

Shared State Experiments: Policy Transfer and Convergence in Australia and New Zealand

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Governments transfer knowledge about policies, ideas and institutions between political systems, learning from one another in a process of policy learning;¹⁾ lesson drawing;²⁾ diffusion;³⁾ or policy transfer.⁴⁾ As Dolowitz and Marsh observe:

While terminology and focus often vary...studies are concerned with the process by which knowledge about policies, administrative arrangements, institutions, and ideas in one political system (past or present) are used in the development of policies, administrative arrangements, institutions and ideas in another political system.⁵⁾

As this paper will show, Australia, New Zealand and the Australian states since the 19th century have shared policy ideas, policy innovations, legislation—and indeed policy personnel—to a remarkable degree. This was to the extent that a shared Australasian model of state development developed and existed for much of the 20th century. In turn, this model was dismantled in the 1980s and 1990s in a rapid and comprehensive process of economic liberalisation, which also shared important characteristics and was facilitated by trans-Tasman policy transfer and elite networks.

The Australasian Colonies

This Australasian colonial world was strongly interlinked in the late 19th and early 20th century and shared imperial officials, labour and business. Governor Hobson came to New Zealand with its annexation by New South Wales in 1840. Sir George Grey was at different times Governor of

1) Hecló, H. 1974. *Modern social policy in Britain and Sweden*. New Haven, CT: Yale University Press.

2) Rose, R. 1991. What is lesson drawing? *Journal of Public Policy* 11: 3–30.

3) Bennett, Colin. J. 1997. Understanding ripple effects: The cross-national adoption of policy instruments for bureaucratic accountability. *Governance—an International Journal of Policy and Administration* 10, no. 3: 213–233.

4) Dolowitz, David and David Marsh. 1996. Who learns what from whom: A review of the policy transfer literature. *Political Studies* 44, no. 2: 343–357.

5) Ibid.

South Australia, Governor of New Zealand (twice), Governor of the Cape Colony (South Africa) and then Premier of New Zealand. Frederick Napier Broom, appointed as Governor of Western Australia in 1883, was a former governor of Natal and Mauritius, and had been a pastoralist in New Zealand for twelve years, where his wife wrote the minor classic *Station Life in New Zealand*.⁶⁾ Sir Julius Vogel (premier 1873–75, 1876, 1884–87) lived in Victoria before moving to New Zealand in 1861. English-born Richard Seddon, the long-serving New Zealand Liberal Premier (1893–1906) had worked in Australia from 1883–6, was a well-known figure on both sides of the Tasman Sea and indeed died returning from a tour of Australia. His successor, Joseph Ward, was born in Victoria. J. C. Watson, the first Labour Prime Minister of Australia in 1904, was born in New Zealand and moved to Australia at the age of 21. Victorian-born Michael Joseph Savage (NZ PM 1935–40) was active in the Victorian Labor party before emigrating to NZ in 1907 at the age of 35.⁷⁾ At the Imperial centre in London, Agent-Generals and other visitors from the Australasian colonies meet regularly with and formed delegations to the Secretary of State, where issues of

mutual jealousy between Victoria and New South Wales, land laws and land taxation, the rabbit plague, emigration, the future of Tasmania as a holiday destination, federation, tariffs, trade unions, colonial democracy, the treatment of Aborigines, the Pacific labour Trade and exploration of New Guinea

and the annexation of various Pacific isles were discussed.⁸⁾

The colonies co-operated widely on a number of issues including establishing a joint naval squadron in 1887 and undertaking an Inter-colonial Royal Commission into the rabbit problem in the same year, offering 25 000 pounds for a solution. As federation of the Australian colonies looked likely in the 1880s and 1890s, New Zealand was invited to and took part in the constitutional conferences of 1890 and 1891. Regular inter-colonial and imperial conferences and the federal movement all helped build links and friendships between elites from different colonies and assisted the development of consensus on policy and the sharing of innovations and ideas.⁹⁾ The telegraph facilitated information and news sharing across the British Empire and the world, with Australia linked to London in 1872, and Australia and New Zealand linked in 1876. From 1886 the

6) Barker, Lady. 2004 [1870]. *Station life in New Zealand*. Wellington: New Zealand Electronic Text Centre.

7) More recent examples include New Zealand born Joh Bjelke Petersen, the notorious Queensland Premier, and New Zealand born ministers in Howard's government — John Fahey and Jackie Kelly. Former New Zealand Cabinet minister Matt Robson is Australian born.

8) Powell, G. 2005. A diarist in the cabinet: Lord Derby and the Australian colonies 1882–85. *Australian Journal Of Politics And History* 51, no. 4: 481–495.

9) Olivier, Maurice. 1954. *The colonial and imperial conferences from 1887 to 1937*. Ottawa: Cloutier, Kettle, John. 1967. *The colonial and imperial conferences, 1887–1911: A study in imperial organization*. Imperial studies no. 28. London: published for the Royal Commonwealth Society by Longmans, Glass, Charles Cameron Kingston.

New Zealand United Press Association — an alliance of regional and city papers — largely took its international news from Australian press combinations and Australasian audiences were provided with a reasonably uniform diet of international news, with an Empire slant. New Zealand remained reliant on Australian sources into the 1920s.¹⁰⁾ Professional meetings, such as interstate meetings of Police Commissioners were sometimes attended by New Zealanders.¹¹⁾ Victorian and Australian experiences provided the legal structures and experiences that underpinned the growth of New Zealand pastoralism.¹²⁾ Similarly, Victorian law provided the models for regulating New Zealand's goldfield, and its administrators were recruited to enforce them.¹³⁾ At its most central, the Australasian colonies inherited an English constitutional heritage, its conventions and institutions, and British law; both statute and common; explicitly borrowed from British sources, but also from the experiences of other colonies, including Canada; and further discussed and adapted through such measures as evolution and negotiation at Imperial conferences well into the twentieth century.¹⁴⁾ The shared state institutions were a corollary of British colonialisation—a form of 'coercive'¹⁵⁾ policy transfer — that would further facilitate policy learning and transfer across a century and a half.

The 'Australasian Settlement'

These closely linked colonies established broadly similar models of economic development in the progressive era of the late 19th century. Paul Kelly's¹⁶⁾ 'Australian settlement' consisting of 'White Australia, Industry Protection, Wage Arbitration, State Paternalism and Imperial Benevolence' — was largely a shared 'Australasian settlement', with key elements originating in New Zealand. This model encompassed early democracy and the vote for women; dispossession of indigenous people; aspirations to land and home ownership for settlers, and embryonic welfare states. The seven colonies of Australasia were the 'showcase of progressive politics in the 1890s'¹⁷⁾ and

10) Potter, S. J. 2003. Communication and integration: The British and dominions press and the British world, c. 1876–1914. *Journal of Imperial And Commonwealth History* 31, no. 2: 190–206.

11) Dunstall, Graeme. 1999. *A policeman's paradise? Policing a stable society, 1918–1945*. The history of policing in New Zealand. Palmerston North: Dunmore Press/Historical Branch.

12) Olssen, Erik. 1987. The Land of Sheep and Gold. In *Tasman relations: New Zealand and Australia, 1788–1988*, edited by K. Sinclair. [Auckland, N. Z.]: Auckland University Press.

13) Ibid.

14) Ward, Alan J. 1987. Exporting the British constitution: Responsible government in New Zealand, Canada, Australia and Ireland. *The Journal of Commonwealth and Comparative Studies* XXV, no. 1: 3–25. US models also influenced the Australian Commonwealth's constitution. The US is also of course a former British possession.

15) Dolowitz, D. P. and D. Marsh. 2000. Learning from abroad: The role of policy transfer in contemporary policy-making. *Governance—an International Journal of Policy and Administration* 13, no. 1: 5–24, Evans, Mark. 2004. Understanding policy transfer. In *Policy transfer in global perspective*, ed. Mark Evans. Aldershot: Ashgate.

