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NEW ZEALAND CORPORATE CAPITALISM

A thesis submitted in fulfilment of the requirement for the
Doctorate of Philosophy in Sociology
at the University of Auckland

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University of Auckland

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ABSTRACT

This thesis describes the process of concentration and centralisation of the top New Zealand corporate class fraction at three levels - the corporate agent, the corporate agency and the corporate structure. These three different perspectives are seen, first, at the level of the empirical evidence of concentration and centralisation over time, and second, at the level of theoretical explanation and lastly, at the level of the sociology of knowledge, that is, how the theories themselves locate within economic cycles. The two empirical bases of this study are the survey of the top thirty companies directors and the top thirty companies networks of 1966, 1976 and 1986. A centrality analysis used on the latter three data sources, found that at the peak of the longwave (1966) when accumulation was high within the protected New Zealand economy, there were few corporate interlocks, suggesting that centralisation (the destruction of already formed capitals) was not a problem. But by the economic downturn (1986) corporate interlocks had proliferated reflecting the insecure nature of the corporate economy in crisis. The main conclusions drawn from the survey and the centralisation data sources positively corroborate the Marxist thesis that the corporate class fraction (as agents of capitalism) are in a free market economy as much directive as reactive to the state, that banks operate at direct and indirect levels of intervention on this class fraction and that there is some evidence of corporate class cohesion.

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i THE MOTIVATION FOR THE STUDY

The motivation to do this research came from two sources. The first was from an early reading of Martin Nicolaus who lambasted the American Sociological Association in 1968 for the use of Sociology as a weapon of the ruling classes to dis-empower the working classes;

The eyes of the sociologists with few but honorable (or honorable but few) exceptions, have been turned downward, and their palms upward. Eyes down, to study the activities of the lower classes of the subject population . . . so far, sociologists have been schlepping this knowledge that confers power along a one way chain, taking knowledge from the people, giving knowledge to the rulers.

(Nicolaus, 1969, pp. 154-155)

Those words early imprinted on me the need to focus my research on the structures that perpetuate class domination rather than class victims. Problematic to a budding empirical researcher, however, was the later part of Nicolaus's same speech which decried the sale of;

computers, codes and questionnaires - to the people who have enough money to afford the ornament, and who see a useful purpose being served by keeping hundreds of intelligent men and women occupied in the pursuit of harmless trivia - and off the streets.

(Nicolaus, op cit.)

Only later was I able to resolve this conflict, deciding that the problem was not the use of the positivist method but the ends of the pursuit: intimate knowledge of the oppressed in the hands of the powerful. This was confirmed for me by reading Mandel (1968, p.18) who spoke of Marxist method being inconceivable without an integration of dialectical rationalism and empirical facts.

These two aspects - the need to 'study up' and by doing so provide the powerless with information that they can use, and the need to have an empirical base to test theories from, were the basis for my Masters thesis on the law and lawyers. Later added to this by a reading of feminist theory came the second source of motivation, my location as a woman sociologist working in a male dominated discipline. When I started reading for this research in 1984 it quickly became apparent that women sociologists writing on corporate power or the political economy, were notable by their absence. There are only five women theorists mentioned in this thesis - Griff (1984), Mintz (1985), Glasberg (1981), Oppenheimer (1970) and Luxemburg (1951). This translates to five bibliographic entries in a thirty page plus, bibliography. Corporate class analysis like the corporate class itself, remains a male dominated study. In the hierarchy of academic sociology, the study of power translates into the study of powerful men and the ultimately powerful capitalist system, and is creditably entrusted only to male sociologists. Women sociologists are creditable 'authorities' in the study of 'female areas' which is not to denigrate writings on 'the family' or 'women's studies' but to suggest that gender differences in this area are the result of sexist socialisation, sexist education practices and sexist sociological hierarchies.

ii THE PEOPLE WHO MADE THE STUDY POSSIBLE

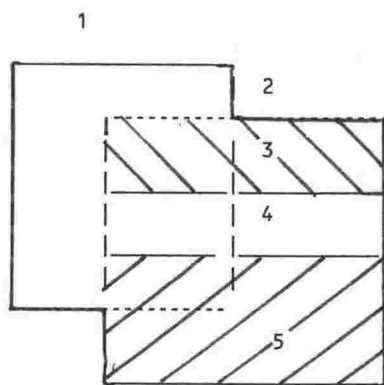
An empirically based piece of work such as this is very dependent on the contributions of others and so it is easily one of the most enjoyable pleasures at the end of this thesis, to acknowledge my extensive debts to those who have contributed so generously toward its completion. When I began there was a lot of negative speculation on whether I would get sufficient access to the sample to do interviews of this top corporate class, for there is no exact New Zealand precedent for this. Therefore by the time that I was ready to meet the directors, in June 1987, I was very nervous about my likelihood of being able to do so. So the first people that I want to thank are the one hundred and seven directors who made the study possible.

