

1

New Zealand and its people

New Zealand is a rich and complex economy, and a distinctive society. The economy has been built almost entirely in the last 150 years, but some aspects of the society draw on a long Polynesian heritage, as well as on a European culture accumulated over many centuries.

Physically, New Zealand is much more Polynesian. It is a chain of mountains that protrudes above the South Pacific Ocean. Geologists explain its location as a matter of the earth's crumpling and erupting at the join of major tectonic plates which dictate the division between sea and land, but for economists a country's position can be regarded as a matter of chance and the main social and economic implication of the geological explanation is that New Zealand is a region where earthquakes are more than usually frequent.

New Zealand's mountains have rivers running swiftly to the sea, and although for geologists it is almost entirely a young country it is old enough for corrosion to have affected the landscape. There are some river plains, but they are mostly small enough to be the equivalent of 'valleys' in the older and less dramatic landscape of Europe, where New Zealand valleys would be regarded as mountain gullies. Mountains and sea are never far away in the New Zealand physical environment.

The climate is temperate. In a world perspective, the country is virtually without extremes of temperature, moderately warm, and with rainfall throughout the year. It is Cfb on the somewhat old-fashioned Koppen classification. It lies on the path of westerly winds which carry a succession of anticyclones and depressions across the Tasman Sea, bringing sequences of rain and fine weather and merely moving a little to the south in the summer so that there is greater winter precipitation. On a closer view, there is more variety. The westerly winds lose precipitation as they cross the mountains so that the west coast is generally wetter than the east, sufficiently so for rainfall to be very high on the west coast of the South Island, while areas like Hawke's Bay, sheltered on the east coast, approach a Mediterranean climate with summer droughts. The country covers enough spread of latitude for the north to be significantly warmer than the south; the North Auckland peninsula is subtropical, sometimes resembling more the Pacific Islands to the north than colder

2 The Making of New Zealand

regions like Southland to the south. Altitude also makes a difference, most obviously so in the High Country of the South Island but the elevated central plateau of the North Island is also significantly colder than the coastal regions of the same latitude. When we turn our focus from a world classification system to daily experience within New Zealand, it is the variety of weather that looms largest; the detail of weather forecasts intended for the general public reflects the different experiences of contiguous regions, although it may also owe something to the influence of the needs of farmers on what would otherwise be a public service of little importance.

The physical geography of New Zealand is less harsh than that of Australia, but it is also different from Britain which, as we shall see, was the natural comparison for many early settlers. The dominance of mountain and sea can be traced in the attempts of artists to capture appropriate images, especially in their confusions over whether to exaggerate the dramatic appearance of the landscape or to moderate it in order to make the picture credible. The climate can also be traced in attempts to render what was to European eyes a harsh light. Despite the absence in most of New Zealand of an abrupt transition from winter to spring, the artists' difficulty was to capture contrast, to see beauty and complexity in what could easily be taken for simplicity and crudity relative to European artistry.

New Zealand is remote not only from Europe but from most of the world's densely populated areas. If the world is divided into two hemispheres so as to have as much land as possible in one and as little as possible in the other, then New Zealand would be almost in the centre of the latter. As can be seen in Figure 1.1, Asia is the nearest centre of population, but most of it is more than one-quarter of the earth's circumference from Wellington. The same point can be made in other ways. New Zealand constitutes the group of large islands furthest from any continent. The distance from Britain to Europe or from Japan to Asia is more comparable to the gap between the North and South Islands than to that between New Zealand and Australia. Even Madagascar is only a quarter as far from Africa as New Zealand is from Australia. (The Indonesian and Caribbean islands form chains between continents and are not isolated in the same way as New Zealand.) This description rests on the distinction between a large island and a continent, but it does give an appropriate impression of geographical isolation. Some readers might find it simpler merely to reflect that an Auckland to Sydney journey is more comparable with one from London to Athens or even London to Moscow than with any link between London and a western European city. Modern technology means that distance has less effect on transport and communications so that recent discussion of remoteness often focuses rather on the insignificance of New Zealand to most people living overseas, while that very insignificance means that the New Zealand popular media give prominence to overseas events.