16) Kelly, Paul. 1992. *The End of Certainty: The Story of the 1980s*. Sydney: Allen & Unwin.

17) Rodgers, Daniel T. 1998. *Atlantic crossings: Social politics in a progressive age*. Cambridge, Mass., & London: Belknap Press of Harvard University Press.

these state experiments attracted the attention of reformers and influenced political and social debates as far away as the United States.¹⁸⁾ The Australasian Progressives of the late 19th and early 20th century and the British ‘positive’ liberal thought they adopted provided a welcome environment for policy innovations that could fit, or be made to fit, preconceived ideas of what ‘New World’ countries should be like.¹⁹⁾ As Sidney Webb enthused in 1898, these efforts to reproduce a ‘brighter Britain’ were of ‘special interest’ because the Antipodes tackled problems shared by the English ‘in a peculiarly English way’²⁰⁾ with the components assembled by such progressives as William Pember Reeves in New Zealand and Charles Kingdon in Victoria not ‘merely isolated experiments, devised to meet particular emergencies’ but instead ‘parts of a definite, systematic, far-reaching policy of social re-organization’.²¹⁾ Together this Australasian social and economic re-ordering comprised a strategy of ‘domestic defence’²²⁾ or a ‘settler contract’ that ostensibly balanced the demands of an export-led economy, exporting food and wool to Britain, although as Fairburn points out this ideal society was often just that—an ideal—and life was often grimmer than mythology allows.²³⁾ One can also question whether the ‘settlement’ was more an aspiration than an achievement.

New Zealand’s role as innovator was central.²⁴⁾ As Davis noted in 1971 although ‘modern Australian writers are . . . reluctant to admit the fact, Australian state and Commonwealth governments at the turn of the century looked continually to New Zealand for precedents.’²⁵⁾ This was evident to a great extent in Tasmania, with the Hobart to Bluff steamer facilitating the transfers of ideas and personnel, and with conservative and radical papers and politicians and policy entrepre-

18) Coleman, P. J. 1982. New-Zealand liberalism and the origins of the American-welfare state. *Journal of American History* 69, no. 2: 372–391. Onslow, Earl of. 1893. *State socialism and Labour government in Antipodean Britain*. London. Metin, Albert. 1910. *Le socialisme sans doctrine*. Paris. Rossignol, James Edward and William Downies Stewart. 1910. *State socialism in New Zealand*. New York. Reeves, William Pember. 1998 [1924]. *The long white cloud Ao Tea Roa*. Twickenham: Senate. Originally published by Allen and Unwin. Moloney, Pat. 2002. State socialism and William Pember Reeves: A reassessment. In *On the left: Essays on socialism in New Zealand*, ed. Pat Moloney and Kerry Taylor: 260. Dunedin, N.Z.: University of Otago Press.

19) Macintyre, Stuart. 1991. *A colonial liberalism: The lost world of three Victorian visionaries*. Oxford & Melbourne: Oxford University Press. Simms, Marian. 2002. Waltzing Matilda: Gender and Australian Political Institutions. In *Australia Reshaped: 200 Years of Institutional Transformation*, edited by G. Brennan and F. G. Castles. Cambridge & Melbourne: Cambridge University Press.

20) Webb, Sidney. 1898. Impressions of New Zealand. *The Echo* 7 October. In Reeves, William Pember, “Scrapbooks of Newspaper Clippings.” In qMS–1683–1685, ATL, Wellington, vol. 2.

21) Webb quoted in Sinclair, Keith. 1965. *William Pember Reeves: New Zealand fabian*. Oxford: Clarendon Press.

22) Castles, Francis. 1988. *Australian public policy and economic vulnerability*. Sydney: Allen & Unwin.

23) Fairburn, Miles. 1989. *The ideal society and its enemies*. Auckland: Auckland University Press.

24) Braithwaite, John. 2002. Globalization and Australian Institutions. In *Australia Reshaped: 200 Years of Institutional Transformation*, edited by G. Brennan and F. G. Castles. Cambridge & Melbourne: Cambridge University Press.

25) Davis, R. P. 1971. New Zealand liberalism and Tasmanian Labor, 1891–1916. *Labour History* 20, May: 24–35.

neurs referring to New Zealand regularly, either as a positive or negative lesson. Debate centred on New Zealand's agrarian legislation, land tax issues, and the breaking up of large estates (as minimal as that turned out to be). Experience in New Zealand was seen as a qualification for office for Tasmanian Labor members. Politicians visited from both sides: Seddon in 1897 when he defended New Zealand's loans to rural settlers; New Zealand Member of Parliament A. W. Hogg in 1904 when he evangelised the New Zealand tax on unimproved land; while the Tasmanian Tax Commissioner visited New Zealand to examine the tax's operation. A version of the tax was later taken up by the Fisher Commonwealth Labor Government (1910–13).

A central aspect of this 'settler contract' or 'domestic defence' was compulsory arbitration where industrial (including wage) disputes between unions and employers were settled in a tribunal before a judge, with compulsory reference to an Arbitration Court and with rules binding on both parties. For the American Progressive Henry Demarest Lloyd in 1900, compulsory arbitration was one of Australasia's 'advanced institutions' not merely a 'novelty in a subordinate field of legislation' but 'a new growth of the living organism of modern society'.²⁶⁾ Compulsory arbitration was first adopted in New Zealand (NZ) in 1894, followed by Western Australia (1900), New South Wales (NSW, 1901), and then Queensland and South Australia (1912). Compulsory arbitration was adopted by the new Australian Commonwealth in 1904. In the new federal Australia, proponents also tied arbitration explicitly to the concept of New Protection that became the orthodoxy for the next three-quarters of a century. This allowed local industries, particularly manufacturing, to accommodate themselves to the arbitration system by linking trade protection to social protection for workers, with the promise of protection from foreign competition for firms which paid 'fair and reasonable' wages. This direct state intervention in and regulation of the labour market would be an aspect of New Zealand and Australia into the late 20th century, and a key component of what Castles terms the 'workers' welfare state,' where welfare in a full employment society was delivered through a regulated labour market that guaranteed a 'living wage'.²⁷⁾

The adoption of compulsory arbitration showed the importance of imperial elite networks and policy transfer in the adoption of the Australasian model — it was a state experiment that was shared amongst the Australasian colonies, and exceptional to them.²⁸⁾ William Pember Reeves was the main force behind the adoption of the New Zealand 1894 Industrial Conciliation and Arbitration Act. Reeves held the post of Minister of Labour in the Liberal government from 1892 until 1896. The New Zealand Act itself was similar to Charles Kingston's earlier and unsuccessful 1890

26) Lloyd, Henry Demarest. 1900. *Newest England: Notes of a democratic traveller in New Zealand, with some Australian comparisons*. New York: Doubleday, Page & Co, _____. 1900. *A country without strikes: A visit to the compulsory arbitration court of New Zealand*. New York: Doubleday, Page & Co.

27) Castles, F. 1985. *The working class and welfare*. Sydney: Allen & Unwin.

28) Goldfinch, Shaun and Phillippa Mein-Smith. 2006. Compulsory arbitration and the Australasian model of state development: Policy transfer, learning and innovation. *Journal of Policy History* 18, no. 4: 419–445.

