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**THE 'NEW ZEALAND EXPERIMENT':
TOWARDS A
POST-STRUCTURALIST POLITICAL ECONOMY**

by

Wendy Larner

A thesis submitted to
the Faculty of Graduate Studies and Research
in partial fulfilment of
the requirements for the degree of

Doctor of Philosophy

Department of Sociology and Anthropology

Carleton University

Ottawa, Ontario

March 1997

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in partial fulfilment of the requirements
for the degree of Doctor of Philosophy

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Abstract

This thesis is an analysis of the ‘New Zealand experiment’ (1984-96) focused on the telecommunications industry. The claims made are twofold. Firstly, that the events of the last twelve years are associated with the reconfiguration of the economy, state, and society, and the relationships between them. Correspondingly, these are qualitatively new times for the institutions of capitalism and forms of social life in New Zealand. Secondly, that new modes of political-economic analysis are necessary. In order to explore the contested processes through which certain representations of economic, political, and social life become dominant at particular moments, it is necessary to recognize the contingent nature of concepts and categories.

The thesis takes the form of a ‘situated knowledge’ in which the locatedness of political-economic concepts and categories is the starting point. Methodologically, there are three aspects to the analysis. Firstly, the discourses through which new representations come into being; secondly, the strategies, techniques, and procedures by which these representations are transformed into social practice; and thirdly, the forms of political-economic identity fostered by these discourses and practices. With this approach it is possible to identify the specificity of taken-for-granted political-economic concepts and categories, and show how new understandings are created through and against contested and contradictory processes. As such, the thesis represents a contribution to an emergent post-structuralist political economy.

The analysis demonstrates that in New Zealand the economy is now conceptualized as a ‘space of flows’ through which regions, industrial sectors, and individuals are articulated into the Pacific Rim. Under ‘market governance’, in which the overall political rationality is the pursuit of international competitiveness, the ‘competition state’ facilitates increased

levels of foreign investment, technology, and labour, and it is through market relations that the conduct of enterprises and individuals is aligned with this general political ambition. Forms of social life have also been transformed. The consumer has become the hegemonic political-economic identity, and the social dimensions of the identity worker have been attenuated. It is in this context that I contend the 'New Zealand experiment' marks the contested emergence of qualitatively new forms of economic, political, and social life.

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List of Abbreviations

ATC	Alternative Telecommunications Company
CER	Closer Economic Relations
CEWU	Communication and Energy Workers Union
ECA	Employment Contracts Act
FDI	Foreign Direct Investment
MoC	Ministry of Commerce
NBR	National Business Review
NZH	New Zealand Herald
OIC	Overseas Investment Commission
POU	Post Office Union
ROC	Regional Operating Company
SOE	State Owned Enterprise
TUANZ	Telecommunications Users Association of New Zealand

Chapter One: The 'New Zealand Experiment'

If only you could see your home town now,
 They're making money out of money,
 They're making buildings out of glass,
 Their kids look like they've stepped out of fashion magazines,
 And none of it's going to last.

(Don McGlashan and Harry Sinclair, Songs From the Front Lawn, 1989)

Introduction

In 1987 I returned to New Zealand after a five year absence. My arrival 'home' was marked by profound shock. In the short time since my departure the country had been transformed from a sleepy backwater to one subsequently described as the 'mother of all reformers' by The Economist (16 October 1993:20). The 'casino economy' of the late 1980s was in full swing, the media was obsessed by markets, competitiveness, and efficiency, and a new brashness marked many of my compatriots. Just days after my return the share market crash of October 1987, in which the value of the New Zealand share market was halved, tarnished the veneer. Closer inspection also revealed the huge social cost associated with restructuring- unemployment was at record levels, government services were being cut, and social inequality of all forms was more visible.