Remoteness was not countered by great riches waiting to be collected. New Zealand never seemed well endowed with mineral resources. Coal deposits were

New Zealand and its people

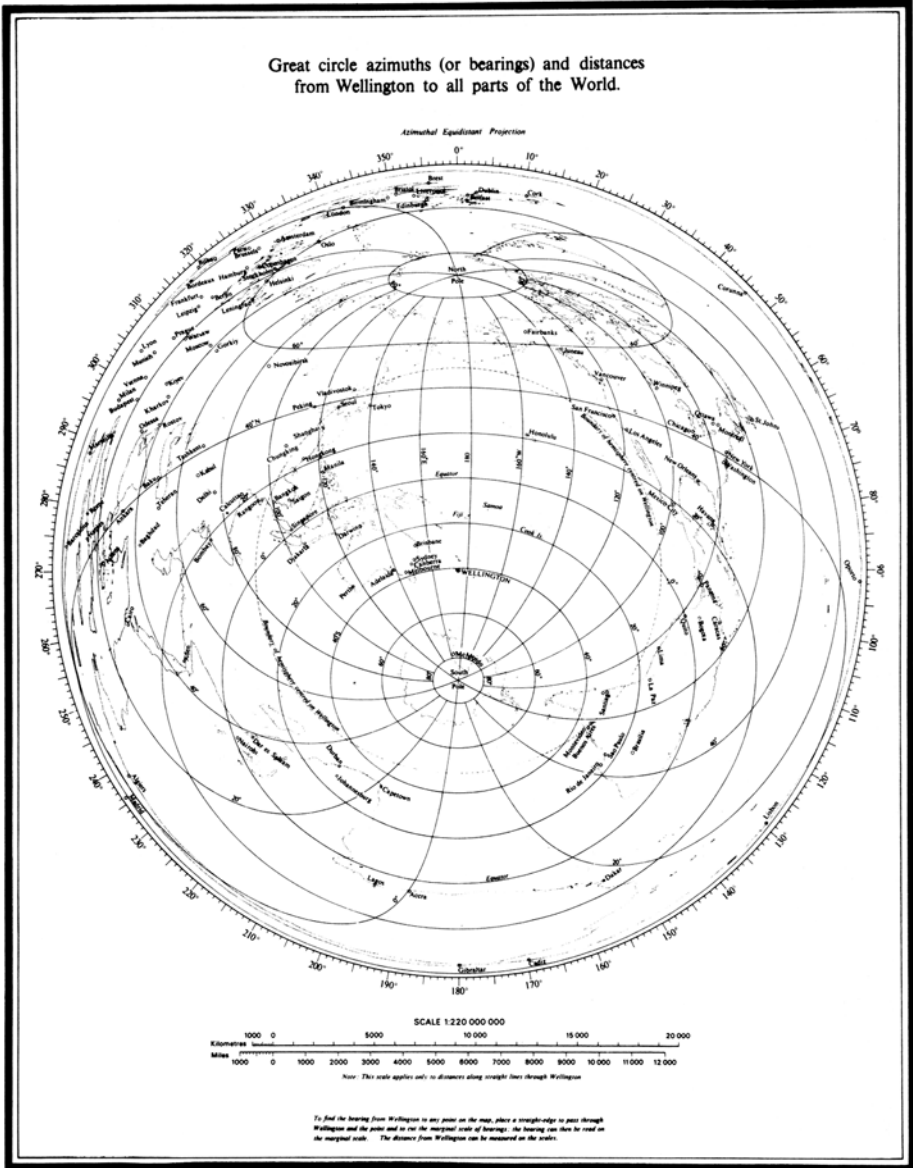


Fig. 1.1. The world from New Zealand. (Source: reproduced from the *New Zealand Atlas* (ref. 101), p. 41, by permission of the Department of Lands and Survey.)

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G. R. Hawke

Excerpt

[More information](#)

4 The Making of New Zealand

and are abundant on the west coast of the South Island and in the Waikato, but the former could hardly be less conveniently sited and there are limits to what can be done with coal alone. Gold deposits dominated economic activity for a brief period but were minor compared with those of California, Australia, and South Africa. For many years, it could reasonably be said that coal and gold were New Zealand's only significant mineral resources. More recently, ironsands, natural gas, oil, and other minerals have become important, but too late to account for much of the growth of the population and economy of the country.