Victorian Bill, with an almost identical full title;²⁹⁾ so much so that Kingston ‘later accused Reeves of legislative plagiarism’³⁰⁾. Reeves certainly borrowed and acknowledges Kingdon’s part³¹⁾, but also notes the influences of arbitration initiatives across the world.³²⁾ The majority of the Australian colonies and federal Australia studied the New Zealand legislation and its effects, noted problems and attempted to correct them. Western Australia was directly influenced by New Zealand legislation³³⁾ and the NSW Backhouse Royal Commission in 1901 toured New Zealand to study the operation of the Act in detail,³⁴⁾ before NSW’s adopting its own compulsory arbitration mechanism incorporating lessons learnt. In turn, New Zealand transferred ideas and policies from Australia, particularly from the federal arbitration system. Policy makers appreciated that arbitration courts could play a central roles in setting wages and conditions by the turn of the century.³⁵⁾

The development of Australasian approaches to state development were mirrored in a large degree of policy transfer amongst government statisticians and other officials. Investment in statistics reflected the imperative of marketing the colonies to British investors and potential migrants. Official statistics both promoted entrepreneurial state activity and highlighted the aspirations to build a New World, revealed in appeals to ‘White Australia’, the ‘workingman’s paradise’ and ‘Better Britain’. Connections between Colonial statisticians made the connections that were fundamental to Australasian state-making were maintained through conferences, correspondence and irregular visits. The first co-operative event involving Australasian statisticians was held in London in 1860, when the Fourth International Statistical Congress included representatives of the British colonies. Through such exchange, the ‘distant but important members of the British Empire’ would profit ‘no less than the mother country herself’.³⁶⁾ The Australasian colonies presented a joint report to the congress, ‘prepared with great care and ability’,³⁷⁾ on the ‘Irregularity of the Statistical Phenom-

29) Strikes, Royal Commission on. 1891. *Report of the royal commission on strikes (New South Wales)*. Sydney: George Stephen Chapman, Acting Government Printer. Kingston, C. C. 1892. *Memorandum re conciliation bill*. PRG 1039/2 State Library of South Australia.; NZ Industrial Conciliation and Arbitration Act 1894, preamble.

30) Sinclair, Keith. 1965. *William Pember Reeves: New Zealand fabian*. Oxford: Clarendon Press.

31) Reeves, William Pember. 1902. *State experiments in Australia and New Zealand*. London: George Allen & Unwin.

32) Reeves, William Pember. 1902. *State experiments in Australia and New Zealand*. London: George Allen & Unwin, _____. ‘Reminiscences.’ Reeves, William Pember 1857–1932: Ms-papers-0129-32. Atl, Wellington, n. D.

33) Segal, Naomi. 2002. Compulsory arbitration and the western Australian gold-mining industry: A re-examination of the inception of compulsory arbitration in Western Australia. *International Review of Social History* 47: 59–100.

34) Backhouse, Alfred P. 1901. *Report of royal commission of inquiry into the working of compulsory conciliation and arbitration laws*. Sydney: New South Wales Legislative Assembly.

35) Mein Smith, Philippa. 2005. *A concise history of New Zealand*. Cambridge, U.K.; New York: Cambridge University Press.

36) Hammack, ‘Report to the statistical society on the proceedings of the fourth session of the international statistical congress’, p. 4.

37) *Ibid.*, p. 14.

ena Observable in the Australian Colonies since the Gold Discovery of 1851'. There was a surge of statistical material in the late nineteenth century, as the *Statistical Registers* were joined by official yearbooks, census reports and occasional essays and pamphlets across the colonies.³⁸⁾ Victorian statistician, H. H. Hayter visited New Zealand on a ten week holiday in 1873, and made a report on statistics and census-taking and suggested improvements to the Office of the Registrar-General, which were taken up in later censuses.³⁹⁾ The colonies responded to imperial request for uniformity in statistics with a conference in Hobart in 1875 (although New Zealand did not attend because the invitation failed to arrive in time), and the Statistical Society of London published the innovations agreed to by Australian statisticians.⁴⁰⁾ From 1890 the New South Wales statistician, T. A. Coghlan, issued an Australasian version, *A Statistical Account of the Seven Colonies of Australasia*, which after federation was renamed (in 1902–4) *A Statistical Account of Australia and New Zealand*.

This new society demanded a new type of urban environment and innovations in town planning were shared across the Tasman. Reflecting the influence of the British Garden Cities and Town Planning Association of the early twentieth century, and the drives both of imperialism and an evangelical zeal, British models were exported across the world, with special attention paid to the British Empire.⁴¹⁾ Australasia was one recipient of this new movement with the 'Anglophilic New Zealand journalist'⁴²⁾ and self-trained planner Charles Compton Reade, a key conduit. Initially accompanied by Englishman William Davige, Reade conducted a grand 16 month 'Australasian Tour' beginning in with a lecture in Auckland on 6 July 1914 and continuing across Australia to late 1915. On the way he delivered numerous lectures and advised state and local governments across Australia, before finally ending up as Government Town Planner in Adelaide. He was instrumental in the South Australian Town *Planning and Development Act 1920* which established a department able to monitor and develop suburban plans and communities. He departed Australia in 1920.⁴³⁾ Other planning enthusiasts in New Zealand and Australia were connected across the Tasman through such as venues the Australian Planning conference in 1918.⁴⁴⁾

Health and social policy innovations were widely shared throughout the twentieth century, with influence following back and forth across the Tasman. The child welfare Plunket movement established in New Zealand in 1907 was widely studied in Australia and elsewhere, with its foun-

38) c.f. meetings of the Australasian Association for the Advancement of Science from 1888.

39) Hayter to Julius Vogel, 10 November 1873, Colonial Secretary, 1873–1874, IA 1 1874/342, Archives NZ, Wellington.

40) 'Conference of government statisticians, South Australia', p. 253.

41) Freestone, R. 1998. An imperial aspect: The Australasian town planning tour of 1914–15. *Australian Journal of Politics and History* 44, no. 2: 159–176, Miller, Caroline. 2002. The origins of town planning in New Zealand 1900–1926: A divergent path? *Planning Perspectives* 17: 209–225.

42) Freestone, R. 1998. An Imperial Aspect: The Australasian Town Planning Tour of 1914–15.

43) Ibid.

44) Miller, Caroline. 2002. The origins of town planning in New Zealand 1900–1926: A divergent path? *Planning Perspectives* 17: 209–225.

der Truby King called to Britain. Commissioned by the NSW legislative assembly to examine mother and child welfare in New Zealand, Neville Mayman commented in 1918 that the New Zealand baby welfare Plunkett Society had taken the 'rather unusual course of appealing primarily to the better-to-do and more intelligent women of the community' — which was seen as a positive thing — and called for the establishment of a similar organisation in Australia.⁴⁵⁾ Similar organizations were established in NSW and Victoria in 1918. Australian pre-school child health and welfare movements in turn influenced New Zealand, with visits across the Tasman in the 1930s. Plunkett New Zealand's car child restraint program in the early 1980s was 'copied in several parts of Australia, and in England and Scotland,'⁴⁶⁾ while 'Plunketline' launched in 1994 was based largely on 24 Hour phone services in SA and WA, with the SA service visited by the Plunket president.⁴⁷⁾ Anti-tobacco policy in both countries in the late twentieth century were widely-shared, including legislation and various anti-smoking campaigns, with New Zealand Department of health officials visiting Australia in the 1980s, and with the 1987 Victorian Tobacco Act the inspiration for similar legislation in New Zealand.⁴⁸⁾ Repeated health restructuring in the 'reform laboratory'⁴⁹⁾ of New Zealand during the 1980s and 1990s provided some lessons for Australia as to *how* not to carry out health reform, as the Australia Federal Minister of Health Tony Abbott noted in 2005.⁵⁰⁾

The Great Depression

Empire ties strengthened in the wake of the depression and its economic disruption and growing trade protection, particularly with the Ottawa Agreements of 1932 which set up preferential tariffs amongst members of the Empire, and the beginning of the Sterling Bloc in 1931. Although, particularly for New Zealand, the Great Depression lacked the severity found in much of the North, the stresses of the era saw Australian and New Zealand look to cooperate and present common policy positions, sometime presenting joint positions to the Imperial authorities in London, such as in debates over shipping lines.⁵¹⁾ The Depression era again saw a period of state experiments for labour and labor parties across the Tasman. In some case they diverged. The Australian Federal Scullin Labor government's (elected 1929) continued reliance on the protective devices of the

45) Bryder, Linda and Royal New Zealand Plunket Society. 2003. *A voice for mothers: The plunket society and infant welfare, 1907–2000*. Auckland, N.Z.: Auckland University Press.