Despite a sustained critique from progressive academics, political commentators, and participants of a range of social movements, market fervor was to continue relatively unabated in New Zealand over the next decade. In 1996, as I write this, New Zealand is being touted as the model for other OECD countries to emulate. In Canada, for example, not only is New Zealand presented as the paradigmatic case in the argument for deficit

reduction, it is also used as a textbook model in a diverse range of policy areas including taxation, education, and social policy (see McQuaig 1995). The country also actively exports advice on deregulation and privatization. Roger Douglas, Minister of Finance between 1984 and 1988, and chief architect of the economic reform process, is now in considerable demand in his new guise as an international consultant on privatization. Delegations from a wide range of organizations and countries have come to witness the 'successful' introduction of a free market economy. Consequently the 'New Zealand experiment' is gaining international notoriety, simultaneously lauded by the Right and decried by the Left as an extreme example of neo-liberalism and market regulation.

This thesis claims that the polarized nature of intellectual and political debate over neo-liberalism and market regulation in New Zealand has served to obscure the significance of the last decade. The 'New Zealand experiment' is not simply a shift in policy frameworks - from a variant of Keynesian welfarism favoring state intervention to a version of neo-liberalism favoring the relatively unfettered operation of markets. Nor can the new political-economic environment be explained in any direct way as a response to the increasing linkages between the New Zealand economy and the international economy. Rather, my claim is that the events of the last decade are associated with the transformation of the key categories of economy, state, and society, and the relationships between them. Drawing from both the political economy literatures on globalization and restructuring, and feminist and post-structuralist accounts of discourse and identity, this thesis explores the contested processes through which new configurations have emerged.

The thesis develops these theoretical claims through an analysis of the 'New Zealand experiment' focused on the telecommunications industry. I show that by the mid-1990s three interrelated sets of changes had begun to cohere: 1) a new understanding of economic

relations and a new imagined geography; 2) a new form of governance involving new versions of both state and market; and 3) new versions of the political-economic identities consumer and worker. I explore how these new relations of power emerged out of multiple, open-ended, and contested processes involving the reconstitution of discourses, practices, and identities. In this way I am able to explain how it was that a small, dependent, ex-settler society came to be incorporated into the flows and networks of global capital, and identify new configurations of economic, political, and social relations.

One consequence of these new configurations is the disruption of an understanding of New Zealand as a territorially bounded entity in which economy, state, and society are coterminous. Economic relations are no longer premised on the national economy, but rather on a 'space of flows' in which different sectors, regions, and communities are construed as economic nodes in the flows and networks of the Pacific Rim. Under 'market governance', in which the overall political rationality is the pursuit of international competitiveness, the state facilitates increased levels of foreign investment and labour, and market relations align the conduct of enterprises and individuals with this political ambition. Forms of social life have also been transformed. The consumer has replaced the worker as the hegemonic political-economic identity and, correspondingly, the social dimensions of the identity worker have been attenuated. Thus I contend that the events of the last twelve years mark the emergence of qualitatively new forms of economic, political, and social life.

New Times?

The claim of a qualitative shift in the economic, political, and social formations of the 1990s, in and of itself, is not unusual amongst critical social scientists. Captured under labels such as globalization, late capitalism, or postmodernity, this claim focuses on the reconstitution of the nexus between economy, state, and society. It is increasingly

recognized that there is a new geography of capitalism, that the institutions of capitalism have begun to develop distinctive new forms, and that there have been shifts in social life associated with new understandings of citizenship and increasing 'social polycentricity'. In a recent Canadian collection on restructuring, for example, Janine Brodie (1996:127) observed that:

The passing of the welfare state represents much more than a series of state responses to the changing international economy or to the so-called debt crisis. It signals a paradigm shift (a new way of thinking) in governing practices - a historic alteration in state form that enacts simultaneous changes in cultural assumptions, political identities, and the very terrain of political struggle.

Less clear is the issue of how these shifts should be analyzed. Despite widespread recognition of 'new times'¹, many social scientists analyzing changes in the contemporary political-economic environment have been reticent to examine the implications of these changes for their analytical frameworks. When it becomes obvious that the domain and content of a concept has undergone a mutation that renders earlier understandings problematic, the usual response is an attempt to 'fix' a new version of the concept. Many such concepts have an inherent impulse to totalization; 'they...become concepts to grasp the essence of an epoch' (Barry, Osborne, and Rose 1996:3). Hence the prevalence of debates over the relevance of dichotomous concepts such as fordism/post-fordism, modernity/postmodernity, organized/disorganized capitalism, keynesian/neo-liberal, national/international, and so on, in the political-economic literature of the 1980s and early

¹ The label 'new times' is taken from a series of articles published in Marxism Today, in which an influential attempt was made to grasp the novelty of contemporary shifts. These were subsequently reprinted as Hall and Jacques (1989). My use of the label does not imply adherence to this particular approach, rather it is to point to the significance of the present conjuncture.

