical economics. Rather, we need to take a fresh look at the socio-cultural and political factors that underpin the process of trade policy-making. We must place trade policy in historical context and trace its uneven development. FTAs are cultural formations, not inevitable solutions to “crises” that are thought to face a small trade-dependent state such as New Zealand. Policies are formed as responses to a *perceived* problem. As Li (2007) notes about development projects, often how the problem is characterised and viewed determines the policies chosen to fix it.

In order to investigate FTAs and trade policy as cultural phenomena, I will use an interdisciplinary approach that draws together theoretical perspectives from governmentality studies, the anthropology of policy and the state, and critical discourse analysis. The insights from these cognate fields form the theoretical framework from which I will examine how free trade became doxa in New Zealand, and the role, function and implications of business participation in trade policy.

The chapter is divided into four sections. In the first section I will present a critique of society-centric approaches to trade policy. The cultural concepts of “interest” and “preference” feature prominently in society-centric accounts and are used to explain the behaviour of groups and individuals. In line with Swedberg (2005), concepts such as “interests” reduce culture to a collection of disembodied effects, attached to atomistic individuals. As Swedberg (2005) and Hirschmann (1977) note, “interests” are predominantly defined narrowly as “self-interest” and the formation of this definition has a distinct history; the current meaning can be traced back to the marginal revolution in economics when *Homo economicus* transformed from an exchanging creature to a competitive one (Gregory 2000, Read 2009).

Following my remarks about the deficiencies of society-centric approaches, in the second section of the chapter I will review the statist literature. This literature generally casts non-state actors as being less influential in determining policy than the state and its institutional actors. In statist accounts of trade policy, trade negotiators and diplomats are often given prominent roles as “experts”, bearers of the “national interest” over and above the skewed, “vested interests” of business and others. Officials, because they represent the state, exist on a higher plain. Trade policy, in turn, is viewed as an outcome of political bargaining and

trade-offs in the tussle between state and non-state actors. In sum, it is assumed that the state dominates and in some sense arbitrates the fight among competing interest groups. The state stands above society.

In the final part of this chapter, I will discuss the theoretical framework I have adopted in the thesis. I will outline the relevance of the approach I take and expand on how I hope to contribute to current scholarship on policy and business–relations.

Society-Centric Approaches: Interests, Preferences and *Homo economicus*

The classic text in the society-centric literature is E. E. Schattschneider's *Politics, pressures and the tariff* (1935). His study of the passing of the famous Smoot–Hawley Act of 1930 showed how “special interest groups” were able to successfully lobby the United States Congress to secure tariff protection on American-made goods. What occurred was the infamous logrolling in which senators traded votes with each other to appease their constituencies (Destler 2005, Irwin and Krozner 1996). By the time it was implemented, the Act protected over 20,000 American-made commodities from foreign competition. The Bill was passed on the eve of the Great Depression and country after country followed the United States, erecting prohibitive levels of tariffs to protect domestic industries from the harm of cheaper imports. As a result, cross-border trade stagnated, countries became increasingly autarkic and the Great Depression was prolonged and intensified because of the ramifications of the Act (Destler 2005).

Schattschneider observed that more groups lobbied for the Smoot–Hawley Bill than against it. This meant that in the hearings, protectionist voices outweighed the silent majority who stood to lose out when the Bill was passed: consumers and taxpayers who would have to pay for the tariffs and would have little choice but to purchase the more expensive American-made products. On the observation that protectionist voices were loudest, Schattschneider remarked, “the political agitation concerning the tariff is profoundly influenced by the fact that, in many instances, the benefits of the legislation to an individual producer are obvious while many of the costs are obscure” (1935: 127). Schattschneider believed that the inertia of consumers reflected the distributional consequences of the Act; the burden of the tariff spread out thinly across society whereas the gains were concentrated in the manufacturing industries. This made the gains visible while, by contrast, the costs were diffused among fragmented and geographically dispersed consumers, making it harder for them to form a

collective and lobby against the Bill. Schattschneider's analysis, that perceived gains and losses motivate people to influence policy-making, remains a core concept in the trade policy literature (Brawley 2005, Frieden 1996, Ikenberry, Lake and Mastunduno 1988, Milner and Yoffie 1989, Oatley 2010).

Helen Milner's (1997) work is characteristic of society-centric approaches. In *Interests, institutions, and information*, Milner draws on Robert Putnam (1988, 1993) and the legacy of Schattschneider (1935) to argue that competing "preferences" make policy, not the autonomous state and its officials, as statisticians would suggest. According to Milner, rarely is policy made in a hierarchical fashion by a single dominant authority. Trade policy, she argues, is rather a consequence of polyarchic decision-making. This she describes as a two-level game in which domestic groups attempt to influence trade diplomats who, in turn, they hope will promote their interests at the supranational level at international trade negotiations (Putnam 1988). She separates society from the upper level of inter-state relations, hierarchically arranging the supranational level from state and society.

Using rational choice theory, Milner sets out to test Putnam's two-level game theory (1988).³⁴ In order to generate policy preferences, from which she can build testable hypotheses, Milner distils the multitudinous actors involved in policy-making into just three groups: the executive, the legislature and interest groups. No other actors are assumed to play a role in policy-making and there is no overlap between the distinct categories.

Milner's (1997) work reflects how, in general, society-centric approaches tend to bracket off actors by placing them into rigid categories, reducing their actions to "preferences" and "interests".³⁵ As Milner (1997: 15) explains, interests represent an actor's fundamental goal, whereas their policy preferences shift as their own situation changes. Preferences are assumed to be exogenous, ahistorical and pegged to institutional change and ideas, while interests are rendered endogenous and fixed (Vogel 1999).

³⁴ Putnam's (1988) metaphor of international policy-making as a two-level game describes how domestic pressures impinge on the decisions made at the international level by policy-makers. Putnam writes: "At the national level, domestic groups pursue their interests by pressuring the government to adopt favourable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximise their own ability to satisfy domestic pressures, while minimising the adverse consequences of foreign developments. Neither of the two games can be ignored by central decision makers" (Putnam 1988: 434). For an example of the two-level approach see Evans, Jacobson and Putnam (1993).

³⁵ This distinction is important to society-centric approaches because it allows preferences to be measured and analysed empirically, thereby ensuring trade policy remains a science (Crystal 2003, Stone 1988).

The notion that individuals are driven by self-interest was canonised by the founding father of political economy, Adam Smith, in *The wealth of nations* (1776/2003). According to Hirschmann, in his classic book, *The passions and the interests: political arguments for capitalism before its triumph* (1977), prior to the late seventeenth century the meaning of interest comprised the totality of aspirations and concerns. Self-interest as a form of “good greed” was but one meaning among many others which were valued higher.³⁶ In *The wealth of nations*, Smith (1776/2003) made the idea of self-interest not only “palatable and persuasive” (Hirschmann 1977: 19) but through his clever use of language, also noble.³⁷

Whereas David Hume (1740/1967) had already proposed that certain “passions” could be used to tame others less productive, it was Smith who eloquently harnessed the idea of self-interest and turned it into a central tenet of Enlightenment thought and a prerequisite for peaceful human existence. Money-making came to be seen as behaviour that quietened the other more irrational passions, thus preserving the liberty and security of individuals from the whims of others. Commerce bound humans together in a brotherhood of “self-love”. Most famously by his “invisible hand” metaphor, Smith proposed that through “self-love” the interests of the entire nation could be similarly protected from harm: “he intends only his gain, and he is in this, as in many cases, led by an invisible hand to promote an end which was no part of his intention” (1776: 456). Smith’s narrow focus on self-interest was popularised and swiftly placed at the centre of classical and neoclassical economics.

Like Hirschmann (1997), economic sociologist Richard Swedberg (2005, see also Sen 1977) argues that “interest” once had a much richer meaning than the one currently used in the media and academia. The modern meaning, Swedberg remarks, is asocial and parsimonious. Anthropologists, aligned with Swedberg’s view, have noted that with the ascendance of neoclassical theory in the social sciences, *Homo economicus* evolved from an exchanging creature to become a competitive one (Read 2009). Choice, interests and preferences became part of his behavioural repertoire alongside the innate propensity to accumulate. Gregory (2000) attributes this shift in the definition of *Homo economicus* to the marginal revolution in economics led by William Jevons (1871), Carl Menger (1871) and Leon Walrus (1874).

Gregory writes:

³⁶ Such as general interest, political interest, public interest, national interest etc.

³⁷ In *The wealth of nations*, Smith (1776/2003) deliberately replaced “avarice” and “greed” with the bland concepts of “advantage” and “interest” (see Hirschmann 1977).

Homo economicus, then, does not speak the language of commodities: the term use value, exchange value, class exploitation, surplus value, and the like are incomprehensible to him. Instead he speaks the language of goods: marginal utility, individual choice and the like (2000: 1002).

The problems with this revised notion of *Homo economicus* have already been well documented in anthropology (Gregory 2000, Gudeman 2001, Ortner 1984, Zaloom 2003) and in economic sociology (Abolafia 1996, Ferber and Nelson 1993, Grannovetter 1985). I will not repeat these criticisms here other than to note the continual relevancy of *Homo economicus* (in the Schumpeterian³⁸ sense) as a means with which to measure human behaviour in a significant body of the trade policy literature. This is evident in Milner's use of interest and her attempt to distinguish preferences from interests. In her view, individuals are considered rational, competitive beings; their interests are not interests in the wider sense, but have been reduced to convey only one meaning of interest – economic self-interest.

The Role of Neoclassical Models in Society-Centric Approaches

In the society-centric literature, economic models are used extensively to explain the behaviour of a diverse range of actors in trade policy (Brawley 2005, Grossman and Helpman 2002, Milner 1997). The game theory approach called "Prisoner's Dilemma" is used to predict the outcome of trade negotiations (Odell 2000) and "Collective Action" theory is often used to examine why certain groups mobilise while others do not (Olson 1965). For greater accuracy, the Heckscher–Ohlin³⁹ and Ricardo–Viner theorems are used to predict who will be the winners and losers of trade policy (Flam and Flanders 1991, Rogowski 1989). These last two, called the "factor" and "sector" models respectively, calculate actors' preferences and interests by discerning the redistribution of income. Because of the prevalence and weighty authority of these neoclassical economic models in trade policy talk and literature it is important that they be described briefly.

The Prisoner's Dilemma assumes that an actor's decision depends on those of another. It states that it is strategically better to collectively agree on an action than it is to make the

³⁸Joseph Schumpeter (1883–1950) was a twentieth-century political economist. The ultimate goal of a Schumpeterian competitive state is to design policies that foster innovation and entrepreneurship (see also Arena and Dangel-Hagnauer 2002). Without innovation an economy is thought to enter into a stagnant state. A Schumpeterian "economic man" is entrepreneurial and innovative.

³⁹Popular derivations of the factor models also include the Stoper–Samuelson theorem (Dunkley 2004).

decision without considering the other. In the end, the collective decision will benefit both actors, creating a win-win situation. Used in trade negotiations, it follows that the second best option, which is to reach a compromise, is better than to choose to walk away from the table with no agreement at all. This game is similar to “Pareto’s Optimal”, which states that any action taken will improve the situation of at least one party without making the other worse off. There is a vast literature on the win-sets and trade-offs made in negotiations (Evans, Jacobsen and Putnam 1993, Odell 2000). In New Zealand trade policy, game theory and the language of it features predominantly (Lewis 2005).

Along with Pareto’s Optimal, another central concept in the trade policy literature is that of the “free rider” (Ball and Millard 1986, Olson 1965). Schattschneider (1935) broached the problem of collective action when he examined the inertia of some groups in the Smoot–Hawley debate. However, it was Mancur Olson in his landmark book *The logic of collective action* (1965) who focused attention on the question as to why mobilisation sometimes did not occur. Olson surmised that the reason for interest group formation was the individual, who tallied the costs and benefits of participation and selected whether or not to participate based on the results of this equation. If it worked out that it was cheaper to let others do the work, then mobilisation would prove difficult. Olson called individuals who chose to take the cheaper option “free riders”.

In the debates on free trade, Olsonian theory has been used to identify which groups will be supporters and opponents. Generally, it is assumed that those who seek protection will most likely be the loudest and most vocal, especially if support can be readily rallied because the industry is concentrated. Conversely, given that consumers are geographically dispersed and the benefits of free trade are thinly spread across a population, it is assumed that consumers will let other groups lobby rather than organise pro-free trade action, which takes considerable time and is costly.

The Heckscher–Ohlin theorem, also known as the factor endowment model, builds on David Ricardo’s theory of “comparative advantage” (1817/1971). It argues that factors other than labour – capital and land – matter in the costs of production and that comparative advantage derives from the abundance of resources specific to a country (Flam and Flanders 1991). For example, if a country possesses relatively abundant capital, then it has a comparative advantage in capital-intensive exports, and should export this type of commodity and import

labour-intensive commodities like apparel. The trinity of land, labour and capital of the Heckscher–Ohlin theorem pushes analysis beyond the classical labour theory of value. Whereas classical theory stresses labour productivity – the difference in levels of efficiency between countries creating comparative advantage – the Heckscher–Ohlin theorem concentrates on the difference in factor endowments between countries. When applied to actors’ preferences, the theorem identifies the winners as owners of the abundant factor and losers as the owners of the scarce factor (Rogowski 1989).

The most common example given to illustrate this model is of trade between China and the United States (Dowling et al. 2009, Oatley 2010). For example, because the United States is abundant in capital but not in labour, free trade with China would lead to the importation of labour-intensive goods and exportation of capital-intensive commodities. As a result, jobs in labour-intensive industries would be cut but capital would benefit from increased production and expansion abroad. In this simple example, labour is said to oppose free trade with China whereas exporters and investors are thought to support it. The model is used to predict class (i.e. labour versus capital) and urban–rural conflict (Rogowski 1989).

The second model is the Ricardo–Viner theorem (Gilpin 1987). It concentrates on industries and argues that factors are in fact immobile and exist in more than just one industry. Again, the most cited example is the United States where, in the case of an apparel factory, skills may not be transferable to newer industries such as IT or biotechnology. Additionally, relocation may be impossible for the workers and capital. The theory acknowledges how whole families embedded in communities cannot easily uproot from one state to another, following job opportunities. Similarly, capital may be locked in redundant technology such as looms or purpose-built buildings that cannot be refitted or easily leased. The assumption in the sector model is that industries that fail to compete with cheaper imports are losers, and that winners are flexible, innovative industries. In short, the Ricardo–Viner theorem points to import-competing firms (*both* labour and capital) as being protectionists and exporters as the supporters of free trade (Grossman and Helpman 2002).

The “National Interest” and Statist Approaches to Trade Policy

For statist, society-centric approaches elide the role of the state, its institutions and actors. This oversight, according to Krasner (1978, 2009), creates a number of problems for analysts seeking to explain the formation of key policy decisions. In building his statist argument,

Krasner cites examples of policies that were made in opposition to business such as the United States' relaxation of economic sanctions against Peru in 1966 despite Exxon's wish that stronger sanctions remain (2009: 27). He claims there are numerous case studies where demands of interest groups are not met by the state. Counter to pluralist claims, statist argue that policies do not simply reflect the powerful influence of domestic interests. Rather, the state and its institutions predominantly make policy and determine how interests are formed. As Krasner writes in his recent book *Power, the state, and sovereignty*, "structures constitute actors: that is, they define their capabilities and their interests" (2009:2). The bureaucracy and legal order of the state determines the preferences of state and non-state actors, and these structures constrain the ability of business to capture policy.

In a state-centric view of policy, the state and its institutions and officials are the key actors (O'Brien 2007). The interests of business and other non-state actors must align with the overall objective of the state, which is to enhance aggregate wealth and the sovereignty of the nation-state (Krasner 1978, 2009). Demands that diverge from this ultimate goal will be rejected by officials in the policy process. Thus, trade policy that is technically protectionist but benefits the wealth of the nation is a viable option according to statist perspectives. Even if groups of free traders are disgruntled by rising protectionism, the nation's welfare is considered more essential.

Within the literature this policy approach has been most closely identified with Paul Krugman's "strategic trade policy" (Krugman 1981, 1986) and the case for infant industry protection (Baldwin 2009, Oatley 2010). In *Strategic trade policy and the new international economics*, Krugman (1986) argues that international markets are dominated by only a few firms, not multiple competing firms as neoclassical trade approaches such as the Heckscher-Ohlin theorem assumes. In a situation of perfect competition, the characteristics of goods, price and quality are determined by the market; but in a situation of oligopoly, large firms decide these. According to Krugman (1986), firms in an imperfect world behave by taking advantage of new, emerging markets in order to grow through economies of scale. As other firms follow suit, a firm's first-mover advantage slowly erodes, forcing the first-mover to make new goods. As a result, consumers and rival firms benefit from the newly mobile, internationalising firm. Consumers have greater choice at lower costs and rival firms are able to expand and grow. Because competition is imperfect, the theory asserts that governments should assist their national firms by either investing in research and development or through

export subsidies. In effect, these policies protect targeted industries. The hope is that in the long run these policies will help transform domestic firms into international businesses with competitive and first-mover advantage.

The idea that there exists a national interest which only state officials can and should safeguard is central to statist approaches (Evans, Rueschemeyer and Skocpol 1985). For example, Krasner (2009: 6) asserts:

The national interest is not a vacuous construct or the sum of particularistic interests as is suggested by interest group pluralism. Rather, it is a set of objectives designed to enhance the material utility and ideational values of the polity as a whole.

Underpinning this belief is a view of the state as a sovereign entity that stands at the intersection between the domestic and international spheres. Only the state possesses law-making and enforcement powers and can enter into treaties with other states. Three assumptions are made in Krasner's statement, which warrant a brief remark about the statist approach in general. First, that there is such an entity that can be distinguished as the national or public interest. Second, that state officials are the only actors interested and capable of protecting this entity. And third, that the national interest is prone to attacks by the vested interests of society. Such an approach not only makes society appear below the state (see Mitchell 1991) but a moral judgement is implicitly made that society is composed of individuals and groups motivated by baser and more parochial interests.

Carne Ross (2007) questions Krasner and others' assumption that states possess an "interest" and state representatives know what that interest is. From his own perspective as a former British diplomat he writes, "What are our interests anyway, and how are they calculated? As elsewhere in the rarefied business of foreign policy, there is no textbook" (2007: 115). In the statist literature there is little analysis about how state representatives come to grasp the "national interest". Rather, for statist scholars (Krasner 1978, 2009, Krueger 1995, Skocpol 1985), it is more a case of how strong or weak a state is as to whether officials are able to fulfil their public service duty and guard the national interest. Never is the idea entertained that officials may not be able to understand in practice what it is they are supposed to protect. The stronger the state, the more centralised its authority and the less interest groups can interfere in the policy process. A "strong state" thus ensures that state officials are able

to carry out their duties unimpeded while a “weak state”, such as the United States,⁴⁰ is considered vulnerable to lobbying and interest groups’ penetration (Katzenstein 1977). In a weak state, managerial mechanisms based on principal-agent theory must be adopted to keep the interaction between policy-makers and lobbyists in check (Eisenhardt 1989, Jensen and Meckling 1976).

Anthropology of Policy and Transformations of the State

In its attempt to make scientific generalisations, the bulk of the trade literature ignores agency and contingency in policy-making, and only selectively invites cultural concepts into the analysis. These elements, once brought into the policy-making process, are considered exogenous and are treated in a measurable way. In contrast to this cursory treatment, an anthropological perspective takes seriously the social and cultural dimensions of policy-making and incorporates these into analysis. As the most humanistic of the social sciences, anthropology also pays attention to the agency of policy actors, both state and non-state, and does not assume a clear distinction exists between the two spheres.

Ethnographic studies from the anthropology of policy and the state inform my theoretical framework. In particular, I have been guided by work that draws on Michel Foucault’s concept of governmentality (1978/1991) to theorise the way policy is made and power is exercised beyond the institutional walls of the state. An important study in this vein is Cris Shore and Susan Wright’s (1997) *Anthropology of policy: critical perspectives on governance and power* (see also Shore, Wright and Però 2011). They argue that policies are inherently and unmistakably anthropological phenomena and should be viewed as discursive formations. According to the authors, policies can come in the form of a “charter for action”, a set of commonsense rules, or a desired activity such as economic policy, social policy or foreign policy. Shore and Wright (1997) also note that policies share many similarities with morality. For example, both morality and policy make appeals to an abstract universalism and are underpinned by rationality and a set of cultural ideals. Yet unlike morality, policy

⁴⁰ In her monograph, *American trade policy: a tragedy in the making* (1995), statist scholar Krueger laments the influence of special interests as literally a tragedy in the making and views this as an attack on America’s position as global hegemon. As she puts it: “the United States is far too important a trading nation for the system to flourish in the absence of strong American support” (1995: 6). The idea that the stability of the world’s trading system depends on America remaining powerful, and that particularistic interests are the root cause of the breakdown of the system, is a recurrent theme in statist commentary based in the United States (Gilpin 1987, Keohane 1980, Kindleberger 1973, Krasner 1978, Krueger 1995, Modelski 1987). Free trade, it is asserted in these realist interpretations, is most likely to occur when a single power dominates the trading system, preferably America. It is thought that large developed economies such as America can absorb the costs of free trade in the short term better than small economies can (Oatley 2010).

presents itself as a pragmatic, efficient project which is produced for and by a collective (usually a “nation”) in its best interest and not an individual’s. The explicit distancing from the individual domain is created through the use of abstract and commonsensical language in policy. As Susan Greenhalgh notes in her ethnography *Just one child: science and policy in Deng’s China* (2008), the concealment of power behind technical language and data is a hallmark of modern power. New Zealand’s trade policy is often presented in a similar fashion as being pragmatic and rational – the most commonsensical solution to economic development.

Tania Li’s (2007) ethnography of Indonesian development programmes is insightful, and highly relevant to this study. In *The will to improve: governmentality, development, and the practice of politics*, Li writes that improvement programmes are not the product of the dominance of a ruling class or the Global North over the South, as Marxist theories would conclude. She argues that these and other analyses “rush to identify hidden motives or domination” (Li 2007: 7) and obscure the tensions inherent in improvement schemes. The “will to improve”, argues Li, cannot be reduced to a drive for profit; rather, there is often a hybrid of motives at work. For example, an interest in profit may team up with a desire to increase the longevity of a population or a belief that productive land should be left untouched for future generations. In my research, I too view the motivations for FTAs as complex and associate the “will to improve” with profit-driven business actors as much as with diplomats and officials. Business actors have the capacity to seek policy for economic gain as well as for idealistic notions such as world peace or food security.

Like Greenhalgh (2008), Lea (2008) and Ferguson (1994), Li is interested in exploring the role of “problematization” in the making of policy (see also Dean 1999). Governmental rationalities, that is, the “rightful way to govern”, are made concrete in and through the practice of problematization. In defining a problem, deficiencies are identified; an “intelligible field” (Ferguson 1994) has to be made ready for policy intervention. Li argues that problems co-evolve with solutions so that they become a “governmental assemblage in which certain sorts of diagnoses, prescriptions, and techniques are available to the expert who is properly trained” (2007: 7). As policy problems emerge, so to do the acceptable ways with which to address them.

As I will discuss in Chapter 4, FTAs emerged as the solution simultaneously with a reconceptualisation of the problem; namely that New Zealand had sealed itself off from the world market place by protecting its industries and, as a consequence, had slid down the OECD rankings. In this regard, problematisations are powerful; they shape the way we view the world and inform the decision we choose to make and act on. On this constitutive effect, Greenhalgh (2008) writes, “A fresh and compelling problematization can radically reorient thinking about the nature and scope of a social problem, making people see the matter in completely new ways” (2008: 10).

The value of Li’s observations to my research is in how she frames improvement schemes as discursive projects that create problems and solutions simultaneously, while managing to skirt criticism or at least attempting to. This is because hints of failure can potentially undermine the state’s mandate to govern. However, these manoeuvres to side-step failure inadvertently highlight the vulnerability and weakness of policy. In *Bureaucrats and bleeding hearts: indigenous health in Northern Australia*, Tess Lea (2008) notes how failures to improve the health of targeted populations were not read by bureau-professionals as occasions to rethink the entire project of institutional intervention but as recourse to expand or augment policy interaction. Rather than interpret failure as a need to re-examine the assumptions underlying policy intervention, actors in Lea’s (2008) study kept their faith in the power of policy to fix pre-defined problems.

Following Li’s description (2008), I see FTAs as hybrid constructions that are incomplete projects. As Li points out, improvement schemes are assemblages, half-won achievements, which are always, by the very nature of their construction, at risk of failure. The tension inherent in any FTA cannot be contained for long, and questions will always arise as to the purpose and benefit of them, and for whom they have been made. Although the ink may dry on an FTA document after government ministers have signed the text, questions still linger about the text and will often come back to haunt future FTA negotiations. In the case of the TPP, chapters in NAFTA and the Australian–United States Free Trade Agreement (AUSFTA) were held up as warning signs by TPP critics.

In the emerging anthropological literature on experts, scholars treat failure as a source of productivity; when policy does not fulfil its intended promises, new devices are created, plans are redrawn, laws and regulations are remade in an effort to solve the failure or

improve on the previous policy (Gusterson 1996, Holmes and Marcus 2006, Knorr-Cetina 1999, Lea 2008, Masco 2004, Miyazaki 2006, Riles 2000, 2004, Schwegler 2008, Zaloom 2006). For example, in Japan's central bank, Riles (2004) notes how officials solved a crisis over their inability to calculate bank-to-bank payments in "real time" by creating a new payment system. While addressing the past concern of insufficient knowledge, the new system produced a fresh set of anxieties for bank executives around issues of liquidity. Similarly, in New Zealand's trade policy discourse, "21st Century" agreements have been designed to address the publicised failures of past trade agreements in the Asia-Pacific. The new wave of FTAs not only aim to address NAFTA labour and environmental issues but are also intended to rationalise the "Spaghetti Bowl" of overlapping agreements, laws and regulation pertaining to trade that have proliferated since the 1990s (Bhagwati 2008). The TPP agreement, purposefully designed to be innovative and comprehensive, purports to solve some of these "architectural" and ethical issues.

Closely related to my own topic is Tara Schwegler's (2008) ethnography of the negotiation and mediation of neoclassical economics by Mexican public officials. She suggests that in the making of economic policy – Mexico's New Law of Social Security – neoclassical economics became a site of contestation as rival policy teams moulded theories to fit their interests. Her claim counters the dominant narrative of neoclassical economics that views it as an objective force, a coherent political economic order that has the power to depoliticise (Escobar 1995, Ferguson 1994). Rather, Schwegler finds that this neoclassical economic knowledge is not immune to transformation and is in fact "deeply embedded in and strategically transformed by political dispute" (2008: 603). It is more contingent than stable; more political than coherent. Schwegler sheds light on how actors reinterpret neoclassical economic theory in order to press their own agendas. These policy actors are aware of their rivals and present knowledge that undermines or is cunningly compatible with their opponent's own. Policies such as the New Law of Social Security appear to epitomise the rationality of neoliberalism but, as she notes, there is less free market economic theory at play than petty institutional politics.

Similar to Schwegler's observation about economic policies in Mexico, New Zealand's trade policy is at first glance the epitome of neoliberalism. In most definitions of neoliberalism, free trade policies are often listed alongside others that promote market governance. For

example, David Harvey (2005), whose work on global capitalism is well known, defines neoliberalism as:

... in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade (2005: 2).

Despite the difficulty in pinning down a definition of neoliberalism due to its broad usage, Harvey's approach seems to sum up most of the main characteristics. Yet as Schwegler (2008), following Hoffman, DeHart and Collier (2006) and Larner (2000) point out, neoliberalism is not a coherent, stable package as is often presented by scholars such as Harvey (2005). Rather, they argue that neoliberal forms comprise specific elements that need to be examined in order to "develop a more critical approach to the political and ethical stakes of neoliberalism" (Hoffman, DeHart and Collier. 2006: 10). Nonini (2006) adds to this chorus by stating that neoliberal policies are hybrids of non-neoliberal and neoliberal discourses and studies should attend more closely to the specifics of these instead of assigning one definition to neoliberalism. I will endeavour to approach trade policy from this perspective, and while I acknowledge its status in the policy repertoire of neoliberalism, I intend to pay close attention to the "local" elements that comprise New Zealand's trade policy in order to avoid attributing coherency and total power to neoliberal practices.

The state–society distinction assumed in policy studies and international political economics is not made in anthropology. Despite this, there still remains more of an interest in technocrats (e.g. Lea 2008, Schwegler 2008) than there is in the role of non-state actors such as business people. Of the recent work, Janine Wedel (1998, 2004, 2009) stands out as one of the few anthropologists who have directly tackled the role of private sector actors in policy. In *Shadow elite: how the world's new power brokers undermine democracy, government, and the free market*, Wedel (2009) argues that state–private hybrids called "flex-organisations", leverage their official connections in order to secure international aid money and newly privatised state assets in the former Soviet Union, while at the same time skirt regulations and rules of accountability. As the title suggests, these hybrids work in the interstices of state and society and, as such, are able to dodge both public accountability and the free market rules of competition. Wedel's "flexi groups" and "flex-nets" are similar to the business–government network that is the centre of this research.

Anthropologists working in the new economy have discussed how policy-makers have turned to experts in order to get reliable up-to-the-minute information about the market. In Holmes and Marcus's (2006) account of central bankers, anecdotes were gathered from business actors who were seen to "operate in a continuously unfolding present, providing the closest approximation to a contemporaneous engagement with the economy" (2006: 41). The anecdotes are collected because they "speak from an intimate sense of situated business practices and predicaments" (2006: 42). The knowledge these actors provided or were thought to embody meant they were invited into the fold of the policy process. Although this can be one reason for business being engaged, in my research, I found less evidence that they were present solely because of their market knowledge and experience.

In fact, I was told on more than one occasion that officials already knew the "position of business" and had no real reason to, therefore, consult with business on policy matters. Given that business was not explicitly present to shore up the cracks in technocratic knowledge, why were they then present? For what reasons did officials engage with business actors as they clearly did? Notwithstanding Wedel's (1998, 2004, 2009) there exists little scholarship in anthropology on business actors in policy. The lack of empirical research reflects the current overriding interest in the role of policy experts. While this is clearly an important endeavour, given the rhetorical use of technocratic language and relationship between knowledge and power, it has meant that non-experts, those who are not invited into the policy-making space to explicitly impart their scientific or economic knowledge, have been insufficiently examined.

This thesis addresses questions about the significance of the state, its actors and institutions, as well as non-state actors in trade policy-making. As such, it is situated in anthropological studies that analyse the changing nature of the state (Abrams 1988, Aretxaga 2003, Chalfin 2006, Comaroff and Comaroff 2009, Ferguson 1994, 2006, Ferguson and Gupta 2002, Gupta 1995, Gupta and Sharma 2006a, Mitchell 1999, 2002, Trouillot 2001). In line with Abrams (1988), Mitchell (1999) and Trouillot (2001), I take the perspective that the state is not a unitary object external to society or the economy. Rather, I see the state and its trade policy-making functions as a set of social practices and processes through which power is articulated. Mitchell (1999, 2002) writes how the boundary between the state and society (along with other binaries: individual versus institution; state versus non-state; official versus

unofficial) is an effect of the everyday practices that help constitute the state. He advocates an approach that focuses on how the state is produced, and in doing so disrupts the assumption that the state is a unitary object. In a similar vein, Ferguson and Gupta (2002) write of the “vertical encompassment” of the state. This notion refers to how states claim the right to govern “over” society, which is seen as being “below” the state. This spatially expressed representation of a distinct state and society ignores models of governance that have proliferated because of ongoing neoliberal reforms such as public private partnerships (PPPs) as well the interaction between state and non-state elites, which is at the centre of this research .

Principally, this research contributes to the anthropology of policy and the state. Its focus on business actors in policy-making addresses a gap in both of the literatures. In addition, it will shed light on FTAs. Until now FTAs have mainly been considered from an outside perspective of elite policy networks. This research takes a different approach and instead seeks to understand FTAs by “studying up” (Nader 1974). As such, it will add significant empirical material and insights into how FTAs are made and who is involved in the process. To date, within the anthropology literature, most works on FTAs have concentrated on the effects of NAFTA in Mexico (Gledhill 1995, Gutmann 1998); workers in free trade zones (Hewamanne 2007) and the fair trade and anti-globalisation social movements (Williams 2008). Only Applbaum (1998) has tackled the “upstream” of trade agreements but his observations on Japanese and American trade relations in the 1980s were not based on participant research as my research is. Applbaum discussed the moralising discourse that underpins trade talk between the two countries, and while this is insightful and points to the non-economic elements of trade agreements, his analysis oversimplified the Japanese–American trade dispute and was not grounded in participant-observation of trade actors.

Governmentality Approaches

A second, but closely related source of theory that I will draw on in this study comes from Foucault’s writings on governmentality (Foucault 1978/1991). Governmentality provides a framework for understanding how the creation and deployment of specific forms of knowledge becomes central to the exercise of governing and the shaping of what Foucault terms the ‘conduct of conduct’. This nexus between knowledge and power provides a useful framework for understanding trade. Trade policies both produce - and are a product of - certain ways of thinking, acting and knowing. As political technologies and instruments of

power, they implicitly and explicitly define objects and behaviour. As such FTAs are not politically neutral but are underpinned by assumptions and interests, better understood as political rationalities, and in turn “shape guide or affect the conduct of some person or persons” (Burchell 1991: 2). Although they are often presented as commonsensical, necessary and beneficial, FTAs have been formed overtime as a result of specific ideas, people and processes and are more contingent and contestable than how they at first appear.

From the governmentality literature, key theorists whose works are highly instructive include Mark Bevir and R. A. W. Rhodes (2003, 2010), Mitchell Dean (1999), Bob Jessop (1990, 2002, 2008), R. A. W. Rhodes (1997, 2007) and Nikolas Rose (1999). Each of these authors illuminates how power operates through the use of discourse. They also shed light on how the state, as we have come to know it, is changing and how this signals a reconfiguration of power and not a retreat of the state. These authors argue against globalist assumptions that see states as having become weak and irrelevant (Ohmae 1996, Strange 1996).

An important distinction to make at this point is that I do not follow the normative view that new forms of governance (e.g. policy networks, transnational networks and issue networks) have evolved in order to best meet the challenges of globalisation. Critical of this approach, Bevir and Rhodes (2010) have called it the “first wave” of governance studies.⁴¹ The “second wave” they describe as metagovernance theories that analyse the governance of self-governance (see Jessop 1990). Bevir and Rhodes (2010) claim that while the first wave objectifies networks, the second wave approach is overly structuralist. Both pay little attention to how structures are actually made by people through social practice. I am sympathetic to Bevir and Rhodes (2010) call for a cultural approach to governance (the “third wave”); however, I see considerable merit in both the work of metagovernance writers such as Jessop (1990, 2002, 2008) and selective first wave writings (Rhodes 1997, 2007). All three governmentality approaches inform my research.

⁴¹ The first wave literature on policy networks (Keck and Sikkink 1998) has also been described as managerial and overly optimistic about the democratic possibilities of network governance (Bevir and Rhodes 2010). In *Networked politics: agency, power and governance*, Miles Kahler (2009) notes that networks are generally discussed with a celebratory tone. The framing of networks as inclusive, flexible and democratic conceals the darker side of networks: often they are also exclusive, hierarchical and because of their structural flexibility, powerful network members control other members through informal sanctions. Another related issue is the tendency to overemphasise group consensus, solidarity and the fortifying effect of identity, particularly in the global governance literature (Haas 1992, Keck and Sikkink 1998). The predilection to overstate the cohesiveness and positive power of networks fails to consider how networks can easily break down because of disputes between members, external competition from other networks, or even through disinterest and nonchalance.

A seminal text in the first wave literature is Rhodes's *Understanding governance* (1997). In his discussion of policy networks in Britain, Rhodes makes a useful distinction between control and intervention (Rhodes 1997, 2007; see Thatcher 1998). He writes that the Westphalian⁴² state may still have the capability to decide on policy but its intervention may have unintended effects. This is because, following the neoliberal reforms of the 1980s and 1990s, the state no longer monopolises the mechanisms of governance. However, as Rhodes (1997, 2007) and Rose (1999) argue, rather than rolling back the power of the state and minimising regulation as was hoped for and envisioned, these reforms diffused governance to multiple authorities on multiple levels, to create a polycentric pattern of governance (Scholte 2007). Rhodes called this decentralisation of governance from the state to the market and networks, a type of "hollowing out" (Rhodes 1997, 2007; see Jessop 1999, 2002).

From the second wave of governmentality studies is Jessop's (1990, 2002, 2008) work, which is useful to mine because he pays particular attention to the role of the capitalist state in governance. He sees the changing form of the state as the product of its uneasy relationship with global capitalism. Jessop helps to illuminate why discourses such as competitiveness and entrepreneurialism have come to occupy a central place in New Zealand's trade policy. In order to answer how these discourses have developed it is important to understand the relationship between the state and capitalism in an era of economic globalisation. Although there are diverse ways to define competitiveness, Jessop (2002) argues that out of policy debates evolved a consensus about the virtues of entrepreneurial innovation. Since New Zealand began to dismantle its trade barriers in 1984, an overarching narrative has emerged that, in order to compete internationally, New Zealand must maintain the momentum for liberalisation globally. This activist role that New Zealand has assumed can be seen as an instance of the state taking on the image of an entrepreneurial subject (Jessop 1990, 1998, 2002, 2010, see Sum 2009).

Finally, I draw on the work of Nikolas Rose (1999) who suggests at least three ways in which governmentality could be studied that I take note of in my research. In Rose's *Powers of freedom: reframing political thought* (1999) and his essay with Peter Miller (1992), Rose

⁴² Westphalian is a term that describes a conception of state sovereignty, originating from the signing of the Peace of Westphalia treaty in 1648. Two key principles define a Westphalian state: 1) no external intervention and 2) territoriality. Territoriality refers to the supreme authority of a state to govern within its territorial boundaries. External intervention describes how an external state is not permitted to intervene in another state's internal affairs.

writes that governance research should focus on the role of (1) political rationalities, (2) government technologies and (3) language and knowledge. The first concept, political rationalities, refers to the discursive field from which policies and moral justifications are forged. Second, as Rose points out, attention must be paid to how seemingly mundane activities of the state (censuses, documents, techniques and statistics) are used to connect the rationalities of governance with people's everyday lives. Through this connection, authority is established and sustained. Lastly, Rose insists that language and knowledge must be studied; both work to help legitimise and justify policy solutions. Knowledge, because of its presentation of "values" as objective "facts", also functions to maintain the "vertical hierarchy of authority" (Ferguson and Gupta 2002).

Critical Discourse Analysis: Reading Policy Texts

Notwithstanding the dominance of a normative approach, within the public policy literature there are informative texts that offer post-positivist methods with which to examine policy. In particular, the interpretive and argumentative turn in policy research is useful because of its specific focus on the role of language. The critical discourse analysis approach elaborated by Norman Fairclough (1992) is similarly useful in its attention to the connection between power and the use of language in policy texts. Although there are limitations to a critical discourse analysis approach – most notably that the wider socio-cultural context is sidelined and that there is a stark lack of empirical research – the tools used to deconstruct policy texts such as the focus on metaphor, genre and nominalisation are helpful.

In *How does policy mean? Interpreting policy and organizational actions*, Dvora Yanow (1996) argues that policy analysis should seek to ask questions, rather than concentrate on providing the "right" answers. She suggests instead an interpretative approach that focuses on values, meanings, metaphors, beliefs and feelings. In agreement with other critics of policy analysis (Majone 1989, Stone 1988), Yanow sees a major flaw in the way that the policy literature neglects the work of meanings and interpretation in the policy-making process. She posits an approach that pays attention to how policy is framed and shapes perceptions through the use of language and metaphor. The role of the analyst is then "to map the architecture of a policy debate by identifying the language" (Yanow 1999). Other works from critical policy studies that I will draw on include Fischer (2003), Majone (1989) and Stone (1988). These authors see policy as a political struggle over meanings and the

redistribution of power. Underlying their call for a focus on the political is a repudiation of the dominant rationalist and normative approach to policy.

In *Reframing public Policy: discursive politics and deliberative practices*, Frank Fischer (2003) asserts that despite the countless criticisms of positivism, the rationalist model informed by neoclassical economic theory still underpins much of policy analysis and research. Fischer (2003) writes that the field of policy studies emerged post-World War II in an effort to solve some of the pressing social and economic issues that faced governments after the war. It deliberately adopted methods from economics and social science to solve policy-making problems. A standard definition of policy demonstrates the instrumentalist approach of early policy analysis:

An applied social science discipline which uses multiple methods of inquiry and arguments to produce and transform policy-relevant information that may be utilized in political settings to resolve policy problems (Dunn 1981: 35).

In general, this definition of policy still holds true in the bulk of scholarship. As I previously discussed, this is especially the case in trade policy literature. Another equally sharp critique of the rationalist model comes from Deborah Stone (1988) who states that the “rationality project” of policy analysis rests primarily on three pillars: a modernist model of reasoning, a market model of society, and a model of policy-making that is productive in the sense that policy is seen to progress in evolutionary stages from problematisation through to evaluation. These three pillars come together to make policy appear logical and linear. Mark Considine (1994) in *Public policy: a critical approach*, calls this “the standard view”, in which policy is turned into a theory of choice and a study of costs.

Central to the thesis is Norman Fairclough’s (1989, 1992, 2003) approach to critical discourse analysis⁴³ in which he combines textual analysis with splices of social theory from Michel Foucault, Mikhail Bakhtin, Antonio Gramsci, Ernesto Laclau, Louis Althusser and Anthony Giddens. The aim of critical discourse analysis is to examine the frequently opaque relationship of causality among discursive practices, texts and events and social relations of

⁴³ There are three dimensions to Fairclough’s critical discourse analysis. The first involves an analysis of the linguistic features of texts such as wording, metaphors, structure and use of passive verb forms. Second, elements that link a text to its context are examined through an analysis of intertextuality, speech acts and coherence. Intertextuality is relevant to trade policy because texts are rarely original but are often in fact in dialogue with others both past and present. The third dimension is the analysis of the ideological effects of discourse.

power, ideology and domination. Although Fairclough glosses over contextual factors and agency, his approach is useful because in it he provides linguistic tools with which to unpack the formation of trade policy texts. His focus on texts is of use to this thesis because a significant part of the data comprises policy documents, interview transcripts, speeches and the actual texts of FTAs, which are legalistic and implicitly build on previous agreements. Policy documents not only represent certain discourses, they are performative. Through them, social structures and relations are constituted (Austin 1962). This dialectical aspect makes it compatible with anthropological studies,⁴⁴ particularly when accompanied by an attention to ethnography and the historicity of texts (Blommaert and Bulcaen 2000).

Conclusion

Society or state-centric approaches dominate explanations of trade policy. Either policy is made through a struggle of domestic interests capturing the state or through the actions of the autonomous state and its powerful institutions. The concentrated focus on the redistributive effect of trade policy through the overuse of neoclassical modelling leaves no room for non-economic explanations. The literature in general overemphasises the role of strategy as a form of soft power. Fearful of not appearing robust it deliberately mutes instances of adhocism or serendipity. It reproduces the distinction between the state and society by reifying the status of the state as a mediator of decontextualised, pre-social interests (Mitchell 1991, 1999, Steinmetz 1999, Swedberg 2005).

The treatment of state and non-state as separate realms is a common feature of both the society-centric and statist literature. By assuming the state and its officials have a larger, more profound scale of “interest” than society, both spheres are made to appear independent of each other rather than inextricably connected and indeed, co-constructed (Mitchell 1999). Thus, rarely are business actors seen to cross over into the diplomatic terrain of officials or vice versa. As Mitchell (1999) and others following Foucault’s (1978/1991) lectures on

⁴⁴ Fairclough’s approach to the ideological role of language in texts is similar to Yurchak’s (2005) in his ethnography of late Soviet culture. Yurchak observes that official Soviet discourse became progressively form-centered because editors and writers feared deviating from precise Communist Party language. This fear derived from Stalin’s assertion in 1950 that language was a science based on objective laws and that any slight movement away from these laws was prohibited. As a result, those working with texts (editors, speech writers) were anxious to erase any signs of authorship or interpretation. They became absorbed in the form not the substance of Soviet discourse. Yurchak (2005) writes that the transposition of whole paragraphs from official speeches into other printed material served to push “ideological texts in the direction of greater anonymity, replicability, and increasing cumbersome norms – ideological discourse became hyper-normalized” (Yurchak 2005: 491).

governmentality have reminded us, the state and its actors are not an entity distinct from society and culture (see Abrams 1988, Gupta and Ferguson 2002, Trouillot 2001). Power does not emanate from a single focal point outwards, or downwards and there are no levels or higher plains above society.

A recent laudable attempt to challenge the materialist orthodoxy in trade policy is Cornelia Woll's *Firm interests: how governments shape business lobbying on global trade* (2008). Woll argues that the decision to lobby is formed by an actor's beliefs about the opportunities and risks in the regulatory and institutional environment. In reference to her ethnographic case study, she states that it is "misleading to say that business simply dictated policy" (2008: 3). Rather she asserts that the goals actors pursue are often made in response to perceived changes in the policy context. Notwithstanding Woll's attempt to combine anthropology with conventional international political economy, and her sophisticated critique of the economism of most trade theory, she places limits on what influences an actor's behaviour, leaving aside all non-political, non-economic factors.

As I suggested in this chapter, the failure to engage with elements outside of the political or economic spheres is a common erasure in the trade policy literature. When cultural concepts such as interests or preferences are brought into analysis they are treated as independent variables that affect the otherwise rational policy decisions of *Homo economicus*. Thus, the economic models and theories that are central to trade policy-making are not seen culturally. At best they are viewed as being affected by culture – crucially, this mechanical application of "culture" leaves intact the integrity of the models and *Homo economicus*. If anything, culture is used to advance and refine the theories, as is evident in Goldstein (1993), Milner (1997) and Woll (2008). Cultural factors are only ever marginally considered in the literature; economics determine how trade policy is made and takes front and centre stage in most discussions.

By drawing on scholarship from anthropology, governmentality and policy studies I intend to recast trade policy as cultural formations that acquire a life of their own and often produce effects that go well beyond those originally thought. Reframing policies as cultural formations also means that they are seen as outcomes of negotiations by multiple state *and* non-state actors who often hold hybrid motives and may not be as calculating as the trade literature assumes.

Chapter Two

METHODOLOGY: ON THE MARGINS OF NEGOTIATIONS

This thesis peers into the “black box” of trade policy-making from the perspective of business. My original intention was to understand the formation of free trade agreements by being inside the policy-making “machine”, principally the Ministry of Foreign Affairs and Trade (MFAT). However, my first conversation with a career diplomat, a former colleague from university, brought to light the impossibility of being “inside the room”. Speaking on the phone from the New Zealand Embassy in Canberra, Australia, I was told that there was simply “no way” I could be “party to talks” and that “even the closest stakeholder groups” do not attend negotiation meetings – they are only given briefings once the negotiators have left the room. Although her words made it clear to me that I would not be permitted to sit in the same room as the negotiators – an idea that now strikes me as incredibly naive – I still thought that I could get access to the trade policy machine through other means, possibly by interviewing and shadowing policy-makers (Czarniawski 2007), and supplementing these with in-depth archival research (Stoler 2009). In time, these methods also transpired as an unlikely prospect to collect data.

While on the phone to the diplomat in Australia, she had given me the names of people she thought were central to the free trade talks between the United States and New Zealand and that I could contact. Two names were former Ambassadors to Washington DC, John Wood and Jim Bolger (also the former Prime Minister), and the other was Stephen Jacobi, Executive Director of a high-profile business organisation, the NZ–US Council. I had read Jacobi’s frequent op-ed pieces in the *New Zealand Herald* and was aware of the NZ–US Council and their role to support free trade initiatives between the two countries. Rather than call the Ambassadors, I decided to start with the Council. I was partly intrigued by how the Council was organised and operated but my main motivation was that I perceived the Council as facilitating an easier inroad into the making of an US–NZ FTA than through high profile politicians or notable officials.

In the following chapter I will detail the methodology of my research; however, it is not an exhaustive discussion for the sake of demonstrating the robustness of the techniques I employed. Rather, the main aim is to highlight the role that unexpected obstacles, risks and opportunities play in helping to mould the research question and as a corollary the research

methods employed. In doing so, I hope to show how issues of access can inform us about the contours of power in the field of policy.

To begin with, I will talk about my position as a researcher at the margins of trade negotiations and the policy process. After being denied access into a large multinational agribusiness – my initial topic of study – I switched to the investigation of trade negotiations between New Zealand and the United States. But access here also proved to be difficult. The fact that, as a non-state actor I was not allowed inside the negotiating room or the primary government agency in charge of trade policy, MFAT, forced me to refocus on those like myself who lingered in the “corridors”. Business became my focus because these actors more than others (e.g. anti-free trade activists) were close to negotiations and open to being part of my research. On the margins and in the hallways, business actors were frequently present and anxious to catch the latest FTA developments. I not only attended the same meetings and conferences as business actors, I also engaged with them in informal and formal debates and discussions.

As I will elaborate in the second section, the approach I took to research was anthropological. I partook in events alongside business, and my chapters are based on material I gathered from interactions with these actors as well as officials and journalists. I also collected policy speeches and documents that business actors were exposed to in conferences and state-sponsored trade discussions. In all of these situations, I responded anthropologically by seeking the meaning and implications of people’s ideas and behaviour and placing these in context in the wider sense; that is, beyond the immediate institutional walls. In taking an anthropological approach I was not strictly concerned with gathering knowledge about an event or phenomena. My main interest was to try and understand the conditions that made possible certain events, ideas or practices; for example, why free trade figured as the only feasible option to solving New Zealand’s economic woes in trade policy discourse.

In the third section, I will discuss what it meant to track an unfinished FTA (the TPP) across multiple fieldsites. As I struggled to keep abreast of the next TPP or trade policy event, I learnt the art of “networking”. As I discovered, an integral part of networking involved finding intimate spaces to have candid conversations in often extremely public places. As I

will outline in this section, networking proved to be one of the core methods through which I carried out my research.

The fourth and fifth sections address the issues of “entry” and “exit” respectively. In the first section on entry, I draw upon stories of how I encountered both success and failure in accessing people and documents in order to illustrate the struggle over representation in fieldwork relations. Even when the asymmetry of power is clearly defined, as is often the case in “studying up” (Nader 1974), the researcher is not entirely powerless. In the following section, I discuss my concerns about exiting the field and how this brought to the fore ethical questions about whether I should continue to engage with network members beyond the research phase (Marcus 2009). In the final section, I will detail the techniques used to gather data and retrace the steps I took in selecting and writing about certain subjects.

The Fieldsite Tale

Neither the Trans-Pacific Partnership Agreement (TPP) nor trade policy were my objects of study to begin with. Rather, as a trained anthropologist⁴⁵ who had recently joined the University of Auckland Business School, I was keen to explore the workings of a multinational agribusiness. This was a site I had identified as traditionally studied by sociologists and management scholars, thus abundant with research possibilities for an anthropologist with a slightly different set of questions and methods (see Moeran 1996, Sedgwick 2007). I targeted New Zealand’s largest company, an agricultural co-operative, and approached the division within the organisation where I thought I would be best placed to conduct participant-observation, the conventional fieldwork method used by anthropology graduate students as they embark on their doctorates. George Marcus (2009) writes that the pull to find a single site in which to experience a Malinowskian⁴⁶ encounter is more an aesthetics of practice rather than the definitive methodology of anthropology. The mythic scene of a lone researcher reaching the shores of an island, where she or he will live and take residence with a community of subjects for at least one year, remains *de rigueur* in

⁴⁵ I am a graduate in Anthropology and Asian Studies from Victoria University of Wellington, New Zealand. I joined the Department of Management and International Business (MIB) at the University of Auckland as a doctoral student after completing prerequisite papers in leadership and strategy. Initially, my intention was to conduct an organisational ethnography (e.g. Kunda 2006, Moeran 1996).