46) Ibid.

47) The government removed funding for Plunketline in 2006.

48) Studlar, DT. 2005. The political dynamics of tobacco control in Australia and New Zealand: Explaining policy problems, instruments, and patterns of adoption. *Australian Journal Of Political Science* 40, no. 2: 255–274.

49) Abbott, Tony. 2005. *Speech notes for consilium: the trouble with reform*. Coolom.

50) Ibid. c.f. Gauld, Robin. 2001. *Revolving doors: New Zealand's health reforms*. Wellington: Institute of Policy Studies and Health Services Research Centre, which Abbot cites at length.

51) Tsokhas, K. 1994. The Matson line, Australian shipping policy and imperial relations 1935–1939. *Australian Journal Of Politics And History* 40, no. 3: 364–378.

'wage earners welfare state', its failure to deal with the difficulties of the depression, its continuing commitment to the orthodoxy of neoclassical economics and to targeted welfare measures, and its subsequent defeat in 1931, provided a useful lesson for New Zealand Labour, elected 1935.⁵²⁾ As Bennett argues, Scullin's policy failures were a factor in the move away from economic orthodoxy and the adoption of the universal provisions contained in the New Zealand 1938 Social Security Act which provided universal health care, maternity care and means-tested pensions, and universal superannuation as well as other increases in welfare benefits. For a while this established New Zealand as a welfare leader. US influences were apparent in this act—but also important were British experts who visited New Zealand in 1936 who advised on superannuation and a national health scheme, after a similar visit to Australia.⁵³⁾ Additionally, Australian superannuation scheme was strongly studied by New Zealand policymakers.⁵⁴⁾ With the election of Labour in New Zealand in 1935, measures that had been unsuccessfully sought by Labor in Australia such as the central reserve bank, were introduced in New Zealand, with the New Zealand reserve bank converted to 100 per cent public ownership. The Australian Reserve Bank Act of 1959 separated the reserve bank functions from the Commonwealth savings bank functions.

The policies of the New Zealand Labour Party and its subsequent financial and social reform in turn attracted considerable attention and discussion in Australia, although this did not always eventuate in policy change. Labour's financial policies were seen to allow cheaper credit for housing and public works by some Australian commentators, although its main contribution to cheaper credit was to subsidize public housing and Labour quickly returned to financial orthodoxy. In 1939, both sides of a faction-ridden Labor movement appealed to New Zealand examples, and the support of New Zealand examples was seen as a factor in a victory in a NSW by-election.⁵⁵⁾ As Davis notes the Tasmanian Labor Treasurer visited New Zealand in 1939 and claimed 'a real and quite unique affinity between New Zealand and Tasmanian Labor parties'⁵⁶⁾ Both parties shared a fleeting dalliance with Douglasite ideas of 'social credit'—seen as an easy solution to the Great Depression. New Zealand Labour's banking policies were praised, and in 1937 the Tasmanian state Labor conference 'passed on to the Federal body a motion to adopt the New Zealand system of govern-

52) Bennet, James. 1997. Social security, the "money power" and the great depression: The international dimension to Australian and New Zealand Labour in office. *Australian Journal of Politics and History* 43, no. 3: 312–330.

53) Ibid.

54) Biltho, D. G. 1984. Some financial and medico-political aspects of the New Zealand medical profession's reaction to the introduction of social security. *New Zealand Journal of History* 18, no. 1, Hanson, Elizabeth. 1980. *The politics of social security: The 1938 act and some later developments*. [Auckland]: Auckland University Press.

55) Davis, Richard. 1996. New Zealand Labour government and the ALP: An image of independence. In *The Electronic Journal of Australian and New Zealand History*, 2006.

56) Davis, R. P. 1981. 'A real and quite unique affinity': New Zealand and Tasmanian Labor, 1939–1949. *Labour History* 40, May: 68–76.

ment marking of primary produce.⁵⁷⁾ New Zealand examples were used in debates well into the 1940s, citing education spending, racial issues, price stabilisation schemes and the abolition of clothes rationing, amongst other things. New Zealand Labour provided examples for Labor parties across Australia and as Davis notes ‘Australian Labor Politicians were distinctly less coy than Australian historians in tacitly accepting the existence of an Australasian identity’.⁵⁸⁾ New Zealand Labour also provided negative lessons for Australia — such as a threat of socialism and tension between ostensible ‘socialist’ and other aims of the Australian Labor Party.⁵⁹⁾ For example, in 1941 the Western Australian Minister for health rejected an item to the general council, referring to New Zealand and urging ‘full hospital and medical attention’ on the basis that it was not relevant to the West Australian experience and would scare away doctors from the state.⁶⁰⁾

War and Post-War

The Second War saw most democracies centralise their economies and impose price, wage and other controls, often with great success, and Australia and New Zealand were no different. The war and the success of planning proved for many that the state could provide a vital and positive role in the economy, while Keynesian economics provided a theoretical justification.⁶¹⁾ Like the Australian government, the New Zealand Labour Government stated in its 1946 budget its commitment to full employment — reiterating comments made a decade earlier⁶²⁾ and reflecting an international consensus that macroeconomic variables could be manipulated to realise this aim.⁶³⁾ This was to be achieved within the system of fixed exchange rates and capital controls (some capital controls were introduced in New Zealand in 1938) of the Sterling Area and then the Bretton Woods agreement from 1958 when the Sterling was made convertible; although New Zealand maintained some scepticism regarding the Bretton Woods institutions and did not join the International Monetary Fund until 1961.⁶⁴⁾ Despite initial concerns, Australia had joined in 1947. The New Zealand Labour Government nationalised the Bank of New Zealand in 1945 and the internal air services in 1946—but the Australian Labor government’s attempt to nationalise private banks was defeated by the High Court in 1948. Labour parties were defeated at Federal level and in New Zealand in 1949, ushering

57) Ibid.

59) Prevan, Ralph. 1971. Policy formulation and implementation: The W.A. Branch of the ALP in the ‘thirties. *Labour History* 20, May: 25–45.

60) Ibid.

61) Galbraith, John Kenneth. 1995. *The world economy since the wars: A personal view*. London: Mandarin.

62) Nash, Walter. 1946. *New Zealand financial statement: 1946*. Wellington: New Zealand Parliament House of Representatives.

63) Waters, W. J. 1970. Australian Labor’s full employment objective, 1942–45. *The Australian Journal of Politics and History* XVI, no. 1: 48–64, Whitwell, Greg. 1994. The power of economic ideas? Economics policies in post-war Australia. In *State, economy and public policy in Australia*, ed. Stephen Bell and Brian Head. Melbourne: Oxford University Press.

64) Singleton, John. 2001. Introduction. *Australian Economic History Review* 41, no. 3: 233–240.

in an era of ‘conservative’ government that lasted until the election of the short lived labour governments of Whitlam in Australia in 1973–75, and Kirk in New Zealand in 1973–75, although there had been a one term Labour government in New Zealand between 1957 and 1960.