Nor was the natural vegetation an unmitigated attraction in the nineteenth century. Much of New Zealand was covered in forest, kauri in the north and mixed beech and podocarps elsewhere. While the forest provided wood for buildings and for ships, it was an impediment to other uses of the land and underwent modification or removal during European settlement. Removal of 'the bush' was the hallmark of pioneering settlement, and many would say that it still looms too large in conceptions of 'development'. There were areas of grassland or tussock in river valleys and the drier areas of eastern New Zealand which were attractive to early sheepfarmers, but even the natural grasslands were soon judged inferior to introduced vegetation.

People did come and build a European economy, first alongside the existing Maori one and then mostly in place of that earlier organisation. The first pakeha (non-Maori) communities were attracted by natural resources, especially seals, whales, and the kauri. Before 1840, pakeha New Zealand was essentially a mine with several natural products. It was also a field for missionary endeavour, and it was clear to some people that the growing European economy in Australia would sooner or later spill over into New Zealand. Settlers would then need a legal authority for resolving their disputes and for reconciling the claims of Maoris, missionaries and settlers. The British government accepted New Zealand as a colony and this in itself promoted further settlement, especially as the governor and his officials attracted traders to Auckland. The New Zealand Company and related organisations founded settlements in Wellington, Nelson, Wanganui, New Plymouth, Canterbury, and Otago, all pockets of agricultural land thought to be suitable for self-sufficient agricultural communities. Motives for the settlement companies were mixed: there was some genuine idealism directed to building model communities in a new land, but there were also opportunities for capital gains through the way in which the companies organised ballots for blocks of land in and around the settlements. The intentions of the companies were frustrated by the realisation that extensive sheep runs were more profitable than subsistence agriculture, as was apparent to more perceptive students of Australian economic development.

Before it became entirely clear that sheep farming was to be the main activity of the European settlements, there was a brief reversion to a simpler exploitation of natural resources. Gold was discovered in several places, central Otago, Westland and Thames being the most important, and although the deposits were not large on

New Zealand and its people

5

a world scale, they were sufficient to dominate local economic activity for much of the 1860s. They attracted migrants, while supplying miners provided markets for people engaged in other activities.

It was, however, sheepfarming for wool that provided the basis for an enduring pakeha economy in New Zealand. Wool was in demand as an industrial raw material, especially in Britain, and it could be supplied competitively from New Zealand despite the freight costs incurred. Wool could be grown on some native grasslands, but its returns also justified clearing the bush and turning it into grasslands and even reclaiming the extensive swamps. In the North Island, competition for land was a major element in the conflict between pakeha and Maori from the 1850s to the early 1870s (and later). Together with the need for land development in a greater proportion of the North Island than the South, this helped the latter to retain the lead in economic development which it established in the era of gold discoveries.

Woolfarming guaranteed the permanence of pakeha settlement. It permitted an expansion in the scale of activity which was fostered by the central government. The government led by Vogel in the early 1870s was especially noted for its sponsorship of railway-building and immigration. But by the 1880s, the possibilities of expansion seemed to be exhausted. Despite falls in freight rates, the additional costs of increasing wool production outweighed the gains in income which could be expected. The precise course of average incomes is uncertain but there were certainly liquidity difficulties as expectations of a growing value for land and other assets were not realised. Contemporaries talked of depression, but the word did not have the connotation of a fall in real incomes that it has subsequently acquired. Some historians have nevertheless used terms like 'long depression' to characterise the period 1879–96; it was certainly a period when prices were generally falling throughout the international economy but prices and incomes need not follow similar paths. It has also been shown that despite the greater economic integration induced by Vogel's schemes, regional experiences were varied.

Some writers, especially Dr W.B. Sutch (ref. 107 and Chapter 4 below), have tried to identify an incipient development of manufacturing as an alternative to wool in the 1880s, but it is argued below that while manufacturing in New Zealand replaced some imports in the 1880s, so it did in other decades of the nineteenth century, and the only unusual feature was the absorption of low cost labour in activities which did not have a long-term future. In any case, the major development releasing the constraints on the economy was the introduction of refrigeration. The technical possibility of delivering frozen food to European markets was shown in 1882 and after unavoidable gearing-up, the export of frozen meat made the term 'sheepfarming' more appropriate than 'woolfarming'. Furthermore, butter and cheese made dairying into an export industry ranking alongside sheepfarming. The New Zealand economy entered a new phase of growth; prosperity

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[More information](#)

6 The Making of New Zealand

flowed from farms and processing industries to urban industries and services more generally.