⁴⁶ In the introductory chapter to *Argonauts of the South Pacific* (1922), British anthropologist Bronislaw Malinowski (1882–1940) laid out the current methods of conducting fieldwork. He stressed the importance of participant-observation, learning the language and the need to pay attention to the “imponderabilia of everyday life”, customs and myths in order to get the “native’s point of view”. Malinowski’s anthropological studies focused on the Trobriand Islands where he was located from 1915–1918.

anthropological training despite criticisms that this ideal never really existed (see Faubion and Marcus 2009, Marcus and Okley 2007, Moeran 2005). The ideal imaginary of being an insider and living like a “native”, undisturbed for a long duration, is a powerful one.

Although I was placed in an academic department that did not observe these formalities of practise in the Malinowskian or Geertzian⁴⁷ sense, nevertheless I took this aesthetic as a serious prerequisite, and thought that proximity was best facilitated through in-depth, sustained participant-observation. Anything short of this was a form of “parachute ethnography” more akin to journalism (Hannerz 2004) or worse, represented the “thinness” (see Ortner 1995) of how other disciplines draw on ethnographic methods but do not breach the organisation’s walls when making conclusions. In these ethnographies, the influence of the political–economic context is frequently absent from analysis.

Preoccupied with the aesthetics of ethnography (see Strathern 2004), I was determined not to write a thin account of the company and so I set up a meeting with a senior executive, donned a suit and presented my research idea to her. My pitch fell flat. First she told me that she did not need another diagnosis, and that if she required analysis she would simply hire a management consultant. Second, she told me that my research questions were not well defined enough for her to assess whether she should or would assist me. In his account of soliciting interviews, Conti (2007) recounts a similar occasion whereby he was told by a WTO official to call back when he had “better questions”. In another interview, also like my own situation, an official replied to Conti, “So, this is your PhD?” These moments forced Conti to question his own legitimacy as a doctoral student. But, as he later suggests, this was merely part of the official’s performance of their authority. The situation I was confronted with that afternoon was comparable to Conti’s but different; the stakes were decidedly higher as this person who was utterly unimpressed by my research also held the power to deny me access into the organisation. As it transpired, two months after our initial meeting the senior executive decided that it would be best to keep me “outside” the company. In an email, she wrote in a distancing but authoritative tone that, “I am happy to arrange meetings

⁴⁷ Clifford Geertz (1926–2006) was an American anthropologist who undertook extensive fieldwork in Indonesia and Morocco. In *The interpretation of cultures* (1973), Geertz used the term “thick description” to emphasise the importance of explaining, with as much detail as possible including the context, the reasons for human actions. In his essay Geertz uses “winking” to illustrate his point. In order to distinguish winking from another gesture such as a twitch, etc. Geertz argues that we must move beyond the action to both the social understanding of “winking” as a gesture, the winker’s state of mind, the audience, and how they construe the meaning of the winking action itself. To seek the meaning behind the wink is “thick description” whereas to concentrate only on the wink is “thin description” (see also Ortner 1995).

with some of our people to assist with your research, but we are not in a position to have you work inside our business.”

With the gates now firmly closed, the idea of finding a single, physical site from which to study a group of people appeared remote. New Zealand is a small economy, and with only four million people, there were few companies that could easily fit the description of a multinational agribusiness. Rather than see this as a failure, the inability to gain access had, however, thrown light on how management were acutely aware of their relations with “outsiders”. The closure to one domain of research had led me to another: to remain on the “outside” and study the company’s engagement in trade policy. This possibility had surfaced only in hindsight and had principally come from an informal lunch discussion I had with another senior executive while I was studying in Tokyo.

During lunch, the topics darted from my questioning consumer trends in Japan, to him telling me why risk is an essential part of doing business. After ordering soba I explained to him the methodology of sustained participant-observation and shadowing (which we both agreed is not something executives would want), and he concluded that a job in a company would give me a purpose to be present. I then mentioned how I had recently heard the Minister of Foreign Affairs, Winston Peters, deliver a public presentation about the importance of creating stronger ties with the European Union. Instantly, the senior executive began probing me about this assumption in what felt like a test of my business acumen:

Senior Executive (SE): Why is it important to have closer ties?

Sasha Maher (SM): Because the EU is a large market.

SE: Yeah, but why must we have stronger links? Why an Embassy in Stockholm?

SM: Precisely because New Zealand needs to try every avenue for its economy to grow. This is what I got from the Minister at least.

SE: That’s his assumption. There are no facts in that.

SM: Yes, it is his assumption, but it makes sense doesn’t it?

SE: Well, I never trust a politician who says something is a good idea. Look at him; he’s head of a department. The department must appear like they have a job and are making ties overseas. He just got given 500 million dollars. Imagine if you gave that to every New Zealander instead. That may not amount to much but it’s better than

assuming it will be of benefit to Foreign Affairs and that they will make good use of it (Interview 8 August 2008).

Before I had met the executive, I had taken for granted that his company had the closest of relations with New Zealand Government, particularly in the area of foreign and trade policy given that the company exported most of its goods. But what I had heard from him was instead a sharp critique of the current government's policy direction – discordance about the strategy and a concern that average New Zealanders would not necessarily benefit from deeper, stronger international connections with the EU. His comments were opposite to what I had heard from the Minister, read in Treasury papers,⁴⁸ and the press releases from MFAT. It also differed from the academic and activist writings about the assumed tightness between “big business” and the New Zealand Government (see Kelsey 1999).

From that conversation I started to rethink the assumed closeness between government policy and strategy and “big business”. Fortunately, at the time I had to reconsider my entire research area in late 2008, trade negotiations between the United States and New Zealand had been announced earlier that same year. In the media, there were op-eds from journalists, academics and business representatives applauding the start of these momentous trade talks. It seemed serendipitous and so I turned my attention to the plurilateral agreement called the Trans-Pacific Partnership Agreement and began to trace the evolution of the US–NZ FTA idea and the business actors who supported it.

The unravelling of my Malinowskian dream to be fully immersed in a community for an extended duration led me to another set of questions and a slightly modified approach to methodology that can be best characterised as “multi-sited” (Marcus 1995). Although not “classical” ethnography, this shift in my approach enabled me to address the research question, which could not be answered by adhering to the prescriptions of traditional fieldwork. In order to explore the dynamics of business and government relations, I would have to appear wherever and whenever these actors coalesced. As I will discuss further in the chapter, I could not track a policy document's career path. Neither was I able to enter a stable community of subjects nor directly observe the making of policy and trade negotiations (Harper 1998). Unlike Annelise Riles (2000), who was part of a delegation, I never experienced the crafting of a trade document from the perspective of bureaucrats.

⁴⁸ See for example, *International connections and productivity: making globalisation work for New Zealand*. New Zealand Treasury Productivity Paper 09/01. Accessed 10 October 2010 at: <http://www.treasury.govt.nz/publications/research-policy/tprp/09-01>

Trade negotiations are strictly controlled events. As the senior diplomat had informed me, only selected state representatives are present inside the room. Because of this constraint, I had to instead tack on to business organisations that formed part of a wider business–government network. In order to keep abreast of events and meetings, I had to maintain relationships but also act like an entrepreneur, and seek out inroads into business–government spaces that were focused on trade policy. As a result of these circumstances, I developed closer relationships with business more than officials. The research reflects this social proximity.

The initial failure I faced with not having access into a company – a single physical space – forced me to reconsider my stance toward fieldwork. I could not engage in participant-observation at the depth or duration I had hoped because the new research question, which was based on networks and relationships between business and government, demanded a different set of methods. I instead focused on interviews and gleaned information from documents and meetings, many of which were confidential and placed restrictions on attribution. In turn, these meetings were sporadic and meant that I moved back and forth between interviewing, conferences, archives and the library. I did not have one sustained year of immersion, followed by one year of “writing up”; I had eighteen months of vacillating between the “desk” and “field” (Mosse 2005). As a result of this, whether or not my research constitutes “thick description” (Geertz 1973, see Ortner 1995) is left to the reader, but I endeavoured to gather as much detail and richness in my notes as I could from being at the margins of trade negotiations.⁴⁹

Actors who stood at the margins alongside me, and the officials who would attend business–government events responded to my presence differently. I was welcomed into the NZ–US Council due to the confidence and openness of its executive director, but also its members, who were never suspicious about my intentions. This is partly because since the late 1990s the status quo has been to assume the benefit of FTAs. On the other hand, the officials and anti-TPP activists were more cautious about my position, and both seemed uncertain about my presence. Officials were extremely aware of the power of documentation (see Riles 2006) and thus were concerned about being captured in quotations whereas TPP critics appeared to dismiss me, having categorised me as “working for the enemy”. Business actors

⁴⁹ The lack thereof “thick description” is an issue other anthropologists working in the area of policy have attempted to tackle by using vignettes and other narrative devices (see Schwegler 2008).

were less worried about how they would be represented, and regarded criticism and scepticism about policy and the state as healthy topics of conversation. In the network events that I attended from the NZ–US Partnership Forum to APEC Business Advisory Council dinners, I always identified myself as a doctoral student and would give people a brief synopsis of my research aims if it was appropriate. I was open about who I was and why I was present.

Situated Research

The point of anthropology is not to tell the world as it is (which would be practically impossible) but to interpret it and to suggest possible (theoretical) connections within it as perceived and inferred from being in touch with a world that cannot be taken for granted (Hastrup 2004: 459)

Drawing on Kirsten Hastrup (2004, 2005), my approach foregrounds experience as the mode of inquiry because as she frankly puts it, “we cannot get in touch with reality without making ourselves *part* of it” (2005: 141). As I noted above, sustained, undisturbed participant-observation is not the only method that can facilitate the act of experiencing. Whether it is network-based as my research could be characterised, or Malinowskian in form, experience underpins fieldwork (see Moeran 2005). As such, the fieldwork methodology of this study is best framed as a sensibility; an orientation that takes as its cornerstone, experience (see also Schwegler and Powell 2008).

Hastrup (2004) defines the fieldwork experience as a situation where the researcher stops thinking in categories and starts to live as a “part” of the “whole” social field. She offers an example from her work in Iceland in which she was given the role of a milkmaid on the farm where she lived. On one occasion, the small herd of cows she had been told to manage went “madly astray” but rather than blame her incompetence, the farmers told her that the “cows were stupid”. Up to that point Hastrup had not seen the cows as individuals, she had not yelled at them like the farmers had. Rather she viewed the cows as a category: a herd. Hastrup then reflected, “I could only succeed when I began living the character. That is, when I began to see cows as names, individuals with distinct behavioural dispositions” (2004: 465). Fieldwork success for Hastrup meant understanding the way the farmers comprehended their world and talking to them through the frame of experience; a state of being that can only be achieved by being part of a situation. As Hastrup continued to argue,

meaningful answers only come from posing meaningful questions. To get to this point requires living in character; in my research this meant “networking” as a “young scholar”.

The interviews and interactions I had with business actors, economic advisors, former officials, negotiators and politicians while I was at functions and conferences were not geared around my thesis topic. Apart from polite and short discussions about doctoral research, I would instead talk extensively and at times, passionately, about the state of the New Zealand economy, the role of business and the politics of the TPP. Swiftly I learnt to care deeply about these subject matters and noticed early on that this was not my initiation but the tone of conversations that were held around me. Members of the loose business–government network often knew each other; some had worked together in MFAT, some had attended each other’s weddings, but at moments when the network coalesced, conversation centred on the issue that actors all shared – obtaining closer relations with the United States.

On “entering” the field, I was given a part to play in the social field: a doctoral student interested in business and trade, a “young leader”. I was affiliated to an institution, like the other members were, but was irrelevant in many ways because I lacked business connections. Only by being engaged in trade politics, and holding an opinion, could I breach the marginality of my position within the network. Talking in the tone of an objective researcher would have left me socially stranded. Thus fieldwork “experience” came from the necessity of taking a stance on trade issues and being well informed enough to talk “meaningfully” with other actors about the economy, history and politics of New Zealand’s trade policy. The moments in which I left the role of a researcher (“the desk”) and partook in trade talk (“the field”) elicited responses that gave me insight into how business saw its role and relations with the state and “the New Zealand nation”. A dispassionate analytical interview or conversation would have told me little about how the political field was organised. It would have also “cut the network” (Strathern 1996), leaving me without any further means to make connections, participate in events or solicit interviews.

Experiencing situations enabled me to relate to others and the things that were of significance to the social field. This helped me understand what circumstances mattered and how certain ideas and practices emerged to take prominence over others, for example, how the concept of free trade became doxa in New Zealand. Although I cannot conclusively say that free trade became convention because of a collective anxiety about economic

marginalism, I can, however, argue that this is one reason within a range of others that explains New Zealand's policy approach. The reason why I am able to make this claim is because, over the course of eighteen months, this is how conversations about trade were consistently framed, as though FTAs minimised the risk of being permanently on the peripheral of the global economy. FTAs were posited as the best and only policy response to the demands of globalisation and the market by network members.

Learning How to Network

Most would describe experience using time and space as narrational vectors. Over the course of my research, I was part of a social field that was not placed-based, in the sense of a single fixed space, but was multi-sited (Marcus 1995) and more akin to tracking a loose network (Moeran 2005, Riles 2000). Rather than follow the individuals, I chose instead to concentrate on an issue and “follow a policy” (see Shore, Wright and Però 2011). The issue which preoccupied trade policy was New Zealand's obsession with obtaining an FTA with the United States. I used my associations with organisations as vehicles to make sure I partook in events that were concerned with the issue. In short, I followed a story but not one with a modernist plot with a discrete beginning, middle and end. At the time of writing, the story to get an FTA persists; New Zealand is only in its sixth round of trade negotiations. So although I can put a date on when I “entered” the field with the NZ–US Council AGM in November 2008, I have not as such “exited” it (Mosse 2005). I am still following the story or policy, and attended another NZ–US Partnership Forum in early 2011.



Photo 1. APEC Business Advisory dinner, St James Theatre, Wellington, 2010

The concept of multi-sited research in policy and elite networks (Marcus 1995) carries with it a number of assumptions. One is that the depth of relationships is shallow; constrained by the high degree of formality and control of social interactions, researchers are unable to break through the “public face” and see glimpses of the everyday life of elites, experts or professionals (see Boyer 2008). A second conjecture is that places are less relevant factors, secondary to the community of subjects who fleetingly come together to inhabit the sites. Based on my research, I would suggest that, in fact, places do matter to network members and are carefully selected to help facilitate the switch between “public” and “private” interactions.⁵⁰

The fieldsites I found myself in were not entirely different but varieties of a genre of places: hotel lobbies and conference rooms, club rooms, restaurants, company offices, government offices, cafes and lounges. They were rarely private spaces; only on three occasions was I invited to a participant’s home. The interviews were mostly conducted in offices, hotel bars or cafes. The functions I attended were held in large hotel conference spaces where for days I would not step outside to see the sun. In spite of the apparent lack of privacy in these social settings, often there were moments in which the conversations were candid and the immediate environment became almost immaterial. Indeed, it was as though the social setting provided the necessary noise and veneer of transparency to make any comments seem less controversial than if they had been conveyed in private.

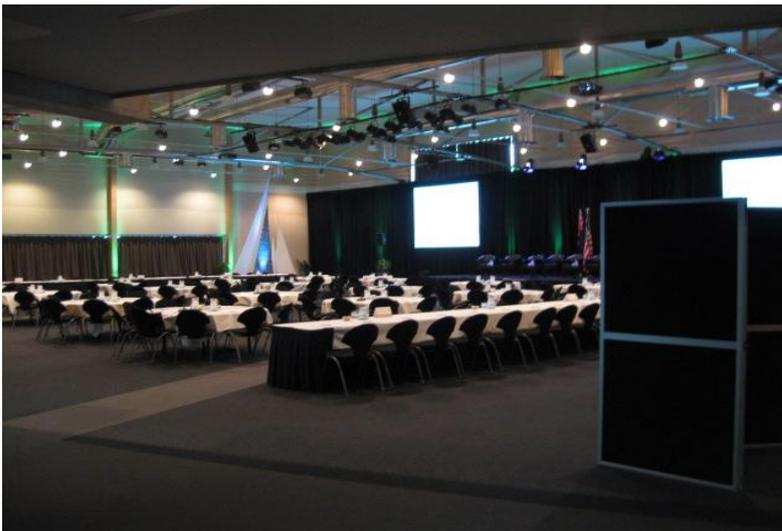


Photo 2. Conference room at the NZ–US Partnership Forum, ASB Stadium, Christchurch, 2011

⁵⁰ It must also be remembered that in elite networks, there are actors who never leave the “public” view because they are politicians or recognisable CEOs or chairmen. By necessity, these actors have had to find privacy within the public gaze and are adept at seeking these out.



Photo 3. Foyer at the NZ–US Partnership Forum, ASB Stadium, Christchurch, 2011

The anonymity and public nature of hotel lobbies, cafes or conference hallways create “spaces for open seclusion” (Humphrey 2005). In her account of Soviet communal housing, Caroline Humphrey (2005) notes how, unable to talk privately in their rooms, bathroom or kitchen, individuals instead sought spaces that were extremely public; the stairwell or corridor. As she puts it, “It was the corridor’s broad length and darkness that gave the space for perambulations, half-hidden smiles, an exchange of secrets. Perhaps arm in arm, in any case exclusive” (2005: 49). Soviet housing, like “non-places” (Auge 1995) such as hotel conference rooms, are standardised and designed with a very fixed and narrow range of functions in mind. The large open hotel lobby or Soviet corridor are not designed flexibly for private conversations but are in fact built for the opposite; both are spaces in which people are to be seen, recognised and their behaviour accounted for. They are transitory spaces. Yet, it is the size and the limitation of light and sound to penetrate every corner that gives these large open spaces their capacity to support intimacy. So, rather than inconsequential, the non-places that comprised the sites in my fieldwork played a subtle but crucial role in cementing relations and furthering the free trade goal. These places encouraged “informal” social interaction.

Upon receiving an invitation to a conference, function or network event, I would study the venue and ascertain what this would mean for who would be attending (invite-only or semi-exclusive), what I would have to wear (cocktail or business attire) and where I may be seated; whether I would be relegated to a back table or placed on a top table along with other more important guests. If I had made email contact for an interview, I would always suggest

a quiet restaurant or a club room and arrive early to select a space within the room which I thought would be more conducive to intimacy. As I was aware of the significance of time for my interviewees, I made sure they were seated comfortably; I would choose a relaxing and quiet corner from which they could gaze out from. These small gestures were angled at increasing the levels of social proximity given the boundaries of doing fieldwork in a fairly formal, elite business–government network.

I spent a great deal of my time assessing places, levels of official protocol and codes of conduct. Spatially, I worked within the parameters of the formality of social interactions to find the edges where I could talk more candidly or intimately with others. I took note of people standing alone and sought chances to rescue someone from a tedious conversation. If a person who I had already approached for an interview was at a function, I would wait for an opportune moment when they were in transit (e.g. from the bathroom to their table) to catch them and reintroduce myself. From this staged casual encounter I knew that they would feel obliged to talk further with me. As it turned out, my search for shady spaces and in-between moments within the light of the public space was not an uncommon goal and one that other members shared. In fact, as I discovered, it was an established and condoned practice to talk privately in these public spaces and to subtly watch for opportunities to approach another network member.



Photo 4. APEC Business Advisory dinner, Museum of New Zealand Te Papa Tongarewa, Wellington, 2010



Photo 5. Breakfast session at the NZ–US Partnership Forum, ASB Stadium, Christchurch, 2011

Although it hinges between the public and private sector, the business–government network has adopted the style, protocols and procedures of diplomacy more than that of the boardroom. This suggests that the state controls the business–government relations more than TPP critics suppose. For example, the practice I frequently observed of talking privately on the sidelines and in the hallways are common features of the diplomatic world in which there are ample spatial metaphors: “the backroom”, “corridor talk”, “on the margins” etc.

Another example is how during my research in Washington DC, where I helped organise the NZ–US Partnership Forum, I worked alongside (and at times was supervised by) members of the diplomatic corps to write the Forum’s schedule. I spent close to two months refining and negotiating about how long session breaks should be, who should follow whom in speeches and where people should sit during dinners. I sweated over dignitaries’ correct acronyms and all my work was double-checked by the Embassy after having been triple-checked at the US–NZ Council. The venue itself, the Omni Shoreham Hotel, had been selected months earlier by senior members of the NZ–US Council and the US–NZ Council. The Embassy had made hotel bookings in advance for suites that could accommodate mini-bilateral meetings, and I had been instructed to create a roster of rooms to show which would be available for private meetings. Breaks, similarly, were scheduled regularly and were deliberately made long enough to help set the stage for informal discussions between delegates.

Along with observing the influence of the state in the Track Two event, working behind the scenes for the Forum alerted me to how space and time were not passive co-ordinates, or

backdrops to networking. Rather, they were manipulated by organisers (state and business actors) and network members in the hope that informal, spontaneous interactions would occur; the perpetuity of the network relied on the expansion and deepening of relationships.

Studying Up or Trading Up? The Trials of Access

The dominant phrase used to describe the asymmetrical power dynamic between the researcher and privileged institutional actors is “studying up” (Nader 1974). Laura Nader who coined “studying up”, perceived it as an antidote to the predilection of anthropologists to concentrate on subaltern groups at the expense of understanding the centres of power (Nader 1974). By employing this phrase to define research on elites, however, also implies that power is hierarchically arranged in a top-down, unidirectional fashion. This can obscure the shifting power relations in any communicative event, which is to say that even in elite interviews it does not necessary mean that the researcher is entirely powerless. Positions within an organisation do make actors who occupy these potentially powerful, but positions themselves do not dictate the terms of engagement. It is entirely possible for the researcher to hold more cards than it at first appears.

In order to dislodge the subordinate inference in the term “studying up”, Schwegler (2008) offers an alternative concept, what she calls “trading up”. This description is more accurate because it highlights the negotiation process of the ethnographic encounter. In her fieldwork experience, Mexican elites granted permission for interviews because she possessed what they perceived as cultural capital. Being included in “the anthropologist’s research” had a “prestige effect” that reverberated in their elite social circles (Schwegler 2008: 15). Because of this dynamic Schwegler was able to trade up for access to reluctant or elusive informants. As she and others have noted, the process of procuring access to interviews or networks tells us about the contours of power and the way actors operate within a social field. In what follows, I will describe two instances related to access that elucidate far more than the difficulty of doing fieldwork in the closed world of elite networks. Rather, the examples from my fieldwork – one a “success”, the other a story of “failure” – demonstrate the fragility of power, and importance of representation in the trade policy field.

Failure

In mid-2009 I was awarded an MFAT Historical Research Grant to travel to Washington DC and carry out research on NZ–US FTA trade relations. The award was enough to pay for my airfares for which I was grateful but in the letter notifying me of my successful application, a condition was placed on my work that, prior to publication, the Ministry should be given a copy of the study for review. The letter also evaluated my project and addressed access to MFAT’s archives and its documents:

The Committee felt that the aim of your project was a good one, in an area of considerable significance to New Zealand. There was, however, some concern that the project as outlined may be rather ambitious; together with an acknowledgement that MFAT’s current operational sensitivities, not least with the NZ–US FTA are likely to make access to MFAT documents and archives problematical at best (6 September 2009).

The praise followed by the criticism, conditions and caveat on access to MFAT documents certainly made me concerned about the level of scrutiny and academic freedom I would be afforded by accepting the grant. But I needed the funds, without which my intention to carry out research in the United States would have been financially unfeasible. I accepted the NZD 3000 and agreed to the condition, but persisted in trying to gain some sort of access into MFAT’s archives.

In a trail of email correspondence that played out over nearly a year, I attempted to find a way into the archives. Because a great deal of my study entailed retracing the evolution of the NZ–US FTA and the emergence of the TPP, I needed dates and some sense of who had been involved and what had happened. This would have aided my interviews and given me an insight into MFAT’s thinking about the FTA. After all, MFAT was the central government agency in charge of negotiations, and if I could not be inside the negotiation room, I thought access to documents would by proxy be a good second best. I did not think the documents would reveal any “hidden truths”, and intended to read the document discursively, “against the grain” (Stoler 2009). But even the basic information I sought, which I explicitly stated was my main interest in gaining entry into the archives, was still considered too sensitive. To begin with I asked to meet someone from the Public Diplomacy and Outreach (PDO) Division in order to reassure them of my innocent request for historical information. But before I got anywhere near this point, I was passed on to Keith Littlewood, the sole charge in the Knowledge Service Division (KSD), who I later discovered only

worked part time and was on the cusp of retirement. After emailing Littlewood about my motives and objectives, ten months had passed before I received an “unclassified”, unofficial yet definitive answer about access.

In the email, not only was I subtly reminded about the bonding I had agreed to by accepting the Historical Research Grant, the letter also made access sound as though it was an impossible task, which was both time consuming and arduous because of the type of cataloguing system. The inference being that time spent on finding files took precious time away from the Ministry’s core activities. At any rate, the email suggested that even if files were found, the material may be “deemed too sensitive” for public release. This was a strong possibility. The drawn out negotiations with the Ministry over my access, and subsequent veiled bureaucratic “no”, was not entirely surprising given that the piece of legislation that state agencies adhere to, the Official Information Act (OIA) 1982, guards the “national interest”. The Act explicitly states that information requests will be refused if the documents are considered to threaten New Zealand’s “trade secrets and commercial confidentiality” or “the effective conduct of the decision making and policy advice processes of government”.⁵¹ Given the wide purview of what could be defined as “effective conduct” and “trade secrets”, I had anticipated that MFAT would restrict access to its documents. Diplomacy is, after all, a notoriously secretive field.

Some months after receiving the email from Littlewood, I talked with a senior official about how I had been denied access. He told me not to worry because, as he understood it, from the 1990s onwards most correspondence that would have been of interest to my research had been sent over email and would probably not exist in the archives. I felt consoled when I heard this news. He added that he himself had ventured into the archives to retrieve information about the TPP, but had not been able to track anything of substance. Even for this official, the archives were relatively empty and its cataloguing system mysterious and confusing. Given that most of what was archived was already public knowledge, why was I denied access? Could it be that MFAT were concerned about the way it would be represented (see Mosse 2005)? Or, was the performance of secrecy (classified and unclassified), which is so central to diplomatic practice, challenged by the idea of access? I suspect that my presence would have touched on both of these issues.

⁵¹ New Zealand Parliamentary Counsel Office. Official Information Act 1982. Accessed 12 March 2009: <http://www.legislation.govt.nz/act/public/1982/0156/latest/DLM64785.html>

Success

Fortunately, my failure to enter MFAT's archives was not matched in the field, where I was able to engage in participant research in the elite business–government network and interview over 65 of its members. Considering the exclusive nature of this network and Track Two fora such as the NZ–US Partnership Forum, how is it that I was brought into the fold? In the words of Schwegler (2008), what did I have to “trade-up” with? Aware of the power imbalance implied in “studying up”, at first I was not cognisant of what attributes I possessed. I assumed that I was present because of referrals and the generosity of network members. Although these both undoubtedly played a part in my inclusion, I also offered something beneficial to the network: namely, what I represented. This only came to light during my role in organising the 2009 NZ–US Partnership Forum in Washington DC, when frequently the observation was raised by members that there were not enough “young leaders” present on the delegation list. The perceived problem was that the network lacked successors – young people who shared the view that economic relations between New Zealand and the United States could not be taken for granted or left for the state to pursue. Bilateralism required support and nurturing through non-state relationships.

The network's membership comprised middle-aged white elites – chairmen and CEOs of major New Zealand private companies or state-owned enterprises (SOEs), politicians, senior diplomats, senior officials and economists. In light of the status restrictions to membership there were no young people in the network and to its members this made the network appear homogeneous (complaints were also aired that there were not enough women) and moribund. Only by recruiting young members with their own set of fresh connections could the network be reproduced and with it the state's agenda of closer bilateral relations. As a doctoral student⁵² and a young woman, I ticked both of these boxes. What I lacked in status and positional power, I gained by virtue of my gender and academic credentials, and the members' desire to not allow the network to be severed.

In late 2010, it was announced that at the fourth NZ–US Partnership Forum in Christchurch, New Zealand, in February 2011, there would be a conference of young leaders that would run parallel to the main forum. I was invited to participate in the “Future Partners Forum”,

⁵² It is important to note that I was seen as a Business School student. This aided my ability to gain access as I was seen as sympathetic to business interests. I disclosed to participants that I was an anthropologist but the focus remained on my University of Auckland Business School association. If I had not had this connection I doubt that I would have had doors opened to me.

which confirmed to me that I was not entirely powerless in my fieldwork relations as the term “studying up” implied. The invite was a significant opportunity and would not have been offered to me had I not been active in the network for the past eighteen months, and fitted the description of a “young leader”. Jointly organised by the NZ–US Council, Fulbright New Zealand, US–NZ Council and the US Embassy in Wellington, the stated purpose was to gather twenty young scholars together from both sides of the Atlantic to discuss the future of the bilateral relationship. But, as I understood it, the Future Forum group was organised as part of a succession plan to ensure the network’s longevity.

“Exiting” the Network

Access is a familiar methodological issue that can illuminate the patterns of power within the policy arena. Less discussed perhaps is the dilemma faced with exiting the field, and what this tells us about the topography of power and process of research. Formally, I am no longer conducting fieldwork. The year-long endeavour that stretched to almost two years should have come to an end by the time of writing up this thesis. Although I should have moved to the next stage, it seems that even as I complete the thesis writing, I am still part of the network. For example, in late February 2011, eighteen months after I first entered the field, I attended the Future Partners Forum in Christchurch, New Zealand (Photos 6 and 7). There I was present as a “young scholar”, an “emerging leader”, who had been asked by the organisers to intelligently remark on, and forecast, the nature of bilateral relations in a small group with other carefully selected “young leaders”. At this event I was still in character. Surrounded by other young experts on NZ–US foreign and trade relations, we mingled with the main NZ–US Partnership Forum participants and presented our “findings” as a group to the delegates on the last day.⁵³ I saw my attendance as a unique opportunity, a continuation of research, even if outside the allocated time of conducting fieldwork. But to some, most notably TPP critics, my presence would make me an accomplice to the network’s agenda. By agreeing to attend the Forum as a young leader, I am demonstrating support and an affinity with the project to deepen economic ties with the United States, and moreover, my attendance reifies the elitism that unpins these efforts. Without the cover of formally being in the fieldwork mode with which to justify my complicity in rapport-building actions, I am left questioning the ethics of my participation. Should I exit the field and cut myself out of the network? Or, in the future, will I draw on this experience to inform my analysis in a way that

⁵³ The actual presentation was postponed for a few months because a major earthquake hit Christchurch on the last day of the NZ-US Partnership Forum, 22 February 2011.

would not have been possible without attending such pro-trade events as the Forum? This ethical calculation is one that most researchers in powerful policy and organisational settings necessarily consider, but in my case I felt it most acutely given that I had reached the end of my research period. The nagging concern I had was whether I had, over the duration of the fieldwork, made myself too complicit in an effort to penetrate the network.



Photo 6. Future Forum Partners session at the NZ–US Partnership Forum 2011.



Photo 7. Sitting at the Future Partners Forum table behind the main delegates at the NZ–US Partnership Forum 2011.

Complicity, as Marcus (1997) writes, is the “evil twin” of rapport. In his article on Geertz’s (1973) own musings about the entanglement between rapport and complicity, Marcus notes that rapport is imagined as the “threshold level of relations” that, once crossed, transforms the fieldworker. From being an “outsider”, they become accepted into the community as an “insider”. Notwithstanding the problematic juxtaposition of insider/outsider or emic/etic

binaries that have already been critiqued extensively, rapport is presented as a prerequisite to establishing closer relations between oneself and an informant. As Harvey and Fillitz (2006: 219) note, “anthropologists tend to assume that the quality of their ethnographic evidence depends on the quality of interaction and communication with their interlocutors”.

Rapport is seen as a way to both facilitate entry into exclusive domains and deepen relations. Yet the issue that arises is the role of complicity as the partner to rapport. This is acute when lines are drawn in highly politicised fieldsites and the anthropologist has to make a choice about which side to join. The risk is that, by being seen in one group can deny a person entry into an opposing camp. Even in multi-sited research on networks, where there is an assumption that members move through in an unattached manner, identification can stick. As I discovered, although I did not perceive myself as an accomplice, others did. But without building rapport with network members – that is to say, without attending events, conversing with members and assisting at the 2009 Forum – I would not have gained a profile and been invited to join in future events. But as a corollary, this proximity, which asked that I fulfil certain obligations in public, acted as an obstacle to gaining the trust of others, most notably TPP critics and anti-free traders.

This became starkly apparent to me during the fifth TPP negotiating round held in Auckland in December 2010 when I found myself being seen as a close associate with pro-TPP advocates. Although I saw myself as an impartial researcher, to the TPP critics who were present in the stakeholder sessions I walked the pro-free trade line. In fact, prior to the negotiations, I had attended events organised by critics and at these my presence was treated suspiciously even though I had on each occasion introduced myself as a doctoral student. Powell (2008) writes that fieldwork complicity can create undue issues for multi-sited researchers who choose to follow a story or plot. The organisation they are affiliated with may make other sites and people inaccessible. This was the case in my research. To avoid this circumstance, Powell suggests taking a “professional” approach by maintaining distance and networking without trying to build rapport. But even in this scenario, a researcher can become tainted by the spaces in which they move through and inhabit. It is likewise impossible not to build closer relations with groups if you wish to be invited to further networking events. Without this pursuit my contacts would have dried up. As I argued earlier, I needed a profile to participate even at a “professional” level with other members. This meant I had to go to functions and establish relationships, find commonality and

connect with people at a deeper level than introductions. I could not network without some degree of rapport, which made me appear complicit according to others.

During the negotiating round in Auckland, I accepted that TPP critics mistook me as an ideological pro-free trader. This was the sacrifice for building closer relations and during the negotiating round I did not try to create distance between myself and the network members. That would have been an inconsistent and disingenuous way to behave, and unethical in my view. But confronted with the reality that I could no longer claim I was still in fieldwork mode, my participation at the 2011 Future Partners Forum perturbed me. Why had I not exited the network? Why had the intensity in my relations with the field not changed? Did my continuation signal that I had become too complicit? I concluded that to begin with, as David Mosse (2005) explains, there is no exiting as such; relationships made during fieldwork collapse into the “writing up” of publications, and thereafter. For Mosse, the inability to truly exit the field in a Malinowskian sense ended in disagreements about ethics, representation and how factual his account was, between him and his interlocutors. Although as yet I have not encountered these issues (but do expect some disputes on interpretation), the network seems to have expanded beyond the discrete phases of fieldwork and writing up. Indeed, my part in the social field of the network appears to have stretched into my post-doctoral career. Building on Annelise Riles’s (2000) observations about networks, I do not see my continual participation in the network as my own inability to find an exit. The fact that I remain a participant merely signals that there is no outside of the network, particularly when the social field exists in a small country such as New Zealand. The knowledge practices of social science also map neatly onto those of the network, with their overarching interest in solving conceptual problems through expertise and analysis (Riles 2000). After two years in the network, and near completion of a doctorate, I am perceived as an expert on NZ–US trade relations and trade policy. With this has come the expectation that I engage with the public about what I know as an academic/commentator/expert.

But what if I was to refuse to take this position to act as a “public anthropologist”? Turn down the invitation to speak to Forum delegates about what I know? In the vein of Scheper-Hughes (1995), would I then be acting unethically? Would refusing to participate be an act of complicity with the objectives of science to not intervene in moral discussions about free trade (see D’Andrade 1995)? In short, there is no exiting as a definitive point in fieldwork, but there are decisions about whether to be ethically engaged or intellectually removed from

debates on policies and state actions. Riles (2000) writes that although critical scholarship shares with global institutions a preoccupation with the power of knowledge, there are “subtle variations in the assumptions and aesthetics of institutional knowledge” (2000: 18). This schism means that questions about why concepts are “good to think” are frequently not addressed by institutional actors.

For example, in relation to my research, why are FTAs compartmentalised into “chapters” rather than being an integrated whole? Is this part of the assumption that the economy stands apart from society? The response from network members would be that only by cutting up the text into sections, from which smaller teams could then negotiate, would the document be finished within the time allocated. It is a pragmatic response but one which is informed by a modernist sensibility about causality and power. Interestingly, even with the widespread recognition that the world is more integrated than at any time before, trade negotiators hold fast to the aesthetic principle of compartmentalisation. The answer to more intercepting “sticky” issues is not to bring the chapters together but to create additional separate chapters. Asking why interlinking issues are compartmentalised, and suggesting problems that may arise as a result, are the sorts of remarks an anthropologist can make. It is not a matter of “speaking truth to power” as much as it is to query the assumptions of institutional actors.

Research Techniques

The flexible approach to research which I adopted enabled me to select methods that were appropriate to answering the research question and fitted the multiple fieldsites from working in the offices of the US–NZ Council through to informal restaurant interviews and chance encounters on the street. In the following, I will cover the techniques I employed while in the field. For the purposes of clarity, I have divided the methods into three types: participant research (networking); interviews (semi-structured, recorded and unrecorded) and document analysis.

Participant Research: “Networking”

Over the course of eighteen months, I conducted participant research at locations where members of the network convened: meetings, functions, luncheons, AGMs and conferences. In addition, from mid-July 2009 until mid-October 2009, I worked full time as an assistant to the President of the US–NZ Council, in Washington DC. In this position I helped to organise

the third NZ–US Partnership Forum (8–12 October) as well as carry out general administrative duties in the Council. The role enabled me to build on my relationships with members of the network in the United States. It also gave me a high-profile role from which I could “trade up” with in order to solicit interviews from network members in New Zealand. For example, after the Forum, I interviewed former WTO Director and New Zealand Prime Minister, Mike Moore. Had I not had a role at the Partnership Forum, I would not have been introduced to him by a network member.

At the end of each day in Washington, or after a network encounter back in New Zealand, I would jot down detailed notes. These notes were descriptive accounts of what I interpreted as being related to the broad research question (Emerson, Fretz and Shaw 1995). Fieldnotes are not anecdotal snapshots but subjective interpretations that count as “real” data; after all, the interpretative process is as present in quantitative research as it is in qualitative (Hastrup 2005). The richness or “thickness” in participant research comes from (1) questioning what appears mundane and axiomatic, (2) evaluating what people actually do as opposed to what they say they do and (3) being open to serendipitous moments. The end task of writing full fieldnotes is not to reveal the “truth”, but to provide insights into the processes that make ways of being and doing possible. This insight comes from “experiencing”; interacting and participating in the network (Emerson, Fretz and Shaw 1995, Hastrup 2005).

I used an interpretative approach to analyse data collected from participant research (Emerson, Fretz and Shaw 1995). Unlike grounded theory (Glaser and Strauss 1967), this approach does not presume theory and method are separate. Theoretical commitments and decision-making enter every phase of researching and writing ethnography, from selecting an event to RSVP to through to highlighting a conversation with one member above others in jotting down notes. In the initial process of writing contextualised fieldnotes, I made (1) *marginalia* in order to index central concepts, events and practices that related to the research question or to prior theoretical reading about the state, policy and business. After writing and collecting full-length fieldnotes, jottings and marginalia, I treated these as a complete data set and (2) *read the data set as a whole*. Although time consuming, during this process I re-examined and reviewed everything written down, while self-consciously I sought to identify themes, patterns and variations within the set. Reading notes as a whole encouraged the recognition of patterns and comparison. Third, the data set was identified and

descriptively (3) *coded*. This identification was achieved by asking processual questions (Emerson, Fretz and Shaw 1995: 146), for example:

- What are people doing? What are they trying to accomplish?
- How, exactly, do they do this?
- What specific means or strategies do they use?
- How do members talk about, characterise, and understand what is going on?
- What assumptions are they making?
- What do I see going on here? What did I learn from these notes?
- Why did I include them?

Following these initial codings and a (4) *second re-reading* of the notes, themes and ideas were then elaborated into (5) *memos*. These memos were more theoretical and helped to draw the focus of analysis around a few core themes. This process necessarily involved the selection of certain themes, and the (6) *sorting of data* under themes into more manageable sets. In the next stage I created (7) *focused codes*, which were based on the previously identified themes. Finally, with the refined and narrowed data, sorted and coded, (8) *integrative memos* were written. These sought to explore relationships between the coded data, and to examine in-depth the theme or issue by linking these discrete units together. The task of integrative memos was to develop theory from the data in a cohesive manner. From these integrative memos, I was then able to sketch out chapters and arguments, which followed themes.

Interviews

I conducted 65 in-depth, semi-structured interviews with members of the network who I have kept anonymous. Each interview took an hour or more and was recorded, unless the interlocutor stated otherwise. I interviewed both active and inactive members of the loosely configured network. Selection of who to interview came from members' suggestions of who they thought were significant or who I should talk to. These referrals were part of the method of tracing the US–NZ FTA plot (Marcus 1995). I asked the interlocutors broad questions about the relationship between business and the trade policy process, trade liberalisation, the NZ–US FTA and the TPP. I also asked more specific questions about their role in the trade policy network. During the interviews I followed Bryman's (2004) criteria to successful and ethical interviewing: I was knowledgeable about the topic, purposeful in my interviewing

style and clear in communication. I used discourse and narrative analysis (Bryman 2004, Fairclough 1989, Fairhurst 2007) to analyse the transcriptions from interviews, which I transcribed alone. I examined the transcripts according to five broad themes (Riessman 2003). All these “themes” are presented below separately even though they are in fact interrelated (see Table 1). For example, in an interview with Minister Groser, I paid attention to how he told the history of trade policy (structural analysis), which narrative devices such as metaphors he used (discourse analysis) as well as how he made himself through the recounting (performative analysis). What was noted was how the Minister asserted his role as **author** of the current trade strategy, and insisted that the decision to competitively compete for FTAs was a necessity not a choice.

Thematic analysis	What is being said? What particular event or life story is being recounted?
Structural analysis	How is a story being recounted? What narrative mechanisms do members use to convey meaning?
Interactional analysis	Is there an element of co-construction? How is context influencing dialogue?
Performative analysis	How is the narrative performed? How is the “self” made in narration?
Discourse analysis?	What is the “interpretative repertoire” (metaphors, tropes, themes etc) in the process of self-making?

Table 1. Analytical themes (Bryman 2004).

Document Analysis

I gathered and analysed documents from Archives New Zealand, government ministry websites, including those of MFAT, the US–NZ Council, the NZ–US Council, and personal papers given to me from members. These textual artifacts (Riles 2006) ranged from strategic plans, AGM minutes, official policy documents, briefing papers, memos, through to newspaper and magazine articles. The documents were themselves part of the network, and how they were distributed, what form they took and what effects they had as objects were important components. I paid attention to the aesthetic elements as much as the content of the documents (Hayden 1987). I used perspectives from actor network theory (ANT) in order to make sense of the social life and function of documents in the network (Riles 2000, 2006, Strathern 1996); and critical discourse analysis (Fairclough 1989) in order to analyse the

processes with which texts are assembled, gained authority and conveyed certain meanings. Again, this required an attention to how a document's form related to its content.

Conclusion

The research design developed from my questions that emerged from my “failure” to first, enter the boundaries of a multinational agribusiness and second, to observe trade negotiations from inside the Ministry in charge of trade policy. As a result, I stood at the margins of TPP negotiations alongside business actors who became the central informants in the research. Seen differently however, these obstacles or failures to gain access gave me the opportunity to address a different set of research questions. Because of these circumstances I chose to study the formation of New Zealand's trade policy, and given the constraints selected, the most appropriate methods to carry out research in this field. As James Faubion (2009) argues, the distinctive element of anthropology is not its methodology but the ways it problematises and defines its objects (Marcus 2009). Fieldwork understood in this vein liberates the researcher from rigidly applying methods irrespective of context and instead turns research into a process of using the methods that are best suited to answering the research question. As I have suggested in this chapter, methods should only be pursued if they help the researcher address a particular question and enable a deeper comprehension of people and their practices.

In the following chapter, I will situate the thesis in the spatial and temporal context of contemporary New Zealand. New Zealand's adoption of neoliberal policies in the 1980s and 1990s – its perceived lack of negotiating power coupled with small market size and relative isolation – makes it an excellent site from which to examine questions about the shifting patterns of governance. I will begin with a brief history of New Zealand's approach to trade and the ways in which policy was used to respond to various crises the state confronted. For the first two thirds of the twentieth century, New Zealand was almost entirely dependent on its ability to trade its pastoral products with one single market, Britain, the “mother country”. But as a result of a response to external events during and after World War II, New Zealand re-orientated its trade strategy and approach to governance, away from protecting the domestic economy to a commitment to liberalisation (Belich 1996, Hawke 1985, Sinclair 1986).

Chapter Three

SITUATING NEW ZEALAND'S TRADE POLICY

In 1973, Britain joined the European Economic Community (EEC). For New Zealand this moment had been anxiously awaited; it signalled the shift in economic dependence away from Britain. Anticipated for over a decade, the change was viewed by the state and business as further evidence of New Zealand's political-economic vulnerability. Teetering at the edge of the Pacific Ocean, closer to Antarctica than the European continent, New Zealand's trade policy became a means to solve the country's economic woes. In order not to be completely isolated from the world economy, and risk national economic destitution, New Zealand had to impress upon the world its impeccable trade credentials. But this was not the first time risk, understood as marginalisation, had entered policy discourse. Since the formation of the Imperial Preference System (IPS) in 1933, trade policy has been put to work to quell the fear of geographical isolation and economic irrelevancy.

Although this observation about the intimate relationship between the development of New Zealand's trade policy and risk is not an entirely original one (Hawke 1985, Hawke and Lattimore 1999), what has not been adequately emphasised is that both the trade policies of the post-war years and the current neoliberal era purport to solve the same problem related to New Zealand's location at the periphery of global economic activity (Helleiner 2005, Larner 1997, True 2005). As I will suggest in the chapter, protectionist *and* free trade policies draw on a similar set of imagery and metaphors, what I call a "discourse of marginalisation" about insuring against the risks that face a vulnerable small nation-state (see Wilkinson 2009).

Where, in the past, import controls were used to manage the perceived risk, since the 1990s FTAs have assumed this primary position. The Trans-Pacific Partnership Agreement (TPP) is heralded as the latest solution to this dilemma.

To illustrate the above points, the chapter will trace the key developments in New Zealand's trade policy, starting with the momentous Ottawa conference of 1932. It was at this meeting that the IPS was established and trade wars became the international norm. Following World War II, the Bretton Woods institutions were formed to try to avoid "managed trade". The post-war years are pertinent because it was in this context that New Zealand became increasingly attuned to the notion that, as a former British colony reliant on the export of its primary produce to one market, it was overly exposed and vulnerable to the vagaries of

external markets. Not only would it inevitably lose the preferential treatment given it by Britain, but it would also have to rely on the United States as its defence and security ally in the Pacific after the “Fall of Singapore” in 1942.

Following a discussion of New Zealand’s response to the post-war trade environment, the chapter will give an overview of the economic reforms of the 1980s and 1990s and discuss how these were seen as inevitable given New Zealand’s lack of choices following Britain’s entry into of the EEC.

In the final section of the chapter, the current “multi-track” trade agenda will be mapped out and key policy documents will be discussed. The language in these documents and speeches by the current Minister of Trade, Tim Groser, illustrate how trade policy continues to be framed as the only way to “insure” against New Zealand’s precarious political-economic position at the bottom of the world. The section will end with a overview of the TPP.

The Imperial Preference System: Ottawa and “Fair Trade”

At the 1932 Imperial Conference held in Ottawa, Canada, Britain abandoned unilateral free trade and instead sought to barter *quid pro quo* with New Zealand and the other Dominions for reciprocal market access. The Ottawa agreements marked the beginning of a competitive period of managed trade and protectionism that lasted until the GATT was signed in 1947. For New Zealand, Ottawa signalled a shift in trade policy, from assuming a right to the British market as a loyal Dominion,⁵⁴ to competing with other “foreign” and Commonwealth countries to maintain its market share in butter, meat and wool: three products that dominated the New Zealand economy. The new trade environment created by the Ottawa agreements absorbed New Zealand’s scarce diplomatic resources and energies, partly because it required ongoing negotiations but also because New Zealand had pressing balance of payment issues that demanded immediate attention and could only be feasibly addressed through agriculture exports to Britain (Hawke 1985). Simply put, exporting its sizeable

⁵⁴ A self-governing British colony in 1856, New Zealand became a Dominion in 1907. However, the Statute of Westminster of 1931 was not signed until after World War II, in 1947. This was because the government did not want to embarrass Britain and perform such blatant acts of independence at a time of war (Harland 1992, McIntyre 1977). Firmly and proudly British, New Zealand was intent with being seen as “loyally independent” – of exercising a voice to protect the “national interest” but always with a underlying commitment to the Commonwealth and British Empire. According to historian Malcolm McKinnon (1993), national interest was “rooted in the exigencies of New Zealand’s commercial, financial and strategic circumstances. If these changed, then so would the formulation of interest and the pattern of thinking about the country’s external relations” (1993: 6). It was not until the “Fall of Singapore” to the Japanese in 1942 that New Zealand’s external relations began to shift away from Britain, at least in terms of defence, if not trade policy.

surplus primary produce to Britain was seen by the state as being the most “sensible” and expedient way to relieve fiscal concerns (Hawke and Lattimore 1999, see also Condliffe 1969).

Before Ottawa and the passing of America’s infamous 1930 Smoot–Hawley Act (Destler 2005, Schattschneider 1935), free trade had seized the rational ground from economic nationalism to become the dominant orthodoxy in Anglo-Saxon economic policy. Economic historian Lars Magnusson (2004) writes that the bold distinction between free trade and protectionism was established in the heated debates on the system of corn duties and subsidies called the Corn Laws. In England, between 1790 and 1815, food prices rose substantially. Thomas Malthus (1806, see Medema and Samuels 2003) warned that food shortages were imminent and would become more frequent and severe as the population grew. Rather than seek foreign imports to alleviate the food shortage, Malthus called for a halt on imports so that England could become self-sufficient (Grampp 1987). The landed classes, farmers and believers of the primacy of agriculture over industrial production⁵⁵ supported Malthus, and in 1815 the Corn Laws were passed, restricting the import of grain and cereals, including corn, into Britain.

In protest to the Laws, an influential lobby group of Manchester industrialists called the Anti-Corn Law League was formed in 1838. The League’s key members, Richard Cobden, John Bright and the first editor of the *Economist*, James Wilson, drew on the arguments of Adam Smith (1776/2003) and David Ricardo (1817/1971) to make the case that the Corn Laws were irrational, costly to the entire population and should therefore be repealed. They juxtaposed the ideas of classical economists with those of economic nationalists such as Friedrich List (1856/1966).⁵⁶

Prior to the Corn Law debates, economists such as Adam Smith had in principle argued for free markets, but had also made allowances for policies which he thought shielded society from harm. For example, in the *Wealth of nations*, Smith (1776/2003) made exemptions for defence, endorsing the Navigation Acts⁵⁷ and the subsidisation of legitimate defence

⁵⁵ This line of thought is known as Physiocracy and is based on the belief that agriculture should be the aim of policy, not manufacturing, because only agriculture produces a surplus. The key intellectual figure of Physiocracy was Francois Quesnay (1694–1774).

⁵⁶ In the course of the Corn Law debates, the Cobdenites blunted the complexity of classical economic thought (Magnusson 2004, see also Trentmann 2008).