The post-war era, much maligned as an era of stagnation and over-regulation by economists spouting the fashionable market liberal economics of the 1980s and 1990s, was instead a period of reasonable prosperity, low unemployment, and some liberalization.⁶⁵⁾ Both countries expressed alarm at Britain’s first attempt to join to the EEC in 1961, although Australia was not as economically dependent as New Zealand.⁶⁶⁾ Both resented Britain for subsidising domestic agriculture and for not preventing dumping of food by non-commonwealth countries.⁶⁷⁾ Australia renegotiated the Ottawa Agreement in 1956 and both New Zealand and Australia gradually moved from a dependence on Britain as a source of imports, exports and capital, well before Britain’s successful membership application to the EEC in 1973. There was some decline against the heights of prosperity of the mid twentieth century, but this was gradual and against the background of rapid, remarkable and unprecedented economic recovery and a technological ‘catch-up’ of the rest of the OECD during the 1950s–1960s after the devastation of the war, with Australia above and NZ at the average OECD per capita GDP in 1984.⁶⁸⁾ Australia and New Zealand frequently used quantitative import controls in the 1950s in the face of balance of payment problems, which functioned as a ‘supplementary means of non-price rationing of foreign exchange,’⁶⁹⁾ and Australia introduced quantitative import controls in the period of economic difficulty following Whitlam tariff cuts (see below). In May 1963 New Zealand and Australia set up a Joint Standing Committee and the outcome — the New Zealand Australia Free Trade Agreement — was signed in 1965, although its name was largely a misnomer and haggling over trade protection continued.⁷⁰⁾ Some of the stranger jointly-shared traditions were unwound such as six o’clock closing (i.e. where pubs closed at 6 pm), finally abolished in South Australia and New Zealand in 1967. Like other countries, both struggled and experimented with policy settings in the face of the economic difficulties and stagflation of the 1970s and early 1980s.⁷¹⁾ Australia fought long and hard over trade liberalization, following Ratti-

65) Goldfinch and Malpass. 2007. *The Polish shipyard myth: Economic history and economic reform in New Zealand*. White, Colin. 1992. *Mastering risk environments, markets & politics in Australian economic history*. Melbourne: Oxford University Press.

66) Robertson, P and J Singleton. 2000. The old Commonwealth and Britain’s first application to join the EEC, 1961–3. *Australian Economic History Review* 40, no. 2: 153–177.

67) Singleton, John. 2001. Introduction. *Australian Economic History Review* 41(3):233–240.

68) Goldfinch and Malpass. 2007 *The Polish shipyard myth: Economic history and economic reform in New Zealand*.

69) Brennan, Geoffrey and Jonathan Pincus. 2002. Australia’s economic institutions. In *Australia reshaped: 200 years of institutional transformation*, ed. Geoffrey Brennan and Frank Castles. Cambridge & Melbourne: Cambridge University Press. Australia abolished import controls in 1960, but maintained relatively high tariff barriers.

70) McLean, Denis. 2003. *The prickly pair: Making nationalism in Australia and New Zealand*. Dunedin: University of Otago Press.

gan's appointment to the Trade Board in 1963 and the review of protected industries in 1967. The Whitlam Government cut tariffs by 25 percent in July 1973, but in the face of economic difficulties introduced further import protection in the form of quantitative controls. The Fraser Government, despite rhetoric otherwise, shied away from large reductions in protection and indeed increased some in some areas.⁷²⁾ New Zealand reduced its reliance on import licensing (a quantitative import control) and by 1981 import licensing only covered 18 percent of New Zealand imports compared with 75 percent in the mid 1960s, and there was gradual trade liberalisation, although as Prime Minister (1975–1984) Robert Muldoon noted in 1979, progress 'has been disappointingly slow'.⁷³⁾ Financial liberalisation and other reforms were carried out, albeit in a manner that seems slow and tentative, and often inconsistent, by the standards of the late 1980s and 1990s.⁷⁴⁾

Economic Reform and Policy Convergence

This period of moderate and stop-start liberalization of the post-war era was replaced with a period of rapid economic liberalization in the 1980s and 1990s. Initially under ostensibly social democratic Labo[u]r Governments elected in Australia in 1983 and in New Zealand in the following year, both countries adopted a broad range of policies drawing on then fashionable neoclassical economics and neoliberal thought. Changes included the floating of the exchange rate; extensive liberalisation of financial, capital and other markets; lowering of trade protection; fiscal restraint and monetary deflation; changes to the machinery of government; corporatisation and then sale of some government assets; broadening of the tax base; and changes to industrial relations frameworks including the development of an incomes policy through the Accord (in Australia) and radical liberalisation of the labour market (in New Zealand). Like the 1890s and 1930s, the Australasian world again became a centre of attention for its 'state experiments'.⁷⁵⁾

Both periods of reform drew on international trends and particularly the growing influence of market liberal ideas, both in the economics discipline in general and particularly in the Anglo-American policy world. As such, similarities between the two countries are not altogether surpris-

71) c.f. Gould, J. D. (John Dennis). 1985. *The Muldoon years: An essay on New Zealand's recent economic growth*. Auckland: Hodder & Stoughton. Mathews, Russell and Bhajan Grewel. 1997. *The public sector in jeopardy*. Melbourne: Centre for Strategic Economic Studies. Victoria University.

72) Capling, Ann and Brian Galligan. 1992. *Beyond the protective state*. Melbourne: Cambridge University Press.

73) Muldoon, Robert. 1979. *New Zealand financial statement: 1979*. Wellington: New Zealand Parliament House of Representatives.

74) Goldfinch and Malpass. 2007. *The Polish shipyard myth: Economic history and economic reform in New Zealand*.

75) Evans, Lewis, Arthur Grimes, Bryce Wilkinson, and David Teece. 1996. Economic reform in New Zealand 1984–95: The pursuit of efficiency. *Journal of Economic Literature* XXXIV, December: 1856–1902. Goldfinch, Shaun. 2000. *Remaking New Zealand and Australian economic policy. Ideas, institutions, and policy communities*. Wellington and Washington DC: Victoria University Press and Georgetown University Press. OECD. 1996. *OECD economic surveys 1995–1996: New Zealand*. Paris: OECD.

ing. There were direct links — New Zealand officials visited Australia to examine the float of the Australian dollar, carried out in December 1983. The NZ dollar was floated in March 1985. The Australian Secretary for the Treasury John Stone, a noted and occasionally hard-line advocate of economic liberalization, visited New Zealand. The Australian Campbell Report on financial liberalization, published in 1981, influenced financial reform in New Zealand.⁷⁶⁾ There was also some sharing of personnel — Roger Kerr, from 1986 chief executive of the New Zealand Business Roundtable which was known for its hard-line stance on economic liberalisation — worked for the Australian Commonwealth Industry Commission (also known for its hard-line liberalisation stance) for three months from late 1984 to 1985. He later employed former Industry Commission officials in the Business Roundtable. Australian official Jeff Rae was seconded to the New Zealand Treasury as part of a staff exchange negotiated under what became the Closer Economic Relations (CER) Agreement in the early 1980s. Networks links were also formed indirectly. A number of senior Australian and New Zealand officials, many influential in the reforms of the 1980s and 1990s, were seconded to international organizations such as the OECD, IMF and World Bank. These organizations, often with a strong neoliberal agenda, were important influences on policy directions and significant avenues for consensus building amongst international policy elites on these directions.⁷⁷⁾ Similarly, neoliberal think tanks, again with highly interlinked memberships, provided important avenues for consensus building on policy directions.⁷⁸⁾ For example, strong links were formed between the neoliberal Centre for Independent Studies in Sydney and New Zealand policy and business elites, with former New Zealand Finance Minister Ruth Richardson (1990–3) a board member, and former State Services Commissioner Roderick Deane a frequent visitor and board member. There was also a short-lived attempt to establish a New Zealand-based Centre for Independent Studies.

While certainly sharing similarities, the periods of economic reform in Australia and New Zealand during 1983–1994 also were distinguished by a number of characteristics. In New Zealand rapid economic policy changes were imposed, sometimes in the face of public opposition, often in secret, and despite a number of explicit election promises to the contrary. In Australia, a more gradual process of change was introduced by a government that was skilful in building and maintaining support for the new policy directions, by cajoling and using the symbols and rhetoric of consensus, and by incorporating key interest groups in policy formation. Australia's economic reforms also lacked the ideological and theoretical purity of New Zealand's reforms. This is particularly in the case of the Accord, the corporatist-type arrangement between the Australian Council of

76) Goldfinch. 2000. *Remaking New Zealand and Australian economic policy*.