Prosperity continued until the First World War, although not without some interruptions. The inter-war years were less buoyant. The 1920s were marked by uncertainty, and the 1930s saw a depression in the strict sense. New Zealand's exports were first restrained by the limited growth of demand for meat, wool, and dairy produce in the 1920s, and then hit by falling prices for those products in the 1930s. The Depression of the 1930s was a major social political event in New Zealand's history, even if the experience of poverty and unemployment was not great by international standards.

Recovery from the Depression was led by export prices as the European and North American economies recovered. The Depression in New Zealand, unlike Britain or Australia, brought a Labour government to power and when it encountered economic difficulties it chose to experiment with unorthodox policies. The Depression experience was therefore intermingled with an attempt to insulate the domestic economy from international events, albeit to only a limited extent. Furthermore, in New Zealand as in North America, there were important moves towards a welfare state in the 1930s rather than, as in most OECD countries, being delayed until after the Second World War. There was therefore a sharper change of course for the New Zealand economy in the late 1930s than was true of most countries; the imposition of import and exchange controls in 1938 with its links to elements of a 'controlled' and 'fortress' economy is a convenient symbol for the transition to the modern New Zealand economy which is taken up in Chapter 9.

While these broad trends were building a modern economy, a distinctive political community and society was evolved. New Zealand was initially a Crown colony but the British government, without even much reluctance, conceded representative and responsible government almost simultaneously in the 1850s. Defence and native affairs were partly reserved to the governor until the 1860s and full control over external affairs was delayed much longer, but for most purposes New Zealand residents controlled their own destinies after 1856; few members of the United Nations have had such a long and continuous political existence.

At first, local affairs were most important and for 20 years provincial governments were in some respects more important than the central one although they never had the sovereignty typical of states in a federal entity. Nevertheless, in 1870, New Zealand had a Legislative Council, a House of Representatives, and nine provincial governments for a population about the size of present-day Wellington. Fortunately, the Legislative Council was nominated, not elected on a restricted franchise, and New Zealand was virtually spared the conflicts between the houses of parliament which were characteristic of the Australian colonies.

The provinces were abolished in 1876. Vogel wished to remove an impediment to centralisation of government borrowing and investment plans, and there was

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G. R. Hawke

Excerpt

[More information](#)**New Zealand and its people**

7

insufficient concern with local autonomy to frustrate the plans of the central government. After the wars of the 1860s, the central government itself was mostly concerned with bread-and-butter issues and politics was a matter of men competing for recognition as the best available managers of economic resources. Oligarchy had both advantages and disadvantages. Some politicians were men of taste and distinction, well able to see broad issues underlying detailed proposals for railways and bridges and to debate the intellectual problems of the day; others were narrow-minded strutters on a small stage. Some, from both sides, found it hard to maintain a clear distinction between the interests of the public and themselves.

As in the economy, there were changes in politics in the 1880s. In 1891, a Liberal government brought more elements of ideology into parliament. But although the Liberals retained office until 1912, the flourishing of ideological debate and legislation was much briefer and Seddon soon led government back to issues of development and local interests. The Liberals were more a movement of consensus than of specific ideas. From 1912 to 1928, the Reform Party was in office and it returned in coalition after a brief reincarnation of Sir Joseph Ward, a prominent politician in the 1890s and prime minister from 1906 to 1911, who led the Liberals to office under the name 'United' in 1928. In retrospect, the main political trend of the 1920s was the long stuttering rise of the Labour Party to eventual victory in 1935, long after Labour administrations in Australia.

The existence of 'Liberals' and the rise of a 'Labour Party' are sufficient to show that there were similarities in the political developments of New Zealand and England from the mid nineteenth century. But closer study of both of these phenomena, and many other apparent similarities, reveals differences as well. New Zealand's Liberals, for example, were not free traders. To many Europeans and Americans, New Zealand was one of a number of colonies controlled from London, and Dominion status was merely a device to get extra seats for Britain in international conferences and organisations. But the reality of power over things that were important to settlers in New Zealand (and other colonies of European settlement) passed very early to the colonists themselves, and some governors were surprised to find just how limited their role was. Only in foreign affairs did Britain restrain the colonists, and New Zealand's expansion in the Pacific was thereby limited.