⁵⁷ The English Acts of Trade and Navigation (1651, 1660, 1663, 1673 and 1696) restricted the use of foreign shipping between England and its colonies. The Acts locked out foreigners from colonial trade routes and

industries (gunpowder and sailcloth). He also thought retaliatory policies could be useful bargaining devices in negotiations and despised the use of bilateral treaties that locked out third party countries. Although Smith did not support the Navigation Acts on economic grounds, he did agree that defence was considerably more important than opulence. Added to this, Smith believed that protectionist policies should be slowly dismantled, to allow employees in defunct industries the time to adjust and find new work. Likewise, Ricardo agreed that gradual policy change was preferable to abruptness, advising that the introduction of free trade should be made over a ten year period.

In the same way that Smith was portrayed in the narrowest of terms, the Cobdenites simplified the arguments of economic nationalists such as Friedrich List. Of the German Historical School, List was one of the more influential scholars to support what came to be known as “protectionist” policies. Contrary to common belief at the time, List was not opposed to free trade. He considered free trade appropriate at certain developmental stages as long as the end goal was national security. Free trade, theoretically, was not the issue. Rather, for List it was whether or not free trade was a liberating or inhibiting force for the state. He did not assume that free trade brought greater freedom and choice for states. Gomes writes that according to List:

... the adoption of a free trade policy was a matter of choice conditioned by particular historical circumstances. When free trade was a liberating factor in economic growth it could be adopted; when it was a hindrance it was folly to continue with it (2003: 81).

Thus List was not an arch-protectionist or stern mercantilist. However, he did see the role of the state differently from the Cobdenites or Ricardo. He considered that, with the right sort of economic policies, the state could help unleash a nation’s full productive forces – its human, social and economic resources by fostering education in science and technology. For List and other economic nationalists, the market acting as the “invisible hand” as Smith had envisioned, encouraged hedonistic individualism. This selfishness came at the cost of a nation’s full, economic development.

helped England build considerable naval power and wealth by controlling the ports and terms of trade. As Gomes (2003: 15) writes, the mercantilist theme of power and plenty underwrote the Acts. In 1849, the Acts were repealed, three years after the Corn Laws, which together heralded in the first era of free trade (Gilpin 1987).

List's provocative ideas were frequently attacked as primitive and overly emotional: they were "not the production of a dispassionate enquirer, seeking to promote the improvement of a science" (Austin 1842, quoted in Gomes 2003: 87). Despite the complexity of both Smith's and List's positions on free trade, in the Corn Law debates of the mid-1800s, both were transformed into key oppositional figureheads: List as the archetypical emotive protectionist; Smith as the rational founding father of the liberal school of free trade who was now considered more a political economist than a social reformer. As Magnusson argues:

Smith's image as a radical gradually waned and the virtues of his economics became more and more appreciated by forces who were willing to use his free market arguments in almost any kind of situation (2004: 26).

The Ottawa conference was less a departure from the orthodoxy of free trade, which by the 1930s had already won the hearts and minds of the English "working class", than it was an insistence that Britain could no longer keep its borders open while the rest of the world closed shop. The successful repeal of the Corn Laws by the Cobdenites had cued a golden era of free trade. But by 1914, on the eve of World War I, free trade had ceased to be the norm (Gomes 2003). The reasons for the demise of free trade have been the subject of exhaustive studies and will be only briefly mentioned here.

From the 1870s onwards cheap American grain⁵⁸ flooded European markets and substantially lowered food prices (Chase 2004, Gomes 2003, Kindleberger 1975). As a result, European industrialists, farmers and workers pressured their governments to protect domestic economies from foreign imports. Whereas in Britain cheap food benefited industrialists, in Europe it hurt labour because a higher percentage of the working population relied on agricultural production for income.⁵⁹ Thus, to appease domestic interests and to curb unemployment, Europe's governments erected trade barriers. Tariffs were chosen as the preferred means because they raised revenue, controlled imports and could be used as bargaining devices to settle international disputes. As Europe responded to foreign

⁵⁸ The building of extensive railways in the United States enabled the transportation of bulk foodstuffs from farms to the ports for export. Chase (2004) notes that much of the technological innovations from the industrial revolution were not widely available in the United States until the 1920s. The lag in technological uptake accounts for the fact that only in the 1920s and 1930s was British manufacturing overtaken by Germany and the United States. Other factors that eventually spurred the industrial growth of the United States and Germany include their larger markets (particularly the United States), and the lack of incentive in the British market to innovate because of its smaller size.

⁵⁹ For example, in 1871, British agriculture accounted for only 23 per cent of the labour force but in Sweden agriculture employed 68 per cent and in France 50 per cent (Gomes 2003: 261).

competition with protective measures, this placed Britain under pressure to follow suit, which it eventually did at the conference in Ottawa in 1932. In ultimately choosing to go the route of “fair trade”⁶⁰ over “free trade”, Britain had not rejected the ideals of Smith and Ricardo but merely recast them in light of the drastic slump in its terms of trade (Drummond 1972).

In preparation for Ottawa, the British Government decided to offer the Dominions preferential market access in exchange for most favoured imperial nation⁶¹ rates below the general tariff rates of ten per cent *ad valorem* on non-food stuffs (Drummond 1972). Britain also wanted concessions to be extended to India and the other dependent colonies, which were to be negotiated on their behalf by Colonial Secretary Cunliffe-Lister. In advance of the conference, the British Government sent a list of schedules or tariff items to New Zealand. In return, requests were sent back so that Britain could compose its negotiating position. New Zealand requested preference on meat, butter, cheese, wool, eggs, processed milk and fresh fruit (Drummond 1972: 95).⁶² Along with Australia, New Zealand wanted higher duties and quantitative restrictions (“quotas”) placed on foreign goods entering Britain. New Zealand’s aim was to seek discrimination against foreign exporters, and if necessary, against competing Commonwealth countries such as Australia (Capie 1978) and Argentina (Nixon and Yeabsley 2002). Although it had little bargaining power, because of its high dependency on exports and small market, New Zealand officials viewed Ottawa as an opportunity to secure its vulnerable trading position. Reaffirming the power and prestige of the British Empire was

⁶⁰ In 1906, Joseph Chamberlain argued that Britain should practice what he called “fair trade” not “free trade”. At the time his plea was lost in the face of strong support for free trade among the “working class” who had been wooed by Cobdenite rhetoric and the cheapness of bread. However, as the British market began to slump in the 1930s, Chamberlain’s argument gained popularity. At the Ottawa conference the call for fair trade resurfaced: “We should insist that we will not be bound by any purely technical definition of Free Trade; that while we seek as our chief object free interchange of trade and commerce ... we will nevertheless recover our freedom, resume the power of negotiation, and, if necessary, retaliation whenever our own interests or our relations between our colonies and ourselves are threatened by other people” (Boyd 1914: 139, quoted in Gomes 2003: 224).

⁶¹ This refers to how only Imperial countries received preferential tariffs; concessions were not extended to nations outside of the trading bloc.

⁶² From the advent of refrigerated shipping in the 1880s, New Zealand had traded frozen meat, butter and wool to Britain. New Zealand was able to supply cheap foodstuffs in the Northern Hemisphere off-season and, as a result, Britain increasingly saw New Zealand as its off-shore farm (Belich 1996). Because New Zealand tailored its production to the tastes of the British consumer, it suffered greatly from a drop in prices during the 1930s. Once the guaranteed prices paid during World War I ended, the dependency on the sluggish British market proved costly for New Zealand. The prices received for butter in 1934, for example, plummeted by nearly half compared with 1929 (Nixon and Yeabsley 2002).

seen as an important, though secondary rationale for supporting the IPS.⁶³ Anxieties ran high in the lead-up to the conference.

Following the negotiations, New Zealand exports to Britain gained only slightly against its dairy and beef competitors Denmark and Argentina. In exchange New Zealand agreed to keep British goods at low preferential levels (Drummond 1972, Glickman 1947).⁶⁴ But Ottawa signalled more than simply a slight increase in exports for New Zealand. Because the terms of the Ottawa agreement merely reflected political trade-offs, New Zealand had to lobby to maintain its advantages. This meant officials had to constantly monitor Britain's politics for signs of any adverse changes to its trade policies. Ottawa drew a bold line under how tenuous New Zealand's position was because of its distance from the more secure North Atlantic trade routes.

Once World War II began, the annual ritual of re-negotiating with Britain for market access eased off, but if only momentarily. During the war, bulk purchase arrangements for meat and dairy ensured farmers received a guaranteed income regardless of Britain's weak economy. What these bulk purchasing agreements reproduced, however, was the persistent reliance on Britain for 80–90 per cent of New Zealand's agriculture produce.⁶⁵ This came to the detriment of pursuing other trade destinations and products. The dependence on one market may have been a pragmatic decision as Gary Hawke (1985) suggests, given the established trading relationship, but it inevitably forestalled an imperative to diversify exports and enter other "non-traditional" markets. It also deepened the sense in New Zealand that the country was overly exposed to the actions of others, even those it had been loyal too. This concern came to the fore with events during World War II, in particular, the fall of the British Navy

⁶³ The notion of imperial unity was important to New Zealand but less so than the economic relationship with Britain. As Nixon and Yeabsley (2002) write, "Most Dominions saw the relationship with Britain in their own terms. Relationships between Dominions were seen as if there was a giant mirror placed in Britain which reflected back on each Dominion. New Zealand saw Australia, for example, not directly across the Tasman Sea, but through its relationship with Britain: effectively a 'hub and spokes' relationship" (2002:91).

⁶⁴ In 1931, New Zealand had imposed a higher tariff schedule so maintaining British preference was meaningful in this regard.

⁶⁵ Toward the end of the war, in 1944, New Zealand managed to secure a four-year contract to extend the bulk purchase agreements with Britain (Lough 1963, McKinnon 1993). These contracts meant Britain would accept the total amount of New Zealand's surplus at pre-negotiated prices. The contracts were renewed again after the war in 1948. As a corollary of the bulk purchase agreements, in 1950 New Zealand was placed fifth in OECD rankings for GDP per capita behind the United States, Switzerland, Luxembourg and Canada. But thereafter on expiration of the contracts in 1954, New Zealand began to steadily slip down the OECD rankings, from fifth to eleventh by 1970, twentieth by 1980 and has remained at twenty-two since 2006 (Le 2008, see also Easton 1997).

in Singapore to the Japanese in 1942.⁶⁶ As New Zealand developed its post-war trade policy, this perception of New Zealand's peripheral position grew more acute with news in 1961 that Britain wished to join the EEC.

The Slow March to Freer Trade: From the EEC to the CER Agreement

New Zealand had capitalised on its colonial connections with Britain in the wars, and had gained favour in return for shedding blood on Europe's battlefield. But this reliance on one market meant that New Zealand had focused on producing a narrow range of primary goods. Unfortunately, for New Zealand in the post-war era, pastoral commodities were also the most highly regulated. The signing of the GATT had brought home to New Zealand the regrettable nature of these historical circumstances; in the drawing up of the multilateral agreement, agriculture had been carved out as an exemption.⁶⁷ In Article XI and XIV of the GATT, the United States had successfully manoeuvred to secure a waiver for agriculture. Unlike manufacturing goods, any state that was party to the GATT could place quantitative restrictions on foreign agricultural imports and use export subsidies to bolster its own domestic production, dumping its surplus on the world market. Because of this clause and support it garnered from the EEC, multilateralism interested New Zealand little until agriculture was finally placed on the table during the Uruguay Round (1986–1993).

Britain became a full member of the EEC in 1973 after its second application was accepted (the first had been rejected by French president Charles de Gaulle in 1961). What concerned New Zealand in the lead-up to accession was that Britain would adopt the subsidy regime called the Common Agricultural Policy (CAP). The implications would mean that prices within the British market would rise and as a consequence demand would fall, pushing New

⁶⁶ On 2 December 1941, the first instalment of the promised British Far Eastern fleet arrived in Singapore. Only eight days later, the HMS *Prince of Wales* and HMS *Repulse* were sunk by Japanese aircraft. Shortly after this mortifying attack the Japanese successfully captured Singapore from the Allied forces and New Zealand was left broke over who would defend Godzone if not the almighty British Navy. Until this point in the war, New Zealand had trusted that Britain could provide all of its economic and defence security needs. To think otherwise seemed preposterous given the stalwart belief in the strength of the Empire and mother country. New Zealand's faith in the capability of Britain and the duty it owed it as a former colony is reflected in how slow New Zealand was to develop its own foreign service (see Dalziel 1975, Templeton 1993).

⁶⁷ Although Prime Minister Peter Fraser was unsuccessful in convincing the GATT General Assembly about the inequity of the exclusion, in the discussions over the formation of the GATT, his government did secure a transitional arrangement for New Zealand with regard to its use of import licences. This was despite British and American objections that import controls were "quite unacceptable except during some temporary difficulties" (quoted in Wooding 1987). As Hawke (1985) and Wooding (1987) note, however, over the next 50 years the initial rationale for licences shifted from foreign exchange to import substitution policies aimed at creating a mixed economy. Eventually, New Zealand's trade policies moved to open up the market.

Zealand goods out of the market it had come to depend on since the late 1800s. Despite assurances, New Zealand officials and farmers remained deeply concerned (Brown 1993). The levels of anxiety were so high that Bruce Harland, former High Commissioner to Britain recalled the effect it had on New Zealand as “traumatic” (Harland 1992: 22). Another commentator noted that it was like a “suspended death sentence” (quoted in Lewthwaite 1971). Rather than accuse Britain of abandoning New Zealand, officials, however, played a softer tune, saying that they understood but hoped its interests would not be left to one side in the accession agreement. After two days of negotiations in Luxembourg, a compromise between Britain and the six original EEC countries (Netherlands, France, Germany, Belgium, Italy and Luxembourg) was made that fortunately satisfied New Zealand. In the Treaty of Accession of Britain, under Protocol 18, New Zealand was guaranteed transitional market access⁶⁸ and a promise that in order to help New Zealand diversify, “the enlarged community will make every effort to pursue a trading policy which would not frustrate these efforts” (quoted in Brown 1993: 71).

Despite the gesture to assist in New Zealand’s programme of diversification, it was meaningless in practice, and the prices of dairy dropped worldwide as Europe’s farmers flooded neutral markets. This hurt New Zealand’s terms of trade doubly: first, by placing restrictions on its ability to compete on a “level playing field” within Europe and second, to compete on the world market. The CAP had basically given Europe’s heavily subsidised farmers a “blank cheque” and, as a result, milk production rose by two per cent per annum, reducing world prices by the exact amount (Nixon and Yeabsley 2002). In meat too, New Zealand was adversely affected. From being a net importer in the 1960s, Europe became the largest exporter of beef by the 1980s. Hawke (1985) writes that unfortunately for New Zealand, Britain joined the EEC at the same time as the 1973 oil crisis, and a worldwide slump in trade. As a result, global markets contracted, which severely compromised New Zealand’s policy to diversify its markets.

In response to lower agricultural prices, throughout the late 1960s and 1970s, successive New Zealand governments encouraged the domestic manufacturing of industrial goods. To support these efforts, tariffs, import licences and export incentives for non-traditional goods were finely tuned, adding layers on already existing protectionist policies. The policies were expensive and farmers who carried the burden of protecting the nascent manufacturing sector

⁶⁸ Until 1977 for at least 80 per cent of butter sales to Britain in 1970s and at least 20 per cent for cheese (Brown 1993).

lobbied for compensation. Consequently subsidises for farmers were also introduced, fiscally straining the already indebted state. The end result by the mid-1980s was a multi-tiered system of protectionism, a veritable fortress in the OECD (Wooding 1987). Heavily loaded with debt from years of borrowing overseas, coupled with an inflation rate between 15–20 per cent,⁶⁹ drastic policy changes in New Zealand were considered by many to be imminent (Larner 1997, Rayner 1988).

New Zealand's officials in the Treasury and the Ministry of Foreign Affairs (MFA)⁷⁰ were aware that New Zealand was out of step with other OECD countries and that reform in trade policy was a priority.⁷¹ A watershed moment came with the successful negotiation with Australia in 1982 of New Zealand's first FTA called the Closer Economic Relations (CER).⁷² In 1965 an attempt had been made to create a free trade area between the two countries, under the New Zealand–Australian Free Trade Agreement (NAFTA),⁷³ but it covered a restricted range of goods and the text was open to political tinkering. Like the Ottawa agreement, politicians had too much say in the design of NAFTA and the weakness lay in how the text was structured. The intention was to ensure that trade took place under conditions of “fair competition”, but the ambiguity in what “fair” meant was easily manipulated by each of the governments (Pomfret 1995: 178). Compounding the issues with language and the structure of the text were the meetings that were held twice a year and involved arduous, detailed bargaining that produced few results. This dampened the enthusiasm for further liberalisation via the NAFTA and instead a new agreement, the CER, was suggested by Australia.

Nixon and Yeabsley (2002) note that because of the flaws in the NAFTA agreement, New Zealand's trade officials at the centre of the CER negotiations worked out how to produce a “politics-proof” text. The authors stress how the opening communiqué given by both governments in full support of free trade was critical to the success of the CER negotiations (see Mein-Smith 2007). They noted that the importance of having the two leaders signal that:

⁶⁹ These statistics come from Evans et al. (1996). Kelsey (1995) writes that in 1975 there was less than 3,000 people unemployed but by 1984 that number had climbed to over 50,000.

⁷⁰ In 1970, the Department of External Affairs (1943) was renamed the Ministry of Foreign Affairs (MFA) and then in 1988 became the Ministry of External Relations and Trade (MERT). In 1993, it was renamed again as the Ministry of Foreign Affairs and Trade (MFAT). On the 1943 name change, McKinnon (1993: 184) writes, “It is as good an event as any to symbolise the shift from a world of Commonwealth, ‘external’ relations (with High Commissioners), to a world of international, ‘foreign’ relations (with Ambassadors).”

⁷¹ See footnote 65 on New Zealand's slide down the OECD ranking list since 1954.

⁷² The CER agreement came into force 1 January 1983.

⁷³ Not to be confused with the North American Free Trade Agreement (NAFTA).

... everything was on the negotiating table cannot be underestimated ... After all, the struggle to sign CER was not just a negotiation between Australia and New Zealand, but, at the bottom, a battle between protectionists and free traders within each country (Nixon and Yeabsley 2002: 138).

Not only were the lines drawn between importers and exporters, but also within New Zealand's bureaucracy there were officials who supported liberalisation and others who opposed any change to the status quo. Those in the Department of Trade and Industry (DTI), who had close ties with the manufacturing sector and had worked to protect New Zealand's domestic economy, were reportedly more reluctant about the idea of free trade with Australia than their colleagues in the Treasury or MFA (Brown 1993, Mein-Smith 2007, Nixon and Yeabsley 2002). The officials who supported freer trade saw the opportunity in CER to produce a text that would both reform New Zealand's stagnant economy and upend its fortress mentality (Mein-Smith 2007).

The fact that, structurally, the text had been designed to lock in the automatic phasing out of tariffs by 1988, quotas by 1995 and elimination of export incentives by 1987, meant that the private sector had no choice but to adapt to the disciplines of the free market to survive.⁷⁴ Because of the way it had been purposefully phrased, interest groups and manufacturers seeking protection were unable to persuade politicians to amend parts of the document without undermining the entire text. This feature shielded the CER negotiators from the influence of lobbyists and domestic politics. The agreement also created a policy platform that became the new benchmark in New Zealand's approach to public diplomacy. In the lead-up to the negotiations, officials were aware of domestic resistance, especially in the manufacturing sector, and therefore went to great lengths to liaise and educate business about the benefits of free trade. The consultations were a success and the New Zealand public were reassured that liberalisation, as exemplified by the CER, could indeed be beneficial and would not necessarily "lead to the end of the world as we know it" (Evans and Richardson 2002: 39).

The CER agreement not only symbolised a new trading relationship with Australia but was a turning point in New Zealand's trade policy, from inwardness to a focus on "open regionalism" (see Holmes and Falconer 1992). The CER reconfigured New Zealand's policy

⁷⁴ The intention to develop a full FTA by 1995 was achieved much sooner in 1990.

approach from being “a narrow, reactive, almost introverted view of the world toward a proactive and outward looking focused trade policy” (Nixon and Yeabsely 2002: 147). In effect, it forced New Zealand to open its borders to its closest trading partner, Australia. The inconsistency of the past that had kept trade policy locked in step with New Zealand’s industrial policy was coming to an end. CER helped to usher in a free market paradigm in which international competitiveness was soon to become the new political rationality. Doing this created a valuable demonstration effect to New Zealanders, that free trade was an inevitable and positive feature of global economic integration.

Reorganising Trade Policy: The Reforms of the 1980s

The official signing of the CER in 1983 foreshadowed the neoliberal reforms of the mid- to late 1980s. An integral part of the reform process was the dismantling of the layers of protectionist policies that had been built up since the 1880s.⁷⁵ These were perceived to have added to New Zealand economic woes and its sliding down the OECD rankings.⁷⁶ The neoliberal reforms have already been discussed in depth elsewhere (Bollard 1992, Bollard and Mayes 1991, Boston et al. 1996, Kelsey 1995) and, as such, I will only elaborate on aspects of the reforms that are relevant to the broader shifts in trade policy.

In 1985, a year after the Labour Government was elected, tariffs were cut and subsidies to farmers completely removed. All tariff rates above 25 per cent were dropped to 5 per cent in 1986, and by 1992 all import licences had ended (Appendix 3). Provocatively, Evans and Richardson suggest that the “most important motivation for unilateral trade reforms was in providing credibility to the reform process itself” (1998: 33). The comprehensive coverage and speed of the reforms not only disabled political opposition (Kelsey 1999: 207) by not being seen to favour some groups over others, but enabled policy-makers to stress that pain was to be experienced by the entire nation: manufacturers, farmers, workers and exporters alike, thus attributing a sense of integrity or credibility to the reform programme. As Roger

⁷⁵ Tariffs actually began the year after the signing of the Treaty of Waitangi in 1840 (Wooding 1987). However it was only in the 1880s that tariffs were thought of as serving a dual purpose: revenue generation and support for infant industries (Evans and Richardson 2002). From the 1930s onwards, the purpose had expanded to include the management of foreign exchange reserves, industrial development and full employment, which were policies in line with the Keynesian approach of the 1935 Labour Government but constituted a broad consensus at the time among Western democratic countries about the proper role of the state. This interventionist approach to government abruptly changed with the July election of David Lange’s Fourth Labour Government in 1984.

⁷⁶ See footnote 65.

Douglas (1989), the Minister of Finance and one of the key protagonists of the reforms explained at the Mont Pelerin Society⁷⁷ conference in Christchurch:

Packaging reforms into large bundles is not a gimmick but political efficiency. The economy operates as an organic whole, not an unrelated collection of bits and pieces. When reform is packaged in this way, the linkages in the system can be used to see that each action effectively enhances every other action. Large packages provide the flexibility to ensure that losses suffered by any one group are offset by gains for the same group in another area (Douglas 1989).

An example of this functionalist approach was the rationale given to manufacturers when the end of import licensing was announced. Licences⁷⁸ had been haphazardly deployed since 1938, but coverage was gradually lowered in the 1940s and 1950s. Only in 1958, following another balance-of-payment crisis was 100 per cent of coverage restored. This dropped to approximately 30 per cent by the time of the 1984 reforms. Because of the previous government's belief in the intrinsic worth of industrial development, manufacturers had gained considerable political power, and as a group were wary of any political moves to replace licences with tariffs. This was an idea floated during the Muldoon era (1975–1984) but in the face of opposition was watered down to a tendering system (Evans and Richardson 2002). Tendering did, however, open the industrial sector to competitiveness, complementing similar efforts engendered in the CER agreement. It was also a closer step toward more drastic reforms.

In 1984 at the three-day Economic Summit held in Parliament Buildings, Wellington, the new Minister of Trade and Industry, David Caygill announced that the process of liberalisation would be accelerated. This was presented to the business audience as justifiable given the devaluation in the New Zealand dollar by 20 per cent. The lowering in the dollar was expected to raise import prices, thereby making the use of licences and tariffs redundant. In line with Douglas's approach to reform, the Minister reassured business that the immediate losses in one sector would be offset by monetary reforms in another. Part of the success of minimising opposition was this play on how individual policy measures were not discriminatory because they were an "essential part of a coherent and comprehensive reform programme" (Evans et al. 1996: 9). The notion that the policies affected all sectors of society

⁷⁷ The Mont Pelerin Society was established in 1947 by Friedrich Hayek (1899–1992) to promote free market ideas.

⁷⁸ For manufacturers, import licences, which restricted finished products but not raw materials needed for production, were considered essential to ensure the sector developed.

served to legitimise the breadth of the changes and effectively turned the reforms into a state project (Jessop 2002) whereby each citizen was expected to make sacrifices for the good of the entire nation.

The unilateral implementation of trade reforms aimed at creating a competitive state, though the idea that New Zealand should embrace the global market, did not fully develop until the 1990s (Larner 2000). Evans and Richardson (2002) suggest that there were major benefits in taking this approach over bilateralism or multilateralism (cf. Kelsey 1999). For one thing, unilateralism followed the philosophy expounded by Douglas that reforms should occur across all sectors and simultaneously. If New Zealand had waited to negotiate tariff reductions, then this may have happened much later and incrementally. Furthermore, if tariffs were bartered *quid pro quo* via the GATT then that would have given interest groups the time to win favour with politicians and seek exemptions. This type of political intervention would have been an anathema to the neoliberal principles of free market that underpinned reform. An added but crucial point in the government's adoption of unilateralism was the advice given by Treasury officials that New Zealand was too small to use its tariffs as bargaining chips in negotiations (Evans and Richardson 2002, Kelsey 1995). As such, it was reasoned that it would be more sensible to open its market completely to encourage foreign investment⁷⁹ and appear as an exemplary model of liberalisation and agricultural deregulation (Evans and Richardson 2002).

Along with radical reforms in trade and monetary policy, the public service was corporatised⁸⁰ under the State Sector Act 1988. Consistent with these changes, in February the government announced its decision to restructure how trade policy was made. Previously the Department of Trade and Industry (DTI) had solely managed trade policy but this unit was transferred to the Ministry of External Relations and Trade (MERT).⁸¹ Other functions were reorganised between the new Ministry of Commerce⁸² and the New Zealand Trade and

⁷⁹ In 1985, Roger Douglas stated that the government was now willing to consider requests from foreign investors for up to 100 per cent ownership in virtually all areas except rural and air services. No longer a heavily regulated, protected market, foreign investors were encouraged to purchase private and public assets. Larner (1997) notes that this version of internationalisation was an expedient way for the government to sell its assets at the highest possible price. New Zealand did not have the equity to buy these large assets without foreign investors being interested.

⁸⁰ Prior to 1984, New Zealand owned a wide range of departments and trading enterprises from telecommunications, postal services, banking through to electricity generation, rail and even a winery. After the introduction of the State Owned Enterprises Act 1986, many of these were transformed into state owned corporate entities (SOEs) and were expected to operate as businesses.

⁸¹ See footnote 70.

⁸² Domestic issues such as trade remedies and tariff levels were administered by the Ministry of Commerce.

Development Board (NZTDB), which absorbed the trade commissioner's service. The last secretary of DTI, Ted Woodfield, believed that officials in MERT used the State Sector Act as an opportunity to push for adjustments they had long wished for (Woodfield 2009).

Supported by Treasury and the State Services Commission, MERT incorporated trade policy into its machinery, employing some but not all of the staff from the defunct DTI. Prime Minister Muldoon's oft-cited phrase that New Zealand's foreign policy was trade (see Brown 1993, McCraw 1982) was finally realised in this move, and foreign policy steadily became more aligned with the needs of exporters rather than manufacturers and domestic industries (Kelsey 1999: 206). Woodfield puts the transformation into context when he writes:

... the decision signalled the government's view of New Zealand's international trade as primarily an aspect of foreign policy rather than primarily the international extension of New Zealand's domestic economic policy, which had been the approach over the preceding century (2009: 162).

The restructuring of trade policy was another instance in which an outward approach replaced the purported inwardness of the Keynesian era. Similar to the protectionist policies that were steadily erected in the post-war era, these free market policies were justified according to a discourse of marginalisation (Nixon and Yeabsely 2002). Also in line with the government's neoliberal approach, the reorganisation of trade policy work facilitated the separation of trade promotion from policy. As a result, trade promotion could be corporatised, turned into a user pays system, in which trade commissioners had to meet cost-recovery targets by selling their services to exporters. From 1986 to 1987, they had to recover 15 per cent of their costs, followed by 25 per cent and 35 per cent by 1989. Trade commissioners' work had historically been free but under the new reformist regime their performance was to be measured by the market.

The new order meant some commissioners had to compete for work with others and focus more on attracting large exporters, rather than smaller businesses, who could pay for their services. Restructuring also transformed the commissioners themselves into "an army of closet entrepreneurs" whose attention was diverted away from promoting New Zealand business to "earning revenue" (McLean and Nicholson 2009). Meanwhile, the trade policy function became dislocated from the domestic context in which it was supposed to serve. Instead trade policy became externally orientated, detached and insulated from the penetration of "vested interests".

Embracing Globalisation and Seeking Protection through the WTO

The international trade policy environment shifted markedly following the end of the Uruguay Round in 1994. This new context, in which the World Trade Organisation (WTO) emerged, was seen by New Zealand as less a threat to sovereignty than a welcomed tightening of trade rules in an increasingly unstable and complicated trading world. Evident in MFAT's key trade policy documents, New Zealand embraced the new global institutions, leveraging its neoliberal credentials in lieu of market power.

At the signing of the WTO in Marrakech, Morocco, 123 countries were signatories to the 22 agreements (550 pages of legal text) that had taken seven years to negotiate. This number had grown substantially since 1947, when only 23 contracting parties⁸³ had signed the first GATT agreement in Geneva, Switzerland. As well as membership, the issues being tabled had also increased in number and complexity (see Appendix 4). Not only were the highly protected sectors of textiles and agriculture brought to the fore during the Uruguay Round, but the “new trade issues” of intellectual property, investment and services had found their way into the Marrakech texts, to be locked in for further liberalisation in future rounds. Unlike tariffs at the border, these new issues reached deep inside the boundaries of the state and challenged domestic laws; whereas the 1947 GATT had been designed to maintain sovereignty, the Uruguay Round challenged this principle. Furthermore, a new apparatus was established – the WTO – to oversee the regulation of trading activity among members.

The WTO governs according to five principles that were introduced in the GATT in 1947 and are engrained in the Marrakesh Agreement. The most important principle is the Most-Favoured Nation (MFN) rule⁸⁴ and National Treatment rule.⁸⁵ These are based on the notion

⁸³ The 23 founding members of the GATT are: Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Syria, South Africa, United Kingdom and the United States.

⁸⁴ The MFN rule has its own complicated genealogy which historians date back to the 1860 Cobden–Chevalier treaty between France and England (see Trebilcock and Howse 2005). France extended the favourable concessions it had given Free Trade England to subsequent countries including Germany's Customs Union, the *Zollverein*, in 1862. Multilateralism flourished across Western Europe as a result of France adopting a non-discriminatory approach to treaty making until 1914 when World War I broke out and trade restrictions were reimposed. The disused MFN principle was recuperated under the GATT in 1947 and is widely considered by scholars as one of the cornerstones of multilateralism (Stern 2009, Trebilcock and Howse 2005). Simply, the principle requires every signatory to the GATT to extend to other GATT members the lowest tariff that it has in place on a product. There are exceptions to the MFN rule, for example, under Article XXIV, whereby members of a preferential trade agreement or customs union (such as the EU) are able to deny MFN status to those outside the agreement. This exception allows for discrimination and has been criticised for undermining the entire co-operative sentiment of the GATT, as envisioned by the Bretton Wood architects. The Article also permits PTAs as long as members eliminate substantially all trade restrictions and duties between the countries.

of non-discrimination and reflect the strong internationalist sentiment that embodied the creation of the GATT and Bretton Woods institutions (the World Bank and International Monetary Fund). The other two principles central to multilateralism that have been strengthened under the WTO are transparency and enforceability (see Shaffer 2003).

These principles were reflected in the structure of the WTO (see Appendix 5), particularly in the formation of the Dispute Settlement Body (DSU) and Trade Policy Review Mechanism (TPRM). Both of these were introduced to shore up the perceived weakness of the GATT. Despite its legalisation over time, the GATT was not designed as an organisation (it is a contract) and had no real authority with which to govern. During the 1970s and 1980s, members increasingly conducted unlawful trading practices such as dumping,⁸⁶ but these were not subject to any punitive measures. Under the new WTO structure, the DSU provided the means to not only strengthen the rule of law by creating a legal framework for litigating trade disputes but also to ensure members abided by the terms of the WTO agreements. If members failed to comply, the defending member could lay a formal complaint through the DSU and seek compensation. Although the DSU cannot police trading relationships it does hold the power to suspend reciprocal trade concessions if a member fails to compensate or correct its unlawful trading behaviour. As legal scholar Shaffer (2003) notes, under the GATT there existed a dispute system, but since the WTO formed in 1995 the legal framework was strengthened considerably. He cites how the WTO dispute system is both more precise in application and binding in operation than the GATT, adding that a good indicator of its power is in how private parties have come to play a more substantial role in litigation.

⁸⁵ The National Treatment rule is the other important principle of the WTO legal framework. Under Article III, it states that members are not permitted to discriminate between domestic and foreign goods, once those goods have passed through customs and paid border duties under the country's tariff schedule. It is essentially based on the idea that a good or service should not be unfairly treated and should not bear more of a burden than a locally produced good or service. The objective is to create a level playing field so that no producer has a competitive advantage over the other. Any local regulations or policies that on the surface appear neutral but in practice burden the foreign producer are considered unfair and can be taken to the Dispute Settlement Body (DSU). Closely related to this issue are the two other principles, transparency and enforcement. Transparency refers to how each member's trade regulations and laws should be readily accessible to other members. Enforceability means that all tariffs are to be bound (made permanent) and if members go above this ceiling level then a complaint can be made by the aggrieved.

⁸⁶ Dumping is the selling of goods in foreign markets for less than the cost of producing that good. Basically it means any price that is below their fair market value. The Marrakesh Agreement permits a country to impose temporary tariffs to protect their companies from dumping. These temporary measures are called countervailing duties.

New Zealand embraced the creation of a dispute settlement system⁸⁷ and the new WTO institutions. In its report on the Uruguay Round, *Trading ahead* (1994) and in the seminal *New Zealand's trade policy* (1993), MFAT iterated that the changes made in the Marrakech Agreement provided a small isolated country such as New Zealand with greater security and certainty. Multiple aspects of the new dispute system were identified as being beneficial to New Zealand: first, that all members would turn to the DSU to seek remedies rather than take harmful unilateral action. This enhanced the rule of law. A second benefit cited was the DSU organ itself. Vested with the authority to monitor disputes and suspend concessions, the DSU had sharper teeth than its predecessor in the GATT. Moreover, the time frame with which disputes had to be resolved was tightened and an appellate body was set up to consider appeals. These modifications in the governance of trade were viewed as a major win for New Zealand. As a small state with little economic or political power with which to threaten offending states, the existence of the DSU and the strengthening of the rule of law would make compliance more likely. Although the DSU could only threaten to withdraw trade concessions if a member failed to comply, according to trade policy documents this was seen as an improvement for New Zealand.

New Zealand's Current Trade Policy Approach

The enthusiasm toward multilateralism, brought about by the inclusion of agriculture and formation of dispute mechanisms within the WTO, is but one strand of New Zealand's trade strategy following the 1984 economic reforms. The others were unilateralism, regionalism and bilateralism. Together these four strands were called the "multi-track approach". They first appeared in the key trade policy document, MFAT's (1993) *New Zealand's trade policy*. In the following sections I will give a brief analysis of the three latter strands and an account of the where the TPP fits in with the state's trade strategy.

In *New Zealand's Trade Policy*, the multi-track approach was not just a matter of seeking and defending access, it was crucially framed as a case of insuring against perceived risks: "Effective risk management is not just an instrument used in financial markets; it is central to our trade policy strategy" (MFAT 1993: 58). In terms of threats, the stated concerns lay in

⁸⁷ As of September 2010, New Zealand had filed seven cases to the DSU as a complainant. The complaints were against: Canada (dairy measures); United States (steel and lamb safeguards); Australia (apples SPS standards); EU (butter measures); Hungary (export subsidies with agricultural goods); India (agriculture, goods and textiles quantitative restrictions). The US and EU have laid the highest number of complaints and have also been the respondents to most complaints. The US has filed 96 cases and responded to 110 cases; the EU, 82 cases and responded to 70 cases.

being shut out from the evolving trading architecture and the markets of the Asia–Pacific region. With other countries negotiating preferential agreements ahead of New Zealand, such as in the Chile–Korea PTA (2004), this was interpreted by New Zealand as a reason to step up efforts to also engage in PTA activity. Only by being part of PTA activity could New Zealand as a “small export orientated economy on the periphery of the Asia Pacific region” insure itself against the risks of trade diversion and safeguard its competitive advantage in agricultural goods.

New Zealand’s trade policy endorsed unilateralism, arguing that it was one piece of the trade strategy puzzle, and could not be disassociated from liberalisation at the multilateral, bilateral and regional levels. Although it stated that the economic reforms did not occur to enhance New Zealand’s trade negotiating position (1993: 23), it acknowledged that the reforms enabled negotiators to take a “pro-active” stance, and that “when New Zealand was the only developed country maintaining a comprehensive system of import licensing, our negotiators could hardly embrace trade liberalisation even with Australia, let alone the world” (1993: 24). Clearly, the restraints placed on New Zealand’s negotiators, which would have been frustrating, were lifted as a result of liberalisation.

The connection between liberalisation and domestic policy reform is reinforced in *New Zealand’s trade policy*, as well as the notion that policy reversal would be detrimental to the foundations of the multi-track strategy:

When and if the Uruguay Round is successful, there may be a tendency in certain quarters to see the Uruguay Round as some kind of latter-day cargo cult for New Zealand, relieving the need to continue the transformation of our economy across the board into a competitive, export-orientated economy (MFAT 1993: 53).

Both prescient and forward thinking, New Zealand’s reforms complimented the efforts at the Uruguay Round for deeper liberalisation. Although few domestic policy changes would be needed at the time of signing the agreements, the disciplines introduced through the text did however act to further enshrine the reforms, and “help consolidate expectations that New Zealand will not retreat back into fortress New Zealand policies” (MFAT 1993: 28). The credibility of New Zealand’s reputation as a leader of economic reform, and as a stable, business friendly country, was planted in firmer ground as a result of the commitments made

in the Uruguay Round. From this point onward New Zealand could capitalise on this reputation.

The third strand, regionalism, referred to New Zealand's active participation in APEC, an economic forum comprised of 21 Asia-Pacific countries that meet throughout the year to discuss issues related to trade and investment liberalisation and facilitation, economic and technical co-operation, and human security or counter-terrorism. Collectively, APEC members account for 40 per cent of the world's population, 45 per cent of exports of goods and services, and more than 50 per cent of world GDP.

APEC discussions are non-binding, driven by consensus and underpinned by a belief in open regionalism; that is, a determination to not turn inwards but remain open to engaging with economies outside of APEC.⁸⁸ Despite the voluntarism of APEC and lack of enforcement mechanisms such as sanctions as there are in the WTO, New Zealand has used APEC as a valuable trade policy vehicle in which to canvas free trade partners and press for further regional economic integration by working on and promoting specific projects.⁸⁹

In lieu of legally-binding agreements, at the 1994 APEC meeting in Bogor, Indonesia, President Soeharto proposed a "Declaration of Common Resolve" in which APEC members would commit to the goal of free and open trade and investment by 2010 for industrialised economies, and 2020 for developing economies. Known as the "Bogor Goals", these narrowed the focal point of APEC down from a flexible understanding of co-operation to liberalisation, and efforts were made in the subsequent meetings⁹⁰ to agree on methods with which the goals could be met. However, by the time of the Kuala Lumpur meeting in 1998, belief that members would liberalise in these sectors was waning. Added to this frustration

⁸⁸ The flexible framework of APEC makes it different than the other major regional groups such as the EU, which is a customs union and is described as inward looking, and NAFTA, which is a free trade area for only the members of that group (Mexico, Canada and the United States).

⁸⁹ Such as the Working Group on Telecommunications (WGT), which analyses the regulation of competition in telecommunications.

⁹⁰ At Osaka in 1995, the Osaka Action Agenda was made in an attempt to provide a more concrete framework and in Manila the following year collective and individual action plans were compiled, outlining how members would achieve the Bogor Goals. The emphasis in the plans was on deregulation, corporatisation and competition policy. Then in 1997, at the meeting in Vancouver, the Asian financial crisis, and APEC members issued optimistic communiqués in order to reassure the markets that free trade was still the path to prosperity and that the region was dynamic enough to rebound from the crash. As hosts that year, Canadian officials launched a new mechanism for reaching the Bogor Goals called Early Voluntary Sectoral Liberalisation (EVSL). Rather than wait in vain for unilateral liberalisation, the idea behind the EVSL modalities was for members to liberalise in certain sectors. There were fifteen sectors identified ranging from fish products to toys, forest product, chemicals, energy and medical technology.

were the ongoing disputes among members about how to correctly interpret⁹¹ the Bogor Goals.

By the time leaders met at the Kuala Lumpur meeting, New Zealand had already ignited the fourth approach in its multi-track trade strategy, bilateralism. Arguably the first move in this direction was made in 1983 with the CER agreement. However, with the subsequent realisation that the Bogor Goals were impracticable within the boundaries of APEC, New Zealand more aggressively sought the bilateral route to free trade. Although in trade policy parlance New Zealand is generally thought of as a “policy taker” not “policy maker” (Nixon and Yeabsley 2002) because of the relative size of its economic power (and hence cannot dictate the terms of trade), bilateralism became increasingly used as an essential policy tool along with work in APEC and the WTO/GATT. Bilateralism was considered a long-term strategy; a “stepping stone” toward the Bogor ideals and New Zealand was open to negotiating partners who shared a commitment to “comprehensive, high quality agreements”. Throughout the mid-1990s and into the 2000s the centre piece of this “stepping stone approach” to avert economic isolation became the pursuit of an FTA with the United States via the TPP.

Pursuit of the Trans-Pacific Partnership Agreement (TPP)

Following the collapse of WTO Seattle talks in 1999 it became clear to the New Zealand Government that the next round of multilateral negotiations which had yet to be launched would be slow going and contentious. This was indicative of the new trade agenda; more members, more complex issues and more friction. New Zealand had already signalled its intention to carry out a multi-track approach in its 1993 policy document but with multilateralism faltering, the bilateral approach assumed a more dominant role in policy. APEC too was floundering, unable to realise the Bogor Goals despite trying different modalities.⁹² In addition, FTA activity was proliferating in the Asia–Pacific, producing criss-crossing patterns of trade diversion. The emerging pattern was coined “spaghetti” by Jagdish Bhagwati (1995, 2008) and renamed “noodles” by the president of the Asian Development Bank (ADB), Haruhiko Kuroda (Dent 2006). These external factors were interpreted by policy-makers as reasons to aggressively seek more preferential trade agreements. Rather than repeat the argument that adding more PTAs would undermine the impetus to conclude

⁹¹ Words such as “commit” and “liberalisation” that were central to the Declaration were interpreted differently by member countries, particularly Japan (see Kelsey 1999).

multilateral talks, New Zealand chose to continue its multi-track strategy, keeping all its options open and on the negotiating table.

In competitive spirits and anxious to not be left behind in the rush of FTA activity, in 2001, New Zealand stepped up its efforts to capture the United States through a bilateral arrangement. It also sought bilaterals with Thailand, Hong Kong, China and Malaysia (see Table 2).

New Zealand Free Trade Agreements (in force)	Year	Government PM/Trade Minister
Australia–New Zealand Closer Economic Relation	1983	National (Muldoon)
New Zealand–Singapore Closer Economic Partnership	2001	Labour (Clark/Sutton)
New Zealand–Thailand Closer Economic Partnership	2005	Labour (Clark/Sutton)
Trans-Pacific Strategic Economic Partnership Agreement	2006	Labour (Clark/Sutton)
New Zealand–China FTA	2008	Labour (Clark/Goff)
ASEAN–Australia–New Zealand FTA	2010	National (Key/Groser)
New Zealand–Malaysia FTA	2010	National (Key/Groser)
New Zealand–Hong Kong Closer Economic Partnership	2011	National (Key/Groser)
In Negotiation		
New Zealand–Gulf Cooperation Council FTA		
New Zealand–Russia–Belarus–Kazakhstan FTA		
Trans-Pacific Partnership Agreement		
New Zealand–Korea FTA		
New Zealand–India FTA		

Table 2. New Zealand’s FTA activity to date (source: MFAT)

The United States had first floated the idea of an Asia–Pacific-wide agreement which would include New Zealand before the APEC meeting in Kuala Lumpur in 1998 (called the P5). In a meeting in Washington DC the concept was passed on from USTR Charlene Barshefsky to New Zealand’s Minister of Trade Negotiations, Lockwood Smith, who subsequently approached Singapore, Australia and Chile as possible partners. The impetus was to build up from the ground a regional trade agreement that would eventually encompass the Asia–Pacific region. In the face of trade liberalisation inertia at the multilateral level, it was hoped the agreement would reignite free trade ideals. But President Clinton lacked Fast Track authority and did not have sufficient votes in Congress to pass the P5. As such, the deal was dropped. Although the United States pulled out, New Zealand still pursued the bilateral track but this too faded in time, soon after Australia got an agreement ahead of New Zealand.

Following the momentous CER agreement in 1983, New Zealand signed its second FTA with Singapore in 2000 amid criticism over the consultation process and content of the deal (see Hoadley 2000, Kelsey 2000, Rosenberg 2000). These controversies about how New Zealand conducts its trade negotiations will be covered in more depth in the following chapters. Suffice to say that, because of Singapore, a debate ensued about the lack of transparency and parliamentary scrutiny of trade agreements that continues to the present day (Chen 2001, Dunworth 2004, Nielsen 2007). Moreover, because of the Singapore agreement, questions by non-state actors were raised about how FTAs affected New Zealand's sovereignty and commitments to Maori under the Treaty of Waitangi (Kelsey 2001).

The Singapore–New Zealand Closer Economic Partnership (CEP), as it was called so as to avoid anti-free trade protests, was designed as a “Trojan horse” for future free trade deals. Even as the ink was drying on the signed document, New Zealand and Singapore were already in discussion with Chile about creating a three-way deal. So it was unsurprising when in 2002 on the sidelines of the APEC meeting in Mexico, it was officially proposed that the Singapore FTA would be expanded into a trilateral P3 (or Pacific 3) agreement with Chile. After the fifth round of negotiations, the partnership was further expanded when Brunei, who had been an observer, also decided to join. The new agreement was renamed the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP) also called the TPP or P4. The development continued when in March 2008 the United States signalled an interest in sitting on the investment and financial services talks. Then, most significantly, in September 2008, the United States expressly stated it would join talks to become a member of the TPP.⁹³ The Trojan horse had successfully evolved from a bilateral to a quadrilateral, and finally a plurilateral agreement, as the designers of the original text had intended by including an open accession clause (Dent 2006).

The TPP announcement was made at the end of the Bush Administration second term in office. In it USTR Susan Schwab stated that the US should be party to the TPP because for strategic reasons:⁹⁴

⁹³ For a timeline of the US joining the TPP and motives see C. Barfield and P. Levy. 2009. Tale of the South Pacific: President Obama and the Transpacific Partnership. *American Enterprise Institute*, no. 2, December 2009. Accessed 10 September 2010 at: <http://www.aei.org/outlook/100927>

⁹⁴ USTR Schwab's statement did not mention the size of the individual or combined TPP markets. This is because the original P4 countries only accounted for 2.2 per cent of global trade and moreover, the United States already had agreements with Singapore (USSFTA) and Chile (USCFTA), which had entered into force in 2004.

The Trans-Pacific region accounts for nearly 60 per-cent of the world GDP and almost half of all global trade. With its large and growing markets and robust economic growth, it is clear that further strengthening our ties to this region should be a priority ... We are particularly interested in this high-standard agreement potentially serving as a vehicle for advancing trade and investment liberalisation across the Trans-Pacific region and perhaps beyond.⁹⁵

As outlined in Susan Schwab's statement, the clear objective was to use the TPP as a vehicle to encourage other larger Asian economies such as Japan and Korea to ultimately join. For the United States, the TPP is only worthwhile if these countries join. This is because the original P4 countries only accounted for 2.2 per cent of global trade and moreover, the United States already has agreements with Singapore (USSFTA) and Chile (USCFTA), which entered into force in 2004. As New Zealand officials are acutely aware, New Zealand is an insignificant market for the United States, with little trade barriers to use as bargaining chips to entice larger economies such as the United States into negotiations.

With the WTO round of negotiations effectively stalled and China's power rising, the United States considers the TPP to be a geo-political and economic beachhead into the Asia-Pacific region (see Buchanan 2010). New Zealand, on the other hand, wants to facilitate the expansion of the TPP for its own purposes. The rationale for opening the TPP to larger, more powerful countries was based on New Zealand's ongoing strategy to insure itself against its perceived economic and political vulnerability; an objective documented in MFAT's *New Zealand's trade policy* (1993). This sentiment is reiterated in MFAT's 2008 announcement on the expanded TPP line-up:

The Trans-Pacific negotiation gives New Zealand an opportunity to help shape future trade liberalisation in the wider Asia-Pacific region in line with the high quality benchmarks set by the original P4 agreement. With a number of regional processes under way in the Asia-Pacific region designed to further remove barriers to trade and investment, it is important that New Zealand remain a full participant in the regional integration agenda. Having new participants on board will help to generate momentum in moves towards achieving the goal of greater economic integration in the region.⁹⁶

⁹⁵ USTR, Schwab statement on launch of the US negotiations to join the Trans-Pacific Strategic Economic Agreement. News release 22 September 2008.

⁹⁶ MFAT. *The P4 agreement: guide to FTAs*. Accessed 19 October 2010 at: <http://mfat.govt.nz/downloads/trade-agreement/transpacific/trans-pacificbooklet.pdf>

Implicit in this passage is the presence of the United States, the “new participant”, who has the capacity and power to transform the conflicting rules of the “noodle bowl” into a coherent pattern of interconnected but uniform standards. This is the hope that the TPP engenders. New Zealand wants to be part of this re-regulation effort and has placed itself as a “strategic” bridge into Asia for America by leveraging off its diplomatic reputation as open, trustworthy and non-threatening. But as Paul Buchanan (2010) notes, this East–West straddling position exemplified by New Zealand’s approach to the TPP, may become dangerous as United States–Chinese rivalry over the Western Pacific intensifies. On the other hand, Fred Bergsten of the Institute of International Economics promotes the TPP for its potential to avoid a split down the middle of the Pacific, and the formation of two competing trading blocs. New Zealand has positioned itself along this Bergsten/Buchanan fault line: a risk perceived as the only necessary way to avert being left behind.

Dent (2006) refers to New Zealand’s current policy approach as a drive to avoid isolation. Other scholars see New Zealand’s trade policy as pragmatic and typical of a trade-dependent small state (Hawke and Lattimore 1999, Henderson 1992, Nixon and Yeabsley 2005, Patnam 2005). The TPP in turn is not perceived as a “stumbling block” (Bhagwati 1995) but rather a “building block” (Barfield and Levy 2009, Estevadeordal and Suominen 2009, Petri 2008) that has the potential to act like a “domino” (Baldwin 1999) to incentivise other more reluctant states to sign FTAs lest their market share erodes to competitors. The TPP as the heaviest domino, places immense pressure on other states to conform to the highest standards set by the agreement, in the hope that in time all trade-related regulations pertaining to services, investments, as well as goods, will converge onto one “business friendly” platform. In this ideal trading world, firms would not have to sort through and comply with conflicting rules of origin, transaction costs would be significantly lowered and the “noodle bowl” will have been effectively rationalised.