77) Goldfinch, Shaun. 2002. The old boys' network? Social ties and policy consensus amongst Australian and New Zealand economic policy elites. *Policy, Organisation & Society* 21, no. 2: 1–25.

78) Ibid. Kelsey, Jane. 1995. *Economic fundamentalism*. London: Pluto Press.

Trade Unions and the Federal Government that would last through eight incarnations from 1983–1996.⁷⁹⁾ This divergence between Australia and New Zealand in the labour market was particularly marked after the introduction of the New Zealand 1991 Employment Contracts Act, which introduced a radical system of individual contracts in employment, overturning the state sponsorship and regulation of labour markets that has lasted since the late 19th century. Indeed, as the radicalism of some of the New Zealand reforms were used as negative lessons and as Davis⁸⁰⁾ notes ‘New Zealand GST and industrial legislation was used, with some success by Paul Keating in 1993, to show reluctant Labor voters in Australia the dire consequences of a local Liberal-Country Party government.’

Despite Australia’s successful period of reform and significantly stronger economic performance from the mid-1980s on,⁸¹⁾ New Zealand’s period of reforms remained somewhat of a model for some policy and business elites; indeed for some the ‘purity’ of the reforms, their comprehensiveness and their derivation from (then) cutting-edge neoclassical economics continued to be attractive.⁸²⁾ From the mid-1990s, and after the election of the Coalition governments at Federal level in Australia in 1996, there was further convergence. The New Zealand Fiscal Responsibility Act of 1994 required the government to formulate and report its fiscal policy objectives to Parliament; how these will be complied with; and justify any departures from them. This provided somewhat of a model for the Australian Charter of Budget Honesty Act 1998, although there were some divergences.⁸³⁾ The New Zealand model was discussed at length in Australian parliamentary select committees with submissions by such luminaries as former NZ Treasury Secretary Roger Scott and former Finance Minister (1990–1993) and self-proclaimed originator of the NZ Act, Ruth Richardson.⁸⁴⁾ The Commonwealth National Commission of Audit of 1996⁸⁵⁾ had recommended legislation

79) Goldfinch. 2000. *Remaking New Zealand and Australian Economic policy*.

80) Davis, Richard. 1996. New Zealand Labour government and the ALP: An image of independence. In *The Electronic Journal of Australian and New Zealand History*, 2006.

81) Both countries shared somewhat similar levels of economic performance until the mid-1980s on a number of measures, but New Zealand’s performance dropped well below OECD and Australian average on GDP per capita after 1984 where it had sat at 100 percent of the OECD average. This divergence was particularly marked during 1987–1992, which is one of the worst periods of economic performance in New Zealand’s history.

82) Interview, Maurice Newman, Sydney, October 2004.

83) The Act also requires disclosure of the fiscal consequences of economic policy decisions, which includes publishing three-year forecasts every half year, and four to six weeks prior to a general election. Forecasts include the usual financial statements, as well as a statement of fiscal risks and contingent liabilities, which describe and (if possible) quantify the fiscal risks associated with the forecasts. The Minister of Finance and the Secretary to the Treasury sign statements of responsibility declaring that all policy decisions have been included in accordance with the Act, and that the Treasury has used its best professional judgement in preparing the fiscal impacts of the policy decisions. C.f. Wanna, John, Joanne Kelly, and John Forster. 2000. *Managing Public Expenditure in Australia*. St Leonards, NSW: Allen & Unwin.

84) Joint Committee of Public Accounts, Parliament of the Commonwealth of Australia. 1995. *Financial reporting for the commonwealth. Towards greater transparency and accountability*. Canberra: Parliament of the Commonwealth of Australia, Australian Government Publishing Service.

along New Zealand lines. Similar moves were promulgated by international organisations such as the OECD⁸⁶⁾ and the IMF, with the IMF seeing New Zealand's act as the 'benchmark piece of legislation'⁸⁷⁾. The so-called \$8 Billion 'Black Hole' budget deficit left by the outgoing Labor government in 1996 provided the necessary crisis language and impetus. Fiscal responsibility legislation was adopted in the Victorian Financial Management Act 1994, the Queensland Charter of Social and Fiscal Responsibility Act 2004, the NSW Fiscal Responsibility Act 2005, and the Western Australian Government Financial Responsibility Act 2000, with many showing remarkable similarities to the New Zealand legislation. A goods and services tax (GST) was adopted by the Commonwealth, with New Zealand as a negative example and claims by the Labour opposition that the GST in New Zealand had led to problems with 'losers out of this tax package . . . As we saw in New Zealand, it was the compensation package that went quickly out the back door'.⁸⁸⁾ This was some convergence in public management including the adoption of accrual accounting in 1999 and a greater focus on 'outputs' for government goods and service, with New Zealand models key in discussion, including for negative lessons.⁸⁹⁾ In 2005 the Howard Government passed legislation amending the *Workplace Relations Act 1996* that moved Australia closer to the model of industrial relations as established in New Zealand with the radical anti-union *Employment Contracts Act 1991*, including the latter's focus on individual contracting. This is despite the ECA being associated with falling productivity growth in New Zealand, its replacement in 2000 with the more moderate *Employment Relations Act* by the Labour Government and the explicit use of New Zealand examples as negative lessons by those opposing the Act.⁹⁰⁾ Indeed, New Zealand examples were used in parliamentary debates both to support and to attack the new Bill.⁹¹⁾ WA had previously introduced similar legislation. The greater economic success of Australia since the mid-1980s is often used by opposition politicians in New Zealand to support greater economic liberalisation and tax cuts; again rather ironically, as the Australian economic reforms were considerably less doctrinaire than those of New Zealand, and that divergence from Australian economic performance was largely

85) National Commission of Audit. 1996. *Report to the Commonwealth Government*. Government Publishing Service Canberra: National Commission of Audit.

86) OECD. 2001. *OECD best practices for budget transparency*. Paris: OECD.

87) International Monetary Fund. 2001. *Manual on fiscal transparency*. Washington DC: International Monetary Fund.

88) Crean, Simon, MP (Hotham, ALP, Opposition). 1998. Second reading. A new tax system (goods and services tax) bill 1998. In *House Hansard*.

89) Campbell, Colin. 2001. Juggling inputs, outputs and outcomes in the search for policy competence: Recent experience in Australia. *Governance* 14, no. 2: 253–282.

90) Goldfinch, Shaun. 2004. Economic reform in New Zealand: Radical liberalisation in a small economy. *The Otemon Bulletin of Australian Studies* 30: 75–98. Goldfinch. 2000. *Remaking New Zealand and Australian economic policy*.

91) Ferguson, Michael. 2005. Workplace relations amendment (work choices) Bill 2005. Second reading. In *House Hansard*. Canberra: Commonwealth of Australia, Plibersek, Tanya. 2005. Workplace Relations Amendment (work choices) Bill 2005. In *House Hansard*. Canberra: Commonwealth of Australia.

after the reforms of the late 1980s and later 1990s.⁹²⁾

Possibly the most dramatic policy transfer was between Victoria and New Zealand in the early 1990s. New Zealand's reforms of its state sector along 'New Public Management' lines are cited as exemplars by other reforming governments and by international organisations such as the OECD,⁹³⁾ but few jurisdictions have adopted them to the extent as Victoria. Largely carried out in a remarkable few months following the election of the Victorian Liberal Government in October 1992, these reforms replicated the privatization, corporatisation, fiscal responsibility and reporting requirements, managerialism, and individual contracting in employment of the New Zealand model, even to using some of the titles of New Zealand Acts and repeating more-or-less word-for-word large sections of the New Zealand legislation. Just six days after the election, a Victorian Commission of Audit was initiated by the Victorian premier. Its subsequent report cites New Zealand example and draws clear parallels between the 'current economic climate in Victoria [which] is similar to that which existed in New Zealand. [Indeed] It should be possible to employ or contract the services of people or organisations with appropriate skills at reasonable rates.' The Report's advice was followed, and a number of key policy entrepreneurs, consultants and innovators from New Zealand were recruited into the Victorian public service. Visits of Victorian ministers and officials to New Zealand were common, while policy entrepreneurs from New Zealand also visited to instruct on the New Zealand reforms. Think tanks also provided an important link. The influential Melbourne-based Tasman Institute, partly funded by New Zealand sources, had New Zealand members and was strongly linked to the neoliberal activist New Zealand Business Roundtable. Former New Zealand Finance Minister (1984–89) Roger Douglas was the founding chairman of the Institute in 1990. The Tasman Institute was in turn strongly linked to other think tanks and to Liberal politicians. The writings and books of policy innovators from New Zealand were also important, although less so; as were references to New Zealand in such New Public Management tracts as *Reinventing Government*.⁹⁴⁾ Not just the content of legislation was borrowed from New Zealand. The 'crash through' approach to reform — where policies were introduced in large packages with little discussion so as to avoid their dilution — was also influential.⁹⁵⁾

The most fundamental realignment and policy convergence between Australia and New Zea-

92) Goldfinch and Malpass. 2007. The Polish shipyard myth: Economic history and economic reform in New Zealand.