Not all British influence originated in Whitehall. From the 1870s onwards, the British capital market was more important than the British government, and the power of the capital market was essentially its ability to approve or refuse a New Zealand loan. British capitalists did not control New Zealand resources and activities; rather, their cooperation and finance were needed if resources were to be developed and activities proceed in ways the colonists wanted.

It was this connection and the trading pattern which supported it which made London so important to nineteenth-century New Zealand. Vogel left the premiership

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G. R. Hawke

Excerpt

[More information](#)

8 The Making of New Zealand

to become agent-general in London, the forerunner of the modern high commissioner. It was widely thought that Seddon planned to do the same in the early twentieth century and after his death one of his ministerial colleagues took the post. These political movements reflect the close personal relationships and frequent travel of New Zealanders whose business was divided between London and the colony. With the new industries based on refrigeration, British capital and markets became even more important, and it is a little odd now to read the enthusiastic welcome given in newspaper editorials to the purchase of shares in the Union Steam Ship Company by the British P & O shipping line during the First World War. Indeed, the broad trend in the early twentieth century was to define New Zealand in terms of separation from Australia (the Commonwealth of Australia being formed from the Australian colonies in 1901) and to welcome rather than resent direct connections with Britain. Caution is required, because 'imperial' was useful in politics for suggesting that the Labour Party was disloyal and alien, but even the first Labour government, despite its determination to have an independent voice on the major issues of world politics, was keen to increase the proportion of New Zealand's exports which went to Britain.

British connections were welcomed provided they assisted towards ends determined by the colonists. For many of them, Britain was quite literally 'Home' and it is intriguing how many prominent early settlers retired to England to die. But then a feature of all international migrations is that the lure of the country of origin remains strong. Furthermore, for some it was London, the centre of the Empire, which was 'Home', not England as a whole. 'Home' did become sentimentalised for many, but in general there was a choice of which of its aspects should be retained and transplanted to New Zealand. Some resented the imitative element of New Zealand society, just as many do now when its source is more often North America than Britain.

Imitation is a feature of provincial societies and in many ways New Zealand was provincial. It was a small and intimate society, giving the convenience of ready access of one interest to another, and the inconvenience usually experienced in small groups by nonconformists. Until the Second World War, it was also essentially homogenous. Maoris were still mostly on the fringes of society, culture, and economy unless they became Europeanised. Pakehas were overwhelmingly British in origin, English in most places. There were more Scots in the south, but for most colonial purposes, Scots were simply superior English. There were not enough Irish to form as separate an element as they did in North America or Australia, although they did dominate some local communities and Irish issues sometimes entered New Zealand public life. There were settlers from continental Europe, but they too were assimilated before being influential on any but a local level. Assimilation of the few Chinese was more difficult and they were badly treated until attitudes became more tolerant, well into the twentieth century.

This small homogenous community sometimes attracted attention as a centre of

New Zealand and its people

9

radicalism. Manhood suffrage was attained early, partly because of the Irish background of Grey who was governor in the 1840s and 1860s and premier in the 1870s. Women's suffrage was also early, being attained in 1893 as a result of the strategy of the temperance movement, the campaign of a few gifted women, and a mixture of political calculation and miscalculation by the professionals. Old-age pensions and compulsory arbitration of labour disputes seemed to many to be radical in the 1890s. But while central government was more interventionist in New Zealand than in most economies, the radicalism that attracted overseas observers in the nineteenth century had little to do with egalitarianism. Government action did extend to attacks on land aggregation, but the extent of concern with equality needs careful definition and is pursued further in Chapter 6. It is likely, however, that colonial society permitted more occupational mobility than was common in Europe, while the relative youth of (pakeha) economic activity and Victorian large families meant that few individuals benefited from large inter-generational transfers of wealth.

A society and its underlying economy results from the activities of people. The pakeha population grew from virtually nil at the beginning of the nineteenth century to the present-day total of about three millions. The general pattern of growth, as shown in Fig. 1.2, is of growth at a decelerating rate, although the diagram rather accentuates fluctuations within the low early figures and disguises the resurgence from the Second World War to the 1960s. The latter is shown more clearly in Table 1.1, but discussion of post-war trends is deferred to Chapter 10. Figure 1.2 also shows that the trends in Maori population totals were quite different and they are returned to presently.