New Zealand does not see FTAs as critics such as Jagdish Bhagwati (1995, 2008) do. The TPP and other FTAs are thought of as insurance policies, not as a preferential trade arrangements (PTA) that undermine multilateralism or balkanise the Asia–Pacific into states with better market access than others (Bhagwati 1995, 2008). In a recent speech in May 2009, New Zealand’s current Trade Minister and author of MFAT’s *New Zealand’s trade policy* (1993), Tim Groser, reiterated his vision of trade policy as a means to mitigate risk. The audience was American and was delivered at a time in which the newly elected Obama

Administration had yet to signal its intent to continue negotiations with New Zealand on the TPP, and the global financial crisis was still the talk in policy circles. In his speech he implicitly likened the TPP to a fire insurance policy against protectionism:

In the middle of winter who cares about fire insurance? But on a tinder dry summer day when your neighbour's house is burning down, the first thing a rational person does is check that their fire insurance premium is up to date. In the current meltdown of world trade, we are operating in a tinder dry environment for protectionist measures. Robert Zoellick, now President of the World Bank and of course a former USTR of great distinction, pointed out recently that the World Bank has shown that 17 of the G20 countries that made a public promise to resist protectionism have implanted trade-restricting measures. Lowering the bar on legal protectionism is no small achievement. Right now, the global trading community's fire insurance premiums have not been paid for year. There is massive scope for legal increases in protection ... It is time, ladies and gentlemen, to pay the premium and underwrite our own future trading security.⁹⁷

Conclusion

Direct, immediate material gains are not the sole rationale underlying New Zealand's drive to secure FTAs. Rather, a more significant factor is in avoiding the risk of marginalisation, in the wider symbolic and economic sense, by using FTAs to connect with other states. CEPs, FTAs and SEPs (the acronyms that have been variously used by New Zealand governments but refer to FTAs) are seen as ways to create stronger commercial relationships that may, it is hoped, indirectly diminish the problems of size and distance for New Zealand. This issue was brought to the fore during the Ottawa talks when Britain began to bargain with the Commonwealth countries for access into their market. The days of Free Trade Britain ended and New Zealand had to play on its status as a small, but loyal Dominion in order to secure access for its butter, meat and wool. Although the wars interrupted the bargaining, it remained the pattern throughout most of the twentieth century until the Uruguay Round (1986–1993) and economic reforms, which enabled New Zealand to tack a slightly different strategy. No longer inward looking, New Zealand could push for similar reforms in other countries that it itself had implemented. Bold and forthright, New Zealand assumed leadership positions in the WTO, and built a credible profile as a trustworthy negotiating partner and honest broker (see Elder 2009).

⁹⁷ Tim Groser. Trade and the road to recovery: an Asia Pacific perspective. Accessed 12 May 2009 at: <http://beehive.govt.nz/speech/trade-and-road-recovery-asia-pacific-perspective>

New Zealand not only accepts globalisation (see Larner 1997) in the sense of the inevitable fragmentation of production, but perceives it as an opportunity to be part of the production networks that criss-cross the Asia–Pacific. New Zealand attempts to insert itself into the evolving trade architecture through which production networks flow, by leveraging off its reputation as a small state: innovative, open, honest and non-threatening. But to do this requires the assistance of “NZ Inc”. In the following chapter I will examine in greater detail the historical and current relationship between the state and business in trade policy.

Chapter Four

“NZ INC” AND THE STATE OF BUSINESS IN TRADE POLICY

Early on 15 April 2010, I arrived at the Crowne Plaza Hotel in Auckland for the conference “Expanding Trade and Economic Links with South East Asia”. Co-sponsored by MFAT, New Zealand Trade and Enterprise (NZTE) and the Association of Southeast Asian Nations (ASEAN) NZ Business Council, I had been invited to attend through my network contacts. Given that the theme of the talk centred on Asia, I anticipated that the TPP would inevitably feature in discussions. I was also keen to hear the Trade Minister, Tim Groser, and the Secretary of Foreign Affairs, John Allen, speak to a business audience about trade policy and FTAs. Before I entered the seminar room, I stopped at registration and gathered my name tag and the programme outline, then took a seat near the rear exit doors. The audience comprised small- to medium-sized business actors, local and central government officials, business journalists, academics, educationalists and a few low-ranking diplomats. I assumed by the name tags that most had commercial connections in Asia and were present to work out what the benefits of the ASEAN–Australia–NZ FTA would be for their modest businesses. At 9 AM, following the obligatory welcoming remarks from Tony Nowell, New Zealand’s representative on the APEC Business Advisory Council (ABAC), Trade Minister Groser spoke at length about his vision of free trade in the Asia–Pacific and the significance of the TPP for New Zealand:

... The TPP began as a discussion between New Zealand and Singapore in 1997, where we proposed the P2 as a strategic bridge that became the P5 and has transformed into the TPP. It took 10 years, but we have achieved it and the core idea at the time is that we saw the problem with the WTO moving forward after the Battle in Seattle and the free rider problem in APEC’s Bogor Goals. So we sought a way around these issues. We didn’t believe the Bogor goals were robust.

... New Zealand has been struggling for 40 years but through FTAs we have utterly transformed this effort. From having a Eurocentric focus to Asia, our strategy is paying off now. We have a platform to drive forward from, but all that trade agreements do are to create opportunities: *it is up to you to take the opportunity for NZ Inc* [emphasis added].

Following Minister Groser’s speech, Tony Nowell spoke on behalf of business to thank the Minister and agreed that business support was crucial to the government’s overarching goal:

There are four elements to New Zealand's economic development: supply chains; moving up the value chain; getting greater investment into New Zealand and NZ Inc. We can do it as a country; we need to work collectively with the Government to make this happen because individual business cannot do this alone. If we join up business and government the opportunities with FTAs are enormous. The FTA is a door but it is up to business to walk through the door. We have to back all of those horses in this game, and the key is not to be locked out. We have to stay in this game. Any small country knows there are wolves out there. We must take advantage of FTAs.

For the first two hours of the half-day conference the business audience were given an overview about how the FTA slotted into the government's long-term strategy to not let New Zealand be "locked out" of the "FTA game". Purposefully alarming statistics about the ASEAN region ("568 million people, USD 9.8 billion dollars of trade") and statements about the growth of intra-Asian trade ("in 2006 over 33 per cent of the world's exports came from production in Asia, that is USD 2.68 trillion dollars") were used to boldly underline the economic and political significance of the Asia-Pacific region for New Zealand. If Asia was trading more within the region and signing free trade deals with other Asian countries, then New Zealand was at risk of being shut out from global supply chains and massive consumer markets. Clearly, the government's response to this grave dilemma – negotiating the TPP and a network of FTAs – was on track. This message was replayed at the close of the conference by Secretary of Foreign Affairs, John Allen. In his speech, he added that not only should business and government work together as "NZ Inc", but that it was business who held the key to national economic development. Ultimately, in reference to FTAs, he said:

A lot of hard work has been done, all of the technical stuff that you have heard today is critically important, but in the end it's only valuable if you're prepared to stand up, you're prepared to get involved, you're prepared to take some risks.

The audience appeared unmoved by Allen's and the other speakers' provocations to take risks on behalf of the nation. Rather, they seemed more puzzled by the technical aspects of the FTA (in an earlier session on "how to make FTA requirements work for your business", participants were vocal and inquisitive about how to interpret the confusing ROO and some even queried the use of the FTA given these sorts of red tape complications). Compared with others in the room, I was far more taken with the rhetorical speeches that bookended the dry business seminars on how to do business in Southeast Asia. Was this because, for business actors, "NZ Inc" and the idea of collaborating on behalf of the country was not particularly

provocative or new? Had business become used to these sorts of nationalistic “call to arms” by the state? What was the meaning of NZ Inc? When did it emerge?

The aim of the chapter is twofold. By exploring the relationship between business and government I intend to track the development of the NZ Inc concept. In doing this, I will attempt to answer the questions about what the use of NZ Inc reveals about business–government relations and governance.

Drawing predominantly on literature on the political economy of New Zealand I will explain how business has always had a close relationship with the state but that, in terms of trade policy, it was not until the mid- to late 1970s that business began to take a more active role in trade policy. United against Prime Minister Muldoon’s interventionist policies (1975–1984), business groups constellated around central policy issues and pushed for liberalisation. Here, for the first time regardless of sector positions, an alignment between business and government occurred. Following the reforms of the Fourth Labour Government (1984–1990), select pro-market business groups remained close to the policy-making process. In this neoliberal context, businesses were encouraged to team up with each other offshore rather than rely on the government to promote New Zealand’s trade. Their efforts were coined “NZ Inc”. However, a marked change came in the late 1990s when business participation evolved from simply supporting and implementing the state’s trade strategies, to engaging in more active unofficial diplomatic activities aimed at securing a network of FTAs. Crucially, however, not all of the business sector are delegated the responsibility to grow the national economy and are handed the role of unofficial diplomats; the state (MFAT officials) selects candidates that embrace its trade agenda and support its supranational aspirations (see Brown 2010, Chalfin 2009).

Corporatism and Business Unity against Protectionism

The business–government relationship in the first decades of the twentieth century of New Zealand’s economic history has been characterised as interdependent (Vowles 1992), with the business side of the relationship being mostly dominated by influential farming interests (Bremer 1993). This reflected the economic and political importance of farming at the time and the fact that until the 1930s, New Zealand’s Parliament was heavily represented “by farmers, for farmers” (Bremer 1993: 110). An instance of the early influence of farmers in trade policy was in the lead-up to the 1932 Ottawa conference. As was discussed in Chapter

3, farmers were able to select the delegates who travelled to Ottawa to negotiate on New Zealand's behalf (Nixon and Yeabsley 2002). Another demonstration of farmers' close association with the nascent state was the formation of "semi-government marketing authorities" (Hawke 1985), called producer boards in the 1920s, which protected farmers from the volatility of world markets.

From the late 1930s onwards, state intervention in the economy took the form of import substitution. This continued until 1984 and meant that for the most part business interests were split between manufacturers and farmers. The import controls sheltered manufacturers to the detriment of exporters, whom were mostly farmers. In the post-World War II period, however, corporatist and inter-sectoral agreements surfaced, but these were intermittent and ad hoc responses to New Zealand's ongoing economic woes and were not sustained by philosophical underpinnings (see Vowles 1992, Wood and Rudd 2004, see also Williamson 1989). In general, and despite corporatist tendencies, business influence up until the late 1970s continued to follow a more informal pattern and was sectoral rather than unified and coherent (Vowles and Roper 1997).

Broadly defined, corporatism (Williamson 1989) occurs when the state invites an interest group into the decision-making process and in return for privileged access, the state expects it to support and help implement policies. In the literature on business–government relations in New Zealand (Mulgan 1993, Wood and Rudd 2004) the most frequently cited examples of corporatism are the legislative incorporation of Federated Farmers in 1972 and the National Development Conference (NDC) in 1969. In 1946, farmers formed the group Federated Farmers, which was initially financed through the Dairy, Meat and Wool boards. It was considered the official voice of agriculture by the state and was afforded recognition to reflect this status. According to Mulgan (1993: 136), early in its establishment its representatives had "a very close institutional link with government" and were often present to advise during GATT negotiations. The relationship became even more intimate in 1972 when legislation was passed so that levies from all stock slaughtered (Meat Amendment Act 1972) went directly to Federated Farmers rather than being routed through the producer boards (Bremer 1993, Vowles 1992). This move to officially recognise Federated Framers matched the statutory endorsement the state had given the producer boards and reflected the intimacy of farmer–state relations.

Another example of corporatism in the literature comes from the 1960s (Vowles 1992). During this period, the Holyoake National Government (1960–1972) held a number of national meetings in which tripartite corporatism (government–union–employers) came together momentarily, the apex of which was the 1969 National Development Conference (NDC) in which over 500 business individuals, farmers, union representatives, public servants and academics attended. The objective was to plan for the future economic growth of New Zealand, which at the time was suffering because of a continuing fall in commodity prices. Hanging over the conference was Britain’s stated intention to join the EEC and a widespread acknowledgement that new markets had to be found. The inter-sectoral consensus of the NDC was, however, short-lived and the decision to structurally reform the economy through tariffication was placed to one side in favour of interest group trade-offs.

The pattern of sectoral influence that had long been the main feature of business–government relations in New Zealand slowly started to change after the oil shocks in 1973, which coincided with Britain finally joining the EEC. Business disunity began to give way to a more united front. Although it had accepted and supported the policy of “domestic defence”, business became increasingly concerned with the high levels of intervention during the reign of Muldoon’s National Government (1975–1984).

In 1977, a group called the Top Tier Group was formed and comprised the chief executives from Federated Farmers, Employers’ Federation, Manufacturers’ Federation, Retailers’ Federation and Chambers of Commerce (Wanna 1989). The rationale behind the farmer–business group was to create a “common voice of business to government ministers and departments” (Wanna 1989: 9). The group met informally to begin with, the aim being to open New Zealand markets. Maintaining “fortress New Zealand” had created mounting debt and for members of the Top Tier Group this position was seen as untenable. This was especially important for Federated Farmers, who actively sought to open up Europe and other protected agricultural markets through the GATT rounds. Farmers had become aware that the argument presented at the GATT by trade officials appeared hypocritical and was vulnerable to open criticism. As Roper (1993) writes, “From the 1970s onwards, it became difficult for the leadership of Federated Farmers to push a ‘more market’ approach to the regulation of foreign trade, industrial relations and economic management generally while at the same time demanding state income support for farmers” (Roper 1993: 156). Shortly after the formation of the Top Tier Group the momentous Closer Economic Relations (CER)

agreement with Australia was negotiated. Because of the successful public relations campaign that the government led during the CER talks, manufacturers moved one step closer toward the free trade position held by farming interests and exporters. Business then began to mend its differences and take a more active and unified role in trade policy, advocating for open markets and the end of state intervention.

Farmers in particular were strong supporters of the unilateral liberalisation of trade. The sector had long carried the burden of protectionism and successive governments had specifically introduced policies to try and lighten this load.⁹⁸ In response to Prime Minister Muldoon's interventionist policies, Federated Farmers began to publically espouse the view that farmers would gain more in a fully deregulated market. In their 1984 pamphlet for the upcoming general election, *Agriculture: the anchor of the economy*, Federated Farmers claimed that farmers had unfairly been made to pay for protecting New Zealand's unproductive sectors.⁹⁹ Moreover, protectionism reduced innovation, misallocated resources, increased prices, stifled competitiveness and reduced employment.¹⁰⁰

After the election of the Fourth Labour Government (1984–1990), farmer support for the reforms did not wane even when, in 1985, once subsidies were removed and the profitability in agriculture radically reduced as a result of unfavourable interest and exchange rates. The new Minister of Finance Roger Douglas's idea that a coherent policy approach would offset the negative effects in one sector did not come to pass, and farm land prices declined by as much as 50 per cent as a result, forcing indebted farmers to either sell or shift production from sheep to dairy. Irrespective of the adverse effects, Federated Farmers continued to lobby that the reforms, with no sectors left untouched, would release the full economic potential of agriculture (see Sandrey and Reynolds 1990). In their steadfast belief in comparative advantage, Federated Farmers were joined by other key private actors, such as the New Zealand Business Roundtable (Business Roundtable), New Zealand Institute of Directors

⁹⁸ Lattimore and Wooding (1996) suggest that the government extended monopoly export rights to producer boards after World War II to compensate farmers for the government's shielding of the manufacturing industry. Later in 1978, the Muldoon Government introduced subsidises for farmers through a price support scheme called the Supplementary Minimum Price (SMP). The stated objective was to smooth out farmers' fluctuating incomes and to compensate farmers for import protection. The SMP scheme provided low interest rate loans to producer boards and directly subsidised on-farm costs (e.g. fertiliser). Despite these benefits farmers' profitability did not rise comparable to other industries.

⁹⁹ As stated by Federated Farmers in their 1984 brochure: "Whereas most sectors in New Zealand are able to pass on the additional costs arising from protection. These are ultimately paid for by New Zealand exporters who trade on an international market and cannot pass on the costs" (1984: 5).

¹⁰⁰ As Kelsey (1995) rightly notes, in setting out their agenda for the next government, Federated Farmers shared views that were almost identical to that of the Labour Party's Roger Douglas and the Treasury.

(NZIOD) and the Top Tier Group (see Kelsey 1995: 74–81). Although manufacturers had at first been resistant to trade reforms, they reluctantly acquiesced and began to see an opportunity in the reform agenda to push for labour market deregulation. Labour market reform occurred further down the track in 1991.

At the centre of the reform process was the Business Roundtable,¹⁰¹ which in partnership with Federated Farmers bolstered the newly elected Fourth Labour Government's claim that unilateralism was highly desirable irrespective of whether or not other countries followed suit. Despite the Business Roundtable's focus on the domestic policy context, they argued that unilateralism was essential because it sent a clear message to other nation-states about New Zealand's commitment to market liberalism. Tariffs served to "undermine New Zealand's international credibility as an opponent of protectionist policies, particularly in agriculture" (New Zealand Business Roundtable 2002). The Business Roundtable's sentiments not only echoed those held by farm leaders but aligned with those of senior officials in the Treasury, Ministry of External Relations (MERT), prominent economists at the New Zealand Institute of Economic Research (NZIER) and politicians. Although the centralisation of business fell well short of corporatism in any strict sense (see Williamson 1989), it nevertheless signalled the emergence of closer business–government relations at the trade policy level. Previously, before the 1984 reforms, business had been fragmented with regard to trade policy, and farmers had been singular in their demands for liberalisation.

Breakdown in the Trade Policy Consensus

As a New Zealander I am proud of the fact that leading business people in this country have consistently, and for more than a decade now, been willing to put aside sectional interests, promote policies that are in the overall national interest, and pull their weight in national affairs (Roger Kerr 1999).

During the late 1980s and early 1990 reforms the Business Roundtable supplied policy advice that gave credence and theoretical rigour to neoliberal policies. The Business Roundtable sponsored research, funded international speakers to come to New Zealand and published research papers all reportedly for the sake of the nation rather than self-interest.

¹⁰¹ A policy think tank in Wellington, the Business Roundtable began as an informal group in the 1970s but was officially founded in 1985 at the start of the reforms. In 1986, Roger Kerr, a former Treasury and Foreign Affairs official was asked to direct the organisation by Ron Trotter, Chairman of the Business Roundtable (1985–1990) and Fletcher Challenge Limited. Kerr remains the Business Roundtable's Executive Director and its invitation-only members are chief executives from major corporations. In 2010 membership numbers stood at 54.

Their focus on serving the “national interest” was a deliberate effort to set it apart from other supposed “vested interests” (such as the unions and manufacturers). This distinction also reflected the Fourth Labour Government’s application of public choice theory to policy-making. Groups that claimed to represent the national interest grew in prominence following the reforms and mushroomed in the late 1990s. However, these newer business groups not only addressed issues within the domestic realm as the Business Roundtable had but, more importantly, turned outwards and began to advocate on behalf of the nation-state in the diplomatic sphere.

Public choice theory (Buchanan and Tullock 1962) posits that people are motivated by self-interest and will seek to maximise their welfare in a rational, calculating manner. In most political systems, lobbyists attempt to influence policy by offering incentives to politicians. Acting in a rational manner, politicians will accept offers from lobby groups and in return spend public money to aid these same special interests. In this situation, taxpayers’ money is inefficiently funnelled into specific areas rather than being put to better use for the general public. The Fourth Labour Government sought to reform the public sector, which it perceived as being over-staffed and inefficient. Interest groups were seen to have too easy access to the policy-making process, particularly the unions, and were accused of capturing public money. To address these issues, contracts were brought in and tendering for them was made competitive in order to cut the ties between the bureaucracy and interest groups. The idea was to create a “level playing field” so that resources would be more efficiently allocated (Wood and Rudd 2004).

Crucially, some but not all interest groups found it difficult to access policy. Those supporting the reform process and buttressing the Hayekian rationale underlying changes continued to have close relations with key actors in power. The Business Roundtable, Federated Farmers and Top Tier Group were such groups as these; whereas unions and academics critical of neoliberalism found themselves shut out from meaningful policy discussions. Following the initial reform period and into the 1990s, elite networks of public and private actors were at hand to reinforce neoliberal thinking. They also acted as watchdogs to ensure that successive governments did not renege on the neoliberal pathways that the Fourth Labour Government had structurally laid out (Roper 2006).¹⁰² There was considerable anxiety among these informal networks that a newly elected left-wing leaning

¹⁰² According to Kelsey, the Business Roundtable “used its resources, public profile and corporate power to fortify and accelerate the rate of change, and to condemn any suggestion of retreat” (1995: 76).

government would do a “policy u-turn” and return New Zealand to its fortress days. The concerns were understandable given that since 1993, the electoral system had shifted from First Past the Post (FPP) to Mixed Member Proportional (MMP) representation, which meant that whichever party won in the majority would most probably have to share power with smaller partners. In the years after the reforms, political groups opposed to a free market approach had formed and were gaining in popularity among voters. Inevitably, with the formation of a new government, these voices would influence trade policy, particularly as it pertained to FTAs and other neoliberal policies.

Although the first MMP election in 1996 led to the continuation of Bolger’s centre-right National Government (1990–1999), it was unstable and was forced to share power with New Zealand First, a more centrist party. The friction between coalition partners, and low ratings in the polls, culminated with Prime Minister Jim Bolger being rolled by Jenny Shipley in a carefully planned coup in 1997. This eroded the faith the public had in National and in the following November 1999 election, Helen Clark’s Fifth Labour Government (1999–2008) won 49 of 120 seats in Parliament. It formed a majority with coalition partners the Alliance, which had won 10 seats, and got support from the two-seat Green Party. With this shift from a centre-right to a centre-left government, concerns were aired by proponents of unilateralism and liberalisation that the FTA trade strategy (MFAT 1993) adopted during the Bolger–Shipley Government would be undermined (see Roper 2006).

Compounding these concerns were the anti-globalisation protests that erupted during New Zealand’s hosting of the APEC summit in 1999, and two months later in Seattle, at the WTO meeting that would have seen the launching of a new trade negotiation round. The traditional domestic consensus surrounding trade policy seemed to have broken down. In a 1999 NZIER publication, the author laments this shift and writes:

No longer, therefore, can we depend upon total support for our trade policy reform. The analytical and public discussion policy groundwork needs to be done in New Zealand before policies are enunciated in the international environment. Key user groups need to be informed of the policy options and the reasoning behind the strategy selected, as well as kept up to date as the process unfolds (Nixon 1999: 13).

The “club” model of trade negotiating, which had long been the practice in most countries, including New Zealand, had been forced open by a panoply of new issues, politics and actors. The abrupt change in trade politics was brought home in particular during New

Zealand's free trade negotiations with Singapore in 1999/2000 (see Hoadley 2002). I will briefly highlight this departure from non-partisanship below.

The CEP was in the process of negotiation when Labour was elected. However, their junior coalition partner, the left-leaning Alliance, and confidence and supply partner, the Green Party, were opposed to the CEP. The Alliance would not support an FTA with Singapore – a country which they perceived as authoritarian – without labour and environment standards appearing in the text. This was not agreed to by Labour and, as a result, Cabinet sought and eventually won enough votes from National instead to ratify the FTA. As well as the substantive concerns, the CEP was met with a considerable amount of protest from civil society and members of Parliament about the lack of public consultation and parliamentary scrutiny (see Hoadley 2002).

It was during this period in which the rationale for free trade was being publicly debated that new business-led groups emerged (see Appendix 6). These organised groups included the APEC Business Coalition, the Trade Liberalisation Network (TLN)¹⁰³, the New Zealand Institute (NZI)¹⁰⁴ and the NZ–US Council, which was also established in 2001 with the chief aim of getting an FTA with the United States. These core groups differed from the Business Roundtable in that they spoke largely about how globalisation was the answer to New Zealand's longstanding economic woes and promoted trade agreements and closer diplomatic relations as the answer. They championed free trade and talked less overtly about economic theory than about global connections and opportunities. The discourse of these new groups was couched in internationalism and pragmatism, not social Darwinism. Alongside these newer groups, the Business Roundtable appeared dogmatic and overly ideological, which did not suit Prime Minister Helen Clark's vision of an inclusive, "post-neoliberal" New Zealand (Larner, Le Heron and Lewis 2007; see also Tenbensen 2007).

¹⁰³ The TLN was set up with the aim to encourage broad understanding and support for free trade. The structure comprised an Executive Committee of twelve directors from leading businesses (drawn from the agriculture, manufacturing and service sectors) with Brian Lynch, Executive Director of the New Zealand Meat Industry Association (MIA), as chairman. By February 2003, TLN had 35 corporate members and sponsors. The current Executive Director of the NZ–US Council and NZIBF is former diplomat Stephen Jacobi. The TLN printed educational and promotional material (e.g. "Trade Rules OK!" and "THE GUTS ON GATS – It's a Good Thing!"), wrote submissions to the government supporting FTAs (e.g. Chile, New Zealand and Singapore CEP) and op-eds advocating for trade liberalisation. It was entirely financed by business but had board members who had worked in government, either politically or as senior management officials.

¹⁰⁴ New Zealand Institute (NZI) is a think tank that came out of the Knowledge Wave conference in 2001.

What Helen Clark's Labour aimed for was the forging of "partnerships" between the government and the community (see Larner and Butler 2005), and the development of a strong national identity (Skilling 2007, True and Gao 2009). Larner and Craig (2005) write that in the late 1990s, the rhetoric of partnership entered the policy lexicon in New Zealand. These new forms of collaboration were intended to fill the gap created by the fragmentation of services associated with the first phase of neoliberal reforms. In line with the trend to forge partnerships, trade policy interest groups were recast as partners rather than adversaries or expert inside informers. But these relationships were still carefully managed (Tenbenschel 2006) and some groups were clearly closer to the government in the area of trade policy than the others such as the Business Roundtable. A line was drawn between supporters of the state's agenda and those highly critical of free trade such as Action, Research, and Education Network of Aotearoa (ARENA).¹⁰⁵ As Tenbenschel (2006) observes of the Labour Government, despite the rhetoric of consultation and consensus-making for the most part, the government's approach oscillated between being exclusionary and inclusive. Tenbenschel's observation about the management of interest groups is illustrated in Helen Clark's speech below, in which she praises pro-free trade organisations for working on behalf of the nation:

We all, government and business, share a determination to get the best for our country. Together we can build on New Zealand's strengths and areas where we excel, and ensure the rest of the world knows about them. We can ensure that New Zealand is valued and respected by others as a partner. We can secure ourselves a place as new relationships form in trade and diplomatic arenas. Today's world presents big challenges for a small country. Our ability to meet them depends on our working together. I give you my, and the government's, commitment to improving our joint effort to secure the future well-being of New Zealand, and I know that the business community and its key organisations will want to play a part (Helen Clark 2002, APEC speech to New Zealand business).

Business–government relations had entered a new phase in the 2000s, one in which overt right-wing groups (e.g. Business Roundtable) were placed on the political margins, while internationally orientated groups such as the NZ–US Council were given a more prominent "strategic" role as "partners" in the state's FTA agenda. An important component of this shift was the push upwards in the policy process: from engaging in informal policy discussions about domestic reform to engaging in informal diplomacy. The connections that business could make would feed into trade policy and were considered strategically significant for the

¹⁰⁵ ARENA is a network of individuals committed to "resist corporate globalisation in all its forms". Accessed 26 October 2010 at: <http://www.arena.org.nz/FreetradeandInvestments.htm>

long term. Although drawing on the influence of business to further the aims of trade and foreign policy was not an entirely new practice, the recognition and incorporation of certain groups into the policy and diplomatic arena did mark a readjustment in the way the state organised its diplomatic functions.

The Case of the NZ–US Council

An example of shift in the role of business in trade policy, from lobbyists to business diplomats, is the NZ–US Council and the series of Track Two events it organises and hosts, the NZ–US Partnership Forum. Since its establishment in 2001, the high-level business-led Council¹⁰⁶ and its sister organisation in Washington DC, the US–NZ Council¹⁰⁷ have worked closely with MFAT toward the goal of obtaining an FTA with the United States. At the centre of business–government efforts to secure the TPP is the NZ–US Partnership Forum, which takes place every 18 to 24 months. This Forum has been described in the media, official documents and speeches as a successful demonstration of NZ Inc, based on the premise that since the first Forum was held the bilateral relationship has improved significantly. For business and government officials, the Forum illustrates the power of business–government collaboration and the benefits of leveraging off business connections and influence. Not only has the Partnership Forum become a powerful event attracting media attention and political praise but it has raised the profile of NZ Inc, suggesting that collaboration is an approach that should be replicated to further economic relations with other countries including Japan and Korea.¹⁰⁸

For diplomacy scholars Jönsson (2008) and Nicolson (1963), diplomacy involves three elements: representation, negotiation and communication. At the base of these is a concern

¹⁰⁶ The NZ–US Council was established as a non-partisan New Zealand organisation and is funded by business and MFAT. Its focus is on securing free trade between the United States and New Zealand. The Council, which has an Advisory Board and Executive Committee, meets four times a year, produces strategic documents and carries out a range of public advocacy activities from writing articles in New Zealand's daily newspapers to appearing on television and radio. The Chairman is former Prime Minister Jim Bolger and the Executive Director is ex-diplomat, and forestry association lobbyist Stephen Jacobi. In conjunction with the US–NZ Council, the Council organises the Partnership Forum (2006, 2007 and 2009 and 2011 in Christchurch).

¹⁰⁷ The US–NZ Council was established in 1986 as a non-partisan, business funded, Washington-based organisation dedicated to strengthening bilateral relations through a range of unofficial diplomatic activities. It hosts receptions, luncheons, dinners and conferences in Washington DC. Its membership comprises congress members, private citizens and business representatives from US corporations with business interests in New Zealand. The organisation has an Advisory Board, an Executive and Corporate membership. The chairman is former Ambassador to New Zealand Paul Cleveland and its President is former senior legal counsel at USAID, John Mullen.

¹⁰⁸ This approach is being pursued through the New Zealand International Business Forum (NZIBF), which is a similar high-level, business–government organisation. The members of the NZIBF are involved in the NZ–US Council and the organisation is also the secretariat for New Zealand's ABAC members.

for maintaining the national interest and sovereignty of the nation-state. However, as studies of global governance and diplomacy have widely noted (see Coolsaet 1999, Cooper and Hocking 2000) since the acceleration of globalisation, it is not only state actors who now perform these roles. As well as influencing policy decisions, business actors through the NZ–US Partnership Forum and NZ–US Council take on selective diplomatic activities. They help formulate the government’s strategic position in trade policy, communicate its message through their business connections to foreign state officials and businesses, and attend diplomatic events as representatives of New Zealand’s business community. One senior diplomat with experience in working with business recounted his interactions and first thoughts about working alongside the NZ–US Council:

When the NZ–US Council was formed in 2001, I think Foreign Affairs was present as an observer initially and we felt as though this was a good thing that business was taking an interest in the relationship and that business was getting in behind a free trade agreement but that we needed to be correct about the roles of business and government. And I think what has happened over the intervening years is that both sides have really got to know each other better in this particular space, there is a closer relationship and much less sensitivity than there was perhaps initially.

I used to attend meetings of the NZ–US council but initially I felt as though I was there to defend what the government was or wasn’t doing to pursue the FTA, and was the government pushing hard enough on this. At times I found that it was quite a sensitive role ensuring that this energy that the business community had for a free trade agreement remained positively focused on getting a free trade agreement and didn’t turn into criticism of the government in not doing enough to get a free trade agreement, but I think, happily, the spirit of NZ Inc prevailed and now we are in the very happy position where bipartisanship has almost become a theme of the relationship, which I think that, for a small country with its relationships with major partners, is a really good thing ... (Interview, 12 October 2010).

In the official’s above account, the common goal to work on behalf of the nation brought business and government together as “NZ Inc”. But clearly he felt unsure about how the relationship would work given that it was a novel approach for the state to engage at the diplomatic and strategic level with non-state actors.

The NZ–US Council occupies a position between the state and society. Its members, and the wider network it is a part of, at times play the role of unofficial diplomats. At select moments they perform diplomatic functions, albeit informal ones; at other times they work with MFAT officials and government ministers on strategies to forge closer bilateral ties. Unlike other

bilateral trade associations, such as the Japan New Zealand Business Council, the Council sits closer to the core of the trade policy-making process and concentrates on strategy rather than straightforward business networking. The Council sees itself as the premium organisation with high fees for joining. In return, members are guaranteed an invitation to the NZ–US Partnership Forum and other Council events, which are exclusive, invite-only affairs. More than this, however, the Council states that by becoming a member:

... private sector organisations can show their support for this key relationship, signal to the government and public their interest in its further enhancements and participate in a ‘NZ Inc’ effort to secure an FTA.¹⁰⁹

Despite the distinct limitations on which state functions business can perform because of international law, there is a beneficial side to being a non-state actor. Business, unlike the government, can “act out”, lobby and advocate for free trade without appearing biased, duplicitous or captured by so-called “vested interests” – indeed, it is the “vested interest”. Business, unlike government, does not have to respond instantly to public sentiment or the voting booth. Business is not accountable to voters or the general public. This is pertinent to FTAs because, in the recent past, waves of anti-Americanism have surfaced within New Zealand during crucial diplomatic engagements. In 2007, for example, during the NZ–US Partnership Forum, protestors marched down the main street of Auckland’s CBD with signs painted with the United States flag and slogans such as “USA Terrorist State” and “Our World is Not for Sale”.



Photo 8. Protestors outside the NZ–US Partnership Forum, Auckland, 2007

¹⁰⁹ This excerpt is from the NZ–US Council document, *Free trade with the US: the time is now* (2008).

The protestors forced the venue to be changed for security reasons and mildly disrupted the Forum's proceedings. Whereas the government had to tread carefully, the Council could write more pointed arguments against the protestors, explaining in the media the benefits of free trade with the United States. Thus with business performing public diplomatic functions, the state can maintain its reputation as an "honest broker"; as trustworthy and "above society" (Ferguson and Gupta 2002). By being above society the state is able to legitimately hold and exercise power. Without this distinction between the two spheres, which must be made and remade through everyday actions, the state has no purchase on power (see Mitchell 1991).

Because the Council sits outside the formal boundaries of the state it is not restricted by what it is able to say. As such, the Council is active in sponsoring research reports on the TPP and openly engages with other non-state actors to rally support and create alliances. For example, in 2010, the NZ-US Council and the US-NZ Council commissioned the highly influential Washington DC think tank, Center for Strategic and International Studies (CSIS) to undertake a study on the state of the bilateral relationship, looking at areas of possible future co-operation from security through to science. The objective of the published report was to highlight, and reinforce, the areas of common interest and concern in order to add weight to the argument for closer economic cooperation through the TPP. Unlike business, a state should not lobby in a manner that could be construed as external interference in the setting of domestic policy. In trade policy, a state should be guided by its own national interest not the national interest of a foreign state.

What is NZ Inc?

Following the 1980 reforms, the term "New Zealand Incorporated" or "NZ Inc" entered policy discourse (see Appendix 7). The phrase was borrowed from the popularised term "Japan Inc", which was first used to describe Japan's economic success in 1972 (Kaplan 1972, see Pempel 1987). Japan Inc referred to how Japanese industry assisted the government and that together this collaborative effort transformed a ruined post-war economy into a great exporting power that could rival the United States. The national spirit and capitalist aggression implied by Japan Inc, appealed to policy-makers and New Zealand's politicians, who were seeking an economic strategy that would similarly turn fortress New Zealand into an enterprising, internationally competitive nation of exporters

(see Hall 2005). Unpinning Japan Inc and NZ Inc was the belief that it was absolutely essential for economic growth that business and government agencies unify abroad in foreign markets (Pempel 1987). Seeking solutions to move fiscal responsibility from the public to the private sector, “NZ Inc” referred to a plan to create a marketing strategy that would propel New Zealand into Asia and beyond. At the centre of this new policy drive was the “publicly funded, privately governed” New Zealand Trade Development Board (NZTDB).

The NZTDB had been created from the dissolution of the Department of Trade and Industry (DTI) in 1988 and was a merger of the trade commissioners’ service (Tradecom) and private sector Marketing Development Board (NZMDB). McLean and Nicholson (2009) note that the NZMDB and its successor NZTDB was the “first substantive involvement of the private sector in the allocation of funding trade development.” It had more than an advisory role and was charged through to oversee a budget of NZD 5 million per year. The independent board had considerable powers to decide where and how public funds should be used to promote and develop trading opportunities. In line with what was mandated in legislation the NZTDB focused on assisting industries through what were called Joint Action Groups, or JAGs. One of the earliest official uses of NZ Inc can be found in the Minister of Trade Negotiations Philip Burdon’s speech to the most prominent JAG, the Food and Beverage Exporters’ Council in 1992. In his address Minister Burdon spoke highly of how the JAG had joined forces with the government’s reformed trade commissioners service (Tradenz) to formulate a successful marketing strategy offshore and welcomed this as a New Zealand Incorporated Approach.

Simultaneous with the opening of the economy, the business media also talked of NZ Inc. In industry publications such as *Marketing Magazine* (1988, 1989) suggestions were made that small states with too many small firms needed to cluster together and project a collective image offshore to get leverage in overseas markets. Questions were also raised about those at the helm of NZ Inc and whether or not the free market approach was undermining New Zealand’s ability to compete abroad:¹¹⁰

If New Zealand was a company and not a country, would you buy shares?
Lange is an able managing director of a small troubled company. He has a
keen and energetic marketing director Mike Moore, and an equally

¹¹⁰ See T. Jones. 1988. New Zealand Inc: Who’s managing the company? *Marketing Magazine* 7(9): 4–5, and D. Pardon. 1991. Going it alone isn’t the answer. *Marketing Magazine* 10(10): 22–25.

determined finance director, Roger Douglas. Various product areas are handled by product managers McGraw Goff for tourism, Richard Prebble SOEs, Colin Moyle agriculture and so on. The new board took over in 1984 from the previous managing director, Sir Robert Muldoon. The major change made by the new team has been the shift from protectionism to a free market policy. Competition is king and any product areas that cannot compete, or show an instant profit, are closed down or sold. In principle it makes financial sense but does it make good marketing sense? Are we seeing a company that is still paying only lip service to marketing, when it is still very much dominated by accounting and manufacturing philosophies? ... This is not a call for government to return to protectionism, neither is it an invitation to government to take control of private enterprise in any sense – it is a call for a clear sense of direction for the company we all have faith in – New Zealand Inc.

Following the defeat of Labour in 1990, the Bolger–Shipley National Government continued to use the phrase NZ Inc. It was still referred to in the sense of a collective marketing cluster between business and the state in foreign markets. But increasingly, it was also used to invigorate the population with an ethos of international competitiveness. As part of this endeavour to transform dormant New Zealand, Michael Porter, the management guru and Harvard Business School scholar, was brought to New Zealand to co-author a book on how New Zealand should form clusters to compete better offshore (Crocombe, Enright and Porter 1991). The National Government agreed with the competitive spirit of Porter’s ideas but stopped short of endorsing policies that could be called interventionist or protectionist. In a seminar on Porter’s theory, Prime Minister Jim Bolger spoke of how he did not see the Porter Project as a “detailed blueprint”, but rather regarded it as a “set of principles which can be applied to improve the competitive strength of New Zealand industry.” Cautious not to undermine New Zealand’s neoliberal credentials by agreeing that the state should assist business, Bolger tweaked Porter’s cluster idea:

These principles can guide us and goad us, challenge and support us – but we must move beyond the Porter Project to the New Zealand Project, and build consensus for change in this country. We must focus the vast energy of our people on one clear objective. Our objective is the transformation of New Zealand from a declining, debt-burdened, small, industrialised country into a dynamic, enterprising and prosperous nation (Jim Bolger 1992).

After the election of the Fifth Labour Government in 1999, NZ Inc’s meaning expanded once again. More than a marketing term, it was used to describe any collaborative effort between the public and private sectors that had as its aim the development and protection of the nation-state. This included inter-agency collaboration (e.g. MFAT and NZTE),

bipartisanship in foreign and trade policy (e.g. FTAs and nuclear free policy), business–business and government–business partnerships (e.g. support for TPP, NZ–US Council, NZIBF and the NZ–US Partnership Forum). The common element in these different initiatives was an overriding concern with presenting a unified national front in external relations and in the arenas of diplomacy. The shift from marketing (late 1980s) to strategy (1990s) to a general collaborative approach (2000s) occurred simultaneously with the promotion of New Zealand as a nation brand-state (True 2005, van Ham 2001). Under logos such as “100% Pure” the government sought to form partnerships between sectors and communities in order to create an inclusive society (Challies and Rob 2008).

True (2005) and Larner (2000) argue that the Fifth Labour Government chose to use globalisation as a means to strengthen the economy. Rather than focus on how the nation-state had weakened as a result of the movement of capital and people and resist this change, Labour instead drew on nationalism to build closer connections between the state and its people, even those living abroad. Globalisation was framed as an inevitable process, and neoliberal policies remained central to the government’s strategy (see Johansson 2009). The state promoted campaigns that helped create a loyal New Zealand brand and used its “soft power” (Nye 2004) to coerce people to work and consume for the nation, as well as invest and travel to its scenic lands (see True 2005). In Chapter 7 “soft power” is explored in more depth. An apt example of such attempts was KEA (Kiwi Expatriates Abroad), which was set up in 2001 to draw upon the “human capital” and skills of New Zealand’s diaspora.¹¹¹ The brand NZ Inc was used as a lure to entice New Zealand expatriates to join and give something back to the nation (see Larner 2007). In return, expatriates got to say they were part of NZ Inc; that is, the productive, enterprising part of New Zealand society.

Under the current National Government (2008–) the meaning of NZ Inc has evolved once more to a private–public entity. Its main purpose is to support government initiatives in international economic areas such as FTAs. Underpinning the concept remains the belief in enhancing the national economy through collaborative efforts. Clear illustrations of this version of NZ Inc include the NZ–US Partnership Forums and the FTA-focused conferences, such as “Expanding Trade and Economic Links with South East Asia”. In these trade policy fora, NZ Inc is presented as a business-led entity, open to other globally connected actors wishing to work on behalf of a small nation to help grow the New Zealand economy (Ong

¹¹¹ The KEA idea came from the Knowledge Wave conference in 2001 and was led by the private sector (Stephen Tindall, CEO of the Warehouse), but was heavily funded by the Ministry of Economic Development.

1999). In the manner of an unofficial diplomat, a member of NZ Inc is expected to make interpersonal connections and influence foreign nationals and communicate the NZ brand, consistently.

Therefore, in much the same way as a company, the investor who buys into NZ Inc holds stock in the national brand and must support its trade strategy agenda. Despite holding these shares, the lingering question is, who *actually* controls NZ Inc? A clue to the answer to this question can be found in a recent interview with MFAT Secretary John Allen (2010). In *Public Sector*, a magazine for government employees, Allen is asked to define NZ Inc for its readers. His reply is as follows:

There are a myriad of New Zealand agencies offshore – MFAT, New Zealand Trade and Enterprise, Education, Customs, Immigration, Defence. And yes, the Government wants to ensure those agencies are working effectively offshore, but it is more than that. There is an enormous New Zealand diaspora, and many New Zealand businesses engaged internationally – and there will be more if we get our act together. We want to make sure we are leveraging that experience and capability successfully. It starts in the inner ring, aligning New Zealand government agencies, but there are concentric rings outside.

In the response above, Allen sketches out a graphic image of NZ Inc. He draws a hierarchal structure where at the centre sits the state and its institutions. One layer out lie business groups and think tanks such as the NZ–US Council, New Zealand International Business Forum (NZIBF), KEA, Chambers of Commerce, Business NZ, the New Zealand Institute (NZI), the New Zealand Institute of Economic Research (NZIER). In the outer concentric circle, are the “employee–citizens” of NZ Inc, that is to say, business actors, taxpayers and consumers.

NZ Inc membership is not open but limited by the state. Although at face value the latest version of NZ Inc appears similar to the quasi corporatism of the 1960s and 1970s, it is not. It also differs from the inclusive approach of the Clark Government. Despite Allen’s acknowledgement that the government is at the centre of NZ Inc, the state does not claim responsibility for the nation’s future – the onus is firmly on New Zealand business to take the risks to grow the economy.

Conclusion

In this chapter I have discussed how business has always played a collaborative role in New Zealand's trade policy. The state was created to underwrite a nascent business community literally by securing finance from Britain but also by passing legislation that ensured New Zealand could pay for the essential goods it had no choice but to import (Condliffe 1969). At the heart of New Zealand's economic development was the delicate task of balancing protectionism without excessively straining exporters. Based on these observations alone it could be easily concluded that the association between business and the state was close. Indeed, without considerable state intervention a capitalist society in the likeness of England could not have been sustained (Jesson 1987).

Despite the intimacy between the state and business, trade policies that were geared toward protectionism, as a way to attend to the ongoing deficit, effectively split the business community into sectors. Inevitably, politicians who were persuaded by infant industry ideas favoured some industries over others, and were prone to vote buying and interest group lobbying. This led to a division between manufacturers and farmers with the state implementing policies to placate one or the other in order to quell discontent. This sectoral difference remained in place until external economic events and mounting domestic debt forced business to unify against Muldoon's National Government.

Following the election of the Fourth Labour Government, relations between the state and business improved markedly. A compromise was reached by manufacturers, who had at first opposed the opening of the economy. But after tariffication and the CER agreement, manufacturers began to see an opportunity for labour market reform in Labour's neoliberal policy package. As a consequence, business groups centralised into peak associations and the differences began to diffuse. Although there was not a seamless alignment of interests, it could be said that business and government agreed on an approach to national development that was similar, if not the same, in crucial policy areas such as trade liberalisation. At the centre of business–government relations and economic policy-making during this period was the New Zealand Business Roundtable.

Simultaneous with the neoliberal reforms was the adoption of the economic nationalist phrase “New Zealand Incorporated” or “NZ Inc” (see Hall 2005, Helleiner

2005). Throughout the 1980s and 1990s, NZ Inc was used to convey a sense of enterprise and international competitiveness. The government used the term to inspire the nation to think of itself as a company with Cabinet as NZ Inc's benevolent managers.

In 1999, following the election of Helen Clark's Labour Government, the structure and meaning of NZ Inc took a radical turn. From a "top down, hands off" approach, NZ Inc became a "partnership" between government and business, particularly exporters. This was part of the wider goal of creating an inclusive New Zealand society. Despite the partnering rhetoric, the dialogues were not open to all and some interest groups who were antipathetic to Labour's trade policy remained exterior to the policy process, while others were elevated into diplomatic spaces such as the NZ-US Council. The groups placed further away from the centre of policy decisions included the ideologically driven Business Roundtable, who sought the dismantling of the few remaining tariffs and producer boards. Also in this group were the anti-globalisation, anti-free trade, peace and justice activists, business actors and academics.

The latest incarnation of NZ Inc focuses more intently on the limited role and function of the state. The story told is that government can only enable growth, it cannot guarantee or underwrite it as it did when New Zealand was first colonised in the mid-1800s. Instead, that duty depends on business actors to support and work to ensure its FTA networks are instituted and successful. At the diplomatic level and at the everyday commercial level in global markets, the state expects business to build the national economy as NZ Inc. In reciprocation, the state invites selected pro-free trade business actors to the trade policy table to help form its strategies and play the role of unofficial diplomats.

The following chapter will take a closer look at NZ Inc participants – their motivation for attending the NZ-US Partnership Forums and perspectives on NZ Inc as a concept. The purpose of the chapter is to test the assumption in the trade policy literature that business actors are profit-driven in their behaviour. The objective is to also address more broadly the research question about how business actors see their engagement as unofficial diplomats.

Chapter Five

THE POWER OF PARTNERSHIPS

The role of business is to make the world a better place. Free and fair trade on multiple fronts is paramount to improving lives. There is no better place than New Zealand to advance this and, I believe, no better partner in promoting progress and abundance than the United States. History shows that New Zealand represents the very edge of human possibility. Pound for pound, our contribution to global creativity and trade liberalisation is simply top of the world. The invitation to bring this New Zealand Edge to the American Dream for sustained mutual benefit was irresistible. The emotional links between New Zealand and the United States are woven by our shared defence and security history, love of freedom and opportunity, and incredible design, technology and creative capability. Our challenge is to unleash these synergies through advancing a comprehensive free trade agreement. In complementing government-to-government relationships, I will be representing the private sector in strengthening the connections, networks, understandings and agreements leading to this outcome (Kevin Roberts 2005).

At the third NZ–US Partnership Forum held in Washington DC in 2009, Kevin Roberts, Worldwide CEO of advertising company Saatchi and Saatchi and patron of the NZ–US Council, put a proposition to the high-level business and government audience. Addressing delegates on the last day, Roberts spoke candidly about how the power of language should be harnessed by delegates to create emotional ties.¹¹² Roberts argued that New Zealand needed to leave behind the offshore farm imagery and embrace “irresistibility” in order to turn the invitation of an FTA into an unqualified must for the United States: “New Zealand’s dream is an FTA. We’re one team and we know we’ll get there, because nothing is impossible.” In the same way that New Zealand should become “irresistible” for Americans; the United States would need to be rebranded by delegates as “irreplaceable” for ambivalent New Zealanders at home. In order for this change in perceptions to happen, Roberts’s suggested that the business–government network should start to use phrases to convey kinship-like images. The

¹¹² Kevin Roberts is well known for formulating an approach to branding called “Lovemarks”. Lovemarks is the idea that people can be emotionally affected by certain brands and that this bond between person and product turns the relationship into an “active love”; making the brand more affecting and lasting (see Foster 2007). In order to use and capture this “love”, the owner of the brand has to be able to both evoke this feeling in consumers, and to appropriate these emotions back into the product. The motivation is that brands that people have strong attachments to fetch higher prices than a mere functional commodity. Foster (2007) calls Lovemarks the appropriation of branded goods by consumers. As well as writing a book outlining this new way of thinking about brands (2004), Roberts founded the website www.nzedge.com with Brian Sweeney of Sweeney–Vesty, a NZ–US public relations company. The New Zealand government embraced the idea of branding itself in the early 2000s. This not only reflected the Fifth Labour Government’s policy to globally connect in order to grow the economy (Devetak and True 2006, True and Gao 2009), but it was also part of a wider trend in what has been called nation-state branding whereby government officials become brand managers (see van Ham 2002).

network also needed to transform New Zealand's geographical position at the "edge" of the world into a positive attribute. Instead of Americans thinking that, New Zealand was "a nice little country at the bottom of the world", an emphasis on "edge-ness" understood as "flexibility", "innovation" and "creativity" could turn a symbolic and physical barrier into a great unique economic opportunity. In the same speech, Roberts further proposed that New Zealand could also "add value" to its international reputation of "punching above its weight" by drawing on examples of its progressive social policies. Roberts's pitch that the strategy to get an FTA should be rebranded with the help of business was enthusiastically welcomed by the business-government network who were keen to hear what the advertising guru thought was the best method to push forward the TPP. They also seemed untroubled by the idea that a significant portion of the labour required for this endeavour should come from them, as members of the private sector.

As part of my role at the US-NZ Council in Washington DC, I edited the delegation handbook for the 2009 NZ-US Partnership Forum. Each delegate's biography had to be no more than 150 words long, their credentials and accolades included and the correct acronyms and right amount of detail used to convey their status and gravitas. At first glance, it seemed obvious why the 52 New Zealand delegates had chosen to make the long journey from New Zealand to Washington DC. Most worked for companies with a foothold in the United States and stood to gain from an FTA. From this perspective, the participation of business actors seemed easy to understand. But was this assumption correct? Should a job title explain why business actors were present at the Partnership Forum? And could it also be assumed that delegates supported liberalised trade and New Zealand's multi-track approach to trade?