93) OECD. 1996. *OECD economic surveys 1995–1996: New Zealand*. Paris: OECD, Office of the Auditor General of Canada. 1995. *Towards better governance: Public service reform in New Zealand (1984–94) and its relevance to Canada*. Ottawa: Office of the Auditor General of Canada.

Goldfinch, Shaun. 1998. Evaluating public sector reform in New Zealand: Have the benefits been over-sold? *Asian Journal of Public Administration* 20, no. 2: 203–232.

94) Osborne, David and Ted Gaebler. 1992. *Reinventing government: How the entrepreneurial spirit is transforming the public sector*. Reading, Mass.: Addison-Wesley Pub. Co.

95) Roberts, Vanessa. 2005. The origin of Victoria's public sector reforms: Policy transfer from New Zealand? Master of Arts, University of Canterbury.

land has been seen since the advent of ANZCER agreement on 1 February 1983. This has seen the increasing harmonization of Australia and New Zealand across a vast array of policy fields as well as the mutual recognition of each other's different regulatory and legislative regimes, and increasing talk of a single market, with all the convergence and harmonization of law that implies. Harmonization has often meant the adoption of Australian law (or law that is at least similar) by New Zealand; although not in all cases. This harmonization and mutual recognition has been carried out through such mechanisms as joint intergovernmental committees, cooperation between Trans-Tasman governmental agencies and regular meetings of ministers. A host of memorandums and agreements have been adopted by both governments. In 1986 New Zealand adopted competition law that reflected Australian examples, and a 1988 a protocol was adopted which eliminated the application of anti-dumping laws. The Trans-Tasman Mutual Recognition Agreement (TTMRA), signed in 1996 and activated in 1998, allows any good legally sold in one jurisdiction to be sold in any other. Any person registered to practise an occupation in one jurisdiction can practise in any other. In 2000 a memorandum of understanding on the Coordination of Business Law (updating an earlier 1988 memo) was signed and affirmed by a Ministerial Forum held in 2003. The Open Skies Agreement, confirming a single aviation market, was signed in 2002. In 2004 a Trans-Tasman Accounting Standards Group was established with members from various accounting agencies and professional groups and representatives from the Australian Treasury and the New Zealand Ministry of Economic Development to establish similar accounting standards. The Australian Productivity Commission's recommendation to further integrate the two countries' competition and consumer regimes was endorsed by the New Zealand Finance Minister Michael Cullen and the Australian Treasurer Peter Costello in February 2005. In 2006 there further moves to provide mutual recognition and harmonize banking regulation, consumer regulation, business taxation, securities law, amongst other things — and even to coordinate the New Zealand Reserve Bank and the Australian Prudential Regulation Authority 'especially in times of financial crisis.' A common currency is not ruled out, nor is a common border for customs and quarantine and other rules. A single market remains the putative policy aim.⁹⁶⁾

Conclusion: A New Australasian Settlement?

Australia and New Zealand's historical ties, cultural and institutional similarities and strong social and organisational links provide a field within which policy innovations, policy lesson, successes and failures can be easily studied and shared. Australian and New Zealand share a common British and Westminster heritage which facilitates this process. But sharing goes beyond this. New

96) Howard, John. 2006. *Transcript of the prime minister the hon. John Howard mp joint press conference with the prime minister of New Zealand Helen Clark, parliament house, Canberra.* 08 February 2006. Available from http://www.pm.gov.au/news/interviews/Interview_1767.html.

Zealand's small size, and lack of institutional density and comparative lack of checks and balances on central governments means it is comparatively easy for rapid policy change and innovation to be introduced and trialled. Indeed, the notion of New Zealand as a social laboratory — particularly in the 1890s, 1930, and 1980s — is engrained in the mythology of New Zealand. It taps into the insecurities of a small nation on the edge of the planet as somehow leading the world, despite its comparative insignificance. But this notion is also occasionally accepted elsewhere — sometimes explicitly by Australia, where New Zealand's similarities provides as close as a test case as is possibly available outside a controlled laboratory environment. As such for Australia, policy innovations in New Zealand provide a cognitive shortcut for Australian policy makers. Similarly, for New Zealand policy makers, there are the different jurisdictions of the Australian states and territories, as well as the Commonwealth, to provide lessons. It is easy to look across the Tasman — indeed to fly (or sail) across it and check for oneself — for possible solutions to similar problems. Again, the insecurities of a small nation see New Zealand policy innovators more than ready to explain and market their marvellous new solutions, and to sell these new solutions, possibly along with themselves as consultants. However, this borrowing is not simply a problem-solving activity. Reforms may hold their appeal for ideological reasons, despite their questionable success. Rather ironically, New Zealand's neoliberal reforms of the 1980s and 1990s remained an exemplar for some Australian elites, despite the considerably greater success of the more moderate Australian reforms; and in the case of the Employment Contracts Act, despite its abandonment by New Zealand. The New Zealand's Labour Party's dalliance with Social Credit monetary policies in the 1930s attracted attention — both good and bad — across the Tasman well after they had been abandoned by Labour itself. The Keating Labor Government used New Zealand examples to successfully demonise GST and other proposals of the Hewson Liberal party in the 1993 election. Failures too can provide useful policy lessons — the limited success of the Scullin Labor (elected 1929) government provides lessons for the Savage Labour Government elected in New Zealand in 1935. The shambolic New Zealand health reforms of the 1980s and 1990s were used as examples of what *not* to do in Australia. The relative lack of institutional constraints on executive power in New Zealand were looked at in the 1930s with some envy by the 'left' in Australia, who saw a Labour government able to implement its social agenda, without the delays of a conservative federal government, the complexities of a federal system and the constraints of a written constitution. In the 1980s and 1990s the left would reassess the value of checks and balances on an executive, as a largely unconstrained Labour and then National Government introduced radical neoliberal policies in New Zealand, while in more complex and constrained Australia a more moderate programme of economic liberalisation was carried out. Australia and New Zealand have sometimes competed to be seen as the most orthodox of countries undertaking neoliberal reform.⁹⁷⁾ Policy success and failure is a po-

97) Campbell, Colin. 2001. Juggling inputs, outputs and outcomes in the search for policy competence: ↗

litical and social construction, of course. Different sides of a debate have often pointed to and possibly misrepresented Australia (or New Zealand or another state) to support quite different conclusions: from compulsory arbitration debates in WA in the late nineteenth and early twentieth century;⁹⁸⁾ the reform era of the 1930s; to the comparative economic success of each country's reforms of the 1980s and 1990s; to public sector reforms in Victoria in the 1990s;⁹⁹⁾ to debates regarding the Australian *Workplace Relations* legislation at the beginning of the twenty-first century.