Special thanks have been well earned by my supervisors, Dr. David Bedggood and Dr. Charles Crothers. Both men have been a lively source of ideas, books, articles, support, criticism and theoretical argument over the four years of this gestation. Mr. Nick Perry, also for a time acted

as a supervisor and was helpful in the questionnaire construction stage. Avril Bell read and commented upon the script.

Dr. Crothers was responsible for making the very important link with the international team working on Networks of Corporate Power; headed by Drs. John Scott, Frans Stokman and Rolf Zeigler. The network group (particularly Drs. John Scott and Frans Stokman) have been very generous with material and support. How this thesis connects with the international research team's project on **A NETWORK STUDY ON INEQUALITIES IN SOCIAL AND CULTURAL RESOURCES** and the work that is just the doctoral thesis can be seen with its interlocking segments as part of a Venn diagram;

figure 1: INTERLOCKING PARTS OF THE STUDY DESIGN



Legend:

- 1 = THE DOCTORAL THESIS
- 2 = THE INTERNATIONAL RESEARCH PROJECT
- 3 = SECONDARY SOURCE DATA (e.g. company reports)
- 4 = ECONOMIC UNIT SURVEY (e.g. based on corporate roles - executive etc.)
- 5 = NETWORK SPECIALISTS SURVEY (e.g. New Zealand Business Roundtable members)

The New Zealand top corporate class material found here is only the first part of the complete New Zealand sample which needs to be approximately three times bigger to meet the requirements necessary to replicate the overseas research.

William Sommerville, a lawyer and practicing accountant, has been able to settle any technical queries I have had, not just about the intricacy of corporate finance but also about social

networks within that world. My other close friend in law is Deborah Hollings who is always intelligent and generous with her legal knowledge.

The secretarial skills of Gaynor Van Burden were used in the completion of three very artistically produced (and extremely long) questionnaires. Mei Everett wrote endless letters to my very large sample. Dr. Charles Crothers, Professor Ian Carter and Associate-Professor Barry Smart signed them.

My computer analysis and expertise was added to by a variety of skilled operators including Dr. Charles Crothers, Robert Lum, Dr. John Gribben, Paul Left, Russell Fulton, Dr. Neville Brownlie and Alister Blennerhasset. Robert Lum and Professor Peter Lorimer provided the algebraic expertise necessary for deciphering Professors Mintz and Schwartz's (1985) centralisation theory. Robert Lum was also central to a paper that he and I wrote about centralization of top corporations in New Zealand.

My final year to complete this work was made possible with the provision of several very generous grants received from the Auckland University Internal Research Committee and the Social Science Research Fund Committee. I was also able to use Auckland University Sociology Department Computer facilities and the university's mainframe computer. From the SSRFC I owe particular thanks to the advice provided by Dr. Terry Loomis on how to set up a successful research proposal. Dr. Crothers helped with the construction of the first SSRFC proposal. Dr. Julie Park was also helpful with advice in that area. Known people who repeatedly and uncomplainingly acted as referees for these applications were Geoff Fougere, John Ingram, Professor Kerr Inkson and Dr. John Scott.

Collegial help and encouragement from other writers in the area of New Zealand corporate capitalism and business cycles, came particularly from Bruce Jesson, Dr. Bernard Moss and also from Professors Gary Hawke and Graham Fogelberg. A few American writers and academics have also generously given me advice and works of their own to read. These are Professor Michael Schwartz of Stony Brook New York, Professor Michael Useem, of Boston, Professor Mark Mizruchi of Columbia and Professor Donald Palmer of Stanford.

Lastly thanks go to my family and friends who supported me through periods of doubt and difficulty; my partner Ron Left who provided unstinted companionship, my daughter Emma Left who saw less of her mother than most thirteen year old girls deserve, and to my mother and father; Christine and Jim Devine, whose politics and practice have always motivated me to look critically at matrices of power. My mother also endlessly typed interview transcripts. Lastly, thanks go to my women friends and colleagues Felicity Lynch, Mari Hancock, Ivanica Vodanovich, Catherine West-Newman, Alison Reed and Eleanor Hall all of whom stressed the importance for women of achieving this type of qualification.