In the trade policy literature, in general, business actors are said to be driven to maximise their economic self-interests on behalf of their company or are believed to be motivated by the power of the state to conform and participate in Track Two events (see Brawley 2005, Frieden 1996, Ikenberry, Lake and Mastunduno 1988, Milner and Yoffie 1989, Oatley 2010). These analyses do not help us make sense of the ethnographic material I collected in which business actors expressed a range of opinions about why they attended the 2009 NZ-US Partnership Forum and performed unofficial diplomatic roles.

In this chapter I will introduce individuals who participated in the 2009 NZ-US Partnership Forum and explore their reasons for attendance. While some delegates spoke at length about

the importance of working on the nation's behalf as "NZ Inc", others considered the economic ramifications to be more pertinent, and others still touched on issues related to world hunger, food security and scarcity. Added to these voices were business actors who attended to simply network and meet other senior business leaders, as well as demonstrate their support for the newly elected National Government (2008–). A few delegates were altogether uninterested in the TPP or trade policy.

The chapter argues that business actors partake in Track Two events such as the NZ–US Partnership Forum for reasons other than material gain. In particular, a common thread of nationalism weaved through the delegates' narratives. Under the banner of NZ Inc, business actors were keen to represent New Zealand. Even business actors who did not attend the NZ–US Partnership Forum in Washington DC, believed in the ideals and objective of NZ Inc. They all agreed that NZ Inc's aim to grow the New Zealand economy is one which business and government should collectively work toward.

The chapter is divided into four sections. In the first section I will begin by telling the story of how the NZ–US Partnership Forums emerged principally as a response to Australia securing an FTA with the United States in 2004, ahead of New Zealand. After this short introduction to how relationships became a key focus of activity, I will then explore the hybrid of reasons behind why business actors attended the NZ–US Partnership Forum in 2009.

A New Direction: The NZ–US Partnership Forums

Prior to the ink drying on the Australian–United States FTA (AUSFTA)¹¹³, there was hope that New Zealand would either be tagged onto the Australian FTA, or would forge a bilateral deal itself with the United States. The talking points frequently followed that it was economically beneficial for both Australia and the United States for New Zealand to be included in the historical agreement. The informal New Zealand business–government network, which had first formed in Auckland in 2001 and was organised through the NZ–US Council, supported this approach along with its sister organisation the US–NZ Council in Washington DC. The loose network sponsored research reports and paid for lobbyists, attempting to woo influential dairymen and members of the United States Congress. The messages reiterated the New Zealand Government's argument that it was economically

¹¹³ For an in-depth discussion on the AUSFTA see Ann Capling (2008).

advantageous for both the United States and New Zealand to push for free trade. The aim was to demonstrate to the United States how comprehensive trade liberalisation (without subsidies) can bring added efficiency and material wealth as it had purportedly delivered for New Zealand (Sandey and Reynolds 1990).



Photo 9. US–NZ handshake

New Zealand's talking points changed following Australia's successful bid to get a bilateral FTA with the United States. Ahead of New Zealand, the announcement of the AUSFTA was greeted by the network with grave concern. Fears were raised that New Zealand would be overtaken in the United States market by its Southern Hemisphere competitors in agriculture: Australia and Chile.¹¹⁴ With this realisation, members of the network became starkly aware that the previous strategy of simply reiterating the benefits of trade liberalisation had to be altered instead to an approach that highlighted similarities and fostered closer, more informal, non-state relationships. As such, a new strategy was devised around relationship building. The central pillar to the new approach became the Track Two events in which business would play a significant role – the NZ–US Partnership Forums.

The original idea and format of the NZ–US Partnership Forum was modelled on the Australian–American Leadership Dialogue.¹¹⁵ The Leadership Dialogue was identified as one of the reasons that Australia had managed to persuade the United States to negotiate an FTA. Built on the identical premise of the Leadership Dialogue – to broaden and deepen mutual understanding between countries – the first two-day NZ–US Partnership Forum in 2006 in Washington DC was held under the Chatham House Rule¹¹⁶ to purposefully foster

¹¹⁴ Chile concluded an FTA with the United States in 2003.

¹¹⁵ See <http://www.aald.org/index/index/page/home>

¹¹⁶ Chatham House Rule states that: “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed”. See <http://www.chathamhouse.org.uk/about/chathamhouserule>

frank and, hopefully, open dialogue on sensitive matters. Principally the hope was that difficult topics such as New Zealand's nuclear policy would be talked about and overcome. The intention was to have the Forums occur annually. The profile of attendees reflected the new strategy to create relationships that would outlast political changes in governments. Along with New Zealand and American corporate leaders, politicians and state officials, members of the major political parties not currently in power (i.e. the National Party in New Zealand and the Democrats in the US) were invited, as well as people who were considered future opinion leaders in the media and think tanks. In the view of the network, the NZ-US relationship and FTA were far too important to be left to governments alone to nurture and grow; politics could get in the way. This was highlighted with Prime Minister Helen Clark's (1999-2008) decision not to send troops to Iraq in 2003; a political response which some network members thought would undermine New Zealand's case to get an FTA.

In 2007, the second Partnership Forum was held in Auckland. Its main aim was to continue the initiatives of the 2006 Forum, to deepen relations, but it differed in that it had a theme: "Partnership and Innovation". The theme was meant to draw more attention to the areas in which commercial relationships had been forged and where policies intersected rather than diverged such as in defence. For example, an afternoon session was held to "showcase" bilateral business success, innovation and co-operation. Four case studies were exhibited to the 100 plus business-government audience. One case study was a joint venture between leading New Zealand dairy co-operative Fonterra and Dairy Farmers of America. Fonterra's CEO Andrew Ferrier delivered the study with Tom Carmelo, Chairman of Dairy Farmers. Another seminar was co-presented by Time Warner's Hugh Stephens and successful New Zealand publisher Wendy Pye. Business partnerships featured throughout the tightly packed programme, which were intersected by a number of symbolic ceremonies such as the wreath laying at the Holy Trinity Cathedral in commemoration of the 9/11 bombings, dinners and cocktail functions. The strong focus on commonalities was a deliberate effort to manoeuvre around political sticking points in order to reorganise the bilateral relationship along economic lines. The objective was to ultimately reposition the troubled state-to-state relationship in the space of symmetry and effectively ring fence differences.

The third Forum was held in Washington DC in 2009. At this event I played a key organisational role through the US–NZ Council.¹¹⁷ This Forum was similar to the one in 2007. It had a theme – “Trans-Pacific Partnership: Deepening Engagement, Expanding Opportunities” – and sought to continue building future relationships by highlighting the overlapping areas of co-operation. Whereas the first two Forums had been set in an environment of uncertainty with regard to an FTA, the Forum in 2009 had in its sights the hope that the new Obama Administration (2009–) would pick up and continue talks with New Zealand about joining the TPP agreement. The fact that the focus of the Forum was on the TPP was echoed in the name of the theme.

In the last year of George W. Bush’s term in office (2001–2009), United States Trade Representative (USTR) Susan Schwab had announced the United States’ intention to join the TPP agreement. Shortly following this, Australia also signalled interest in acceding to the TPP. The news that the TPP would soon expand to include the United States and other candidate countries energised the network and was taken as validation that the new strategy to build relationships through the NZ–US Partnership Forums was working, suggesting that the approach should continue. A senior diplomat interviewed after the 2009 NZ–US Partnership Forum held this opinion about the benefit of informal but high-level business and government meetings:

... because all of these people are networked into other networks, [the] Forum is the way we can penetrate the defence and security networks, the trade networks, the environment and science networks, and it is all very helpful and useful for a small country. You can go a year here and never read a serious article about New Zealand in the *Washington Post*, so people have to really search out about for information on New Zealand. I mean if we were Pakistan you would be in the *Post* every night, but because we aren’t a problem but a friend, I mean we are no different from Denmark or Ireland or Finland and other friends of the US, so we do have to think of constructive ways we can grab attention and I think the Forum not only provides ideal opportunities to stock take the relationship; I think it actually added to the positive forward momentum of over the past three and half years since April 2006 (Interview 9 December 2009).

Members of the network that attended the 2009 Forum embodied this enthusiasm and belief in the influence of the Forum to rebrand the bilateral relationship and positively affect perceptions. Although delegates were briefed by the NZ–US Council that President Obama

¹¹⁷ I worked as an assistant to the US–NZ Council’s President John Mullen for three months as part of my fieldwork, from July 2009 through to October 2009.

had yet to decide whether to consider the TPP and that nothing concrete would come from their travels, many business actors still made the 24-hour journey at their own expense. They were joined on the United States side by 68 similarly high-level business and government representatives including Secretary of Agriculture Tom Vilsack, USTR Ron Kirk, who attended dinner at the New Zealand Embassy, Deputy Secretary of State James Steinberg, Assistant Secretary of State Kurt Campbell and vice-presidents and government affair representatives from Cargill, Kraft, Boeing, Oracle, Pfizer, Mars, Pernod Ricard, Citigroup, Time Warner and Google. In the following sections I will turn to the New Zealand delegates and explore reasons why they attended the Forum.

Networking for NZ Inc

I met Ian Reid for the second time in his office on the North Shore, Auckland, New Zealand. His office was not like most business leaders' that I had visited: situated on a ridge overlooking Takapuna beach, he had marvellous views of pohutukawa trees, Rangitoto Island and the sparkling waters of the Waitemata Harbour. On the afternoon I visited, the weather was fine and Reid, sitting tie-less and looking relaxed, had his concertina windows, which nicely framed the quintessential Kiwi landscape, pushed wide open. One of New Zealand's most successful business actors, Reid's retail business took off after Labour's economic reforms (1984–1990) opened New Zealand's borders to imports, and on the back of this good luck and using sharp business acumen, he built a nationwide business. In 1995, he started to turn his energies toward philanthropy, and in 2001 stepped down as Managing Director to commit more time to his personal projects. Although he still closely watches the company he holds a majority interest in, his time is now mostly spent on an array of New Zealand-focused projects from building social housing through to investing in national sporting facilities, IT infrastructure and clean tech businesses. Reid describes himself as a "proud Kiwi" and has held various government advisory roles since 1995, including playing a leading role in the business–government job summit following the global financial crisis in 2008. He is regularly on call for government ministers. In the interview, I asked Reid many questions about his public and private roles, thoughts on trade policy, the TPP, as well as what his reasons were for making the long trek to Washington DC.

Sasha Maher (SM): So this was your first Partnership Forum, why did you attend this one?

Ian Reid (IR): Because I thought we were at a particularly crucial stage. I paid for five years with another guy for a Washington-based lobbyist to try and get an FTA going, so I felt as though it was unfinished business and actually that was the first time I was ever invited as well, so that's the reason. Had I been invited before I would have gone.

SM: Why were you interested in paying for a lobbyist?

IR: Well, I was interested because the Aussies were getting an FTA, and I didn't want to see us getting left behind and I also thought there was a massive opportunity. I mean if you can just imagine it if we did have free trade on everything to the States, the things we already do well – in meat and wool, dairy, vegetables, all that stuff – would all of a sudden have free entry. The dividends would be so much bigger, so I just thought it was a cool thing to do. And for New Zealand (Interview 16 February 2010).

In his brief explanation, Reid stressed how he personally funded and has worked for some time toward getting a FTA with the United States. This is even though, as an importer, the trade literature would suggest Reid should not be a supporter of trade liberalisation. In fact the literature would cast Reid as a protectionist. For Reid, rather than pure material interests, Australia securing an FTA ahead of New Zealand spurred him to sponsor a lobbyist in Washington in order to try and level the playing field between the competing economies. His interest in the FTA extended well beyond financial concerns. Attending the 2009 Forum as part of an NZ Inc contingent was far more important. It also sat comfortably alongside his other philanthropic projects. Later in the interview as we spoke more broadly of the issues with New Zealand's slow economic growth, Reid talked more about why he went and what he thought about NZ Inc:

IR: Well, NZ Inc is about creating a partnership between the various sectors of society and the government and we all work together, shoulder to shoulder, in a forward-looking, long-term plan. That's the way I see it.

SM: But who drives the strategy?

IR: Well I think there can be only one person who can drive that and at the end of the day: that's the Government. But the point is the Government can make decisions where private enterprise, private organisation and philanthropy can have a bigger role to play (Interview 16 February 2010).

Reid's definition of NZ Inc is not the version in which business takes the lead. Neither is it an equal partnership between government and business. Rather, he sees the government as an agent ("person") who can draw on the resources of the private sector if it so wishes. The NZ-US Partnership Forum for Reid exemplified his understanding of an NZ Inc approach.

It was attended by senior business and government actors, but the overall strategy to obtain an FTA with the United States was seen by Reid as predominately a state initiative and task. Going to Washington was less about direct material benefits than an expression of support for NZ Inc.

In a series of conversations that took place in his office, Paul Townshend, Chairman of Turners and Growers, explained to me how he attended the 2009 Partnership Forum because he felt he had an “ethical duty” to do so as part of NZ Inc. In Chapter 7, this notion of behaving in a particular way so to not taint New Zealand’s image will be explored in more detail. It is important to note here however that the background to Townshend’s remarks lie in his longstanding commercial dispute with Zespri, a state trading enterprise which he has repeatedly accused of being anti-competitive because it “has abused its monopoly” in the kiwifruit industry.¹¹⁸

Zespri is the last of New Zealand’s many state-owned enterprises (SOEs), which were slowly dismantled following the reforms of the Fourth Labour Government. Under legislation¹¹⁹ passed in 1999 to protect growers from weak selling in international markets, Zespri was created and given the exclusive right to market New Zealand-grown kiwifruit outside Australasia. Turners and Growers, as New Zealand’s leading distributor, marketer and exporter of fresh produce wishes to also be able sell kiwifruit outside Australasia and in 2009 took unsuccessful legal action to have the legislation changed.¹²⁰ This was the context in which Townshend headed to Washington as part of the New Zealand contingent. As he explained to me:

I have never been to Washington before, and I had been invited, and all this stuff with Zespri had happened and I thought it was time for me to stand up and be counted for my beliefs. And I think Minister Groser was probably concerned that I might come out and say something, make a statement, in front of the Americans, well I wouldn’t do that, I wouldn’t *upset the crew* ... At Washington, Zespri was there and I couldn’t believe it. There they were, there for the TPP, supporting free trade! (Interview 21 May 2010).

¹¹⁸ See the article: Zespri monopoly ‘a roort’ says T and G chief. In *Sunday Star Times*, accessed 20 March 2009 at: <http://www.stuff.co.nz/sunday-star-times/business/2564172/Fruit-fight>

¹¹⁹ Kiwifruit Industry Restructuring Act 1999 and Kiwifruit Export Regulations 1999

¹²⁰ Turners and Growers are seeking to appeal the High Court ruling. See, Turners to appeal court ruling, *New Zealand Herald*, accessed 20 October 2010 at: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3andobjectid=10666513

Townshend's preoccupation with Zespri may have been the impetus for attending the Forum, but it did not override his loyalty to attend for NZ Inc; to show a united front in Washington and to not "upset the crew"; that is, the business–government network Townshend is a member of. His commercial dispute with Zespri was tempered by a deep sense of nationalism. Townshend's reason for attending the 2009 Forum and supporting the TPP was a hybrid of profit-making and nationalism (see Li 2007). His interests were not purely nationalistic or purely economic in nature. His motivation hinged instead on a sense of duty to "stand up and be counted" for his beliefs in free trade and competition.

Other delegates I interviewed also articulated mixed motivations and, similar to Townshend, touched on issues related to free trade and nationalism. For example, another delegate talked in the language of the famous Corn Law reformer Richard Cobden (1804–1865) about how free trade leads to greater engagement between countries, which in turn promotes "stability, security and peace". Another replied that he attended the 2009 Partnership Forum because, in his view, the TPP was one part of a much wider movement to free trade and markets across the Asia–Pacific. In this delegate's opinion, the broader picture of how to feed the world interested him more than the task of networking in order to support the government's bid to get an FTA. This was despite the observation that his company stood to financially benefit from an FTA with the United States. He considered the TPP as a stepping stone to assisting poorer, developing countries that were up against barriers in first world countries such as the United States. When prompted to tell me his interest in the TPP and the Partnership Forum, the delegate responded by recounting how, in his view, free trade could solve food security issues and, therefore, he had an obligation, an ethical duty, to support FTAs including the TPP:

I think the other thing is how will the world feed itself, with an extra nine billion joining the queue shortly, we started the twentieth century with less than two billion people and we ended it in six and we are going to add another three in the first 50 years of this Century, and that is going to be one of the great challenges and to achieve that we will need to do everything possible to increase efficiency, and with the production of food, one way to do that is to lower barriers. So there is an ethical moral underpinning to free trade. It is more than simply tariffs: this is what the TPP will bring (Interview 20 April 2010).

Business Networking at the Forum

Whereas some network members expressed interest in helping the nation by attending the Forum, and felt free trade meant more than merely access to markets, other delegates were more ambivalent about taking on unofficial diplomatic duties. These members attended because they saw opportunities to connect and socialise with other members of the network and invited guests. Trade policy rarely featured in their narratives. Jeff Melville, the CEO of a major IT company, participated in the 2009 Forum for this reason. In an interview back in his Auckland office, Melville told me how his company did not need freer trade in order to carry out its business in the United States. He worked in the software business, which did not face any major barriers to trade unlike cheese or beef. But despite this indifference to the Forum's aim to support the TPP, and a lack of profit-driven motivation, he saw attending as a unique chance to meet other senior business leaders. The Forum was an event to network:

Jeff Melville (JM): Well it was because I had a chance to meet up and see some other CEOs of other companies of New Zealand. And it is from those people that you learn a lot. So I got to know the chap from Fonterra pretty well, and then I caught up with him over the Christmas holidays and he is a really good guy and that was the first reason.

Sasha Maher (SM): What did you learn?

JM: He has seen through a lot of process improvement stuff and we are doing a fair amount of that ourselves and we talk about our experiences, or exporting from different markets – say, how do you set up a company in Dubai – it is hugely valuable because it is from these guys that have done it that you'll learn the most. And you can't learn that from books ... I also met other people in the industry and probably from Oracle's point of view it was good that we pulled them into the event. There were some important Americans there that I did not know were important but the Oracle guy realised that they were important and he was also trying to sell into Air NZ and from Oracle's point of view he got access to senior New Zealanders. It is a brilliant networking event (Interview 4 August 2010).

The Partnership Forum, with its mix of New Zealand politicians, officials and business, provided Melville with the chance to network and build a support base for his company. Unlike Reid or Townshend, he did not attribute his participation to any deep sense of nationalism, ethical duty or belief that liberalisation will alleviate food shortages. His explanation was presented simply as an opportunity to network with other elite business and government actors. In this regard, Melville went for personal reasons, to meet other high-

level leaders and share stories, as well as develop business and political connections for the future.

In a similar vein, another delegate, Gail Shields, a prominent businesswoman who heads an agricultural company, explained to me why she went. She told me her interest was about coming to grips with American politics as well as socialising with other business and state delegates. She iterated how she was “curious” to hear from “Washington insiders” about what was happening with the new Obama Administration. For her, the TPP was not as significant as being able to gauge the political climate in Washington and socialise with other senior state and business leaders. Like Melville, she needed support from others also in a leadership position. When I pressed her to talk about the TPP, she seemed bored by the question and simply stated that the “US FTA” had been “going on for so long now, almost two decades” and that the TPP was just the latest version of that historical and lengthy quest:

... business can't stand still for the TPP, it continues. With the China FTA it happened and we will get real outcomes by 2013, but with TPP – who knows? It depends also on what the Government thought should be on the agenda at the time of negotiations, and this is political. So who knows if Labour or National would prioritise the same aspects of the FTA (Interview 8 August 2010).

Rather than having one single reason for going to Washington, Shields had multiple motivations. But direct material gains from the TPP did not feature as one. As well as gathering political insights and anecdotes about the United States economy, she also wanted to put her company “on the agenda” for the current and future New Zealand governments. As she explained, “you have to have a history and relationship, you can't just suddenly alert the significance of your interest to the government; you have to have that well engrained, well established.” As the interview progressed, she began to talk about what it means to be part of NZ Inc:

Sasha Maher: So what is NZ Inc anyway?

Gail Shields: NZ Inc is about who is a patriot, about who is considered “New Zealand” to be part of NZ Inc. Is this someone who is living here? What about Graeme Hart? He is not asked by the Government to do his bit for the nation? Why? (Interview 8 August 2010).

In the above excerpt Shields pin-pointed what she thought was a serious limitation to the concept of NZ Inc – who counts as a member of NZ Inc? On what basis is membership

extended? Shields's answer to her questions was telling. She suggested that the government created the rules of membership and that these were based on whether a person resided within the nation-state's borders. In her assessment, this criterion was unfair and arbitrary and left out high-net-worth individuals such as Graeme Hart, who is a New Zealander but lives in Sydney and is reportedly New Zealand's wealthiest person.¹²¹

The Business of Business is *Not* Diplomacy

John Allen, the current Secretary of the Ministry of Foreign Affairs and Trade (MFAT), frequently begins his speeches to business audiences by correcting the image that diplomats spend their time at cocktail functions, eating canapés and sipping wine. As far as he is concerned it is an outdated way of understanding what modern diplomacy is all about. Making the case to the business community that diplomacy is relevant and that relationships and networking are a central, indeed an essential, component of ensuring New Zealand remains part of the global economy is an ongoing task. In Allen's and other officials' and business leaders' speeches, the phrase NZ Inc is often repeated as a means to entreat business into becoming part of the effort to make connections and "go global". However, like the above interviews, not all business actors consider themselves to be part of the "One Team" that Kevin Roberts envisioned in his speech to the NZ–US Partnership Forum. And although they may support policy initiatives, including the TPP and closer economic integration, they do not see that they should have to play an active role in assisting the nation in this goal. At least not in the way it is often suggested – by joining delegations at great expense to help build and create networks. As well as interviewing delegates, I spoke to business actors about why they had not attended the 2009 NZ–US Partnership Forum despite being invited and having a material interest in the TPP.

One such business actor was Neil Walker, CEO of a multinational firm that manufactures medical devices and generates almost half of its earnings selling into the United States market. I met Walker at the company's headquarters in an outer suburb of South Auckland, New Zealand, where along with his head of sales and operations, I asked questions about Walker's thoughts on the NZ–US Partnership Forums and why he had not attended in 2009. I received fairly candid replies from both interviewees, responses that reflected viewpoints about the separation between state functions and business:

¹²¹ See, The Rich List – top 10 richest. 2009. *National Business Review*, accessed 10 October 2010 at: <http://www.nbr.co.nz.ezproxy.auckland.ac.nz/article/the-rich-list-top-10-richest-105939>

Sasha Maher (SM): What about Washington, did you get the call?

Neil Walker (NW): Yes we did, but we didn't see the need to go. It was a lot of travel and we thought we would do better to focus on something that would give us direct benefit. You can spread yourself too thin; we could spend our whole lives being involved but we don't see a direct benefit because we do not deal with government or political agencies at that level: our customers are individual hospitals, individual doctors; we don't deal with the Ministry of Health in the US, for example.

SM: What about doing something for the nation?

NW: Selling more will do more good than going to cocktail parties. If you think about it, us going to some cocktail function in Washington DC is not going to do anything for anybody when there is no set purpose from what we can see. And we are paying taxes, employing people, generating a lot of income and, in addition, if businesses come to us and want practical advice about how to do business offshore, we are very receptive. That is far more valuable than spending a week in an aircraft going up to a cocktail evening in Washington DC. We will leave the diplomatic thing to the diplomats (Interview 18 October 2010).

According to Walker, a lack of direct financial benefit was the reason why he had not attended the NZ–US Partnership Forum. In his mind, the proper role of business was to make money. As he bluntly stated: diplomacy is for diplomats; being in business is about profit-making and these two spheres should be kept separate.

The famous quote from Chicago School economist Milton Friedman (1970) that the “business of business is business” was echoed in Walker’s remark as well as by other delegates.¹²² These business actors stridently opposed taking on an unofficial diplomatic role and saw no reason to canvas political views or cultural shifts in order to make better business decisions. These business actors perceived Track Two events as a waste of shareholders’ money. They were also highly sceptical of NZ Inc and made comments such as, “we would love to have NZ Inc, but it doesn’t seem to exist.”

¹²² In 1999, Roger Kerr, former Executive Director of the New Zealand Business Roundtable (NZBR), wrote an essay based on the same premises – that business should not feel obliged to do anything for the nation because by its very nature it already contributes to the well-being of society by employing people and providing goods and services. Business only needs to pay attention to the market, and the state in turn should ensure business can do this without distraction. In his argument, Kerr quoted stakeholder theory critic and scholar Elaine Sternberg: “Managers who employ business for anything other than the legitimate business objective are simply embezzling: in using other people’s money for their own purposes, they are depriving owners of their property as surely as if they had dipped their hands into the till” (Sternberg 1994: 11, quoted in Kerr 1999: 55). Thus, ethically, business should not “give back to the community” through philanthropy or by helping the state achieve its policy objectives. According to adherents of shareholder capitalism such as CEO Walker, all non-commercial activities that do not lead directly to shareholder profits are unjustified.

Another invitee, Mike Shaw, the CEO of a large multinational logistics company told me that he did not attend the NZ–US Partnership Forum because in his experience Track Two events and functions are often geared toward the objectives of the state and fail to help business, as is often promised. Although Shaw described himself as a patriot, he saw no point in participating in the 2009 Forum. When I asked him why he had decided against going despite the significant amount of business his company conducts in the United States, he replied:

... it seemed to us that the Forum would be full of politicians rather than business people, and I suppose we have become disappointed at times. I mean just this past week we were at the first birthday party of Trade and Enterprise's show in Shanghai. I guess we found two or three business people amongst the crowd of 40 or 50 people. It is downtown, it showcases New Zealand, and to be fair they have done a great job putting it together. I think for small business it's good because it is right in Shanghai central ... but the thing that bothered us the most was the number of bureaucrats involved and the lack of business that was there (Interview 6 May 2010).

Further on in the conversation I asked him what he thought about NZ Inc. He replied that NZ Inc is about "business to business, not business to government". In Shaw's view the government should not expect business to do work on its behalf unless it contributes to profits. The example he gave of Shanghai illustrated how, in his perception, the bureaucracy functions to perpetuate itself rather than help businesses grow. When I asked him about his thoughts on free trade and the TPP, Shaw put forward his opinion about what he thinks of New Zealand's current trade policy direction:

... What the government has to do is make it easier for us to go and trade around the world. And it seems to me that they put their eggs into this free trade agreement thinking that this is how it makes it easier for business to trade around the world, well I think that there are a lot more things that need to be considered – taxes is one side of that ... I would almost go so far to say that free trade agreements in today's environment are a waste of time, we can trade with any country in the world, import, export, we move orchids from Japan every day. The question has to be: Do we really need free trade agreements? If there is a tariff we will just find a way around the tariff, maybe it means we do a Fonterra and create butter in Chile. So the reality is to just get on with it and find a way around the rules (Interview 23 February 2010).

What began as a discussion about why he had not attended the Partnership Forum, ended with critical scrutiny about the purposefulness of FTAs and how New Zealand's bureaucracy was oversized and out of tune with the needs of business. The short leap into critical

reflection shows that not all of “big business” agrees with the state’s trade agenda and outwardly supports the TPP even though they would benefit economically from freer trade with the United States. Similar to Shaw, Don Sullivan, the former CEO of a major appliance company, talked about why he had not attended any of the NZ–US Partnership Forums and at the same time dismissed the concept of NZ Inc:

We were on the outside of NZ Inc even if it did exist. I can’t think of a time in which we have contemplated working with other NZ companies. At the low level with market promotion, with NZ wines yes, but at the strategic level in NZ Inc, no. We are not members of the Employers’ Federation. We pulled out. I thought it was unbelievable that NZ Manufacturers’ Association came out in favour of the China free trade deal. It was as though they hadn’t thought it through and everyone was on a roll, he was invited to go up to China to sit in on the discussions, all this sort of drama. It is not that I am anti-free trade; I think sensible free trade with like economies is important (Interview 6 June 2010).

The above business actor, like others who disagreed with New Zealand’s current approach to trade policy, was not immune to nationalism. In fact, Sullivan boldly underlined how important New Zealand was to him and how he had chosen to keep the business a New Zealand business even though it would have been more profitable to have left New Zealand much earlier. He had his own version of NZ Inc, and it did not include government leading from behind with policies that in his view eroded New Zealand society, created unemployment and left small rural towns empty. Sullivan was adamant that his thoughts on the direction of trade policy were not because he came from a manufacturing industry – traditionally the most protected and defensive sector against tariff reform. Sullivan told me how the previous Labour Government had placed him in an “anti-free trade box” in order to dismiss his criticisms. Frustrated with this situation, he told me how he only wished for greater consideration to be given to his workers and others left in the wake of FTAs:

We had to do what we had to do for the company, but in trying to voice our opinion to government and opposition, that had nothing to do with the company. I think they thought we were looking out for a handout ... I was way more concerned as a NZ citizen than I was a CEO of FandP. I used to keep saying to them, don’t worry about FandP, we are going to be alright it doesn’t matter, we will do the right thing for the company (Interview 6 June 2010).

Conclusion

The lack of the right sort of networks and relationships was brought into light at the moment the hope of being part of the AUSFTA began to fade. Members of the business–government network who had worked for years to obtain an FTA with the United States blamed the dearth of deep connections for the failed bid. At the same time as they diagnosed the problem, the solution emerged: informal relationships would have to be cultivated, but these could not be crafted by the state alone. To be genuine, authentic and lasting, relationships made through non-state means would have to be fostered. Obvious to many state and business actors at this point was the role that business could play in helping to form lasting, deep bonds. Business could be marshalled through the business–government network and mobilised by a nationalistic call to help New Zealand grow as NZ Inc. Through the Partnership Forum, relationships could be formed that would endure and act as a buffer against any unforeseeable political differences. Problems such as the nuclear policy impasse or Iraq invasion would not recur to destabilise New Zealand’s chances of securing an FTA with the United States, as happened in 2004 with the AUSFTA.

But the success of this new strategy to use business to forge deeper relations is not guaranteed. The rationale underpinning the Partnership Forum is to create the social infrastructure needed to support TPP negotiations. Yet there is no assurance that business actors will carry out the plan as it is envisioned despite the use of nationalistic concepts such as that of NZ Inc. In their discussion on governmentality, Rose and Miller (1992) write that “actors and entities within governmental networks are not faithful relays, mere creatures of a controller situated in some central hub” (190). Although I have argued that NZ Inc acts to mobilise business into action, I have also presented ethnographic glimpses of business actors interpreting the meaning of NZ Inc in different ways. These business actors are reflexive agents (Ortner 1995) who are able to turn against and argue for alternative trade policies and definitions of NZ Inc. The elite participants of Track Two events such as the Forum are partially aware of the cultural formations and structures that guide their thoughts and behaviour. As such, each actor has some capacity to respond to and examine the governmental rationality underpinning programmes and strategies of improvement, including New Zealand’s trade policy. This observation demonstrates that not only does the business–government network comprise members who have multifarious reasons for engaging (or not) in events such as the Partnership Forum. But that the meaning of NZ Inc, although a compelling and powerful factor in entreating business to support FTAs, is not uniformly

interpreted. It can, therefore, be concluded that although NZ Inc, as a state-initiated concept, has the ability to corral different business actors together, it is not impervious to business either reframing or rejecting the concept. The state may appear as though it leads business by deploying NZ Inc, but this does not mean business neatly follows the NZ Inc story. Rather, it reveals the uneven and tenuous relationship between business and government even in the area of trade policy.

Chapter Six

STRATEGY DISCOURSE IN TRADE POLICY TEXTS

The TPP is often described as being strategic. Not only is it said to mitigate risk – the threat of New Zealand being shut out of the evolving trade “architecture” and global value chains – but the TPP is conceptualised as the “strategic” pathfinder into greater, deeper economic integration in the Asia–Pacific. The word “strategic” features in the original title of the TPP, as Trans-Pacific Strategic Economic Partnership (TPSEP) and versions of it are replete in official speeches and documents including the seminal trade policy text authored by the current Minister of Trade, Tim Groser (MFAT 1993). Similarly, strategic is often used as the description of business–government activities.

In this chapter I will address the relationship between strategy and trade policy through a close analysis of how the concept of strategy is used in trade policy documents, submissions, speeches and interview transcripts using the framework of critical discourse analysis (Fairclough 1992, 1995, 2003). As well as drawing on Fairclough (2003) and Wilkinson (2009) to analyse trade policy texts, I will use the work of critical management scholars who have focused on the concept of strategy in business schools (Carter, Clegg and Kornberger 2010, Greckhamer 2010, Vaara, Sorsi and Palli 2010). These authors draw extensively on Fairclough (1995) in their discussions as they follow the trajectories of strategy speak into different organisational contexts. In particular, they argue that strategy as it appears in public sector plans and designs, as well as speeches, is a political device used by elites to rationalise and naturalise the unequal redistribution of power (see also Shore and Wright 1997). In a similar vein, I will suggest that trade policy documents that draw on what I call “strategy discourse” do not simply promote forward thinking ideas but rather embody a “force potential” (Vaara, Kleymann and Seristo 2004). That is, trade documents act to legitimise certain ways of thinking and disguise the political nature of how these policy decisions have been formulated (see Wedel et al. 2005). In this sense, trade policy documents have a performative dimension; they actively reframe the world, reconstituting problems while proffering a selective group of solutions simultaneously (Foucault 1978/1991, Knights and Morgan 1991).

This chapter is divided into four sections. In the first, I will elaborate on how a critical discursive approach (Fairclough 1992, 1995, 2003) with its focus on the role of language in

policy texts (Rose and Miller 1992, Shore and Wright 1997, Yanow 1999) can help us account for the frequent use of strategy discourse in trade policy. In the second half of this section, I then define strategy and place its emergence in a broader political and historical context.

In the second section of the chapter, I sketch out a conceptual framework and will follow this with a brief genealogy of strategy as it first explicitly appeared in MFAT's seminal trade policy text, *New Zealand trade policy: implementation and direction: a multi-track approach* (MFAT 1993). The central question I seek to answer in this part of the chapter is: Why did the concept of strategy emerge at this particular time? What function does it serve? In this discussion, I will utilise *New Zealand trade policy* (1993) and interview transcripts with the author of the text. In line with a genealogical analysis, I will demonstrate how the adoption of strategy discourse was a response to state sector reforms and the popularisation of business management techniques and knowledge practices. In some regards, the use of strategy can be seen as a tactic used by officials during the height of neoliberalism to subvert criticisms that trade policy was an unproductive part of the "business of government".

In the third section, I will examine the use of strategy in documents that talk about the TPP. These include MFAT's public diplomacy material on the expansion of the TPP and the original TPSEP text from which the TPP has evolved. In MFAT's documents, "strategic benefits" are said to accrue from the TPP that far outweigh the immediate economic benefits. What is implied by referring to strategic benefits? What is implied by referring to the TPP as strategic? Finally, in the fourth section I will show how the concept of strategy serves an additional political purpose and is used to disarm claims from TPP critics (Kelsey 1999, 2010) and others (see Gould 2010) who argue that the TPP will erode domestic sovereignty and undermine democracy.

The Concept of Strategy

The field of discourse analysis comprises methods varying in assumptions and methodologies (Paul 2009). Fairclough's approach, called critical discourse analysis, is appropriate to this study because in line with Fairclough I view textual analysis as being interconnected to social practices, power and context.¹²³ In this regard, critical discourse

¹²³ Foucault's work on discourse, power and governmentality is central to Fairclough's approach. For Foucault (1972, 1980) discourses are systems of knowledge such as economics or medicine that inform the social and

analysis is similar to how anthropology treats documents as cultural and performative cultural artifacts (see Riles 2006, Stoler 2009, see also Shore and Wright 1997). Fairclough's (2003) objective is to make apparent the often unclear or obtuse connections between language and power. In common with authors who write about governmentality (see Rose 1999, Rose and Miller 1992), Fairclough's approach considers language to be more than merely contemplative or justificatory. Language in policy texts is seen to be productive in that it brings objects and concepts into purview and can shape our actions and relations with each other.

Fairclough's (2003) approach to discourse analysis consists of three dimensions. These are interlinked and focus on the (1) linguistic features, (2) production and distribution of texts and (3) the ideological effects in which a discourse features (Blommaert and Bulcaen 2000, see Fairclough 1999). Drawing on Fairclough, I take discourse to mean the specific but diverse ways of constructing the identities of subjects and objects (Paul 2009) or the "ways of representing the world – the processes, relations and structures of the material world, the "mental" world of thoughts, feelings, and beliefs and so on" (Fairclough 2003: 124). In the following analysis of strategy in trade policy texts, particularly in the section on *New Zealand's trade policy* (1993), I will utilise Fairclough's blueprint, and draw attention to how strategy creates ways of seeing the world that make certain policies necessary while representing others as irrational and unrealistic. Needless to say, free trade policies emerge as the most rational in *New Zealand's trade policy* (1993) whereas subsidies or policies that seek some sort of protection are cast as dangerous relics of the past (see Wilkinson 2009).

Strategy is an ambiguous word. As critical management scholars Knights and Morgan (1991) accurately observe, "It is adopted indiscriminately to describe the intentions or plans behind any action from warfare to waltzing" (268). Broadly, strategy is used either retrospectively or prospectively to infer that rationality underlies a certain action. Because it is generally interpreted in this sense, strategy is frequently used to justify or legitimise policy stances. The concept of strategy has a very recent history. This is despite the effort to anchor strategy in Chinese or Greek philosophy by referencing figures such as Sun Tzu or Heraclitus (Carter, Clegg and Kornberger 2010). Knights and Morgan (1991) trace the current managerial version of strategy back to the establishment of management science as a discipline and the rise of American multinational corporations (MNCs) following World

governmental technologies that help constitute power in modern society. Discourses become standardised through talk, texts, ideas, values and practices and particular ways of seeing the world are naturalised.

War II. Its lineage is intimately tied to America's economic and political power. Needless to say, strategy as a practice existed prior to it becoming a commonly used term, for example the *Strategos* in Classical Greece; however, these facts should not be confused with its post-war discursive predominance. As Knights and Morgan (1991) note, strategic discourse emerged at the end of the 1940s as a result of two interrelated factors: changes in the organisational structure and ownership of private enterprise. I will highlight these briefly below.

With the opening up of new markets and steady retreat of trade barriers following the formation of the GATT, Western multinational corporations began to increasingly engage in cross-border trade and investment, setting up operations in foreign countries outside of their home territories. Internationalising firms were no longer based in one geographical location, with management in control of operations. Subsidiaries and sales offices often worked at great distance from headquarters, and communication between business units was fragmented. As a result of this expansion and "disorganisation of capital" (Lash and Urry 1987), the "external" environment became a governance problem. Unpredictable and unstable, the context outside of the organisation presented itself as an issue to management. As Knights and Morgan note:

In the same way that the 19th century witnessed the gradual installation of systems of control inside organizations, so the post-1945 era saw the emergence of discourse concerned with controlling what was outside the organization (1991: 259).

At the same time, the dilemma of how to account for the turbulence of the external world while retaining control confronted management, fortuitously so too did the solution: military practices and techniques.

The famous landings on the beaches of Normandy during World War II and impressive allocation of technology and men across different space and time zones were redesigned into models that could be applied to the modern MNC. Faced with the same issues – coordinating labour and capital in different, often challenging cultural contexts – management found its solution. In order to make operating outside of the home country less risky, the military, with its advanced planning and operations systems, provided the answers and in a number of cases, the key personnel to carry out this management task. A figure who illustrated this was United States Secretary of Defence Robert McNamara, whose career as a

strategist epitomised the fluid exchange of ideas and practices between the military and the private and public sectors (see Carter, Clegg and Kornberger 2010).¹²⁴

Alongside rearrangements in the structure of organisations, patterns of ownership also changed from the 1950s onwards (Blair 1995). This too placed management under pressure to control factors outside the organisation's walls. As firms grew larger and required additional investment to expand and compete, ownership became much more dispersed among many individual shareholders across geographies. These shareholders were not loyal to the company and paid greater attention to the price of shares and views of outside analysts in order to decide whether to invest in a business. Analysts and financial commentators in turn assessed risks and advised their clients based on what information they could gather. With the role of forecasting profits growing in significance, management started to establish strategic planning departments in order to provide data to back up their growth projections and attract investment. The formation of these formal planning units within firms was reinforced by the works of prolific management scholars such as Igor Ansoff, author of *Corporate strategy* (1965).

Henry Mintzberg (1993, 1994) argues that strategic planners are equivalent to “magicians in primitive society”; they create an illusion of control and rationalise the unknown (Mintzberg 1994). Highly critical of planning in both the public and private sectors, Mintzberg writes that the fallacy of planning is that it assumes the future can be known simply by extrapolating on data drawn from the past. The future is never identical to the past so this basic premise of strategic planning, that it can predict the future, is pure trickery. According to Mintzberg, in much the same way as a magical rite, a strategy or plan based on formal analysis functions to ease management's anxieties. It does this by transforming the external world outside of the organisation into sets of categories, numbers and systems. As Mintzberg (1993) and other management scholars have noted, one of the reasons for the adoption of strategic discourse into the public sector had to do with its purported function to eliminate uncertainty; both spatially outside of the formal apparatus of government, and temporally by making the near and distant future appear controllable. Its ability to “comfort through numbers” was what made it an appealing tool of policy, particularly during the 1970s and

¹²⁴ Robert McNamara (1916–2009) graduated from the University of California Berkley with a degree in economics and an MBA from Harvard. He joined the United States army in 1943 after teaching accountancy at Harvard, and worked in operational statistics. Using accountancy tools, McNamara analysed the effectiveness and efficiency of B-29 forces in the Pacific and Japan. In 1946 he entered the Ford Motor Company and implemented planning controls. In 1960 he became the CEO of Ford and later accepted President Kennedy's offer to become Secretary of Defence.

1980s when Western democratic governments began to apply management principles as part of a neoliberal approach to government.

Other criticisms of strategic discourse from critical management include reference to its theoretical underpinnings in game theory (Crow 1989). Game theory both identifies players and assumes that they act rationally. It seeks to predict the decisions of each player based on a calculation of individual actions. Strategy works in a similar way by assuming actors are fully conscious, rational, decision-makers who are unattached to a specific place or time. The elision of structural power in strategic discourse means that strategy appears apolitical and that “players” are cast as asocial, ahistorical and replicable. Yet as Crow points out, it is important to ask who decides the strategy and who or what is left out of this “game” (1989). The game is not open to all. In a similar vein, Carter, Clegg and Kornberger (2010: 585) argue that strategies frame agendas:

... its designs enrol certain actors to certain responsibilities, place them in certain decision-making roles and projects. Who gets to be chosen, what agendas are constructed, and who is not chosen and what is not selected for inclusion on agendas are also an important face of power relations. It is through these processes that non-decision areas are framed and non-issues are shaped; by confirming strategy to certain issues and agendas, and limiting enrolment and involvement to certain actors, the micro-politics of strategy get played out.

In summary, strategic discourse frames and excludes people and issues from being on the policy agenda. Implicitly, therefore, strategic discourse legitimises and justifies some preferences over others and the exercise of power by certain groups over others. As Vaara, Sorsa and Palli (2004) note in their illustration of a local council in Finland, strategies justify specific actions while leaving unanswered the question of agency and the influence of structure. Strategic discourse attempts to negate alternative preferences and is designed to shift the terms of engagement away from ambiguities and uncertainty. By drawing on the concept of strategy, risk drops from view and a degree of control and destiny sets in. In the second section of the chapter I will draw on some of these insights in an analysis of New Zealand’s trade policy discourse.

Putting “Strategy” into New Zealand’s Trade Policy

As I recounted in Chapter 3 on the history of New Zealand’s trade policy, from the Fourth Labour Government onwards (1984–1990) tariffs and import controls were lifted in response to a stagnant economy. As part of the neoliberal reforms, in 1988 the trade policy functions from the Department of Trade and Industry (DTI) were moved to help form the renamed Ministry of External Relations and Trade (MERT).¹²⁵ This shift symbolised and put into action the new outward-looking approach to trade. The influential New Zealand Business Roundtable (NZBR) – a group of CEOs and chairs from big business – embraced the changes in trade policy. They also pushed for further reforms in the state sector, and the application of neoliberal principles to policy-making. At the time, their efforts were well received by government officials and politicians who similarly believed in the ideals of open, competitive markets. When Labour was replaced in 1990 by a new National Government (1990–1999) the reforms that they had instigated continued (see Johansson 2009).

MERT, like any other government agency, was expected to conform to the new accounting standards that were introduced with new legislation such as the Public Finance Act 1989. The Treasury, which at that time was lead by Graham Scott (1986-1993), asked MERT to specify in detail, its “outputs” so that costs could be determined and allocated accordingly (see Bartley 1998). MERT resisted the imposition of universal standards to the delicate and relationship-intensive work of diplomacy. The Ministry preferred flexible definitions so that resources could be shuffled around as urgent foreign policy matters arose. As Neil Walter, former secretary of MFAT, explained:

... take the Uruguay Round: six years of dry negotiations and then finally you get a bonanza in the seventh year. You don’t want to rate yourself as a total failure in the first six years of the process you’re building up alliances. There are a lot of things that are multiyear activities (Walter, quoted in Bartley 1998: 6).

In the view of MFAT officials, their work was not amenable to the short time frames and classification required for quantification. The debate between Treasury and MFAT continued until a compromise was made and an agreed number of “output classes” were identified, but these were significantly less than what Treasury had at first asked for.

¹²⁵ See footnote 69.

It was in this political context that MFAT released *New Zealand trade policy: implementation and direction, a multi-track approach*.¹²⁶ Printed in 1993, it was written only a year prior to the conclusion of the GATT Uruguay Round of trade talks in Marrakech, Morocco. In an interview with the widely identified author of the text, the current Minister of Trade, Tim Groser, he explained one of the reasons why he had decided to write the document:

Tim Groser (TG): It [*New Zealand trade policy*] sets out for the first time, for business audiences, the foundation stones and the concepts that are still being used today – that we would pursue trade liberalisation along three tracks. At that stage we were still pursuing a unilateral track because at that stage frontier protectionism was still significant (I will come to that in a moment).

It [unilateralism] is no longer a sensible strategy and I have had some strong arguments with the Far Right in New Zealand – they think I have changed sides, which I have not; it is just that they are looking at it ideologically.

The second track was the multilateral track, which I wrote when I was the Chief Negotiator in the Uruguay Round, and I wrote it when there was a quiescent period like there is now with the Doha round so I had nothing to do, so I sat down. I was so sick of Graham Scott accusing the Ministry of not having the strategy when what it actually meant was that we hadn't written it down. We had a perfectly formed strategy but nobody had written it down. And the third track was the bilateral or FTA track, and that's where the phrase came out of – not putting all our eggs in the GATT basket (now you would say the WTO).

So, that [*New Zealand trade policy*] is still in my opinion the seminal document for someone who is interested in trade policy in New Zealand because it is still the foundation stone in our policy.

Sasha Maher: Great, because I was aware that you were the one who wrote it. So, you say Graham Scott and the Far Right?

TG: Yes, and the Treasury in the mid-1980s (I am an ex-Treasury officer by the way) abolished that external economic policy on a basis of theory, which was: you didn't need an external strategy if you had all the internal policy settings then that would apply and we would become a prosperous country. Actually don't think I am being critical of the eighties reforms because they were absolutely needed, it is just that we needed some other things as well and that is where the ideology becomes a problem. So they [Right Wing critics] essentially have fallen out of the game, I still think they suffer from the consequence of it now when I listen to some of the nonsense they come up with about climate change and on trade policy,

¹²⁶ The multi-track approach involves pursuing trade liberalisation through four tracks: unilateral, bilateral, regional and multilateral.

because they do not have a whole bunch of highly intelligent people who have spent 10, 15 years thinking about these issues (Interview 8 November 2010).

Here Minister Groser insists that his Ministry, MFAT, had a “strategy” but had simply not “written it down”. The Ministry with its “highly intelligent”, experienced staff did have a strategy, and in a spare moment between negotiating rounds, Groser says that he “sat down” in Geneva and wrote what in his mind the Ministry already did on a daily basis. Out of Groser’s effort was produced the document, *New Zealand trade policy* (1993). But Groser did not simply translate what the Ministry did into text for an unspecified reader to consume: his targeted audience was the Business Roundtable, business community and the Treasury. Neither was his intention to write in a neutral tone, using everyday language. Throughout the document, management discourse is drawn on to illustrate the rational actions of the Ministry. *New Zealand trade policy* (1993) is a performative document that brings into view new ways of seeing the world both for its readers and for the Ministry’s workers who must carry out the “strategy”. In a low level of dialogicality (Fairclough 2003) the document can be interpreted as a response to the criticisms from the Treasury and the “Far Right” (Business Roundtable) that government intervention by way of trade policy is unnecessary. The subtle arguing back can be detected in the following excerpt from *New Zealand trade policy* (1993):

This document is about New Zealand’s trade policy. By looking at the problems and opportunities facing New Zealand, it should be possible to arrive at some understandings of the trade options open to us. This analysis – and the broad prescription – is we think, grounded in a realistic appreciation of the international trading environment. Wishful thinking is a poor basis for long-term policy making ... We have to start from where our trade policy finds itself in 1993. We do not have the luxury of writing our trade policy strategy on a blank page ... Our trade needs are the product of our economic history; the realities of our geographic position, the world as we find it and the direction we have chosen in terms of internal economic policy. No matter what the future holds, we hope that having laid out the thinking behind our trade policy, any ensuing debate in New Zealand will at least be better informed.

Phrases such as “we do not have the luxury of writing our trade strategy on a blank page” and “wishful thinking” allude to the critics who see the world ideologically rather than “realistically”. Based on the criticisms facing MERT and Groser’s impetus for initially writing the document, it is highly likely that these comments about “wishful thinking” were aimed at the Treasury and members of the “Far Right” such as the Business Roundtable who

wanted all remaining tariff to be eliminated to zero.¹²⁷ As Groser remarked in the interview, pursuing a unilateral track to this absolute endpoint, “is no longer sensible”. In his view, some tariffs are necessary in order to give negotiators bargaining chips in trade talks. Groser was adamant in the interview that trade strategy has to be “pragmatic” and should not be designed according to philosophical persuasions.

As part of the project of legitimising the multi-track approach to trade, *New Zealand trade policy* (1993) presented scenarios or future outlooks of the Uruguay Round. These provided further justification for the design of New Zealand’s trade strategy. The scenarios were offered in two cases – “Scenario A: Success of the Round”, and “Scenario B: Failure of the Round”. Scenario planning, like strategy, is a tool drawn from business. First developed in the military, scenario planning became popular after the Royal Dutch Shell Company abandoned forecasting, with its narrow analytical optics, and began to experiment with the notion of uncertainty (Cornelius 2005). In-depth research was conducted by teams of poets and writers (Flowers 2003) in order to create stories, imagined futures. In 1972, Shell’s scenario planners dreamed up a world in which the oil supply was suddenly disrupted and prices increased. In 1973, the scenario came true and Shell was better placed than its competitors to adapt to the changes brought on by the oil embargos. As a result, Shell surged up the rankings of the world’s biggest oil companies, from eighth to second position. In the process, Shell’s success in scenario analysis made popular the idea that the only real certainty was global economic integration and the instability and change that it produced. According to *Fast Company* magazine, Shell showed that “the true role of strategy was to describe the future world worth creating – and then to reap the competitive advantages of preparing for it and making it happen” (Wylie 2002: 108).