The non-Maori population originated in immigration and, except for the late 1880s, early 1930s, late 1960s, and late 1970s, New Zealand has remained a country of net immigration. But while in one sense all of the non-Maori population must be the result of immigration, at least in part (because of the inclusion of people with some Maori ancestry), most of that effect came from reproduction after arrival in New Zealand. The direct contribution of migration to population growth is easily exaggerated. Table 1.2 shows that after the mid 1860s, it was only in the first half of the 1870s that immigration exceeded natural increase as a source of population growth (although the presentation in quinquennial totals hides the fact that in some years of the later 1870s immigration was high). The table ends in the 1960s when official statisticians reassessed their ability to provide accurate figures on non-Maori population trends, but by comparing the gap between birth and death rates with the immigration rate in Figure 1.3, it can be seen that the early 1970s stands out as an unusual period in the quantitative importance of immigration. It can then be concluded that once the attraction of the goldfields was worked out, immigration was usually much smaller than natural increase except for the early 1870s and the early 1970s.

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10 The Making of New Zealand

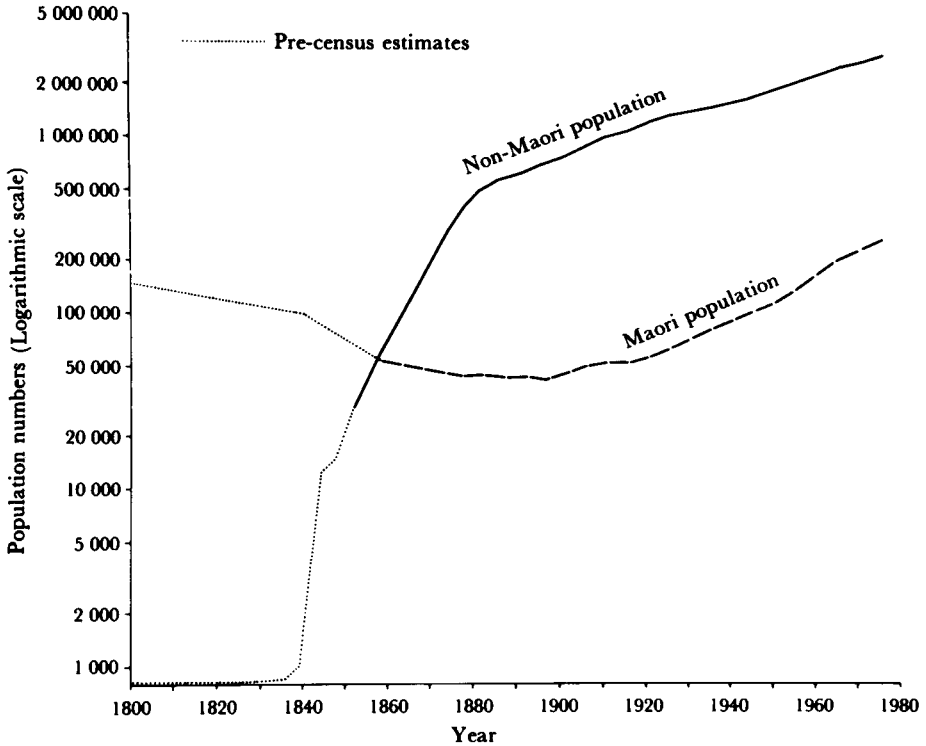


Fig. 1.2. Growth of Maori and non-Maori populations, 1800–1976. (Source: R.W.J. Neville & C.J. O'Neill, *Population of New Zealand* (ref. 116), p. 3.)

The latter case is postponed to a later chapter, but the immigration of the 1870s was closely connected with government sponsorship. Even if the New Zealand Company and the Canterbury and Otago Associations are regarded as British, colonial sponsorship of migration began early. Provincial governments were involved from the 1850s. But it was the Vogel government of the 1870s with its eyes fixed firmly on 'development' that made immigration one of the chief concerns of the central government. It was rivalled only by the management of loans in the responsibilities of the agent-general in London, and he organised recruiting agencies and provided free passages to New Zealand for approved applicants, those falling into specified categories of age and occupation, or nominated by prospective employers in New Zealand. As the immigrant's travel cost would have been at least £12–18, while the average agricultural labourer's wage was about £30 per annum, sponsorship was important.

Governments' enthusiasm dwindled in the 1880s and the scheme was allowed to die out. But in the early twentieth century immigrants again seemed desirable and a greater flow coincided with the revival of subsidised fares from 1903. In 1906,