Mechanisms of policy transfer are myriad and multi-layered. These have ranged from the intercolonial and imperial conferences of the 19th and early twentieth century; professional conference and meetings; dense social and family networks; the interchange of personnel ranging from Prime Ministers and other politicians, bureaucrats, consultants and business elites and policy activists and entrepreneurs. Visits from political leaders, at both state and federal level, to-and-fro across the Tasman have been common and regular since the mid-nineteenth century. Documents and legislation have flowed across the Tasman. Formal structures have facilitated other links. Intercolonial commissions and conferences have been superseded by joint investigations including the joint review of Trans-Tasman shipping by the New Zealand Ministry of Transport and the Australian Bureau of Transport Economics in 1978, 1980 and 1987 and large number of inter-governmental and other committees related to CER and harmonization issues. New Zealand has long been committed to the 'habit of consultation' with Australia, with, by the late 1980s, participation in over 20 standing committees of federal and state ministers, and meetings between select committees of the respective Parliaments.¹⁰⁰⁾ Importantly, the Council of Australian Governments, established in 1992, has led to the development of a number of intergovernmental agreements and consequent legislation, by the six States, the two Territories, the Australian Commonwealth and New Zealand. New Zealand is a member of, or observer on, the majority of the 40 Ministerial Councils and associated fora which cover a wide field of policy areas.¹⁰¹⁾ In some cases the responsible New Zealand Minister has voting rights where issues impact on the Trans-Tasman mutual recognition agreement; with observer status otherwise. Ministerial Councils usually meet annually or biannually —

↘ Recent experience in Australia. *Governance* 14, no. 2: 253–282.

98) Goldfinch and Mein-Smith. 2006. Compulsory arbitration and the Australasian model of state development: Policy transfer, learning and innovation.

99) Roberts, Vanessa. 2005. The origin of Victoria's public sector reforms: Policy transfer from New Zealand? Master of Arts, University of Canterbury.

100) Palmer, G. 1990. New Zealand and Australia: Beyond CER. *New Zealand International Review* 15, no. 4: 2–7.

101) New Zealand is a member of the following committees: Administration of Justice; Attorney Generals; Consumer Affairs; Crime Prevention; Cultural Ministers; Education, Employment and Youth Affairs; Environmental Protection and Heritage; Food Regulation; Health; Housing; Local Government and Planning; Natural Resource Management; The Status of Women; Tourism; Transport; Sport and Recreation; Primary Industries. It is an observer on the following committees: Aboriginal and Torres Strait Islander Affairs; Drug Strategy; Minerals and Petroleum Resources; Workplace Relations; Energy; Immigration and Multicultural Affairs; Procurement and Small Business.

although there may be extraordinary meetings — and will often meet in conjunction with other related ministerial consultative bodies. Much business is carried out through correspondence. Meetings of officials support the councils, at a very senior level; in some cases chief executives of relevant departments. These usually meet before the ministerial conferences, although they may have separate meetings and meet more regularly than the ministerial conferences. Secretariats support the ministerial meetings. These are usually located in various Australian government agencies, both at Federal and State level, although there may be independent secretariats. These are often jointly funded by the various governments involved. In 1996 Australia and New Zealand agreed to jointly develop food standards and the Australia New Zealand Food Authority now approves standards across Australasia. CER and harmonization has seen the increasing convergence across a wide range of policy areas — in many cases, New Zealand, as the junior partner in COAG and CER, has adopted Australian models.

The closeness of New Zealand and Australia policy makers, particularly as facilitated through such mechanisms as COAG, the various committees on harmonization and the exchange of officials, is possibly unlike anywhere else in the world. Indeed, the information sharing of policy elites goes well beyond just formal links. Friendships and high levels of trust exist between policy makers across jurisdictions. Even policy papers at draft level are shared across jurisdictions.¹⁰²⁾ Relationship between political leaders between jurisdictions has often differed over the years, but has at times been warm — such as between the New Zealand and Australian ‘progressives’ of the 1890s and the Labour parties of the 1930s. The closeness of the relationship has not been entirely dependent on party affiliation — conservative Prime Ministers Robert Muldoon (NZ 1975–1984) and Malcolm Fraser (Australia 1975–1983) were not seen to be close — nor were Labour’s David Lange (NZ PM 1984–88) and Labor’s Robert Hawke (1983–1992). But the relationship is close between the current NZ Labour Prime Minister Helen Clark and Liberal John Howard who meet annually in bilateral talks, as well as regularly through such international fora as the Pacific Island Forum, APEC and the Commonwealth Heads of Government Meetings.¹⁰³⁾ The two treasurers/finance ministers also meet regularly and are also seen to have a warm relationship. Australasian policy elites have often presented similar united faces to the world — from common positions on shipping and other issues to the Imperial centre into the twentieth century, and more recently similar views on the WTO, various UN committees and trade liberalisation, to the somewhat similar approaches to ‘governance’ and aid issues in the South Pacific, including the recent *Pacific Plan*.¹⁰⁴⁾

102) Interview, Secretary for the Commonwealth Treasury, November 2004.

103) Howard, John. 2006. *Transcript of the prime minister the hon. John Howard mp joint press conference with the prime minister of new Zealand Helen Clark, parliament house, Canberra*. 08 February 2006. Available from [http://www.pm.gov.au/news/interviews/Interview 1767.html](http://www.pm.gov.au/news/interviews/Interview%201767.html).

104) Goldfinch, Shaun. 2005. Australia, New Zealand and the Pacific Island Nations — interweaved histories, shared futures. *The Otemon Bulletin of Australian Studies* 31: 29–45.

Institutional similarities, social networks and the interchange of personnel also facilitated the most basic method of policy transfer between the two countries—copying. Copying, of course, is a useful cognitive shortcut, ‘the simplest type of lesson drawing’¹⁰⁵), particularly in times of time and resource constraint and urgency brought on by crisis — whether this crisis be real, perceived or created — such as the so-called long depression of the 1890s, the Maritime strike, the Great Depression of the 1930s, to the fiscal ‘crises’ of the 1980s and 1990s. Copying also provides a useful legitimisation—someone and some other country has seen it fit and appropriate to introduce these policies, where ‘experience has a unique status as a justification effectiveness; it shows a proposal is not just based on ‘head in the clouds’ speculation’¹⁰⁶). Australian and New Zealanders have readily had at hand each other’s legislation. The understanding that this legislation has been developed in countries with strong institutional and cultural similarities means there is a greater confidence that this legislation will be of relevance — and it is supported by the belief that similar approaches are often being followed in the English-speaking ‘family of nations’^{civii}. There is also access too and even employment of those centrally involved in the legislation’s inspiration, development and implementation. This has happened numerous times from the nineteenth century on — with copying of parts of the compulsory legislation in the 1890s, health reforms, and public management reforms in the 1990s. At the beginning of the twenty-first century, copying remains a policy option that is widely used. But the push for a single market has now changed this context. Rather than simply a useful cognitive shortcut often adopted in times of putative crisis and for ideological attractiveness or problem solving reasons, copying — to a lesser-or-greater extent — is now in part an outcome of the increasing harmonisation and policy convergence that is itself partly an outcome of CER, but also of political will. It is a form of ‘coercive’ policy transfer where the exigencies of economic integration are driving convergence. In the late nineteenth century, a leading Australasian colony — New Zealand — provided a considerable portion of what was to be termed (incorrectly) the ‘Australian settlement.’ New Zealand was again an influential innovator in the 1930s and 1980s–90s and into the 2000s. In the early 21st century, New Zealand has increasingly taken a backseat in policy innovation, where harmonization and mutual recognition has seen it adopt the policies, particularly commercial ones, of its richer and more powerful neighbour. There might increasingly be a new ‘Australasian settlement’, but it is one more and more of Australia’s making.

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105) Rose, R. 1991. What is lesson drawing? *Journal of Public Policy* 11: 3–30

106) Ibid.

107) Castles, F., ed. 1993. *Families of nations: Patterns of public policy in western democracies*. Aldershot: Dartmouth.