The scenarios in *New Zealand trade policy* (1993) imagined a bleak future. Even with success New Zealand would have to form alliances with other countries in order to enforce trade compliance: “As with a bad debt, the realist knows that recovery of what is owed needs to be made quickly or not at all” (1993: 49). Failure, defined as either complete collapse of the Uruguay Round or a substantive-less agreement, was painted in more portentous tones:

¹²⁷ For example, in 1990 in a speech to Federated Farmers, the Business Roundtable chair spoke candidly about the need to remove the last of New Zealand’s remaining tariffs: “We still have economic illiterates arguing that New Zealand should not be reducing its trade barriers while other maintain theirs” (1990:142). *Does Tariff Protection Cost Jobs?* 25 June 1990, Federated Farmers Dairy Section Conference Tariff Debate.

An overt failure of the Uruguay Round would cause shock waves around the world. It is difficult to envisage how far ripple effects would spread. In the short term, the political atmospherics would be important. The major countries would have to decide whether they wished to try to shift the blame onto each other, which would become acrimonious, or agree on a strategy of damage control (1993: 56).

The response to a failure or success of the Uruguay Round called for “effective risk management” (1993: 58). This meant that trade policy had to forge trade relations – bilaterally and regionally through APEC while maintaining an open competitive domestic market and pushing at the multilateral level (1993: 29). Similar to Shell’s scenarios, *New Zealand trade policy* (1993) argued that the role of trade strategy was to prepare New Zealand for an imagined future in which the only certainty was New Zealand’s lack of bargaining power: “there is no magic recipe for a successful trade strategy for a small, export-orientated economy on the periphery of the Asia–Pacific” (1993: 3). Thus despite Scenario A and B telling opposite stories (success or failure) both led to the same conclusion: that as a small open country, New Zealand needed to adopt a more flexible, aggressive approach to its trade policy. Groser also remarked in the interview that he was concerned that New Zealand would be marginalised from global economic activity:

If you look into that document you will see that my basic fear was that New Zealand would not be able to attract what I call dancing partners, we were too small, too open ... I was deeply worried that New Zealand would be sidelined by this movement you could see in FTAs emerging. Well I am happy to say it didn’t happen, and it didn’t happen because NZ Inc were able to fashion a highly strategic argument to attract dancing partners (Interview 8 November 2010).

In the above quote, Groser’s concern was that New Zealand would be left out of the “FTA game”. This was because, in his words, New Zealand had little to bargain with as a result of the economic reforms and because of the small size of its domestic market. However, as he later explained to me, despite the lack of incentive, New Zealand (“NZ Inc” as he described it), were able to present “strategic arguments” and “attract dancing partners” into trade negotiations. These arguments were less about market access than about creating an agreement whereby others could join.

In conclusion, by writing *New Zealand trade policy* (1993) Groser created a narrative that justified an aggressive approach to liberalisation. As I mentioned previously, strategy does not merely represent a way of viewing the world, it is performative. In an interview with a

senior diplomat he pointed out the continuity of trade policy since Groser wrote *New Zealand trade policy* and likened it to a bible. Not only did the document describe the work of MERT, which was already being carried out as Groser stated, but it imagined a world hostile to New Zealand and offered only one “realistic” solution: competitive liberalisation that is, “proactive” trade policy on multiple fronts. The multi-country TPP epitomises this vision. In the following section I will explore how strategic discourse has been deployed in order to legitimise the TPP.

The “Strategic Benefits” of the TPP

As was discussed in Chapter 3, the current TPP evolved from an earlier agreement formed among four countries: New Zealand, Singapore, Chile and Brunei. Following the interest from the United States to join the Trans-Pacific Strategic Economic Partnership Agreement (TPSEP) in late 2008, the words “Strategic Economic” were dropped to just leave “Partnership” in the title. Even though the word “Strategic” no longer appears in the title, the concept nevertheless features liberally in public diplomacy material, speeches and in the business media.

Indeed, the main rationale given for the TPP is that it is “strategic” and will bring “strategic benefits”. In supporting documents the TPP is framed as being beneficial because it will further New Zealand’s economic and political engagement in the Asia–Pacific and as a corollary, national wealth. For example, soon after the TPSEP was signed in 2005, MFAT published a glossy seventy six-page guide to the Agreement. At the beginning of the information booklet its “strategic importance” was explained:

New Zealand, Chile, Singapore and Brunei Darussalam are all relatively small, open economies that depend increasingly on foreign trade and investment. Because of the low barriers to trade between the partners to the Trans-Pacific SEP, a key objective of the negotiations, from the start, was the potential strategic benefits.

The Trans-Pacific SEP is the first multi-party Trans-Pacific free trade agreement (FTA). It established strategic linkages across the Pacific joining Latin America, South East Asia and New Zealand and in doing so adds to New Zealand credentials as a forward looking, open-economy and a progressive FTA partner.

All parties are members of the APEC group of nations. The Trans-Pacific SEP and its accompanying labour and environment outcomes are seen as a

benchmark model within APEC that is open for other countries to join. The decision of Brunei Darussalam to join all three agreements adds weight to this. Other APEC members have followed the conclusion with interest (MFAT 2005).

In the above excerpt, one of the key “strategic benefits” of the TPSEP is that it provides a “benchmark model” and welcomes other APEC countries to join. The ambition is to create an APEC-wide agreement. Legal scholar Meredith Lewis (2005) writes that most regional trade agreements (RTAs) do not explicitly provide for accession and neither do they make overt reference to a particular region as the TPSEP text does to APEC. She notes that, because of the accession provision (Article 20.6.1), the TPSEP “is notable for its avowedly strategic nature”, and that the objective to expand membership “is consistent with APEC’s broader policy of fostering open regionalism” (Lewis 2005:554-574). A further observation she notes that reinforces its objective to be strategic, is that the TPSEP countries are not an obvious geographical grouping and do not have significant economic synergies. Considering the significance of strategy over economic gains, only slight justification is given as to why a “benchmark model” should be seen as beneficial. This type of implicit assumption, as Fairclough writes, is a “perverse property” of texts and part of the ideological work of New Zealand’s trade policy (Fairclough 2003: 55).

The “value assumption” (Fairclough 2003) that deeper economic integration in the Asia–Pacific region will help New Zealand as a small, open economy to prosper is consistently made in material supporting the TPP. This is often accompanied by “existential assumptions” (Fairclough 2003) about the inevitability of globalisation and New Zealand’s economic marginalisation because of its geographic location and size.

As noted in Chapter 3, a recurring theme in New Zealand’s trade policy has been the claim that New Zealand teeters at the edge of the Pacific, closer to Antarctica than the major economies, and risks being bypassed. While the argument has shifted somewhat in focus from New Zealand being shut out of the Atlantic trade routes to global supply chains, the fear of being at the edge of global economic processes remains the prevalent feature of New Zealand trade policy discourse (see Wilkinson 2009). These assumptions and the anxious representations that are produced from them, help to form the rationale behind why deeper integration is not only desirable and requisite.

Similar to the Wall Street bankers in Karen Ho's ethnography (2005, see also Tsing 2000), state and business actors at the centre of the TPP assume the dominance and inevitable force of global capitalism and in so doing often project this ideal in policy text and talk, transforming it from a construct into material practices. The rhetoric of linkage and connection combines with the futurism of strategic speak in many TPP documents. In another MFAT document, under the heading "Strategic and Commercial Importance", an explanation is given as to the benefits of the TPSEP:

The Trans-Pacific negotiations gives New Zealand an opportunity to help shape future trade liberalisations in the wider Asia-Pacific region in line with high-quality benchmarks set by the original P4 agreement. With a number of regional processes under way in the Asia-Pacific region designed to further remove barriers to trade and investment, it is important that New Zealand remain a full participant in the regional integration agenda. Having new participants on board will help to generate momentum in moves towards achieving the goal of great economic integration in the region (MFAT 2005).

Again it is implied that the strategy of economic integration is more desirable than alternative policy directions, such as not partaking in trade liberalisation. It is inferred that without strategic agreements such as the TPP, which opens membership to larger economies, New Zealand would be greatly disadvantaged; FTAs are New Zealand's chance to "level the playing field" against its competitors. As Anna Tsing (2000) comments, this discourse appears inclusive, however, in actuality only well-resourced social actors can play in this economic space. The "level-playing field" concept hides inequalities and naturalises social distinctions.

The impetus to make sure New Zealand can compete is based on the existential assumption that global economic processes are enfolding and have their own internal logic ("regional processes under way"). This belief in globalism helps to legitimise New Zealand's strategy to plug New Zealand into these "processes". Even in submissions and texts from opponents of the TPP, the belief in the totality of the global economy is narrated. But rather than celebrating it as a liberating force with great opportunities, global capitalism is represented as an ideological system dictated to by faceless MNCs. Both proponents and voices against the TPP endorse the globalist dream by assuming its totalising and far-reaching power. Take for example well-known TPP critic and legal scholar Jane Kelsey's statements in her latest book, *No ordinary deal: unmasking the Trans-Pacific Partnership free trade agreement* (2010):

For those of you who know the history of previous extravagant plans for an APEC free trade agreement, a Free Trade Area of the Americas, a Multilateral Agreement on Investment and the WTO Doha round, the TPPA appears to be another over-ambitious project that is driven by trade ideologues and avaricious corporations and may end up parked in a cul-de-sac, like its predecessors (21).

... the demands that the major corporations have already made in their various submissions principally frame the negotiating positions of the various parties. A TPPA that builds on the existing FTA platform would require signatory parties to maintain a pro-market and light-handed regulatory regime for future decades. Those obligations would severely restrict the ability of governments to respond to future crises and effectively embed neoliberalism in perpetuity, despite widespread disillusionment with the paradigm (18).

Kelsey assumes that by using the TPP, American corporations will be able to penetrate deep into people's lives and take control of foreign governments. Kelsey also reduces business actors and trade diplomats to one-dimensional capitalist ideologues and portrays neoliberalism as being so powerful that it can embed itself in societies for as long as it wishes ("in perpetuity"). Similar to Ho's (2005) and Ortner's (2005) observations about the propensity of Marxist writers to ignore agency when describing late capitalism, Kelsey and others (Gould 2010) assume capitalism's supreme agency over people's ability to reinterpret, negotiate and in some cases, resist the globalist, neoliberal agenda of FTAs. Neoliberalism seems to have no limitations in Kelsey's view and takes the same form in different socio-cultural contexts. This is despite recent scholarship that shows neoliberalism does not follow one particular model (see Larner 2000, Nonini 2000). This assumption I would suggest is an inadvertent effect of the arguments about the loss of sovereignty, which have been brought to light by agreements such as NAFTA.¹²⁸ This observation is an extension of Tsing's (2000) thesis that in an effort to critique the projects of global capitalism, scholars who are critical of this paradigm such as Kelsey (2010) often turn their gaze away from local specificities and adopt the same predictive frame and scale as globalism. The charisma of the global can even overwhelm the critic.

In summary, the TPP was created to insure against economic marginalisation; strategic concepts play a significant role in helping to legitimise the free trade momentum (see Wilkinson 2009). The objective to connect New Zealand through the vehicle of FTAs was

¹²⁸ The highly contentious NAFTA agreement, signed in 1994, has been criticised for exacerbating the economic and social inequalities between the United States and Mexico.

first outlined in the publication of *New Zealand trade policy* in 1993. The TPP began as a strategic text and continues to be explained in these terms despite its various name changes and transformation from a four-party to a nine-party agreement. In TPP documents, reasons for the TPP are founded on both value and existential assumptions (Fairclough 2003). These are extensions of the same sorts of justifications for free trade that are given in *New Zealand trade policy*. A central value assumption is that economic integration for New Zealand is desirable, if not essential. This is connected to an endorsement of globalist assumptions that greater economic integration is inevitable and powerful. I argued that this is an assumption shared by both proponents and critics of the TPP such as Jane Kelsey.

In the following section of the chapter, I will discuss the arguments against the TPP and show how proponents of the TPP utilise strategy discourse in an attempt to depoliticise the controversial nature of anti-TPP debates. The example I provide is from an interview I conducted with a former senior diplomat in February 2009.

Trade-Offs and Sovereignty: Strategy as a Tool to Counter Criticism

The arguments against the TPP are complex. There are substantive arguments about how certain areas of the agreement will have negative effects, such as changes in intellectual property regulations in favour of American pharmaceutical companies or the inclusion of state-investor dispute mechanisms. There are also procedural criticisms that argue that the process of negotiating is itself wholly undemocratic, elitist, lacks transparency and is conducted “behind closed doors”. Frequently these criticisms are framed as eroding nation-state sovereignty, commonly defined as the inability of governments to pass future domestic legislation in the nation’s best interest. As Jane Kelsey (2010) recently remarked in the media about the TPP: “What a New Zealand government signs now will bind future governments for the next century.”¹²⁹ Brian Gould similarly comments that the TPP would turn New Zealand into a “satellite economy, with little ability to decide policy or derive wealth from its natural resources for the benefit of New Zealanders” (2010: 37). The TPP is seen by anti-free trade exponents as a vehicle that diminishes the capacity of the state to act and control policy. FTAs are seen to compromise “domestic sovereignty” (Krasner 2008).¹³⁰

¹²⁹ K. Koveshnikova. 2010. Free trade deal with the IS would do “little” for NZ – academics. *National Business Review*, 15 November.

¹³⁰ Krasner (2008) defines domestic sovereignty as the organisation of political authority within the state and the ability of public authorities to exercise effective control within the borders.

The observation that this erosion is by way of a public contract – yet is carried out under a “veil of secrecy” – provokes criticism that the TPP is undemocratic. In her submission for the original TPSEP agreement, Jane Kelsey explains these points in finer detail:

Trade agreements now extend far beyond the traditional realm of international trade in goods and restrict the choice of laws and policies that are available to governments to regulate international investment, provision of services, government procurement and intellectual property. The standard assertion that government retains the right to regulate in the national interest is a rhetorical deceit, as governments no longer have the right to choose the ways in which they regulate. Indeed the overriding objective and function of these agreements is to restrict “behind the border” policy choices available to all signatory governments. This includes tying their hands when they face recessions, infrastructure collapse following privatisations, political unrest, social distress or other situations exacerbated by market failure (Kelsey 1999).

To counter the accusations such as Kelsey’s about diminishing internal or domestic sovereignty (“tying their hands”), strategy discourse has been frequently drawn on by state and business actors. In recent years, the strategic element has become more prominent in debates on free trade because predicting material gains has become less accurate, particularly with regards to services. This has meant that in lieu of robust statistics, strategy discourse has been used to legitimise the pursuit of trade agreements. An example of this use of strategy can be seen in the excerpt below from an interview with a former MFAT secretary. In the interview we talked about the politics of free trade:

Former Secretary (FS): I think probably out there are still people, like Jane Kelsey who just don’t get it but I think they probably had more weight during the years that I was Secretary. I used to have some good rows with her including in public meetings because she just wasn’t on my planet and nor was she on the planet of New Zealand business or anything else. I think because of that she and others have fallen away. She saw – I remember arguing with her – a huge conspiracy by the multinationals, but nothing could be further away from reality, it wasn’t at all like that.

Sasha Maher (SM): I think her concern is that you lose the ability to manage policy. It’s related to sovereignty.

FS: Well inevitably you do too any international treaty – you are giving away your sovereignty in order to get something, what is wrong with that? That’s the world!

SM: And if you didn’t do that?

FS: If you didn't do that you would be a funny place at the end of world with these funny connections and you wouldn't have any leverage at all, I mean who would care?! (Interview 9 May 2009)

The former secretary uses words from strategy discourse such as “trade-offs”, “risks”, “gains” and “leverage” and talks about how it is the norm to use policies as bargaining chips in negotiations, to be traded “in order to get something” in return. Trade policy involves calculating trade-offs as the official frames it; the mastery lies in the politics of selection: which policies are to be scrutinised, weighed-up and classified as being exchangeable. This question about what to trade and who partakes in this decision-making process is completely absent from most TPP texts and popular discussions. It is replaced instead by the language of strategy and technocratic speak about trade-offs, bargaining chips, scope, scale, regulations, infrastructure and processes. The “players” in this strategy are usually identified by business, the state and media as the lead or chief negotiators and their delegations. To draw on Ferguson's (1994) and Li's (2007) analyses of development programmes, an effect of policy discourse is that it depoliticises the question of inequality and the redistribution of power; about who is part of the decision-making and who is not. Strategy discourse in trade policy effectively disguises the making of policy decisions by implying that all other alternative choices are non-choices, casting these as irrational and ruinous. In the above interview Jane Kelsey, the well-known FTA critic, is represented as being “off the planet” and “funny” (irrational) because she promotes an alternative pathway to national economic prosperity, one that does not necessarily sacrifice domestic sovereignty (see Kelsey 1999).

Similar to how the “Far Right” were characterised as being “ideological” in Groser's interview about the birth of New Zealand's trade strategy, the arguments against the TPP and free trade are frequently psychologised by its proponents (see Fairclough 2003). This has the effect of reaffirming the reasonableness of free trade. For example, in an op-ed by NZ–US Executive Director Stephen Jacobi on free trade with the United States, sovereignty is turned into an emotive argument about losing national identity:

In all the commentary that has been offered about NZ–US relations in the last few weeks, there has been a disturbing lack of national self confidence. It's as if opening the door to expanded relations with the US somehow equates with a loss of national identity and sovereignty, a giving up of all we hold sacred. Engaging with the US need not imply the surrender of our national identity ... it's up to us to decide, within the framework of our national institutions, what sort of relationship we want with the US (Jacobi 2011).

In the extract above, Jacobi reworks concerns about loss of self-determination. He presents this viewpoint of them as irrational and emotional, suggesting that there is a “proper” place to consider such questions about national identity (i.e. “national institutions”).

Like anti-free traders, business actors who disagree with trade agreements are also characterised as self-interested, irrational and are labelled as “protectionists”. Here a distinction is made whereby supposed self-interested parties are denigrated compared with free traders who are said to support the national interest. The stigmatised title “protectionist” is synonymous with careless, avaricious “self-interest”. This harks back to how during the Corn Law debates in the late 1800s, economic nationalists such as Fredric List were accused of lacking judgement and reason (Magnusson 2000). By labelling a vast array of political projects from local farming communities in the United States, who seek safeguards against cheaper imports through to software companies arguing against stricter IP laws, as “self-interested protectionists” is an attempt to psychologise their claims and deem them as irrational compared with the state’s carefully considered, rational trade “strategy”. Only the state and its representatives – its chief negotiators and officials – carry the prerogative to act on behalf of the nation-state. These actors are selfless and rise above vested interests of society. All other parties are deemed self-interested – “stakeholders” who are only permitted to stand at the margin of the FTA game.

However, the attempt to depoliticise the micro-politics of policy through the deployment of strategy discourse can never be fully achieved (see Li 2007). Questions will nevertheless arise as to why certain players are allowed closer to the TPP negotiations and formal process than others. For example, in the fourth round of TPP talks in Auckland, which will be discussed in Chapter 8, anti-free traders were angry that selected business representatives were allowed into the negotiating room. Not only were business actors per se thought to have special access to the negotiators; that preference was thought to be given to pro-trade business actors such as Fonterra and Beef and Lamb NZ. NGOs such as Global Citizen, Third World Network and the Council of Trade Unions (CTU) constantly argue that the TPP is too secretive and that the negotiating text should be released so that others outside of the bureaucracy and not just selected business groups can also play the game, and shape the text. Yet in response to their pleas, the answer from the government and groups representing

business remains the same: negotiators have to be sensitive with the information they hold because the rules of international trade negotiations demand it.

Other than questions about who is allowed to take part in forging New Zealand's trade strategy, criticisms are also raised about the rationale underpinning FTAs. Not all of these come from anti-free trade organisations or activists about the injustices of a neoliberal paradigm. As I demonstrated in Chapter 5, business actors also query New Zealand's trade policy stance. In the extract from an interview below, a former ABAC representative and successful business actor outwardly attacks the limits of New Zealand's FTA pursuit:

There is trade policy but no trade strategy; policy is the blunt instrument at the back but what is our trade strategy? Where is it going? Free trade of the Asia-Pacific is the policy not the strategy. No business runs like that, all businesses run off objectives; the strategy to achieve the objective; a set of tactics to fulfil the strategic. Clearly we didn't see any outcomes from Singapore [trade negotiations]. It is very easy to say that it is strategic; I have no problem with that but what is New Zealand's strategy to negotiate free trade agreements and then what? In my mind the Government is running a sideshow which does nothing for NZ business (Interview 25 March 2010).

Clearly there are people including business and TPP critics who question the direction of New Zealand's trade policy. Although the abstract language of strategy and policy is often used to counter these criticisms, the project to seal off all objections is never completely achieved. Even those stakeholders closest to the negotiations, such as the business actors I interviewed, are cautious and at times sceptical about celebrating the government's FTA agenda.

Conclusion

In this chapter we have seen that the concept of strategy was appropriated into the trade policy space from business in the mid-nineties, following concerns that New Zealand would not be able to compete in an emerging world of FTAs and shifting trade alliances. Strategy discourse served not only to bring the problem of being left out into full view, but was also used to circumvent criticisms from Treasury at a time of neoliberal reform in the public sector. MFAT had a strategy and spoke in the language of New Public Management. The current TPP is a product of this strategy, which I have defined as an "insurance policy", a globalist dream of the future in which New Zealand no longer risks economic isolation –

where size and geography have finally ceased to be a barrier. Apart from the reproduction of globalist and management discourse, other effects are also created as a result of strategy talk in TPP texts.

In the first section of the chapter I gave a brief genealogy of the concept of strategy, how it entered the private sector to then be translated into policy. Strategy is a military term, and underpinning it is game theory. As I discussed, strategy was adopted by business at a time in which information and certainty about the external world was necessary for investment. A parallel situation faced New Zealand in the 1990s following the unilateral elimination of most tariffs and import controls. Exposed to a world perceived to be turbulent, and imagined as hostile to small trading nations, New Zealand's officials sought a way to "plan the unplannable" by creating a strategy (Bartley 1998). As I discussed in the second section, this strategy was written by the current Minister of Trade, Tim Groser, in *New Zealand trade policy* (1993). The trade strategy functioned to communicate a depiction of a government department-in-control to both critical domestic and international audiences who were keen to watch the outcome of the "New Zealand experiment" (see Kelsey 1995).

In the third and fourth sections of the chapter I described how the role of strategy both legitimises the TPP and neutralises the political nature of negotiations. This is despite criticism that domestic sovereignty is compromised as a result of the types of decisions made in the negotiating room. I also highlighted how the discourse of strategy elides the political process of selection: the choices of which policies to barter and who should be part of the negotiating and decision-making process. Because strategy focuses on the future, decisions made in the present are often seen as simply part of the process to achieving the endpoint; a necessary step toward a much improved but oblique future.

Chapter Seven

THE BUSINESS OF REPUTATION

The room at Otago House in upper Queen Street was tightly packed by the time I arrived at 4 PM for the American Chamber of Commerce's annual trade and business issues update. I picked up my name tag on the way in and shook hands with a few people who I regularly see at these networking events – bilateral business council members, partners of top-tier law firms, pharmaceutical company representatives, lobbyists, agri-business employees, American Chamber of Commerce members and the odd former diplomat, who seem to come along to talks to both keep abreast of policy and renew their contact with old colleagues. From Government was New Zealand's lead trade negotiator on the TPP, Mark Sinclair, as well staff from MFAT and MED. It was a small but tight group of interested parties. People had come along to hear how the most recent TPP round of negotiation in San Francisco and Melbourne had gone. Also presenting was Rob Easton, former diplomat and consultant at a major North Island law firm. Easton followed Sinclair with a "read-out" of the recent Trade Barriers report from the USTR:

As you would expect of a strongly liberal economy such as New Zealand, our report would be relatively short. Just doing a basic page weight comparison ours is only two and a half pages and Japan's is in the twenties. It was a page shorter than it was last year, and that year was shorter than the year before that. The issues are getting picked off as the US finds it is happy with NZ. Probably one of the most important points is that there is a positive reference to the TPP ... Probably the other major change is that the report no longer makes references to a range of New Zealand standards testing, labelling around GMO and biotech and SPS. In the past these had previously taken up a good page worth. We get a big tick for having some of the lowest trade tariffs in the world. On the other hand there are issues this year on foreign ownership and obviously the Pharmac issue is still a large one. In the context of the TPP the major issue should naturally be on this report but that is not to say that there are not others ... If I was to give this report a university grade, I would give it a solid A (Field notes 9 October 2010).

The above read-out by Rob Easton from the United States Trade Representative (USTR) report¹³¹ illustrates the importance of auditing and reporting in the conduct of international trade relations. It also gives a straightforward indication of how governmental techniques are used to discipline populations: Easton's feedback on the USTR report was delivered to a

¹³¹ The USTR publishes a trade report on countries annually called *National Trade Estimates*. The report focuses on points of particular concern to the USTR. The list of concerns changes from year to year. In 2008/2009 the report highlighted *inter alia* intellectual property rights, pharmaceuticals, investment screening and telecommunications – altogether 11 issues. In 2009/2010, the number had dropped slightly to six areas of concern including the core issues listed in the 2008/2009 report. These reports are monitored by New Zealand officials and taken extremely seriously by policy-makers. They also indicate what will likely be placed on the trade negotiating table for the TPP.

room full of New Zealanders keen to get an A plus grade and secure an FTA with the United States. Easton, a former trade diplomat and lawyer, interpreted the shorter document with a positive indication that the United States would find New Zealand an attractive negotiating partner.

The use of disciplining systems such as benchmarking has been researched extensively (Fougner 2008, Kelsey 1999, Larner and Le Heron 2004, Strathern 2000, Sum 2009) and will not be the emphasis of this chapter. Rather, what I found intriguing about the read-out was how the performance underlined, in bold, the significance of New Zealand's reputation to those *inside* the room: business and state actors. The inference of Easton's read-out was that New Zealand's open market economy and regulatory regime made it a leading contender for an FTA with the United States. Japan, on the other hand, also a liberal market economy, had not fully reformed itself and was not as "strongly liberal" as New Zealand. As I will discuss, being known and seen as strongly liberal matters immensely to members of the business-government network I researched. In this chapter I will examine the role that reputation plays in supporting New Zealand's trade agenda and to maintain the momentum for free trade as a policy choice.

The chapter is divided into four sections. In the first section, I will examine the concept of reputation (Post 1986, Sharman 2007) and the process of nation-state branding (Comaroff and Comaroff 2009, Foster 2007, van Ham 2002, 2008, Youde 2009). Although branding is mostly associated with tourism and the imagery of place, countries also use the tools of branding to further trade and foreign policy goals. Drawing on these insights about branding, in the second section I will explore the formation of New Zealand's reputation in the trade policy realm. Specifically, I will examine the composition of New Zealand's current reputation and suggest that it emerged following the neoliberal reforms of the Fourth Labour Government (Nixon and Yeabsley 2002, 2005). Third, I will draw on narratives from network members in order to demonstrate how reputation is used to promote the idea that New Zealand possesses "soft power" in lieu of having "hard power" (Nye 2004). Business actors play a key role in performing New Zealand's brand. Identified as "NZ Inc", they are entreated by politicians and state representatives to work as unofficial diplomats to communicate New Zealand's reputation when in Track Two fora. In turn, most of the business actors I interviewed saw the potential of soft power and were keen to convey a story of New Zealand as an "honest broker".

Following this discussion of the possibilities of reputation as a diplomatic tool, in the fourth section of this chapter, I will draw on two case studies to show the risky side to reputation building (Freeman 2007). By calling on business actors to bolster reputation, a nation-state's brand can be easily undermined. This is all the more crucial when reputation is reconfigured as an important source of soft power. The first example I introduce is of business veteran Paul Townshend and his attempt to force the current National Government to change its domestic policy approach toward the kiwifruit industry. In the second case, the Council of Trade Unions (CTU) president Sue Parsons purposefully broke rank from NZ Inc because she wanted to force the government to reverse its labour policies. Parsons's manoeuvre ended the CTU's brief flirtations with quasi-tripartisanship in trade policy and union support of the TPP.

Reputation and Branding

Good name in man and woman, dear my lord,
Is the immediate jewel of their souls:
Who steals my purse, steals trash; 'tis something, nothing;
'Twas mine, 'tis his, and has been slave to thousands;
But he, that fliches from me my good name,
Robs me of that, which not enriches him,
And makes me poor indeed
(Shakespeare, *Othello*, act III, scene iii).

Reputation is often unambiguously discussed, assumed to be an intangible property that an individual has manufactured over time and therefore owns. This is but one definition of reputation. Another definition appears in the passage above from Shakespeare's *Othello* whereby reputation is that which can be stolen, taken by another person or lost through improper, dishonourable behaviour, unbefitting of one's social status. This is the social meaning of reputation in which a community decides the fate of a person's "good name". Given its history and many uses, for the purposes of this chapter I intend to use legal scholar Robert Post's (1986) typology in which he distils reputation into three categories: "reputation as honour", "reputation as property" and "reputation as dignity". These are not distinct categories nor do they capture all the nuances of reputation, but the typology does provide a useful starting point for a discussion about reputation.

To begin with, Post describes “reputation as honour” as being socially ascribed as opposed to being achieved (see also O’Malley 1981). Regardless of choice, society expects the individual to uphold the reputation they have been assigned from birth. In exchange for fulfilling this social duty, they are regarded highly by others and afforded credit. If, on the other hand, the individual fails to fulfil the requirements of one’s social position then others can withdraw their credit and recognition. In this definition the inter-subjective aspect of reputation is acknowledged.

In Post’s second definition, “reputation as property” the social aspect is ignored. Reputation is not ascribed but earned by the individual, through talent, skill and tenacity. Material worth is pinned to a reputation, a value derived from the market place rather than from society. For example, the “value” of a carpenter’s reputation is sourced from the quality of their workmanship and a merchant’s is derived from their creditworthiness. In both of these cases, characterised as “reputation as property”, the length of time is an essential component to measuring the solidity of reputation. Political scientist Sharman (2007) describes how in the property definition of reputation, history becomes a source of measurement. History as recollection enables others to assess the trustworthiness of another’s reputation and can be used to predict that person’s future directions. The power of reputation is that it purports to forecast behaviour and disciplines the person attached to that reputation if they behave incongruently.. As Sharman notes:

A reputation will be much more important in the hundredth iteration than the second. A long credit history enables a borrower to make more credible commitment to repay a loan than another borrower with a much shorter credit record (2007: 28).

This understanding of reputation as property that can be owned, lost and compensated for through defamation law, is the most pervasive in the West.

The third definition given by Post (1986) is “reputation as dignity”. During feudalism this was the most common understanding of reputation, but with the rise of the capitalist mode of production, dignity was replaced with honour (see O’Malley 1981). Whereas honour was exclusively tied to nobility and functioned to maintain the loyal bonds between nobles only, dignity, Post argues, is universal, intrinsic to all members of society regardless of social position.

On his typology, Post (1986: 696) writes that as well as individuals, corporations and inanimate entities are bestowed with reputations. This he notes is principally because the most common interpretation of reputation is the one based on property relations. Legally, companies have separate personalities (see Farrar et al. 2008, Micklethwaite and Wooldridge 2005) and by extension are recognised as suffering economic loss if for some reason a company's reputation is tarnished. This interpretation of reputation as property is apparent in the definition found in the 1995 edition of *Oxford English Reference Dictionary* (1995: 1225):

1. what is generally said or believed about a person's or thing's character or standing
2. the state of being well thought of; distinction; respectability
3. fame, credit, or notoriety for doing something

Along with a "person", in the *OED*'s definition, a "thing" is listed as having a reputation. Despite the social foundations of reputation which makes it a relational category, the definition of reputation as property mutes this understanding in favour of a market-based interpretation. Another important feature to note from the *OED* definition is the link made between reputation and a person's or thing's character. Character here is assumed to be the innate element, the immutable quality of a person or thing, while reputation acts as the authentic indicator of character. These aspects of reputation are common to most understandings.

In his discussion of the power of brands and case study of The Coca Cola Company, anthropologist Robert Foster (2007) notes that "regardless of the logical material condition of reputation as an interactive or social process" (724), reputation was treated by The Coca Cola Company as its exclusive creation and property. This, he argued, neglected the co-creative labour of consumers in helping to stabilise or qualify the qualities of reputation by their consuming of the branded good in a social context. Brands are provisional without this process of stabilisation. Foster also notes that because brands are inherently unstable and rely on certain qualities being attributed to them, this makes a brand – like reputation – vulnerable to unintended and harmful attribution. Thus, protecting the circulation and consumption of brands and reputation is an essential part of creating added value.

Like companies, nation-states have similarly adopted the reputation as property concept and have forged brands in order to create their own added value to appropriate and use (see

Comaroff and Comaroff 2009). On Lithuania's use of branding, Park (2009) writes that nation-state branding became a global phenomenon in the 1990s as a response to the perception that a country's image and reputation could affect the economic decisions of international consumers, investors and policy-makers. With the rise of the "globally" competitive state (Cerny 1997, Sum 2009), branding has come to be seen as an essential tool of diplomacy (Melissen 2006). Branding in this vein has been described as part of the arsenal of "soft power" (Nye 2004) a nation-state can wield in its effort to further its foreign policy goals. Nye defines soft power as the "ability to get what you want through attraction rather than coercion or payments" (2004: 256). He explains that attraction arises because of a "country's culture, political ideals, and policies." This is particularly the case if a nation-state lacks "hard power" or economic weight.

In their discussion of branding, Jean and John Comaroff (2009) talk about how the growing "naturalisation of the trope of identity" has infected the activities of the nation-state. The Comaroffs note that, "statecraft has come to be modelled ever more openly on the rhetoric and rationale of the for-profit enterprise" (2009: 126). Although this identity-based corporatisation of New Zealand, coined "NZ Inc", first emerged in the late 1980s, it was not until the late 1990s when branding and forging a New Zealand reputation became an overt state strategy in policy (see True and Gao 2009). Under the Clark Government (1999–2008) the image of a clean, green "100% Pure New Zealand" was heavily promoted, both domestically and externally by New Zealand Trade and Enterprise (NZTE), Ministry of Foreign Affairs and Trade (MFAT), Ministry for the Environment (MfE) and Tourism New Zealand. The motivation for this branding was to enhance New Zealand's uniqueness in order to gain a competitive advantage in the global political economy. Clark also thought that nationalism needed to be nurtured following the divisive years of National and neoliberal restructuring. However, since these early first efforts, branding has moved into other policy areas where landscape and exoticism do not add value as much as other qualities, such as the reputation of being "business friendly" or, in the case of trade and foreign policy, being seen as "openly liberal" and an "honest broker". Similar to Foster's (2007) observation about branded goods, these qualities which New Zealand relies on require stabilisation and protection. They require people to cement and reiterate a set of defined meanings. This is one of the reasons why business actors who attend high-level Track Two events are being asked to promote the NZ Inc brand.

An apt example of how a nation-state can harness reputation for its foreign policy goals is given by Youde (2009) in his discussion of the branding of South Africa. South Africa's cultivation of a certain type of reputation is strikingly similar to New Zealand's. After apartheid ended in 1994, the South African Government sought to transform the image of South Africa as a racially segregated, oppressive police state. As Youde points out, policy-makers drew on South Africa's political history and geographical location to forge a new image of diversity and tolerance. To start with music, sports and film were commodified and exported in order to convey the idea that South Africa was "cultured" as well as "cultural" in the sense that South Africa was unique (Comaroff and Comaroff 2009). This placed South Africa in stark contrast to the rest of "war torn", "ungovernable" and "uncultured" Africa (see Ferguson 2006). Once an image of civility had been formed for tourism and investment purposes, the branding exercise expanded into foreign policy. In this effort, South Africa's more recent turbulent history was used as material. As Youde notes, South Africa began to promote itself as an impartial mediator in political crises, offering its services to places such as Northern Ireland, Israel and Sudan. Because of apartheid, "It [South Africa] promotes itself as having insights and abilities not possessed by other potential mediators, thus distinguishing its 'brand' from competing 'products'" (Youde 2009: 134). Through its reputation as an experienced mediator, South Africa has been able to nudge itself into the international arena and stake out a bigger presence than what it may have been afforded otherwise.

Youde, however, goes one step further in his analysis of South Africa's rebranding to suggest that the reputation of being an impartial mediator in international conflict helps to maintain the image of a transparent, safe destination for foreign direct investment. This example of South Africa can be compared with New Zealand in two respects which I will discuss in detail in the following section. One is that, since the 1990s New Zealand has also forged a reputation as an "honest broker" in the international political arena. Second, the material for this rebranding exercise was similarly sourced from history and geography: New Zealand's 1984 economic reforms and its location as an isolated island nation reliant on trade.

The last point that I wish to make is that although scholars stress the possibilities of nation-state branding, they also flag its limitations. Reputation may be a liability as much as a "strategic asset" (van Ham 2008). A good reputation can easily slide into being a bad one. This mutable quality of the concept of reputation – that it depends on relationships and

recognition – is core to its composition as Post (1986) and others have highlighted. In order to maintain a good reputation, the nation-state has to control its production and interpretation not only at the moment of conception but over a long duration of time. As I mentioned, time determines the extent to which a reputation is trusted and believed. Thus an underside of reputation, and a source of anxiety for representatives of the state, is the level of controllability.

Another limitation, which is related to control, is the authenticity of reputation. If it is to be believed, reputation has to be seen as a mirror reflection of character and not as pretence. The nation-state must live up to its reputation and behave according to what it purports to truly be. As Park (2009) notes rather ominously of Lithuania's attempt to attract investment:

... no matter how many image strategies and campaigns are created and launched, how many times the country's promotional ads appear in a variety of outlets, or what kind of self-important characteristics are being touted, if the country does not live up to its promises, word-of-mouth attacks may become an insurmountable enemy to be battled with in years to come; even worse, the state may lose its credibility and damage its reputation (Park 2009: 80).

The limitations and possibilities of reputation as a source of nation-state empowerment will be discussed throughout the rest of the chapter. First though, we need to look more closely at New Zealand's reputation as an "honest broker".

Building an External Reputation: "The Honest Broker"

New Zealand can be seen as a relatively honest broker in this respect, with its even-handed policy on Israel and Palestine, and its non-participation in the war in Iraq.¹³²

We're not one of those countries that takes sides and so people tend to see us as a fairly honest broker.¹³³

He [Prime Minister John Key] is willing to stick his neck out. Whether anyone is listening is another matter, given New Zealand's size. However, on trade,

¹³² H. Clark. 2006. Modern New Zealand in a Changing World. Speech delivered to the London School of Economics, 11 November 2006. Accessed 16 December 2010 at: <http://www.beehive.govt.nz/?q=node/27685>

¹³³ Interview with Catherine Beard, Executive Director of Export NZ on the announcement that Russia and New Zealand would start talks toward a free trade deal. O. Hembry. 2010. Russian trade deal offers early gains. 19 December 2010, accessed at: http://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=10687820

New Zealand does carry weight as an honest broker which has gone through the pain of tariff cutting.¹³⁴

New Zealand's reputation derives from post-World War II discourses about principled citizenship, moral diplomacy, flexibility, entrepreneurship and openness. Although it has been enunciated in various ways, in general, New Zealand's reputation is referred to as the "honest broker" role. In the three quotes above, different aspects of the honest broker reputation are articulated. The first quote from Helen Clark, former Prime Minister (1999–2008), referred to New Zealand's international role as an impartial negotiator in solving disputes. The second focused on how the perspective of others is one of the reasons for New Zealand's honest broker reputation. In this instance the interlocutor, a business representative of Export NZ, was talking about how New Zealand managed ahead of other countries to enter into FTA negotiations with Russia. The third comment is from a *New Zealand Herald* business journalist John Armstrong who travelled with Prime Minister John Key (2008–) to Yokohama, Japan, for the 2010 APEC Leaders' Summit. His remark about John Key's attempt to promote the TPP is noteworthy for two reasons. First, he points out the anxiety of New Zealand's small size relative to other countries. He then suggests that New Zealand is able to compensate for this weakness because it plays the honest broker role. Second, Armstrong infers that New Zealand earned its "honest broker" reputation by going "through the pain of tariff cutting" during the economic reforms of the 1980s and 1990s. These three comments are representative of the ways honest broker is understood and used in popular and official discourse.

The economic reforms that started in the mid-1980s, which dismantled the walls of protectionism, also stripped New Zealand of most tariffs with which to barter with in trade talks. By the 1990s, however, the lack of bargaining power was turned by the state into an opportunity. From New Zealand acting defensively in negotiations, the state began to take a more pro-active, principled approach in trade negotiations. Whereas the EC, Japan, Canada and the United States espoused the ideals of a free market but protected its farmers through subsidised systems, New Zealand put theory into practice and had opened its agricultural industry to the market. That New Zealand had fully liberalised without maintaining subsidies formed part of the official story about a small, honest country (MFAT 1993). Without

¹³⁴ Journalist John Armstrong on Prime Minister John Key's visit to Japan for APEC, 2010. J. Armstrong. 2010. Key's rising sun. Accessed 15 December 2010 at: http://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=10688837

appearing as though it had to appease its vested interests, New Zealand pitched itself in neoliberal and internationalist terms as a transparent, “trading nation” and took on the role as an honest broker in regional and multilateral negotiations at the United Nations and World Trade Organisation (Patnam 2005).

An example of how the reforms became material from which to create a reputation can be seen in the below extract from an article written by former Ambassador to the United States, John Wood, in the US–NZ Council periodical, *Across the Pacific*. Published in 1995, Ambassador Wood explained how the New Zealand Embassy capitalised on the interest expressed by the Americans about New Zealand’s neoliberal reforms in order to strengthen bilateral relations:

Coincidental with the announcement of and preparations for the Prime Minister’s visit, has come intensified interest on the part of the Administration, Congress and many national organizations in the United States in New Zealand’s decade long history of reform. Particular interest is being shown in farming without subsidies, the down-sizing and reform of government, the corporatisation of our public research and development sector, and the privatisation and deregulation of the New Zealand economy. We are endeavouring to respond to these many requests for information by organizing visits to New Zealand by US representatives, including for example from the General Accounting Office (GAO), and by bringing distinguished New Zealand commentators to this country (Wood 1995: 15).

A more recent example of the state’s promotion of its “strongly liberal” reputation appeared on the website for the New Zealand Embassy to the United States. In an effort to argue why the United States should begin FTA negotiations with New Zealand, the Embassy listed, “Five good reasons to support a US–NZ free trade agreement”.¹³⁵ The first reason noted was that an FTA was “a natural next step in the US/NZ relationship” given that the two countries not only shared “common beliefs and interests” but that an FTA “would continue the close partnership the two countries have long enjoyed in leading world trade liberalisation efforts”. The second reason provided was that “New Zealand has unique strengths” and is an “open, innovative and competitive economy ... a leading advocate for the removal of barriers to international trade and improving the conditions under which trade takes place”. The other three reasons were that an FTA “was good for the United States” and would “enjoy

¹³⁵ MFAT. Five good reasons to support a US–NZ free trade agreement. Accessed 22 August 2009 at: <http://www.nzembassy.com/united-states-of-america/relationship-between-nz-and-the-united-states>

widespread support”. As is clearly evident in the list, New Zealand’s free trade past and credentials were used as means to attract the United States as a trade negotiating partner.

The significance of this reputation is also highlighted in the literature about New Zealand’s trade policy. In the often cited *New Zealand’s trade policy odyssey* (2002), economists Nixon and Yeabsley note that “while New Zealand’s efforts to deregulate its own economy carry little weight on trade policy negotiations, there are some spin-offs” (2002: 10). These they list as “a degree of credit” being given to New Zealand in international organisations; demonstrating consistency by playing a “straightforward game”, and most poignantly, “a deregulated economy also helps with strategy and tactics – since the economic and political aims line up in a coherent fashion” (2002: 11). Embodied in New Zealand’s newly crafted reputation were notions, echoed above by Nixon and Yeabsley (2002) that had been central to the reforms, those of “coherency” and “consistency”. Translated to trade policy, this meant protecting New Zealand’s open border reputation by ensuring it did not renege on pro-market policies and remained consistent in both practice and message. Inconsistency could mean New Zealand could be labelled as untrustworthy.

This demand of being consistent in order not to undermine New Zealand’s reputation abroad emerged into a broad agreement between the two major parties (National and Labour) on the benefits of free trade. Bipartisanship became a requisite to the success of New Zealand’s international competitiveness. Indeed, calls were made in official and unofficial publications for nationwide and political consensus so that negotiators could feel confident they had full support of the nation-state, and could act “flexibly” in negotiations (see Campbell and Hall 2009). Flexibility infers the ability to make trade-offs without being constrained by politics or public opinion. The rationale underpinning this was that small economies with little to offer larger economies (see Katzenstein 1985) had no choice but to be “nimble” in the international field. For example, in MFAT’s seminal text, *New Zealand’s trade policy*, consensus is framed as essential to the success of trade policy: “No country can negotiate effectively overseas if the country is split at home on the objectives and worth of the negotiation” (1993: 39). And in a similar vein, Nixon and Yeabsley write:

As a negotiation progresses, negotiators from small countries need to be given flexibility by their home countries to take advantage of the “shifting sands” of the negotiation so that they can be effective. This is their natural counter to the genuine economic weight of the bigger international traders (2002: 12).

Being flexible, so that New Zealand's national interest can be pursued, depends on domestic and political support.

The Possibilities of Reputation: The Influence of Soft Power

Dave McGraw is one of New Zealand's most outspoken and well regarded business lobbyists. Born in New Zealand, McGraw graduated from the University of Auckland with an MA in history but then went on to work as an advocate for the Auckland Employers' Association. After this stint at lobbying, McGraw spent 10 years in a high-profile role as the Executive Director of the Newspaper Publishers' Association (NPA), the trade body for newspapers. In this position he pushed for freedom of press and argued with the government over issues related to the regulation of advertising and the industry. Over this period he networked extensively and has been described by media as a "legendary luncher". Following years of lobbying, in 2000 he joined Westpac Banking Corporation to head employee relations and communications. Working in the private sector in Sydney gave McGraw the kudos to then return to Wellington. In 2004 he took up his current role as head of the peak employers' association, Business NZ. McGraw is the main spokesperson for its 14,500 employer members and is tireless in his efforts to make the voice of business heard by the government.

A large statuesque man, in his late forties, McGraw greeted me in the reception area of Business NZ. After leading me into the conference room, I began the interview by asking him about his role. He spoke fast and during our long conversation, effortlessly weaved together accounts of his encounters abroad with his thoughts about New Zealand's global economic position. McGraw's testimonial is like many I gathered over the course of my fieldwork; critically aware of New Zealand's geo-political and economic constraints but full of hope that New Zealand can be transformed into a highly competitive state that is plugged into the world. Like other members of the business-government network, he talked at the macro-level about economies and at the micro-level he used anecdotes to talk about people of influence and power in order to add weight to his opinions. As our interview progressed, from talking about lobbying to comparisons between the TPP and AUSFTA, he began to explain to me why New Zealand is successful at entering into FTAs:

And that's another point why do countries want to do a deal with us [New Zealand]? It's hardly like we [New Zealand] will be inundated with Chinese product, we already are, you know they just keep the machines running for another 5 minutes and that's New Zealand you know. I think it was practicing with a high quality negotiation and it was a message to the world – we [China] are doing a deal with these guys and we [China] are saying something to the world about our free trade credentials, because we [New Zealand] are known as the free traders in the world and all that stuff, and so the US will be making the same sort of message (Interview 4 May 2010).

McGraw's use of the China–NZ FTA to demonstrate the power of New Zealand's reputation as a leader in economic reform (but with the added value of developed nation status) was not the first time I had come across it. The case of the China–NZ FTA was repeated in my interviews with business and officials. It is also appeared in academic texts and in commentary about New Zealand's diplomatic style and broader trade strategy goals. For example, former Ambassador to Russia, Chris Elder, in the journal *New Zealand International Review* used the China FTA as proof to show that New Zealand had “good credentials” and had “got the march on larger and more slow moving competitors” because it did not have to “placate” domestic interest groups (2009). Academics Devetak and True (2006) similarly suggest in their article that New Zealand was able to attract China to the trade negotiating table because of New Zealand's “positive and global”, “free trade reputation”. In doing so the authors argue New Zealand enhanced its own external brand and reputation as an “exemplar of trade liberalisation” (2006: 246). New Zealand's unilateral liberalisation not only acted to help create a brand but is frequently used to prove that New Zealand's reputation is more than surface appearance. Unlike other OECD countries which to some degree protect their domestic markets, New Zealand perceives itself as having a “truly” liberal market economy; proudly deregulated and unsubsidised since the late 1980s.

As we continued the interview, I asked McGraw directly if he thought that New Zealand appeared a little desperate in negotiations considering it had nothing substantive to offer other than its role as an honest broker. He answered in the negative and told me why he thought New Zealand was in fact powerful and not at all powerless:

... we are everybody's friend: in the developed world because we are developed; [the] business world loves us because we tell a story about free trade and success and they can trust us; and the developing world really likes us too because we are relatively not aligned, almost completely not aligned these days, so we look just like them. There was a perspective given

to me a few years ago by an international guy who said you'll always have respect from the developing nations because they see you as a rich agricultural nation and that's what they [developing nation] are but just poor. So now Brazil is the poster child of that group because they are getting rich while doing agriculture, but we also offer that opportunity. And the last thing is that we are not going to attack anyone, we are not a superpower, we have no power and this fact makes it very good for us. And English is our first language and this plays out for example in the ILO [International Labour Organisation] where we commonly will lead a debate for all of those reasons: we don't threaten anyone, we speak English, the developing world thinks we are cool as well, we get on, we are honest brokers, we have no geopolitical power. What's not to like? What's hard about this? So turn that thinking around. We have no power? Well depending on how you think about it we have power, well no power but certainly a lot of influence. For example, at Biz NZ I have no power other than when my staff are allowed to go home. I don't decide stuff but what I have is influence. In other words, I will persuade people in power to do things or not as the case maybe. This is the same for New Zealand. What is New Zealand going to do, invade somebody?! But we have a lot of influence because of these things: low corruption, seen as a civil society, open, friendly. So these sorts of things really matter and they matter in trade and you notice them offshore too (Interview 4 May 2010).

In McGraw's view, contrary to what I had implied in the interview, New Zealand's weakness is in fact its source of strength. As he emphatically put it, New Zealand is hardly going to invade another country; it has no "hard" military power but as a result it has plenty of what Nye (2004) calls "soft power". According to McGraw, New Zealand's soft power attraction comes from its very lack of hard power and corruption. Being transparent, open and liberal is what earns New Zealand's its honest broker reputation. As McGraw said rhetorically after listing New Zealand's soft power attributes, "What is there not to like?" Indeed, McGraw's ability to transform New Zealand's lack of bargaining power into a positive situation is an exemplary case of how reputation can be harnessed to further state strategies.

Other actors at the centre of New Zealand's trade policy spoke in a similar way about how New Zealand's insignificance was a source of influence in international organisations. Like South Africa (Youde 2009), New Zealand has used its reputation to raise its profile in international organisation by chairing influential committees such as in the WTO,¹³⁶ UN and

¹³⁶ Three MFAT diplomats have been elected as chairs of the WTO Agricultural Committee: Tim Groser (2003–2005) who is the current Trade Minister, Crawford Falconer (2005–2009) and the newly appointed David Walker (2009–). The other example heralded as evidence of New Zealand's credibility in the trade arena is former Labour Prime Minister Mike Moore's appointment as the Director-General of the WTO (1999–2002).

the ILO, as McGraw noted above. These opportunities to play a governance role, however small, at the supranational level enable New Zealand to circumvent the narrow Westphalian definition of sovereignty (see Krasner 2009).

In her account of the customs regime in the neoliberal African state of Ghana, anthropologist Chalfin (2006) argues that states are not in retreat as globalist literature would suggest (Strange 1996). Rather, state regulatory authorities such as customs are extending their power by placing themselves at the interface between the supranational and national levels. They interpret and translate the rules made at inter-governmental fora. In a similar way, FTAs are vehicles through which the New Zealand state is able to take on the role of regulator and co-architect of rules that govern not only New Zealand but other states' party to agreements. For a small open state such as New Zealand, FTAs help make it "relevant" in the international community of states and fora.

On this point, Raustiala (2003) writes that sovereignty is not threatened by the expansion of global governance as much as strengthened. By participating in international institutions and FTAs, the state is recognised by other states, which reaffirms its external sovereign status. Although it has been argued that in return for this recognition, the state relinquishes some control over domestic policy, this too can be seen as a way for the state to preserve power. This is because by allocating power upwards, citizens participate less in shaping policy and officials are recast as overseers of regulations. Moreover, in the fora in which these decisions are made, only official state actors have the power to act on behalf of the state to design regulations. A third point is that the locking-in effect of FTAs, which is frequently criticised as another example of the loss of sovereignty, is precisely how the state can maintain distance from society from which it can then gain external sovereign power. The inability to change policies in the future, which FTAs are said to guarantee, ensures that the power to regulate remains safely within the capacity of the state and its representatives. For these reasons, FTAs should be seen as state-making exercises and attempts at enhancing external sovereignty in the face of growing economic integration.

The Faultlines of Reputation and Impression Management

In September 2009, court documents and papers were dropped off at the United States Embassy in Wellington. Contained in these documents were statements from Turners and Growers accusing the kiwifruit giant Zespri of abusing its monopoly status and practicing

anti-competitive behaviour. Soon after this, the business media reported that Zespri's CEO, Lain Jager, had met with the Trade Minister, Tim Groser, and written two letters expressing grave concern that Turners and Growers were "colluding with foreign powers" to undermine New Zealand trade policy and the upcoming TPP negotiations. The letter said that it had received credible information that a director of Turners and Growers had met US Embassy officials in order to raise the point that New Zealand's kiwifruit regulations were adversely affecting Californian growers as well as New Zealand exporters. Following the meetings, at the WTO, the United States delegation issued a question to New Zealand that it "please explain" Turners and Growers' court action:

We request that New Zealand please provide information on why it is that a key player in the New Zealand kiwifruit industry had to file legal proceedings in relation to collaborative marketing arrangements ... Additionally, we request that New Zealand please expand on court documents alleging anti-competitive behaviour and abuse of Zespri's dominant position.¹³⁷

The lead protagonist in the Turners case is Paul Townshend, former New Zealand Director of Guinness Peat Group, which owns 60 per cent of Turners and Growers as well as the major insurance company Tower. At 63 years old, Townshend is considered a seasoned business heavyweight. In the 2009 New Years Honors List he was awarded a New Zealand Order of Merit (NZOM) for his services to business. His company Turners and Growers is New Zealand's largest fruit and vegetable distributor, and claims it is being stymied by regulations that prohibit exporters other than Zespri from sending kiwifruit to markets outside of Australasia. To export outside of this region, the Kiwifruit Marketing Board, which is closely associated with Zespri, has to approve an arrangement in which Turners and Growers collaborates with Zespri. As Townshend claims, in 2009 the Board allocated only 1.3 per cent of export fruit for collaborative marketing to Turners. But Townshend's gripe is not only pointed at Zespri and the Board; over the course of 2009 and 2010 he also accused the National Government of not living up to New Zealand's free trade reputation. In Townshend's view, not changing legislation to deregulate the kiwifruit industry meant the government was being hypocritical and dishonest.

In the media Townshend has been quoted as making statements such as:

¹³⁷ Zespri facing WTO questions. Accessed 24 November 2009 at: <http://www.stuff.co.nz/business/industries/3092229/Zespri-facing-WTO-questions>

Here we [New Zealand] are looking for free trade, and here we have the world's last monopoly¹³⁸ and they [National Government] have asked for ideas from business on how to achieve this [productivity], and we have provided one. Zespri's monopoly is perhaps the clearest example of an obstacle to both objectives.

... Is Mr Groser saying that votes of those kiwifruit growers who support Zespri and the SPE [Single Point Exporter] are more important to this Government than promoting New Zealand's broader economic interests? Do we want good policy in this country or are we content with political expedience?¹³⁹

In the above quote, Townshend frames his issues with Zespri's market power in "national interest" terms. He deliberately draws attention to New Zealand free trade credentials in order to alert the government (and foreign governments such as the United States) to the disparity between the image of free trade New Zealand actively promotes, and the reality in New Zealand. Townshend crossed a line. Not only did he step outside of "NZ Inc" to show the cracks in consensus around trade policy but he also threatened to undermine New Zealand's reputation, as a credible, trusted free trader. The reaction from the government and Zespri, which I discuss below, were also telling because they too highlighted the fragility of New Zealand's reputation as an open, liberalised market.

In Zespri's press release about the United States Embassy visit, Carol Ward exclaimed, "that the activities that had come to our attention were unhelpful to New Zealand's national interest and international relations and the Minister has confirmed that."¹⁴⁰ Here is a glimpse of the power of authoritative discourse (see Fairclough 2003, Yurchak 2005), as Ward combines the exact words used by CEO Lain Jager in his letter to the Trade Minister with the Minister's own diplomatic comment that Turners and Growers were being "unhelpful" in meeting US officials. As the last of New Zealand state sanctioned monopolies, Zespri is acutely aware that it disrupts the government's free trade reputation. Sensitive to this, Zespri supports the government including in trade policy areas where it may not even economically benefit from an FTA. Townshend knew that Zespri's legislated position was a trade issue and tried to use it as leverage to force legislative change. However, the Trade Minister dismissed Townshend's attempt to destabilise New Zealand's bargaining position by

¹³⁸ Ibid.

¹³⁹ Townshend dismisses Zespri's "hysterical" claims. Accessed 25 November 2009 at: <http://www.scoop.co.nz/stories/BU0911/S00766.htm>

¹⁴⁰ Zespri focused on selling kiwifruit. Media release. 25 November 2009. Accessed 1 March 2010 at: <http://www.zespri.com/about-zespri/newsroom.html>

shrugging it off, labelling Townshend's remarks as merely a "commercial dispute dressed up in policy terms".¹⁴¹

The second case occurred not long after the Turners visit to the Embassy. In July 2010, the President of the CTU, Sue Parsons confirmed that the CTU would no longer support the TPP as it had done from the beginning of negotiations in 2008, and would review its stance toward FTAs in the future. This was a response to the government's announcement that it would institute a 90-day probation period for new employees to all businesses. This was a move the CTU claimed would open workers to exploitation. At the same time, Parsons used her union connections to the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) to dissuade its president, Richard Trumka, from visiting New Zealand in February 2011. His meeting with the government was meant to shore up support back in Washington DC for the TPP. Like his reaction to Townshend, Trade Minister Groser similarly painted Parsons's actions as "unfortunate", saying that "it's particularly disappointing that the CTU is prepared to put petty politics ahead of New Zealand economic and trade interests" and concluded "it's not in the national interest".

Sue Parsons and Paul Townshend as members of the business–government network had both attended the high-level, invite only US–NZ Partnership Forum held in Washington DC in October 2009. Parsons had gone as a union representative, invited by Minister Groser and paid for by MFAT. After her return, I interviewed Parsons and asked her what her interest was in supporting the TPP. At that point the government had not extended the 90-day probation period. Parsons answered that she thought that by being involved in TPP negotiations that the CTU could help usher in progressive labour laws in New Zealand and in the other TPP countries. As she put it, New Zealand was a trading nation so it was better to be in the room in order to influence the inevitable trade deal, than outside of it. Parsons also brought up Trumka's visit, which at that point she was still supporting:

Sasha Maher: Do you think that given Obama is backed by the unions that there is a position for you in the TPP negotiations that there might not have been beforehand?

Sue Parsons: I think that this [National] government might not have been so open to us being involved. But they saw that we could play a role. And we have not questioned their motive actually. We work with the government that

¹⁴¹ Townshend dismisses Zespri's "hysterical" claims. Scoop. Accessed 25 November 2009 at: <http://www.scoop.co.nz/stories/BU0911/S00766.htm>

has been elected and we take it on its face and the government has invited Richard [Trumka] here and they are going to pay him and host him, which is quite an unusual thing for a National Government to invite the head of the union movement ... He will come, and we will shadow him but it will be interesting for him to hear our approach to trade (Interview 16 April 2010).

Minister Groser's response to Parsons's withdrawal of union support for Trumka's visit and the TPP was that she acted against the "national interest". Her actions split the quasi-tripartisanship that had been formed in trade policy since the China FTA. This fissure also threatened the image of New Zealand as a reliable, free trade partner. For a moment, before the fracture, even the unions were working to help maintain the consensus on trade policy. Apart from attending the NZ-US Partnership Forum, Parsons had travelled to China for the signing of the China FTA. This she rationalised was because the Labour Government had listened to the CTU as a "social partner" in its drafting of the momentous agreement:

... we went to China for the signing of the free trade agreement. We were asked by Helen Clark to go and my God can you imagine a trade union movement going up to support the signing of a free trade agreement. But the reason why we went is that we felt that the process had been pretty respectful of us. The government of the time were interested in having social partners and they were very good at engaging with us on lots and lots of things. They listened to us and we were briefed and they knew that they needed some support from civil society for the free trade agreement and actually anything that China can sell us they already are (Interview 16 April 2010).

Another illuminating example of how New Zealand's brand matters greatly to trade policy was the sacking of TVNZ breakfast show host Paul Henry over his comments about the name of a senior Indian Government minister, Shelia Dikshit, and racist remarks about Governor-General Anand Satyanand. Live on air, Henry deliberately mispronounced Shelia Dikshit's name ("Dick shit") and made fun of it. The controversial clip landed Henry in diplomatic trouble with the New Zealand Ambassador to India, Rupert Holborow, being summoned by the Indian Government to explain. But the gaffe went further and touched on New Zealand's just newly announced FTA negotiations with India. In an interview with women's magazine *New Idea*, Henry said he felt angry about the incident:

I'm appalled this country officially apologised. It was unreasonable for India to seek an apology, and worse that we gave one. We are apologising for one person in the country exercising their right to freedom of speech. I think it's an outrage ... If people want to elevate you to godlike status or

want to put you between one country and another free trade agreement, that says more about them than it does about you (Henry 2010).¹⁴²

Careful to not upset free trade negotiations with India or New Zealand's reputation, Ambassador Holborow apologised on behalf of the nation-state for Henry's racist jokes. This apology and Trade Minister Groser's comments aimed at Parsons and Townshend can be seen as attempts to control the way New Zealand is perceived externally. A bad reputation is believed to affect the ability of negotiators to act nimbly and flexibly in talks; these can be used against New Zealand in the negotiating room to gain leverage. That any fractures in New Zealand's reputation can be used in this way makes a breakdown in domestic consensus and bipartisanship a threat to the state's ambition to secure FTAs. Whereas some critical opinions can be passed off as simply coming from the radical left, such as how legal scholar Jane Kelsey is often portrayed, the task is much harder when distinguished, well-known business and union actors speak out about what they think is wrong with New Zealand's trade policy. More than Kelsey, these remarks from NZ Inc members such as Townshend and Parsons show the fault lines and vulnerability of relying on reputation as a form of soft power in the trade realm.

Conclusion

Following the 1980s economic reforms, reputation has assumed a significant role in assisting New Zealand to fulfil its trade policy agenda to negotiate more FTAs. The creation of a reputation and brand in the 1990s was forged at a time in which New Zealand had already dismantled its tariff structure and policy was being driven by a Michael Porter (1990) inspired discourse of international competitiveness (Larner 2000). It was perceived by state actors that to compete internationally and secure FTAs, New Zealand would have to sell itself as an "honest broker" – a country able to act as the impartial facilitator in trade disputes. Trusted and principled, New Zealand's reputation combined with the neoliberal trope of flexibility. Like strategic discourse (Chapter 6), reputational discourse helps to support the state's trade policy strategy and ensure that free trade remains the only policy option.

Yet, in spite of the perceived benefits of using reputation as leverage, there is limitation to its enabling function. On the one hand, a "good reputation" is perceived to create soft power

¹⁴² Performing snake feels betrayed. *New Zealand Herald*. Accessed 15 November 2010 at: <http://www.nzherald.co.nz/news/print.cfm?objectid=10687672>

(Nye 2004), however, the reputation of being “neutral” and “honest” is at the same time constraining. The state and its representatives cannot be seen to be easily swayed, inconsistent, or captured by political or vested interests, even its own (Jessop 1990, 2003). Because of this limitation, by necessity, the state must draw on the performance and provocative voice of business and other NZ Inc members to push its FTA agenda. Business NZ head Dave McGraw is an example of how business has been given the diplomatic space to promote the state’s reputation on its behalf.

The risk of bringing business and other non-state actors into this realm is that they may not stay faithful in their iterations of New Zealand’s reputation. This was illustrated in the case of Paul Townshend and “NZ Inc” co-participant Sue Parsons. With her withdrawal from supporting the TPP, the domestic consensus required to maintain a stable reputation was momentarily disrupted. The inherent social characteristic of reputation, like that of the value of branded goods and services, requires actors to verify its attributes. Without stabilisation by key actors, a country’s reputation, and soft power, can be undermined.

Chapter Eight

RELEASING THE TEXT: THE TRANSPARENCY DEBATE

In the first week of December 2010, the New Zealand Government hosted the fourth round of the Trans-Pacific Partnership Agreement (TPP) trade negotiations in Auckland. Held in the SkyCity convention centre, also home to New Zealand's largest casino, the delegations numbered approximately 400 with over 100 stakeholders taking part in the stakeholders' programme that ran parallel to the official proceedings. The negotiations were significant for a number of reasons but most remarkable was the inclusion of non-state actors by way of a "stakeholders' programme". This was a first for MFAT, who had taken the lead from the USTR during their hosting of the second round of TPP negotiations in San Francisco. As a registered stakeholder, I attended the events that had been organised including seminars, briefings, networking sessions and the reception party hosted by NZTE for both stakeholders and delegates.



Photo 10. Protestors outside the SkyCity convention centre, Auckland, 2010

It was at the entrance to the NZTE waterfront function that I was greeted by a handful of anti-TPP protestors, some of whom had also in fact attended the stakeholder sessions earlier. The protestors were standing staunchly holding a large banner that read, "Stop Gambling with our Future". One protestor attempted to roll a large, papier-mâché dice at us as we walked past. Clearly the irony that the TPP talks were being held in the same premises as a casino had not slipped past the protestors who throughout the week repeatedly called on New Zealand officials to "release the text" for public scrutiny. According to these and other TPP

critics, as a democratic state, the New Zealand Government had a duty to “shed light” on the content of the negotiation texts that were otherwise being drawn up “behind closed doors”. As vocal TPP critic Alistair Campbell, Head of the Financial Sector Union (FinSec) commented about the TPP: “this is not a private contract, it is a public contract. It needs public discussion.”¹⁴³ Toward the end of the week it became obvious to many, including officials, that the repeated calls for transparency were part of a co-ordinated effort among TPP critics and NGOs to draw media attention to the negotiations. This was confirmed when two months later a new organisation called “TPP Watch” launched a website campaign titled “Release the Text” with the one aim of forcing the New Zealand Government to open the negotiating texts to the public.

The chapter is divided into four sections. In the first section, I will consider the concept of transparency by drawing on the work of scholars who have analysed transparency and similar practices such as auditing and benchmarking (Garsten and Montoya 2008, Power 1997, Shore and Wright 2000, Strathern 2000, 2000a, West and Sanders 2003). In a recent collection, anthropologists Garsten and Montoya (2008) argue that transparency is an ambiguous term, subject to various meanings and political appropriations. The authors identify how, despite different uses, the common element in transparency talk is the projection of an improved future. Transparency, they note, prompts people to act in certain ways which are nearly always connected to ideas of progress and growth. This connotation reflects its modernist legacy and birth in the Enlightenment (Comaroff and Comaroff 2003), which in turn accounts for the ongoing moralistic play of darkness and lightness in transparency narratives. As I will discuss in the latter half of the chapter, similar imagery and ideas of light were drawn on by TPP critics in their arguments to release the TPP text from the dark shadow of secrecy.

In the second section, I will expand on the frequently heard accusation that FTA negotiations, including those that New Zealand conducts, do not meaningfully engage with the public. This is generally referred to as the “democratic deficit” in trade discourse. To begin with, I will give a succinct overview of New Zealand’s trade negotiating process and identify the official points at which the non-state actors are involved. I will seek to show how the process has been modified over time to accommodate calls for greater public involvement. I will discuss the events that precipitated these changes in the trade policy

¹⁴³ Andrew Campbell, quoted in A. Fox. 2010. Debate Urged on TPP text. Accessed 7 December 2010 at: http://www.bilaterals.org/spip.php?page=printandid_article=18654

process and address how, despite attempts to increase stakeholder engagement, the process is still considered inadequate from the viewpoint of TPP critics.

One of the reasons for the call for greater transparency is that trade agreements differ from other policy documents – they are rarely seen by non-state actors until they have been fully concluded and compiled into one official document. Therefore, as a final product, FTAs consist of multiple layers of invisible documents, which have been written and rewritten during the process of negotiations by officials. It is at these unseen stages that state actors are permitted to be present in the negotiation room and that decisions are made over the editing of sentences and paragraphs. Each paragraph captures a decision which is then formalised and appears in one legal document. It is only at this end point that the public are allowed to view what decisions have been made on its behalf by the state. The unseen nature of trade agreements and control of the process by officials without “meaningful participation” by NGOs is undemocratic according to TPP critics.

In the third section, I will revisit the Auckland negotiation round and explore the meanings of transparency that have audibly increased since the December 2010 talks. What were the concerns of TPP critics and how did they frame their concerns? Apart from the language of good governance (Strathern 2000a) that was adopted by TPP critics, their appeals demonstrated an obsession with the form of the text and its production, namely that chapters were being written without external, unbiased consultation. The process of negotiations and writing of the texts became a focus for both proponents and opponents of the TPP. Fears of procedural gridlock from supporters of the TPP surfaced during these debates whereas the slowing down was precisely what TPP critics were seeking.

Building on the theoretical insights from the authors previously mentioned (Garsten and Montoya 2008, Riles 2006, Strathern 2000, 2000a), in the fourth section I will propose that a common element among stakeholders was their heightened awareness and preoccupation with the possibility of the text to govern. This shared belief in the capacity of the text that, at its ratification and implementation, it would redistribute power and lock in legislative changes well into the future and mobilise disparate non-state actors – business actors, state officials and TPP critics – to take action and either lobby or advocate.

Transparency Concepts: Anthropological Understandings

The request to reveal or conceal trade texts, open or close allegedly secret, club room-like negotiating meetings is not new (Hocking 2004). In the sphere of trade, since the failed WTO talks in Seattle in 1999, governments have attempted to curb criticism of secrecy by releasing documents and entering into consultations and dialogue with environmental NGOs, labour groups, human rights activists and citizens. The WTO now posts its documents on its website for the public to view. A search offers the visitor the chance to enter a portal through which a plethora of WTO documents can be downloaded and read. Over 60 negotiating texts, with 550 pages, are listed along with details of sessions from committee meetings through to dispute settlement hearings. The mass of information is accompanied by speeches, audio and video files and regular news updates.¹⁴⁴

But despite making more information accessible, suspicion still lingers. What conversations were had during the production of documents? What was left out of the drafting and finalisation of texts? Who was in the room during negotiations? And what was tacitly agreed outside of the room, in the corridors? These sorts of questions, both suspicious and in the extreme version, conspiratorial (see West and Sanders 2003), present the underside to transparency. As Comaroff and Comaroff (2003) note, “changing patterns of illumination cast new shadows and, with them, new domains of darkness beyond their arc of light. In fact, the more literally we believe in the axiom, ‘to see is to know’, the more haunted we are by what hovers beyond the edges of the visible” (2003: 288). The spectre of what has been surreptitiously excluded when information is disclosed to the public – what remains hidden – makes any claim for transparency a temporary one; in a matter of time the shadows will reappear. This is because the scrutinisers’ desire to shed light can never be completely satisfied as the shadow only ever shifts to a new position.

In her article on the social practice of auditing, Marilyn Strathern (2000a) argues that the language of transparency hides the selection process that takes place in the act of disclosing information. As she puts it, “there is nothing innocent in making the visible invisible” (2000a: 209). This dimension – that in the act of transparency a process of editing has taken place – is concealed. Transparency is instead often presented as being untainted by the politics and power of decision-making. Yet, if what is invisible is that which using

¹⁴⁴ The issue is no longer how to gain access to WTO material but rather how to comprehend the overwhelming amounts now provided online.

Strathern's words, "is simply not yet made visible", then the suspicion that there is more to know and uncover is never lifted and doubt lingers on. Both trust, which transparency is supposed to engender, and the absence of it are signified by attempts to make transparent that which is supposedly hidden (see Power 1997). Transparency talk reveals more than truth; it reveals the limitation in seeking truth and the ever-present spectre of suspicion.

Drawing on these observations that transparency and suspicion are inextricably linked, I define transparency as an incomplete project that seeks to make visible, and therefore legible, certain information. In the course of rendering the invisible visible, the unseen can be scrutinised, critiqued and improved. Ultimately, the project to make something transparent therefore relies on ideas of progress and governance. In enunciations, transparency is often couched in these modernist terms of rationality and improvement. The definition I use builds on the work of other scholars, who similarly view the plea for greater transparency with analytical circumspection (West and Sanders 2003). Questions that these authors have raised are also applicable to this study, for example: Who are the scrutinisers? For what reasons do they demand transparency? Scholars who analyse transparency do not take at face value the widespread assumption that transparency in itself is a desirable goal. Instead they alert us to the ways in which calls for transparency are often used for political ends.

The approach I take to the calls for transparency with the TPP is similarly sceptical of statements that equate the release of more information with an improved state of being. This differs from the way transparency is understood by prominent political scientists. In *The right to know* (2007), Brookings Institute fellow, Ann Florini frames transparency as a citizen's tool, a safeguard against potentially corrupt decision-making by private and public sector actors. Citizens can regulate and monitor their governments and international organisations through the act of revelation (Florini 2003, 2007). Drawing on principal-agent theory Florini defines transparency as "the degree to which information is available to outsiders that enables them to have informed voice in decisions/or to assess the decisions made by insiders" (2007: 5). According to Florini, by having access to information, the "principals" (citizens) can monitor and measure the actions of those they have delegated responsibility to, the "agents" (officials or to use Florini's term, the "insiders"). Because of the information asymmetry, inevitably the agent will take advantage of its delegated authority and keep secret information about poor policy decisions or trade-offs it has made

with special interests, be it for career promotion or a financial kick-back. Florini sees transparency as a mechanism, a tool to narrow the “democratic deficit” between agents and principals. She frames transparency as the people’s “weapon” against corruption, and information disclosure as the endpoint.

Moreover, Florini argues that the right to information is as much a moral claim as a pragmatic one about effective decision-making. In the following discussion on the “release the text” debate, TPP critics used a similar explanation as Florini. Florini writes, “in democracies, by definition, information about government belongs to the people, not the government” (2007: 3). This assertion is difficult to dispute given the sentiments attached to the word “democracy”, but her definition stops decidedly short of asking questions about whether “regulation by revelation” is a desirable state to begin with (see Shore and Wright 2000). To reiterate, who seeks information? What is their agenda? Do these scrutinisers have access to funds which make their pleas for information louder than other groups? The fact that the powerful can often make their voices heard above others eludes Florini in her discussion about transparency – could calls for transparency be not also used for “undemocratic” political agendas too? Under the sign of transparency, democracy and equal access to the decision-making process is not necessarily guaranteed yet, as in the case of the TPP critics, it is often couched in this language.

New Zealand’s Treaty Process

The treaty-making process in New Zealand came under scrutiny in the late 1990s and early 2000, following the eruption over the failed Multilateral Agreement on Investment (MAI). Shortly after this the WTO meeting in Seattle in 1999 collapsed amid cries that deals were being made without proper public consultation. With similar sentiment having been raised in New Zealand, in 1996 and 1997 the New Zealand Law Commission and the Ministry of Justice wrote reports recommending that the negotiating structure of treaties be modified to allow greater parliamentary oversight and public participation. As in other developed countries, the club-room model of negotiating, undertaken by a tight coterie of diplomats and their trusted private sector advisors was seen to be dangerously outdated, a relic from Bretton Woods years (see Hocking 2004).

In their report, the Law Commission (1997) noted that economic globalisation had shifted the objective of international laws. Whereas in the immediacy of post-World War II, treaties

focused on controlling the movement of citizens and manufactured goods across a state's territorial border, contemporary treaties aimed instead to enhance economic integration – that is, work at harmonising regulations among nation-states and lower non-tariff barriers. This new wave of trade treaties travelled deep behind borders and was seen by many NGOs as an attack on domestic laws. Thus decisions made at the supranational level in fora such as the WTO ministerial meetings were seen as impinging on domestic laws and sovereignty. One of the key concerns highlighted in the Law Commission report (1997) was that the Executive – who holds the royal prerogative, the exclusive right, to enter into treaties without consultation from Parliament – should become more open to parliamentary debate and public consultations. In short, the Executive should be held accountable to its actions by Parliament.

The Law Commission's recommendation that to narrow the perceived democratic deficit the government should consult at the negotiating phase with Parliament and "interested or affected parties" was only partially adopted. Parliamentary scrutiny was introduced but at the later stages of negotiation, once the finalised texts had been assembled into one document. This was considered to be more symbolic than anything else, because the Executive continued to hold the authority to ratify an agreement without Parliament's support. However, the reforms did now mean that multilateral and bilateral agreements of "significance" had to be presented to the House of Representatives along with a National Interest Analysis (NIA), a report which detailed the advantages and disadvantages to New Zealand. These documents were to be prepared and written by MFAT officials, the same organisation whose goal it is to use FTAs to insure New Zealand against economic isolation and marginalisation. As Kelsey (1999) and other TPP critics have pointed out, there is an inherent conflict of interest in the writing of the NIA report.

After being tabled, the documents (NIA and accompanying papers) are sent to the Foreign Affairs, Defence and Trade Committee (FADTC) for review. The Committee is expected to report back to the House about the proposed FTA. The last phase is the passing of legislation in order to align domestic law with the obligations of the treaty. In 1999, this process was formalised, permanently incorporated into *New Zealand's Standing Orders of the House of Representatives*. The *Standing Orders* cemented the process but added a time limit (15 days maximum) to how long the FADTC could study the FTA and accept submissions.

In 2000, the modified treaty process was subjected to its first real transparency test, and failed. In its haste to sign the New Zealand–Singapore Closer Economic Partnership (CEP) Agreement, the newly elected Fifth Labour Government only allowed a shortened period of nine days for the FADTC to hear submissions and report back to the House. It was desperate to have it signed and ratified in time to come into effect on 1 January 2001. This time pressure meant that there was little time for consultations or public participation in the process. The Green and Alliance parties were disparaging of the government’s actions and argued that Parliament should be given the authority to approve agreements before they are ratified by the Executive. NGOs and free trade critics were similarly scathing of what they considered an “undemocratic process”. For example, Jane Kelsey noted:

The text was secret until it was tabled in Parliament on Monday. The only information available until then was a minimal and self-serving cost-benefit analysis prepared by officials, which formed the basis of the Government’s much vaunted “consultation”, and a more recent updated summary of some of its terms.¹⁴⁵

The Government and Ministry of Foreign Affairs and Trade show no sign of departing from the secretive, anti-democratic tradition of New Zealand’s participation in trade and investment liberalisation negotiations. This is not the first time we have sought information from overseas because New Zealand trade officials and ministers operate in such secrecy (Kelsey 2000).¹⁴⁶

After the criticisms of the Singapore Agreement, including from the FADTC about the need for longer time frames, the government endeavoured to step up its efforts to be more open. According to Mai Chen (2001), a constitutional lawyer and lobbyist, these changes were evident in the government’s negotiations with Hong Kong in 2001. A discussion paper and formal invitation for submissions were sent out by MFAT to interested groups, Maori and NGOs. For the first time, a summary of the submissions was published in a booklet. In addition, nationwide consultations were held by senior trade officials with stakeholders, including critics of free trade who were invited to participate. These were organised within MFAT by a small public diplomacy team called the Trade Policy Liaison Unit (TPLU), which had emerged following APEC (see Appendix 1). As a conduit for stakeholder involvement, the team of two or three individuals were placed in charge of organising the consultations and the submissions process. Also at this time, a business co-ordinator position

¹⁴⁵ This is a quote from Jane Kelsey in *Singapore Agreement Process a ‘sham’*. Accessed 16 February 2010 at: <http://www.apc.org.nz/pma/apsftk.htm>

¹⁴⁶ GATT Watchdog. 23 July 2000. *Fair Trade Group Condemns NZ Government Secrecy*. Accessed 25 January 2010 at: <http://www.converge.org.nz/pma/nzgattaz.htm>

was established in the same office as MFAT's Secretary Richard Nottage. His job was to facilitate communication between CEOs and senior MFAT officials including the Secretary. However, despite the attempt to redress the "democratic deficit" that had surfaced during the Singapore Agreement, some argued that even with the new improved process, the gap still persisted. The Council of Trade Union's economist, Bill Rosenberg, recounted to me in an interview his experience of participating in the Hong Kong consultation sessions:

Many were not impressed by the process. The terms of reference allowed MFAT to listen to suggestions for improving the agreement, but not to listen to arguments that free trade and investment agreements were a bad idea. For critics, the consultations allowed them only to choose their position. And in any case, they were shadow boxing. The secrecy surrounding the negotiations was maintained. The negotiating texts which would allow serious analysis of what New Zealand was being committed to will remain secret until the deal is completed ... three Official Information requests for information on the government's negotiating position, the texts, and what happened in the first round of negotiations, have been denied (Interview 18 June 2010).

Frustrated by the lack of "meaningful" engagement with MFAT in their stakeholder programme, in his statement above, Rosenberg accuses the government of being secretive, of keeping texts out of public view and with it New Zealand's position on chapters within the text. Rosenberg was also critical of the combative and defensive style of MFAT officials, particularly Senior Diplomat John Wood. Soliciting views from non-state actors took on more prominence in the late 1990s and early 2000s, but as Rosenberg and others have continued to argue, the opinion MFAT has always preferred to seek out is that of business actors not academics, NGOs or critics of New Zealand's trade strategy.

Although the business co-ordinator position no longer exists, the TPLU has remained in place as the unit that supervises stakeholder events and relations throughout the entire "life-cycle of an FTA" (see Figure 2).

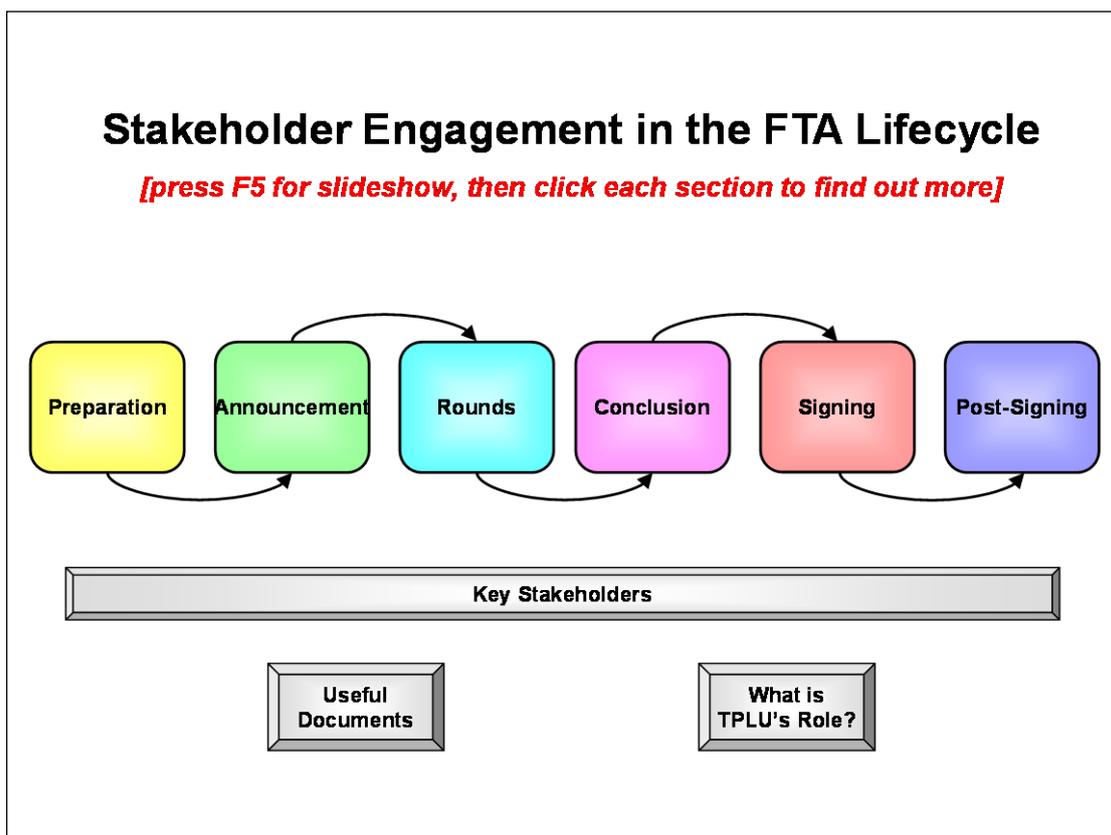


Figure 2. MFAT’s approach to stakeholder participation.

As can be seen in Figure 2, the TPLU carries out public outreach activities from scoping discussions in the “preparation phase” through to the management of domestic road shows in the “post-signing of the FTA”. However, the role of the TPLU is to not only engage with interested and affected parties – it is also to help establish and maintain support for FTAs. This seeming conflict of interest has alarmed FTA critics who are deeply sceptical of the neutrality and integrity of MFAT’s stakeholder engagements. But it is not only the formal channels of communication between business and government that concerns Bill Rosenberg, Jane Kelsey, Alistair Campbell and others – it is the informal sidebar conversations, when business talks and government discriminately listens, that create distrust. What is informal and personal is assumed to be more powerful and influential. Rosenberg expressed this sentiment in an interview:

I was one of the people, an observer, at Hong Kong for the ministerial meeting of the WTO and the government team there that were under Labour included Peter Conway from the CTU but basically that was it for civil society. But there were representatives there from Fonterra, the fishing industry, and various farmers’ groups. I am not sure how much they got to go inside the negotiating room but they were certainly considered part of the official party and were briefed daily and obviously their views were on hand to officials as they wanted them. And they have people in roles like

the “roving ambassador”, which is like an MFAT job. It’s usually the farming leaders who have been given this, a guy called Chamberlain was it for a long time, and obviously these people get quite close to MFAT. They are influential in helping to form our trade policies (Interview 8 October 2010).

In Rosenberg’s account, although he had been invited as part of civil society to partake in observing WTO negotiations, he was placed in a marginal position vis-à-vis business. In his view, being formally part of the delegation as a stakeholder does not necessarily mean influence is wielded. That space within the trade policy process is supposedly unofficially reserved for business. Epitomised by the “roving ambassador” role; a diplomatic position created in 1999 under the National Government. Formally entitled Special Agricultural Trade Envoy (SATE), a steering group of officials from MFAT and industry select a farm leader as SATE every two or three years.¹⁴⁷ The role has evolved over the years, in line with changes in New Zealand’s trade policy, from a focus on travelling the world telling the 1980’s reform story about liberalisation to sending a message to influential farming media and governments about New Zealand’s FTA aspirations. Rosenberg finds this governmental bias toward business evinced by the SATE role deeply frustrating but unsurprising:

On their [MFAT] website they ask for views, again they are angled at business, which have special needs in this market. How much they are taking notice of these it is hard to tell, but it is actually an exercise in frustration because the whole thing is held very close to their chest and that is because they say that the other negotiating partner to the agreement doesn’t want these things going public, but one would think they could start opening it up but how a party such as ourselves can make intelligent comment on negotiations when we don’t know, apart from the most general terms, and often not even that let alone see the wording of the text (Interview 6 October 2010).

The accusations from NGOs and free trade critics that the government’s treaty-making process lacks openness and transparency began with the controversial Singapore Agreement. The criticisms and calls to allow greater scrutiny of trade texts have not changed even though stakeholder communications are being facilitated. At every stage in the FTA cycle, MFAT communicates with the public by conducting face-to-face consultations, attending networking events, carrying out phone and email consultations, publishing material, updating their website with documents and press releases. With each new FTA, MFAT has

¹⁴⁷ Current and previous SATE’s have been: Brian Chamberlain (1999–2000), Malcolm Bailey (2000–2002), Graham Fraser (2002–2005) and Alistair Polson (2005–).

pushed its levels of engagement higher with the general public and interested parties. The most recent TPP stakeholder event is emblematic of MFAT's effort to improve stakeholder relations and deal with the perceptions of a "democratic deficit". Yet these gestures fall short of what critics consider authentic openness.

In the following section, I will draw on my observations from the fourth TPP negotiating round, in order to analyse the "release the text" campaign and tease out the demands of TPP critics. To begin with, I will discuss letters sent to the government by union leaders requesting that TPP negotiations be transparent. As the TPP rounds progressed, this transformed into a consistent demand, so that by the time of the Auckland round in December 2010, a unified front had been created which melded together different critical voices.

"Let's Cast Daylight on These Deals"

In early March 2010 a labour declaration was signed and delivered to the New Zealand Government by four union leaders from TPP participating countries. It was presented in anticipation of the first day of the negotiations, which was due to commence in Melbourne, Australia. The letter split their concerns into two sections: "process" and "substance". Under "process", which was the first section to appear, two problems were listed. The first argued that a "truly 21st Century" agreement should have the highest standards, and that although developing countries may seek variation in the text, the core principles should not be compromised. The second point was headed "transparency and civil society participation". It began by juxtaposing the lack of "meaningful participation" in past agreements with current ambitions to create a high benchmark agreement and went on to detail that to remedy this lack, governments must:

... conduct regular and meaningful consultations with their respective civil societies throughout the negotiations – both during and between negotiating rounds. Further, draft texts, proposals and requests should be made available for public review and comment. Without access to such information, informed participation in the negotiating process is impossible. Finally, the respective legislatures must have an opportunity to conduct full and open hearings and to amend the agreement.

The reference to the TPP being a "21st Century" agreement and therefore should be of the highest standard is open to varying interpretation. In the above letter from union

representatives it meant access to information and having input into the shape of the text in a “meaningful” way. They also signalled labour rights and provisions for guarding the environment. The phrase “21st Century” was first used publicly by United States President Obama in a speech in Tokyo on 14 November 2009 and then in USTR Ron Kirk’s at APEC that same day. It was not elaborated in those speeches and has since been appropriated for use by business and TPP critics in the effort to push their own agendas. For business groups including the ABAC, American Chamber of Commerce and the NZ–US Council, the phrase is often defined as an agreement that addresses the pressing issues of conducting cross-border transactions and its associated costs. A “21st Century” agreement tackles regulation and what has been called non-tariff barriers, not only at the border. Tariffs are considered GATT-era issues. The opposition instead argues that the TPP, in its current form, more closely resembles the imperialism of a “19th Century agreement” and that to be a “truly 21st Century agreement”, lessons from the past must be learnt by making the agreement open to “democratic input”:

First, open up the process of negotiation. This agreement [TPP] will be more important than much of the legislation that goes through Parliament, yet it is negotiated behind closed doors with no opportunity for public scrutiny of proposals until the deal is signed, when it is too late. Let the citizens of the eight nations see the negotiating texts as they develop, and open them to debate.¹⁴⁸

Following the March declaration on 10 May 2010, another letter was sent to the governments of TPP countries. The unions again addressed the same issues but this time focused singularly on “ensuring transparency” in the negotiations. They also specified in detail the device they thought would meet this need: a secured website in which governments and civil society could both post official and unofficial documents and update the website throughout the rounds. The website should also encourage web chats between civil society and governments. In this letter the demands were not only for access to information but “all white papers, draft texts, offers and counter-offers, trade and other data”. The interpretation of what comprised “meaningful” consultations was also addressed in finer detail. Side rooms should be established with accredited civil society members who should be able to present their views and be briefed regularly and “substantively”. Furthermore, civil society should be able to directly observe negotiations in real time. The letter ends with a veiled threat that not

¹⁴⁸ B. Rosenberg. Trans-Pacific Partnership: 21st Century Agreement or 19th Century? Accessed 27 January 2011 at: <http://www.converge.org.nz/watchdog/24/3.htm>

only would a TPP without “meaningful” civil society participation not be a “21st Century” agreement but that it could risk losing civil society support.

With each new round, the demands that the procedure be open to civil society grew in intensity. By the time of the fourth negotiating round in Auckland, the call for procedural transparency had been adopted by groups other than the peak unions of the Council of Trade Unions (CTU) and AFL-CIO. These included NGOs from TPP countries that were as diverse as: Media Entertainment and Arts Alliance (MEAA), New Zealand Society of Authors, Campaign Against Foreign Control of Aotearoa (CAFCA), New Zealand Not For Sale, Catholics in Coalition for Peace and Justice (CCJP), Australian Nursing Federation (ANF), Friends of the Earth Australia (FOE) and Nature Conservation Council New South Wales (NCCNSW). The interests of these groups crossed into the new trade areas that were to feature as chapters in the text. By adopting a cause that cut across the various chapters – procedural transparency – the differences in interests among the groups were melted away. The focus on transparency brought non-state actors together and created a strong critical voice leading into the fourth round of negotiations.

The Auckland Negotiations

As the host, New Zealand’s government agency in command of trade negotiations, MFAT, had anticipated the need to include civil society in the proceedings to some degree. An example had been set by the USTR in how it incorporated stakeholders, and MFAT followed suit. I was alerted to the stakeholder events and told to register from a business participant who updated me on TPP events. Knowing that my area of research was the TPP, he sent me the link to MFAT’s webpage where I filled out an electronic form, stating my name and affiliation. The brevity and simplicity of questions was odd given that this was a major trade negotiation in which stakeholders would be in close proximity to the actual chief negotiators and their team. I reasoned that security checks and some sort of screening process would meet me at the SkyCity complex in Auckland.

On the eve of the first day of the negotiations, a paper was leaked by Public Citizen, a Washington DC-based consumer advocacy group. The “confidential” document outlined New Zealand’s position on the intellectual property (IP) chapter. The intention of the leak was to bring attention to how TPP governments were withholding information from the public. In a comment to the media about the leak, law professor and high-profile TPP critic

Jane Kelsey made only a cursory remark on the actual content of the position paper. Her main point was that the document made visible the absence of transparency in negotiations: “Daylight is at last beginning to shine on these secretive negotiations. But we shouldn’t have to rely on leaks to be able to prepare expert analyses and generate informed debate about what our governments are proposing”.¹⁴⁹

When I arrived shortly after 10 AM at the SkyCity conference rooms, there were few people in sight. In fact what struck me was the stillness and emptiness of the space. As I entered the lobby, a lone middle-aged woman politely greeted me behind a long table. Laid in front of her were small boxes labelled with the names of the TPP countries along with information and tourist booklets about the TPP, New Zealand, the city of Auckland, and a glossy brochure about New Zealand Trade and Enterprise (NZTE). She asked me if I was a delegate, but after I told her that I was a “stakeholder”, she immediately handed me a lanyard, which was coloured bright red. Official delegates on the other hand, as I soon learned, wore a pale blue lanyard. Apart from my red lanyard, and the occasional security guard at the entrance to the conference rooms to check the colour of lanyard (the official negotiation rooms were out of bounds for stakeholders), there was minimal security. I noticed that where the stakeholder sessions were scheduled to take place, were smaller adjacent rooms with closed doors and electronic signs, reading, “Goods”, “Customs”, “Financial Services” and “Lead Negotiators”. I assumed that these were the official rooms that must have been full because there were only a handful of delegates walking about, either on the phone or sitting, tapping on their laptops.

The first stakeholder session of the first day was hosted by the NZ–US Council in conjunction with the Singapore Business Federation and US Chamber of Commerce. Scheduled at the exact time was a talk from the critics of the TPP, Jane Kelsey, Sanya Smith of Third World Network and Alistair Campbell of FinSec. That room was directly opposite from where the business-sponsored session was due to take place. I decided to split my time between both. Halfway through the NZ–US Council’s talk about how the TPP should reflect the demands of global supply chains (“business works faster than regulation; regulation needs to catch up”), I sat in on the critics’ session. To my surprise, the room was tightly packed with delegates, lobbyists, business actors, as well as media. Many TPP advocates were also present. Compared with the business talk across the hallway, this session had an

¹⁴⁹ M. Field. 2010. Small protest greets free trade delegates. Accessed 6 December 2010 at: <http://www.stuff.co.nz/national/politics/4427032/Small-protest-free-trade-delegates>

air of excitement and energy about it. I sat at the back near a table that was covered with packets of documents about “country positions”. There was also a pile of copies of the leaked IP paper. People were hungrily collecting the documents and taking them back to their seats. I followed suit and grabbed as many documents as I could.



Photo 11. Stakeholders’ press conference at the fourth round of TPP negotiations, Auckland

The speakers in this session began by first listing their concerns. They then went into greater depth about the content of the TPP agreement and speculated about what was going to be written into the text. Speculation ranged from the introduction of lighter regulation of financial services to the alarming inclusion of investor–state dispute mechanisms. Examples from past FTAs – such as NAFTA’s notorious Chapter 11 and the Uruguay–EU FTA¹⁵⁰ – were used to illustrate what harm could potentially happen if TPP negotiators were allowed to write the text without public input. Only by releasing the draft texts could cases be avoided.

But the TPP critics were not the only actors preoccupied with the shape of the text and process of negotiation. Although their demands were clearly geared toward the objective of creating media attention and raising public awareness, others were present to seek inclusion in the chapters. This included business and NGOs. Representatives from the Australian and New Zealand dairy industry gave a presentation about the need to “firm up the language” in the IP chapter on trademarks that pertain to dairy products. Their fear was that a TPP country could list products that they wish to be protected under trademark law.¹⁵¹ This would inhibit

¹⁵⁰ <http://www.guardian.co.uk/world/2010/jul/27/uruguay-tobacco-smoking-philip-morris>

¹⁵¹ This area of trade policy is called geographical indications (GIs).

companies from other countries from making this product. On another day, sessions featured environmental issues: illegal fishing, illegal trafficking of endangered species and bear farming. In each of these PowerPoint presentations, delivered to half-empty rooms, NGO representatives targeted the text. Pleas were made to have regulations and enforcement rules written into chapters. Without the appearance of such mechanisms, whole animal species and the world's fishing stock would be at risk. The TPP text was a device that NGOs could use to further their own causes; it was a source of hope.



Photo 12. Media and stateholders' briefing with the lead negotiator, Mark Sinclair, at the fourth round of TPP negotiations, Auckland.

As part of the stakeholder programme, at the end of each negotiating day, MFAT's lead negotiator held a briefing for stakeholders. This generally lasted 10 to 15 minutes, and was attended by only a handful of stakeholders, mostly critics and occasionally one or two business actors. At the briefings the lead negotiator, Mark Sinclair, would give a short synopsis, in very broad terms, of what chapters had been covered and what progress had been made. He refused to comment on any details when pushed by TPP critics, who would then roll their eyes at each other, unsurprised by his polite but negative response to their tireless request. When critics asked why he would not release the text he answered that the decision to open the text to public scrutiny was one that all TPP countries had to agree on. The stakeholder programme proved to be inadequate for the critics. The briefings were considered insubstantive, the sessions apart from Jane Kelsey's were poorly attended by delegates, and compared with the access believed to have been generously granted to business representatives, the critics were frustrated with the low levels of interest the

delegations showed toward them. But the attention they had grabbed in the media was considered to be a success.

Monitoring MFAT's "Mandarins"

Throughout the month of December following the end of the Auckland negotiations, rumours of the secrecy that shrouded the TPP negotiations featured prominently in op-eds and media articles. This interest peaked at the same time as news of *WikiLeaks* also reached headlines. The idea that New Zealand's political and economic future was being "bargained way from behind closed doors" was made more scandalous when US State Department diplomatic cables about a meeting between MFAT's lead negotiator and a US State official was released on *WikiLeaks*. But it was not only the critics of the TPP who were suspicious of officials and their secret deals with vested interests. In an op-ed in the *National Business Review*, Matthew Hooten, a right-wing commentator unconventionally sided with TPP critic Jane Kelsey, whom he described in his op-ed as a "radical leftist". In his piece, Hooten agreed that the text should be released but not for the same reasons that motivated Kelsey; that the future would be gambled away by locking in legislation for the next "100 years". Hooten's concern was that "in their eagerness to do a deal, trade negotiators might undermine the true value of the TPP", which in his view was only worthwhile if agriculture was included. He pointed out that the deadline for the completed text was set as November 2011 at the APEC meeting, and that this coincided with a general election in New Zealand. In his view, the signing of a major trade negotiation in front of the world's media would be too tempting to miss for Prime Minister Key who sought re-election that same month. As such, Hooten suggested, MFAT officials ("Mandarins" as he called them) may be cajoled by their political masters to negotiate a deal that excludes agriculture in order to make it in time for the APEC deadline. Loosely drawing on the principles of principle-agent theory, he writes:

To keep everyone honest, it couldn't hurt for the negotiating text to be released. After all, a copy is held by the US State Department so it can only be a matter of time before it's leaked to *WikiLeaks*. Prof Kelsey, Julian Assange and Nicky Hager probably already have a copy. Better it be released by the free-trade camp than by those three with their far-left spin.

Three days later a response came from the NZ-US Council. This was the first public response by the Council after weeks of "release the text" pleas and left wing commentary

about the TPP, some of it conspiratorial in tone. Echoing the sentiment of officials, Executive Director Stephen Jacobi wrote:

The real reason why it is premature to release the “negotiating text” for an expanded Trans-Pacific Partnership (TPP), as demanded Jane Kelsey and now Mathew Hooten (“Opening salvo,” *NBR print edition*, Dec 17) is that there isn’t a completed text. While some parts of the final document doubtless have more shape than others, the greater part is likely to be a series of unfinished paragraphs, wish-lists on the part of some delegations and whole lot of square brackets meaning there is nothing agreed. If you want to see what happens when “text” is released too early just look at the WTO’s Doha negotiations – nine years and still not complete largely because vested interest groups undermine the work of negotiators before it is done. That’s of course why the anti-globalisation mob made such a noise at the recent TPP negotiations.

In the above excerpt, transparency is said to be impossible because the text is incomplete. Only until all the brackets have literally been lifted can the bits of text come together to form a whole document. Once that has happened, and only at that point, is the document considered to be a trade agreement; an artifact ready for public exposure. In common with Annelise Riles’s (2000) comments on how UN documents are created from the lifting off of brackets, a trade agreement in its early stage comprises different parties’ intentions and “wish-lists”. When the brackets are removed, after negotiators have agreed on the language inside them, these intentions appear to melt away. The texts, which started their careers (see Harper 1998) as paragraphs under chapters, are united and transformed into a “trade agreement”. Yet, I would suggest that these intentions do not completely disappear but can in fact come to haunt future agreements, like NAFTA’s highly controversial Chapter 11 has come to hover over the TPP negotiations in Auckland. This notorious chapter was held up by TPP critics as evidence of corporate America’s potential power to capture negotiations for its own financial ends. The critics argued that the only deterrent from Chapter 11 appearing in the TPP was public scrutiny.

In his op-ed, Jacobi makes the point that if a draft text was to be released it may halt negotiations. The case he uses is the current gridlock of the Doha Round. Too many voices can shut down proceedings. This is because as each bracket is debated, it expands as sentences are added, and the text becomes bloated and difficult to conclude. The objective of negotiating is to whittle down the text by reaching compromises and making trade-offs. The opposite is believed to occur when a text is open to public scrutiny and advice from non-state

actors flow in. Jacobi also makes the subtle distinction between state negotiators and non-state scrutinisers. Unlike people who are external to the process, the negotiators are representatives of the state, who work in the nation's best interest. Non-state actors, on the other hand, have their own agendas that may not align with the nation. Thus, regardless if they are business or NGOs ("vested interests"), if allowed to comment on every piece of draft text, non-state actors can stall negotiations. This is what Jacobi accused the NGOs ("anti-globalisation mob") of attempting to do through their "release the text" campaign.

Fixation on the Text

In *The network inside out*, Annelise Riles (2000) writes of Fijian NGO workers who were entirely preoccupied with documents, networking and the NGO-UN network they were part of. In her ethnography, Riles (2000, see also 2006) details the production of a UN text, the Global Platform for Action. She observes how participants at the conference in Beijing, paid considerable attention to the aesthetics of their work. They concentrated on the logic and language of the texts they were negotiating and would search for copies of documents, collect and compile them in their hotel rooms. If the women didn't have access to whatever documents at the time were being circulated and talked about by other delegates, they felt shut out of the proceedings. Possessing texts was a ticket to what was considered meaningful participation. Riles (2000) also remarks that delegates did not consider the negotiating texts as documents until the negotiations concluded; only then would a document emerge as an object from the proceedings. Until that point in the process, all that existed were sets of incomplete, "unreadable" texts. She notes, "During the negotiations, then, a document was better imagined as an orientation of thought and action, a state of being, than as a reified object" (2000: 83).

In the calls to release the TPP text, non-state actors, similar to Riles's NGO workers, were preoccupied with the "shape" of the text, and in particular who controlled the process of "shaping". In the Auckland negotiations, a collective level of anxiety gathered around the text, precisely for the reason Riles noted above, that the unfinished negotiating texts embody an anticipation that, upon completion, the texts will come together to make one whole document and that this completed document, once incorporated into domestic law, will cease being an authored text and instead appear as a reified piece of "lawfare" (see Comaroff and Comaroff 2009: 53-57): that is, a legal document that regulates and disciplines certain people and places according to a rationale of improvement. Comaroff and Comaroff (2009)

describe lawfare as the growing resort to legal means for political and economic ends. This practice has been taken to new heights because of an “almost occult faith” in the capacity of law to resolve difference and “translate the social into the contractual” (2009: 58). The authors argue that the recourse to legality is part of the “fetishization of the law” under neoliberalism, whereby entitlement and empowerment are understood through legal principles that apply to the market. Comaroff and Comaroff (2009) observe that where once contestation over power occurred in Parliament and in the street, now people, from NGOs to corporations, turn to the domain of the legal. This anticipation of the power and capacity of the legal document was a sentiment shared among stakeholders and state actors: business, officials, right-wing commentators, politicians, TPP critics, environmental and labour NGOs alike. The different individuals that attended the sessions, lingered in the hallways or protested outside, all talked about the document that was in production, and how one day it would become a trade agreement.

After notification in November 2009 that the United States would join the TPP negotiations to create a “21st Century” agreement, critics of the TPP and free trade launched an offensive against the secrecy of negotiations. As the talks progressed with each round, the demand to open the process to non-state actors, by letting them either observe negotiations or scrutinise copies of the draft text, became louder and more direct. Attacks were made on what was meant by “21st Century”. In the letter from the union representatives to TPP governments, “process” was given its own section. What critics were concerned about was that the text was being “shaped” by corporate interests who were thought to have indirect links to delegates and the government agency in charge of negotiations. By asking to see the text, not only would the content prove the critics’ suspicions that officials had indeed been captured by “big business”, the exposure would act to discipline the officials for tending to particularistic interests. As Ann Florini (2003) has argued, transparency is the citizens’ tool to make government officials accountable. But the monitoring is not just of the officials, it is of the *informal relations* officials have with business. Shedding light on what occurs outside of the formal process of negotiation, on the margins and in the corridors, attempts to also unveil an undemocratic process.¹⁵²

¹⁵² Yet as Montoya (2008) points out, secrecy and concealment is intrinsic to representative democracy – for example the secret election ballot box.

The “release the text” campaign is underpinned by the desire to govern the relationships of state actors. The tussle of the informal over the formal in the treaty process comes at a time in which more Track Two events are taking place. Track One events are official-only meetings, whereas Track Two or Track 1.5 events involve carefully selected non-state actors. In these meetings, officials and sometimes politicians circulate with business and experts. Because discussions are carried out under the Chatham House Rule of non-attribution, talk is often frank and considerably open. It is thought that the impasse between New Zealand and the United States over nuclear ships was resolved as a result of a Track Two event, the 2006 Partnership Forum that was held at the Cosmos Club in Washington DC. According to many non-state actors who attended this Forum, the officials were too risk adverse to ever discuss the nuclear issue with their counterparts in the United States. It took the candid actions of New Zealand business actors and US state officials at an unofficial event to break the deadlock. Riles (2006) also noted that in the UN negotiations she witnessed, delegates acknowledged that only by breaking with formal procedures, and into small groups called “informals”, could progress be made toward completing the document.

The focus of TPP critics on informal or unaccountable relations highlights the general trend toward greater informal Track Two dialogues. Because these are organised and often held by private actors and not governments, they can be closed and exclusive. NGOs and civil society have no mandate from which to argue that Track Two events are undemocratic. Without civil society representation, officials and non-state actors can reach consensus about issues in much shorter time frames. This squeeze on time, in essence, is also the rationale behind the “informal” breakout groups in UN negotiations. It could be suggested that as calls for greater transparency erupted after the Seattle riot in 1999, and thereafter civil society began to partake more in decision-making at the diplomatic level, informal meetings have mushroomed. Although the club room of the WTO may have changed form, to what Hocking (2004) calls the “adaptive club model”, newer clubs have developed on the fringes.

Whereas critics sought to curb the informal access of business to officials, but were thwarted in their attempt, others such as the NZ–US Council focused on how secrecy was an essential part of the process. In their view there were no texts (only brackets) and that by releasing these so-called unreadable texts a gridlock would bring the negotiations to a standstill. As critics articulated and drew support from others about the fear of who was shaping the unfinished trade texts, business actors close to the state focused on making sure the

production of the document occurred without procedural interruptions. For these actors this meant the text had to be concealed so that a process could be properly followed, and the power of the document could build ready for its day of revelation as an object (see Strathern 2000a). Their anxiety resided in the idea that by opening the text early, before the procedures had been followed, additional voices would complicate bargaining positions, which in turn would slow negotiations down to a grinding halt. In her account, Riles explained that in UN negotiations, time and institutional progress were “bounded together in a three-legged race” (2006: 82). When delegates couldn’t reach a compromise about the language within a bracket, time pressed down on the negotiators and they became unable to move on to the next phase of negotiations. Avoiding this problem was the task of the US–NZ Council and MFAT during the TPP negotiations. Stakeholder events were planned with this in mind and access for critics and NGOs to negotiators were facilitated. Incorporating civil society input principally involved trying to avoid institutional gridlock.

Conclusion

“Sunshine is the strongest antiseptic”. This expression was used by Joseph Stiglitz in his endorsement of transparency as the citizen’s weapon against corrupt governments and corporations (see Florini 2007). The same sentiment and darkness/lightness analogies were evoked by critics at the Auckland round of TPP negotiations in their calls to “release the text”. This curious phrase begs the questions that I have attempted to address in this chapter. Where has the text been kept? Why must it be released? Who has kept the text? Who is releasing the text? What will happen once it is freed? And what does this preoccupation with the text tell us about the significance of documents in trade policy and politics? I have suggested that the debate for the call of transparency between critics and business, which played out in the media, illustrated how the idea of an unfinished document became a focal point during negotiations. Both sets of actors including the right-wing commentator Mathew Hooten were acutely aware of the potential power of a completed, signed and ratified trade agreement. Critics wanted to intervene in the production process, stall it or at least slow it down. State and its close business associates in the NZ–US Council were fixed on finishing the document in time for the deadline of the APEC meeting. In his article, Hooten was correct in his summation that time was what drove officials in the negotiating process. Substance, as he alerted the readers to, would be compromised for time unless the text was released for public scrutiny.

Trade agreements are an assemblage of texts that are the product of compromise, bargaining and trade-offs between officials who, it is generally presumed, act on the nation's behalf. But more than this, trade agreements are legal documents that are future orientated and lead to the redistribution of power. The fact that domestic systems are modified to accommodate the obligations written into trade agreements, prompts actors who are cognisant of the legality and power of the finished document to concentrate on the process of its production. This awareness of the future power of trade texts, and the inscription process, is a type of "anticipatory knowledge" (see Schwegler 2008). Non-state actors, who attended the TPP stakeholders' programme, were cognisant of the ramifications of having one's agenda inscribed (or not) in the text, and this future knowledge spurred non-state actors to lobby, compete and argue with each other over the text. In the sessions, environmental NGOs made a strong case for harsher enforcement rules around illegal trafficking of endangered species. They wanted firmer language written into a chapter on the environment and trade, a chapter that at that point had not taken shape. TPP critics instead queried the entire writing process – who had access and who were the "real" authors of the texts. Their suspicions were that American corporations were setting the agenda and would use the agreements in the future to engage in lawfare against states (Comaroff and Comaroff 2009). Business actors were also in awe of the power of the finished document, like Strathern's (2000a) example of Hagen men – they wished to keep the assembling process out of public view until the document had reached its maturity. Only at that time would it be ready for public viewing.

Furthermore, the requests for transparency by TPP critics and some business actors are not only appeals to have input into the policy process. They are also an attempt to make visible the suspected invisible informal relations between the state and powerful business actors. In this respect, calls for greater transparency in trade negotiations are a gesture at transforming informal relations into formal ones; it is in a sense an aesthetic exercise at redirecting power. In this struggle to make informal relations formal, the state has responded by creating more Track Two and Track 1.5 fora whereby informal relations are encouraged and sheltered from the discipline of formal rules and societal expectations about democracy and inclusion. In Track Two and Track 1.5 fora, exclusivity is the marker of a powerful, and "effective", meeting.

A final remark I wish to add about the call to release the text relates to the use of transparency as a citizen's tool against corruption. I would suggest that TPP critics are at risk

of inadvertently reifying the neoliberal ethos that underpins the imperative and normative characteristics of transparency invocations. As Shore and Wright (2000) note, transparency is founded on an asymmetric relationship between the scrutiniser and the scrutinised. It is a disciplinary tool, a political device that acts to make people governable. This practice of making people accountable has become more prominent in Western democratic countries since neoliberal policies were adopted in the 1980s (cf. Kipnis 2008). By insisting that trade texts be released for public scrutiny because transparency is what a “modern” people expect of their government, without questioning the discursive work transparency talk does in other contexts, is in my view problematic. In essence, calling for transparency subscribes to a set of neoclassical economic ideas including principle–agency theory, which is why the centre-right commentator Mathew Hooten publicly sided with Jane Kelsey in the business media. That this response came from the centre-right should signal some sort of a warning about the danger of drawing on an ambiguous but powerful concept such as transparency.

Chapter Nine

CONCLUSION

It has been observed that you can tell whether a person supports or opposes the Trans-Pacific Partnership Agreement by how they refer to it. That is, whether they call it the TPPA (oppose) or the TPP (support). By adding an “A” to the end of “TPP” makes the acronym appear similar to NAFTA, the FTA that has been widely blamed for intensifying the socio-economic inequalities between the United States and Mexico. The TPP has been called other names as well over the course of its evolution from a two-country FTA between Singapore and New Zealand (P2) through to the more recent P9, which is supposed to denote how many countries (nine) have agreed to sign on to the plurilateral.

The TPP more than any other FTA, demonstrates the shift in trade policy and politics from a focus on goods to intangible services and the harmonisation of complex domestic regulations. Commensurate with this shift has been a change in the cast of characters working toward FTAs. This thesis has focused on one group of individuals in particular: business actors and their engagement in TPP events.

A central preoccupation in the thesis has been the recent historical shift in business participation from standing on the sidelines to performing unofficial diplomatic roles, in particular, the role of communicator and relationship builder on behalf of the state. This change in the terms of engagement has occurred simultaneously with the increased complexity of trade politics and the flexibility of international capital and business. It is in this context – of deepening economic integration and pressure on the domestic sovereignty of the state – that this thesis has examined the reasons and motives of business engagement in trade policy, from the perspective of the actors themselves.

In this conclusion I bring together the broader points of the thesis: (1) FTAs are a product of negotiation between the state and business but are instigated and driven by the state. However, evidence from this study shows that the TPP is an example of the state leading business from behind; (2) a new framework that treats FTAs as cultural formations and employs anthropological methods is required to refresh and deepen our understanding of trade policy; and (3) this undertaking, while useful for moving away from economic determinist models, can also help reveal the dynamics of modern state governance and the

politics of business–government relations. Within this framework, motivations emerge such as nationalism, which are not normally attributed to business actors in the trade policy literature. I review each of these points below and distinguish some of the ways the research contributes to anthropology, leadership and the broader field of trade policy literature. Finally, I address the implications, limitations of the study and possible future directions in research.

Who is Leading Whom: Business or the State?

This study has demonstrated that contrary to conventional wisdom, FTAs are principally initiated and developed by the state but business plays a crucial, indeed essential, legitimising role. Although the state plays a leading role, in some respects so too does business, as the state cannot unilaterally enhance its external sovereignty through FTAs without business participation – its transnational networks, financial help and support as “NZ Inc”. Moreover, drawing on Wedel’s (2010) observation about how private actors can circumvent public accountability, the presence of business actors turns formal events into informal Track Two events, whereby the demand for disclosure of what was said or agreed to can be effectively ignored by state officials.

As suggested in the thesis, there has been an increase in informal diplomatic activities and Track Two events since the late 1990s. This shift followed the collapse of WTO talks in Seattle in 1999. A direct outcome from Seattle has been greater involvement of non-state actors in trade negotiations. Track two events function in the same way the more exclusive club model of talks did before Seattle. But unlike the “club”, because they are not formally recognised by the state as “official”, Track Two fora do not have to be made accountable to the public; organisers do not have to release any information about who was on the invitation list and what was discussed. And, similar to private functions, organisers of informal diplomatic events select whom they invite, making Track Two events exclusive and closed to the public.

From the perspective of state officials, Track Two fora provide the opportunity to refine and socialise negotiating positions, and galvanise support ahead of the wider public becoming fully aware of the ramifications of what will be agreed in FTA talks. From the viewpoint of business, being invited to attend Track Two events offers them the chance to meet other

leaders, show support for NZ Inc and keep involved in the policy-making machine as a form of “future-proofing”.

The primary example given in the thesis of how the state initiates FTAs was the TPP, which as a concept was originally formed in 1997 by senior officials from the New Zealand, Singapore and the United States governments.¹⁵³ Business actors had little influence at the inception stages of the TPP, though as the agreement entered into the negotiation phase, their degree of involvement and input grew. However, despite the increased participation in Track Two fora, business actors are still shut out of formal Track One negotiations between state representatives; in common with other stakeholders they are briefed before and after the talks and are forbidden from being inside the room. This fact does not mean that business actors are not influential, but it does mean that lines are demarcated, separating the state from non-state actors, and that the state controls who it engages with and at what level information is shared.

FTAs as Cultural Formations

The literature on trade policy-making generally falls into two camps. FTAs are either made by state institutions or the most influential pressure groups, usually business, are said to capture the trade policy process and impose their demands onto state actors. FTAs are said to reflect the power of the state or society; either the state is the leader or business leads the state. Little thought is given to breaking away from this binary model and attempts to do so such as Cornelia Woll’s (2008) study, fall just short of an alternate view which would define FTAs as cultural formations, produced through ongoing struggles and collusion between state and non-state actors who are influenced by factors other than purely material interests (see Wedel 1998, 2009). The explanation put forward in the trade policy literature elides culture and places people in narrow roles, as though their behaviour is wholly attributable to their being a state official or business representative.

Taking this anthropological view, and reframing FTAs as cultural formations, refreshed the question of who leads whom in the making of FTAs. An original contribution of this thesis

¹⁵³ A more recent example is the NZ–Russia FTA (negotiations began in 2010). Similar to the TPP, little interest had been expressed by business actors for the state to pursue an FTA with Russia; it was an idea conceived by state officials and politicians. Only after the government had launched negotiations did business take an interest in the FTA.

to the trade policy literature was that rather than assume one or the other held power, I was able to see the TPP as a phenomenon open to negotiation among multiple actors who were active in the diplomatic and policy space for various reasons. I did not look for material reasons only to pinpoint why business actors were involved in diplomatic activities but neither did I ignore this element when it featured in conversations or in interviews.

This approach builds on the work of scholars (see Shore, Wright and Però 2011) who draw on Foucault's lectures on governmentality (Foucault 1978/1991) and Latour (2005) about actors and networks. Rather than take policies as rational products of dispassionate decision-making, scholars in this vein view policies as organising principles that, once created, acquire a life of their own as they enter into relationships with other objects, institutions and agencies. Policies as such have the capacity to regulate others but in doing so they tell us about particular social and cultural worlds (Shore 2011). Therefore policies are not formed "above society"; they should be understood as discursive formations which have "force potential" (Vaara, Kleymann and Seristo 2004). As such, policies can tell us about the assumptions made at the time of their formation; the norms and meanings which were once in circulation and the larger political processes that may still be at work. It is in this sense that I have examined New Zealand's trade policies.

Networking as a Research Method

In order to explore the research questions about trade policy, I selected methods that best suited the above theoretical position. That is to say, similar to Faubion (2009) I allowed my research questions to some degree to determine the methods which were selected. In this instance, I recognised early on that the TPP could not be pinned down to one specific site. Although the Ministry of Foreign Affairs and Trade (MFAT), as the lead agency in charge of trade policy, was located in the capital city of Wellington, this was not the only place where policy decisions and discussions were being made. Naturally, this realisation came as a relief given my inability to penetrate what I had conceived as the hub of trade policy-making.

As I followed the discussion on the TPP, I found that a pattern emerged in which the same actors were appearing in the same places as me. To use Wedel's description, through tracking a policy, I had found myself a member of a type of "flex-net" (Wedel 2004). Consisting of transnational business actors, politicians, journalists and former and current diplomats and state officials, the flexi-net, or business–government network as I have

sometimes characterised it, came together in multiple sites in both the United States and New Zealand. The sites ranged from Track Two fora, such as the NZ–US Partnership Forum, held in five star hotels, through to boardroom meetings and formal dinners at restaurants. Access to these events was closed to the public, and it was only by way of my association with the NZ–US Council that I was given permission to mix and mingle with these business and government elites.

Because the flex-nets were multi-locational, in often formal environments, and the predominant member was an elite, I could not undertake a classical ethnography of participant-observation (Faubion 2009) and neither could I employ organisational ethnographic methods such as shadowing (Czarniawski 2007). As I discussed at length in Chapter 3, I had to learn how to network like my research participants – to introduce myself, chat informally but in an informed eloquent manner about trade politics, and follow up with more intimate interviews (see Powell 2008). This mixed methodology is similar to Marcus’s multi-sited approach (1995), but follows most closely a methodology that tracks a policy based on an appreciation that policies are not made in one site by a single group of authors. Wright frames this as “studying a policy *through* the particular sites and their relationships to events in other sites to grasp large-scale processes of change and track the emergence of new systems of governing and formations of power” (Wright and Reinhold 2011: 27).

Part of the “studying through” approach adopted in research involved rethinking the possibilities of what constituted data. Therefore, data in this thesis comprised speeches, policy documents, delegation handbooks, media items, archival material, biographies as well as notes based on participant-observation and open-ended interviews. Wright and Rienhold (2011) calls these the “bits and pieces of policymaking”. It is these eclectic bits and pieces that comprised data in this research.

Core Story of Marginalisation

Central questions in the thesis have looked at the rationale for pursuing FTAs as a policy option. Why were state and business actors preoccupied with thinking about, and talking about, FTAs and trade policy? In order to circumvent making narrow assumptions about business actors’ intentions, actions and influence, I tried to avoid answering this question from a simple economic perspective and instead took a broader, anthropological approach.

To begin with I traced the history of New Zealand's trade policy, from the start of preferential treatment in the 1930s through to the protectionism after World War II and the sudden liberalisation of the mid-1980s. I took this journey in order to place New Zealand's trade policy in historical context but also to gain insight into the evolution and development of FTAs. What I revealed through close analysis of key policy documents, interviews and speeches was that, despite the glaring difference between protectionism and free trade, underlying the rationale for both of these was a story of economic peripheralisation. Consistently, successive governments including the present National Government (2008–) have played on New Zealand's marginal geographic and economic position relative to other countries as a way to justify its trade policy agenda.

The most recent version of this marginalisation story has been that in order to avert an economic crisis of indeterminate but catastrophic proportion, New Zealand has no choice but to adopt neoliberal trade policies. Trade policy, more than any other policy field, both reflects and reproduces the concern about New Zealand's low level of significance in the world. Closely related to this core story have been associated discourses, concepts and metaphors. These have served to reinforce the neutrality and rationality of trade policy as well as boldly underline the concern that if FTAs are not pursued, New Zealand will slide further down the OECD rankings until it reaches developing world status.

In the thesis, the work of reputational and strategic discourses to support the current neoliberal approach to trade was examined. Both discourses reiterate that there is no alternative to FTAs; that deeper economic integration via FTAs is the solution to New Zealand's woes. In relation to strategy, this concept has increasingly been drawn upon by the state to legitimise decisions about policy direction. By using a discourse of "strategy", the policy process is rendered "high level", forward thinking and pragmatic.

Similarly, reputation – understood as a type of "insurance" against peripheralisation – has played a key role by ensuring no one veers too far off the path from the state's free trade agenda. In the thesis, examples were given of flexi-net actors who had strayed from the path and the message. Through their public statements and actions these individuals had come close to undermining New Zealand's diplomatic reputation as an "honest broker", that is, a trustworthy FTA partner. Instead these actors described New Zealand's free trade stance as both hypocritical and deeply unethical. The actions of these flexi-net actors showed that,

despite the benefits of using reputation to build a reservoir of soft power, relying on others to promote its brand leaves a small state vulnerable to criticism.

FTAs and External Sovereignty

Discussion of the role of discourse leads to questions about why the state pursues FTAs with such vigour. Apart from initially adhering to a neoliberal ideology, the thesis suggested that state officials and politicians perceive membership in supranational systems as the best, and indeed only way to safeguard the small state's waning sovereignty. In an era of diminishing domestic determination, sovereignty in the field of external action is seen as one of the few opportunities for the state to bolster its relevance in the eyes of other states and to its own citizens. This is because FTAs such as the TPP gives the state the chance to express its exclusive right to enter into treaties with other states, regardless of the wishes of Parliament (this is the "royal prerogative"). As such, for state officials and politicians, signing an FTA is the exemplar of political ultimacy at a moment in history in which the state has had to concede elements of its domestic and interdependent sovereignty (see Krasner 2009).

Signing FTAs serve other purposes too beyond the symbolic gesture of strengthening external sovereignty. FTAs such as the TPP, because of its focus on harmonising regulation, will effectively give state officials the capability to regulate capital and people across and deep inside its borders and, most crucially, the borders of other countries. This observation about the TPP is similar to Raustiala's (2003) on how trade treaties preserve the regulatory powers of officials.

It is in this sense of the state's efforts to strengthen regulatory powers that I have argued that FTAs reveal the limits of a state's power and its dependence on business actors to help it negotiate FTAs. In making this assertion I have been informed by the work of Wendy Brown (2010) who in *Walled states, waning sovereignty* concluded that walls such as the Israeli wall or US–Mexico border are both signs of the strength and weakness of the sovereign state. In one instance, these intimidating structures demonstrate the power of the state to decide who is a citizen and who is an enemy, but at the same time walls act as eerie monuments to the impossibility of the state to govern populations and the economic sphere. FTAs are similar to Brown's walls because they are also signs of a state's strength – expressions of its unilateral power ("royal prerogative") to trade off domestic determination for enhanced supranational sovereignty. The state can make these decisions without any

parliamentary approval if it wishes. However, FTAs are intangible regulatory walls and as such they also signal the state's incapacity to govern the movement of capital and people across its borders.

The Varied Motives of Business

If the state pursues FTAs to enhance sovereignty and regulatory control, then for what reasons do non-state actors such as business advocate for FTAs? By drawing on interviews with business actors, the thesis showed that business support of FTAs in New Zealand appeared as a commitment to a curious mix of nationalism and neoliberalism, rather than simply the pursuit of individual remuneration or company profit. Although material gain was a factor, it was not the only reason for business support. This argument counters those made in trade policy literature in which business actors are portrayed as being motivated by profit.

In contrast, the study showed that business actors support the state's free trade agenda for multiple reasons but that a common theme in all of the narratives was the ideology encapsulated by the term "NZ Inc". Created by state agencies after neoliberal reforms opened New Zealand, NZ Inc refers to the idea that business should help grow the New Zealand economy by taking on roles which the state once fulfilled. In the late 1980s, this meant that business should pay its own way in marketing itself abroad rather than rely on the state to help it expand offshore. By the 2000s, however, NZ Inc came to stand for business actors who not only expand abroad, but also carry out a range of policy and diplomatic functions. These actors formed the flexi-net that was at the centre of my research. Actors who participated in Track Two events such as the NZ-US Partnership Forum were proud of their commitment to the state's trade agenda to push for the TPP.

Another reason for business becoming involved in TPP events included concern about making sure there was continued support for neoliberalism. The narrative follows that in order not to undermine other favourable neoliberal policies it was essential to support free trade policy and attend TPP events. Also articulated in interviews was the need to show support as a kind of political insurance for the future, a type of "future-proofing" for their company. Some actors also noted how the high-level, exclusive events created a unique opportunity to socialise with other elites and share leadership experiences. Despite the different explanations, all of the 65 business and state actors interviewed saw the benefit in NZ Inc. All, to varying degrees, agreed with the idea that businesses have a responsibility to

help grow the economy and saw the importance of business taking on diplomatic roles in order to further the state's expansion plans. The thesis concluded that most, if not all, business actors engaged in TPP events because they wished to represent, and be a symbolic part of, NZ Inc.

Further to this point, it was argued that NZ Inc has been used by the state as a way to entreat business actors into supporting its policy agenda. The state created the term NZ Inc and controls the membership criteria. At present, to become a member of NZ Inc and help grow the economy, the state expects business actors to not only take on state functions but give substantial funds and networks using their own transnational business connections. As was suggested, there are many members of society who can never become part of NZ Inc. These include the sick, unemployed and immobile – people who do not fit the category of business leaders or elites, which also often means women, Maori and Pacifica people. Although at a national level Maori are represented through groups such as the Iwi Leadership Group, at diplomatic meetings the membership remains predominantly elite European and male.

Power of FTA Texts

FTAs draw a range of characters together. As was highlighted in this thesis, business involvement was underpinned by a sense of economic nationalism whereas for the state, FTAs such as the TPP offers it the chance to reaffirm sovereignty and regulatory control. However, as was touched on throughout the thesis, there were groups of non-state actors who were similarly obsessed with the TPP but opposed rather than supported it. The question tackled in the final chapter addressed the reason for their interest in the TPP and examined why divergent groups of actors, from supporters to critics, clustered around Auckland's TPP negotiations in December 2010.

Focused on the campaign to open the TPP to public scrutiny, what emerged through analysis was how the TPP was seen textually; most if not all of the discussions by actors had concentrated on the written form of the FTA. The resistance to open the FTA to non-state actors centred on what stage the trade texts were at. According to officials and members of the flex-net, it was premature to release the texts to the public before they had been fully negotiated by all of the TPP member countries (that is, before the "ink dried"). Doing so would slow down proceedings and risk halting the negotiations altogether. On the other

hand, critics of the TPP saw it as an essential part of parliamentary democracy to have the texts released for the public to debate and discuss.

A common element that drew the groups together was a belief in the anticipatory power of documents. This idea, borrowed from Schwegler (2008), referred to how actors close to negotiations were aware that once the TPP was incorporated into domestic legislation, it would redistribute power and wealth. Understanding this meant that actors became focused on the process of textual production rather than on the socio-economic consequences and ramifications of FTAs on local populations in specific geographies. Such an elevated focus on aesthetics rather than local populations was shared by all state and non-state actors who were present at TPP negotiations, including business, state officials, media and critics. This point draws parallels with Annelise Riles's (2000) ethnography of Fijian NGO workers. In *The network inside out*, Riles observed how infatuated delegates were of documents at a UN conference on women. Like Riles's UN delegates, the belief in the future power of documents to reframe meanings and change legislation, rallied actors to attend the TPP negotiations in order to try and influence the production of the texts.

Where to From Here? Implications, Limitations and Further Research Areas

The TPP was designed to help the economy grow in order to make New Zealand more prosperous. Underlying this is the TPP's secondary function to alleviate the ongoing anxiety that New Zealand is too small, too far away and too dependent on global market access for its primary produce. For state officials, New Zealand's profile, its heavy reliance on agricultural exports and comparable economic insignificance, is too similar to that of developing countries. As a result, trade policy in New Zealand has assumed a critical role in state governance and has been less questioned than other policies by the general public. There is widespread acceptance in New Zealand that as a "trading nation", FTAs are the only option. Only a small handful of well-networked critics are cognisant that there might be other ways of addressing New Zealand's prosperity other than signing up to FTAs. This fact illustrates the extent to which free trade has become an unquestioned orthodoxy in New Zealand, and in spite of the lack of evidence for its assumed efficacy particularly in relation to the benefit of free trade in services.

As indicated in the introduction, the aim of the research was not to develop normative conclusions based on an assessment of the costs and benefits of the TPP and FTAs. Rather

the goal was to understand what business engagement in trade policy revealed about governance and the state. In spite of this, the question that needs to be addressed by officials in dialogue with the public is: What does prosperity look like? If the endpoint is to increase prosperity, then a comprehensive audit of what prosperity means for New Zealanders needs to be undertaken before FTAs be considered the solution. This would mean that alternative visions of prosperity and policy options would have to be tabled and articulated to stakeholders and the wider public. State officials, politicians and business need to acknowledge that FTAs may not be the only way to achieve prosperity; this can only happen if the criticisms launched at the TPP are taken seriously, rather than being deemed as naive and fringe as they currently are.¹⁵⁴

There is a high probability that in the immediate future increased pressure will be placed on state officials to release negotiating texts. This inevitability, which can be seen as part of the pattern of increased non-state participation in policy formation, means that the way trade policy decisions are made will have to be redesigned. Soft options that incorporate society at stakeholder meetings alongside formal negotiations such as what is currently undertaken by TPP governments will not suffice. These are viewed by the public as “lacking meaning”; participation is viewed as more performative than substantive. Modifying the policy process only slightly will not erase criticisms. Active and authentic engagement must begin before FTAs are even tabled and, again, this requires a robust and lengthy discussion about what prosperity means for all New Zealanders and an assessment as to whether FTAs can fulfil these definitions. A long-term approach needs to be taken rather than the current reactive response that is concerned about being left behind in the race to sign FTAs.

There are limitations to this study. As identified in the above remarks, the research did not carry out any lengthy assessment of the costs and benefits of the TPP. It did not look closely at the content of the TPP, what chapters were included and how contentious issues were being tackled, such as intellectual property or investment rules. Because the study focused on why business acted as informal trade diplomats, data was collected based on their perceptions and interpretations. I did not take a close look at the TPP chapters. This task I leave to legal and trade policy scholars as well as TPP critics. As such, I can only make

¹⁵⁴ See Brian Fallow. 2011. End of secrecy on TPP trade talks – petition. Accessed 9 December 2011 at: <http://www.nzherald.co.nz/news/print.cfm?objectid=10718852>. In this article Minister Groser is quoted as saying that “it was the height of naivety to think trade deals could be negotiated in the open.”

cursory comments about what is in the TPP texts and I cannot speak to audiences about the merits and concerns of individual chapters.

Further limitations closely relate to the fieldsite and restrictions on the research methods that I could adopt. For the duration of my fieldwork I was a member of a flexi-net of elite business and state actors. The ephemeral but formal places in which they came together precluded any close, intimate interactions over a long period. I could not shadow network members or follow them into their domestic worlds, and instead conducted interviews and undertook sporadic periods of intensive participant-observation. This restriction means that I am unable to draw conclusions about the everyday lives of business and state elites.

Similarly, the actors that became central to the research were those whom I had the greatest access to, namely business people. This was because I was under time constraints and had already been introduced into the “flex-net”. But, as I noted in Chapter 3, being closely associated with business meant I was identified as being pro-free trade and access to TPP critics was closed off to me. In a sense I was seen as the enemy.

An area of future research within trade policy would be to take one specific FTA chapter and follow it as an issue, researching it in depth. For example, an examination of the highly contentious intellectual property chapter could provide the lens through to which to explore in greater detail how groups coalesce and trade politics is played out over multiple negotiation rounds. This builds on Shore and Wright’s (2011) proposition that research could “follow that policy”. Another area would be to undertake an ethnography or genealogical study of MFAT from the perspective of a trade diplomat or to focus on the bureaucratic nature of negotiations rather than a specific group of actors. Access is the necessary element to adopting any one approach.

Final Note

What does the role of business in trade policy tell us about governance and the transformation of the state? At first glance it appears as though business drives FTAs. This is the familiar perception of FTAs by the public and in the trade policy literature. Whilst that may be accurate for the United States, it does not describe the New Zealand situation where the collusion between state and business is less well defined.

As I have proposed, in New Zealand's case, as a small neoliberal country, the state appears to lead business from behind. It draws on economic nationalist concepts, neatly encapsulated in the term NZ Inc, in order to rally support from business and the wider public. This observation complicates the common definition of neoliberalism as the transfer of control from the public to the private sector. It supports the idea that neoliberalism varies in expression and form (see Larner 2000) and that in New Zealand, despite the rhetoric of neoliberalism and suite of policies implemented since 1984, the state retains the power to decide to whom in the private sector it will delegate particular functions. In New Zealand, the neoliberal state remains the principal agent not the market. As Brown (2010) reminds us, "decisionism" is the defining action and expression of sovereignty. Further research into the social proximity between the public and private sector could help clarify the nature of neoliberalism in New Zealand and character of the state.

Not only is NZ Inc essential in order to legitimise the state's choice in policy direction, but through the transnational networks, money and influence of business, the state is able to bolster its diplomatic ranks. This comes at a time under the current government (2008–) in which the state sector in New Zealand is shrinking, including in the diplomatic corps. Business in turn perceives the benefits in taking on informal diplomatic roles; in exchange, actors gain status, socialise with other elites, future proof their companies, reaffirm neoliberalism and ultimately feel proud to represent their country as "proud Kiwis". The thesis shows that even business actors engaged in FTAs are multidimensional (see also Larner 2010).

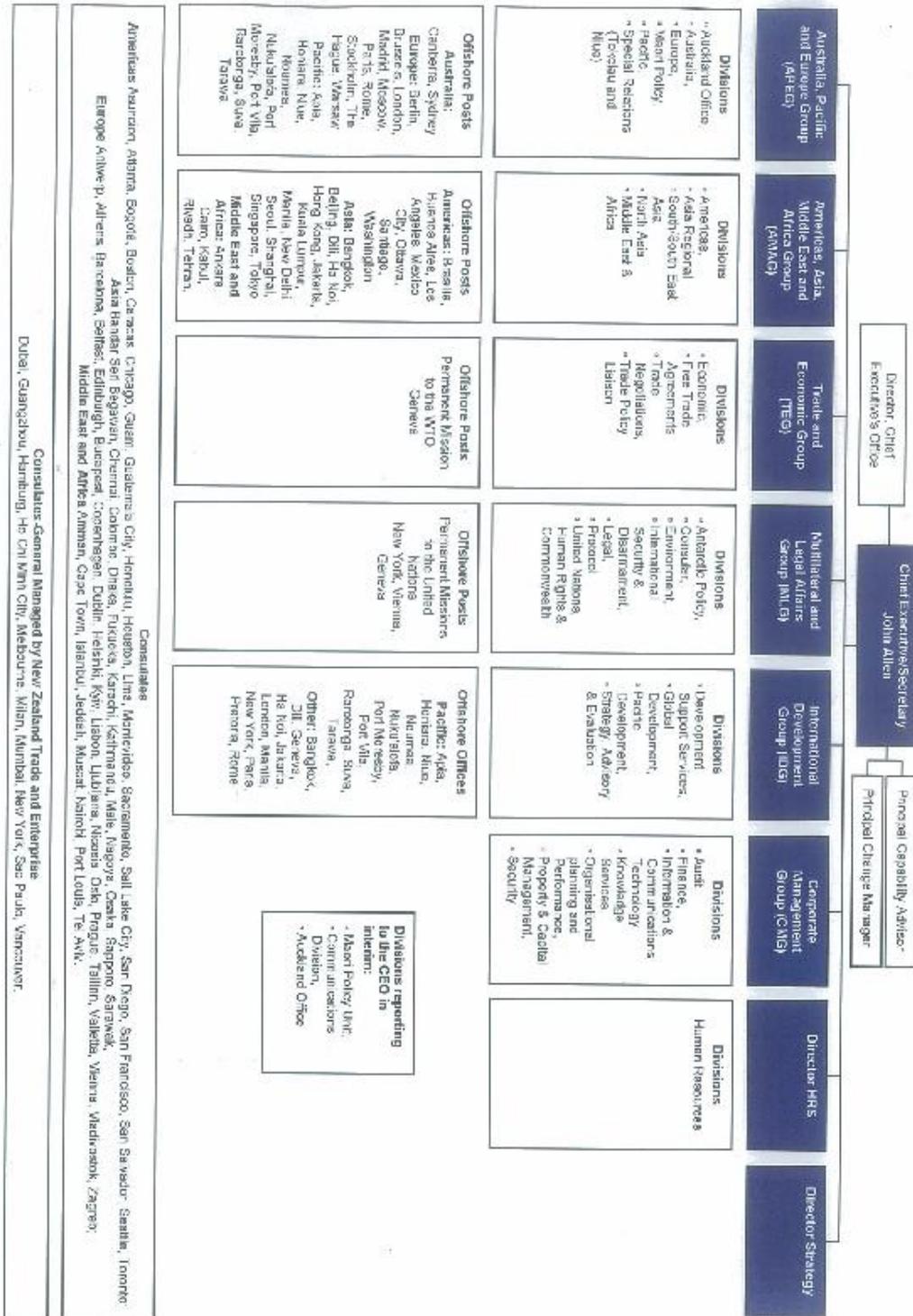
FTAs became doxa in New Zealand from the mid-1990s onwards because successive governments perceived FTAs as the principle means with which to reconfigure sovereignty and enhance their version of national prosperity. They should be seen, in part, as a national response by a small open state to the challenges of ever-increasing global economic integration. FTAs such as the TPP, therefore, not only signify the state's strength in how it can initiate and dominate negotiations but also highlight the dependence that many states have on support and legitimacy from business (see Fairbrother 2006).

In order to come to terms with the potential undermining effects of global economic integration, the New Zealand state, it seems, is reconfiguring its institutions and its relationship with key actors in civil society. This is perhaps not a "hollowing out" of the

state as some commentators have noted. Rather, small neoliberal states such as New Zealand have had to rethink strategies and tactics in an effort to maintain some semblance of control over mobile populations. This point echoes Trouillot's observation about the tenacity of the national state: "the right to define boundaries remains a fundamental component of sovereignty to which national governments must cling in an age in which many state functions are being performed elsewhere" (2001: 132). FTAs are not pathways to open economies to each others; they are legal means with which to create new state boundaries albeit ones less visible than territorial walls constructed with barbwire and concrete slabs.

Appendix 1

Organisational chart of MFAT (source: MFAT)



Appendix 2

Timeline of the TPP

1997	P5 talks held (NZ, United States, Australia, Chile and Singapore)
December 1999	P2/New Zealand Singapore Closer Economic Partnership signed
November 2002	P3 talk announced at APEC (NZ, Singapore and Chile)
April 2005	Brunei joins P3 talks (renamed P4)
June 2005	P4/Trans-Pacific Strategic Economic Partnership Agreement signed
March 2008	USTR Susan Schwab announces US will join P4
November 2008	Australia, Peru and Vietnam announce intention to join P4 at APEC
November 2009	USTR Ron Kirk re-announces US will join P4 at APEC
March 2010	First round of TPP (renamed) negotiations in Melbourne
June 2010	Second round of TPP negotiations in San Francisco
October 2010	Third round of TPP negotiations in Brunei
October 2010	Malaysia announces its intention to join TPP
December 2010	Fourth round of TPP negotiations in Auckland
February 2011	Fifth round of TPP negotiations in Santiago
March 2011	Sixth round of TPP negotiations in Singapore
June 2011	Seventh round of TPP negotiations in Hi Chi Minh city
September 2011	Eighth round of TPP negotiations in Chicago
October 2011	Ninth round of TPP negotiations in Lima
November 2011	Japan, Mexico and Canada announce intentions to join TPP at APEC
March 2012	Tenth round of TPP negotiations to be held in Melbourne

Appendix 3

Reforms policies implemented since 1984 (source: Evans et al. 1996)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Financial Market												
Remove Interest Rate Controls	x0											
Remove Foreign Exchange Controls	x0											
Float Exchange Rate		x0										
Goods Market												
Remove Price and Rent Freeze	x0											
Remove Agricultural Subsidies	x0	0	0									
Remove Export Assistance	x	0	0	0								
Remove Import Licensing	x	0	0	0	0	0						
Remove Tariffs	x	0	0	0	0	0	x0	0	0	0	0	0
Introduce Light-Handed Regulation			x0									
Monetary Policy												
Fully Fund Deficit, Bond Sales	x0											
Reserve Bank Act						x	0					
Public Sector Reform												
Trading Organizations												
Corporatizations			x0	0	0	0	0	0				
Privatizations			x0	0	0	0	0	0	0	0	0	0
Government Departments												
Private Sector Employment Conditions					x0							
Output Contracting Arrangements					x0							
Information Systems						x0	0	0				
Accrual Accounting						x0	0	0				
Taxation Reforms												
Fringe Benefit Tax	x	0										
Goods and Services Tax			x0									
Dividend Imputation						x0						
Accrual Taxation of Interest			x0	0								
Tax Avoidance Measures				x0								
Income Tax Rate Cuts			x0									
Budget Reform												
Government Expenditure Cuts	x	0	0	0	0			0	0	0		
Shift to User Pays		x	0	0	0	0	0	0				
Social Welfare Cuts								x0				
Fiscal Responsibility Act										x0		
Health												
Separate Funding and Providers								x		0	0	
Labor Market De-Regulation												
Lift Wage Freeze	x	0										
Employment Contracts Act								x0				
Local Government												
Restructure Jurisdictions						x	0					
Resource Management Act					x		0					
Political												
Change to Proportional Representation									x			
x Major Policy Announcement												
0 Implementation Milestone												

Figure 2: The Sequence of Reform

Appendix 4

Table showing the increased complexity of the multilateral trade agenda

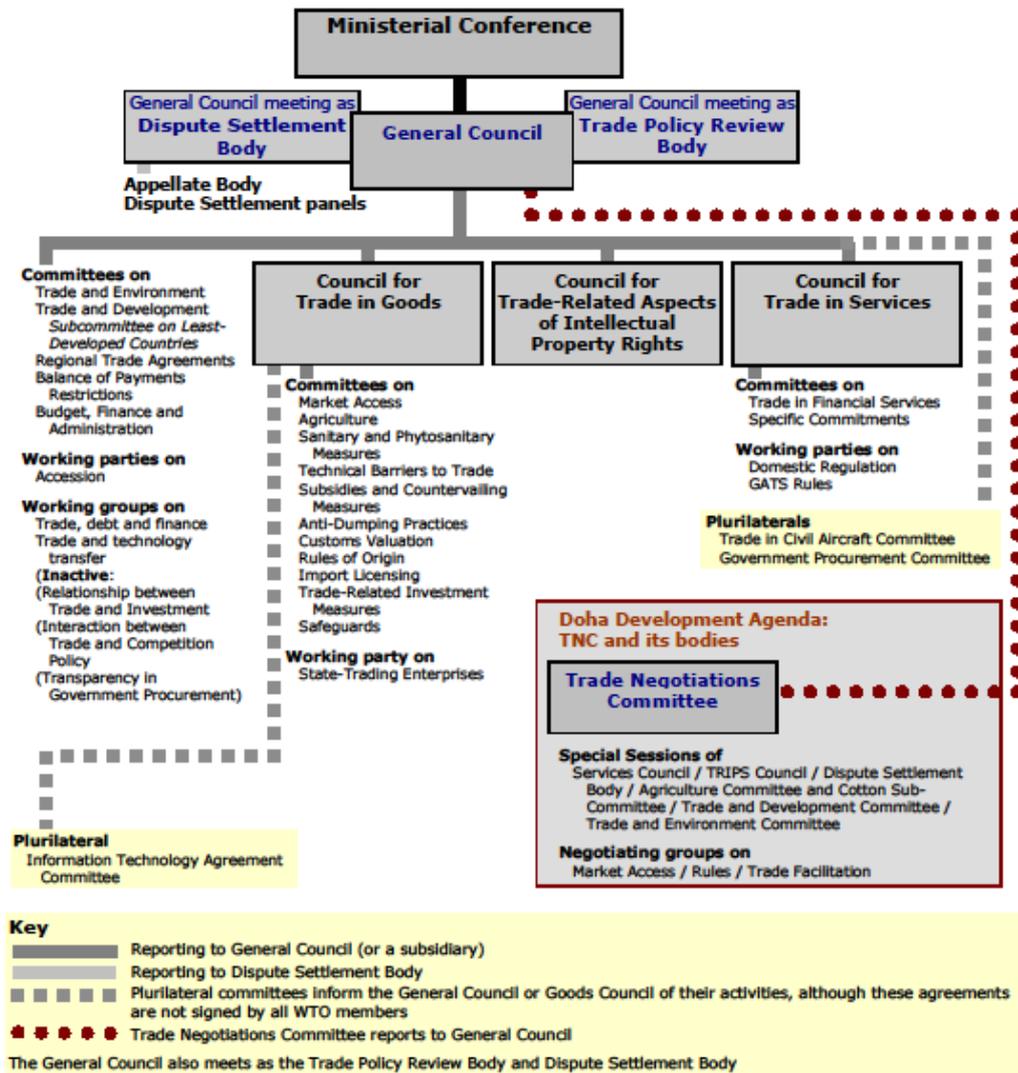
Year	Name	Duration	Members	Agenda areas
1947	Geneva	7 months	23	tariffs
1949	Annecy	5 months	13	tariffs
1951	Torquay	8	38	tariffs
1956	Geneva	5	26	tariffs
1960–61	Dillon	11	26	tariffs
1964–66	Kennedy	37	62	tariffs, anti-dumping measures
1973–79	Tokyo	74	102	tariffs, non-tariff measures, framework agreements
1986–1994	Uruguay	87	123	tariffs, non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, creation of WTO institutions
2001	Doha	In progress	141	tariffs, non-tariff measures, agriculture, labour standards, environment, investment, transparency, patents, intellectual property, services, competition policy, government procurement rules, dispute settlement, biodiversity, least developed countries etc (25 subjects)

Appendix 5

Organisational chart of the WTO (source: WTO)

WTO structure

All WTO members may participate in all councils, committees, etc, except Appellate Body, Dispute Settlement panels, and plurilateral committees.



Appendix 6

Table of major NZ business groups with interest in trade policy

Group	Year est.	Funding	Membership and Board	Function
Federated Farmers	1946–	Private	Farmers from all rural sectors	Single voice of farmers; lobby
New Zealand Institute of Economic Research (NZIER)	1958–	Private and Public	20+ economists; board incl. former MFAT Secretary	Economic policy think tank; consultancy services
Top Tier Group	1977–1984	Private	CEOs of Federated Farmers; Manufacturers' Federation; Retailers'; Chambers of Commerce	Business and farmers; policy research; lobby
New Zealand Business Roundtable (NZBR)	1985–	Private	CEOs and Chairs of major NZ businesses	Neoliberal policy think tank; research and policy papers; lobby
APEC Business Advisory Council (ABAC)	1995–	Public	The Prime Minister selects three NZ business people to represent NZ	Officially recognised as part of APEC. Deliver NZ view of business issues to broader APEC.
APEC Business Coalition	1999–2000	Private	Business	Advocate for free trade and APEC
Trade Liberalisation Network (TLN)	2001–2003	Private	Former MFAT officials, business, journalists	Advocate for trade liberalisation aimed at wider public understanding
NZ–US Council	2001–	Private and Public (50/50)	MFAT, NZTE officials, CEOs and Chairs incl., AirNZ, Fonterra, Zespri, Deloitte, Westpac Bank	Co-ordinates business support for TPP; organises NZ–US events e.g., NZ–US Partnership Forum; advocacy
New Zealand Institute (NZI)	2001–	Private	CEOs and Chairs incl., Microsoft, Warehouse, Solid Energy, Fonterra and NZ Post	Policy think tank; research and policy on national economic growth; works with private and public sectors
New Zealand International Business Forum (NZIBF)	2005–	Private and Public	MFAT, NZTE officials, CEOs and Chairs incl., AirNZ, Fonterra, Zespri, Deloitte, Westpac Bank etc. ABAC members	Free trade voice of New Zealand's international business. Provides policy advice and support New Zealand members of ABAC.

Appendix 7

Genealogy of NZ Inc

- 1984 Fourth Labour Government elected (David Lange as PM)
- 1988 State Sector Reform Act introduced
- Department of Trade and Industry dismantled
- Trade policy function absorbed into renamed Ministry of Foreign Affairs and Trade (MFAT)
- 1990 Fourth National Government elected (Jim Bolger as PM)
- Minister of Trade Phillip Burdon refers publically to “New Zealand Inc” for the first time. NZ Inc stands for a business-led offshore marketing strategy to push New Zealand products
- Michael Porter, author of *Competitive advantage of nations*, is brought to NZ by the National Government
- Michael Porter co-authors the book, *Upgrading New Zealand’s competitive advantage*
- 1991 Prime Minister Jim Bolger iterates that the “vast energy of our people” must be corralled for “Porter’s project” to make NZ a “competitive global player”
- 1999 Fifth Labour Government elected (Helen Clark as PM)
- 2000 Helen Clark’s new Labour Government reframes NZ Inc as a “partnership” between business and government. New initiatives are launched.
- 2001 Knowledge Wave conference held in which business and government attend. The focus is on working together to improve the economy.
- The think tank New Zealand Institute (NZI) formed
- The NZ–US Council formed
- KEA (Kiwis Expatriates Abroad) not-for-profit organisation is launched whose purpose is to reach and motivate expatriate Kiwis to increase their contribution to New Zealand – thereby turning them into a “strategic national asset”.
- 2005 New Zealand International Business Forum (NZIBF) formed
- 2008 Fifth National Government elected (John Key as PM)
- NZ Inc concept now used extensively in the media, by Government and business. The term is used widely to refer to any collaboration geared toward improving the national economy.

2010 Secretary of Foreign Affairs and Trade John Allen maps out a structure of NZ Inc. He sees it as a concentric ring, with the Cabinet at the centre.

2011 MFAT launches its “NZ Inc Country and Regional Strategies” project. The project will be led by state agencies in a supporting role but with business doing most of the labour:

At the heart of the challenge for NZ to improve its economic performance is the need for firms to strengthen their international connections. NZ Inc agencies can support them to do this.

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