1990s.

One result of understanding these concepts as fixed and stable dichotomies is that too often we are led into either/or debates - either nothing has changed or everything has changed. Moreover, in these discussions the emphasis has been on shifts in material conditions, usually formulated as structural change. As Gibson-Graham (1996:13) asserts, 'the global (capitalist) economy is the new realm of the absolute, the not contingent, from which social possibility is dictated or constrained'. The result is a tendency towards economism, even amongst those analysts interested in the social, cultural, and political mediation of economic crisis and change (Jessop 1995a:1616). This has made it difficult to confront shifts in meanings and identities in a coherent way. In New Zealand this tendency is particularly pronounced. Changes in meaning tend to be encapsulated by general references to a 'shift in political culture', and are usually an addendum to analyses of more fundamental political-economic changes².

The consequences are both academic and political. Academically, analyses of political-economic phenomena are being passed over by a new generation of scholars. Rather attention is focused on cultural and textual practices to which new theoretical approaches influenced by feminism, post-structuralism, and critical theory appear to have more relevance. In the realm of feminist scholarship this has resulted in the tendency Michelle Barrett (1992) has characterized as the analysis of 'words rather than things'. In an editorial for Society and Space Andrew Sayer points to this phenomenon in radical academic literature more generally. He laments that interest in political economy has faded,

² The work of Colin James (1992) is a notable exception to this criticism.

pointing out that, 'it has not so much been rejected as ignored, and it is more likely to die from neglect than from critical injury' (1994:636). Politically, despite the high social cost of globalization and neo-liberalism, opponents of new programmes and policies often appear either old-fashioned, 'out of touch with the new reality', or virtually indistinguishable from those whom they would contest. In sum, as Wendy Brown (1995:10) has recently observed:

...as the powers constituting late modern configurations of capitalism and the state have grown more complex, more pervasive, and simultaneously more diffuse and difficult to track, both critical analyses of their power and a politics rooted in such critique have tended to recede.

Correspondingly the claims made in this thesis are twofold - that these are qualitatively 'new times' for the institutions of capitalism and forms of social life, and that new modes of analysis are also necessary. In order to address these claims the thesis is located in an analytical tradition that centers the contested processes through which certain representations of economic, political, and social life become dominant. Rather than representing the new as a clean break with the old, thereby invoking an epochal model of capitalist development, my intent is to emphasize both continuity and change in political discourses, institutions, and identities. This allows me to expose the specificity of taken-for-granted concepts and categories, and theorize political-economic change as involving multiple, contested, and contradictory processes. As such, the thesis is perhaps best understood as both a theoretical and substantive contribution to a 'post-structuralist political economy' (Escobar 1995).

Not only is this thesis theoretically heterodox, it is also explicitly interdisciplinary. One implication of the analysis subsequently developed is that an intellectual tradition in which the concerns of economy, state, and society are entrusted to analysts within the disciplines

of economics, political science, and sociology respectively, is unsustainable. In this context it is interesting to observe that the discipline of geography, characterized by a concern for specificity, and involving detailed explorations of the way in which social, economic, and political processes articulate at a range of spatial scales, proved a useful site for an initial engagement with the themes developed herein. But the 'spatial turn' does not hold the answer to the important intellectual and substantive challenges that currently face the social sciences. Rather, my approach has been to engage with the disciplines of geography, political science, and sociology, together with the interdisciplinary worlds of political economy, women's studies, and cultural studies. Developing such an approach has required the grasping of multiple languages and negotiating the constant risk of conflict with disciplinary gate keepers - many of whom remain vigilant despite growing trends towards interdisciplinary work³.

The remainder of this chapter identifies more specifically the epistemological, theoretical, and methodological points of departure for this thesis. My intention is not to undertake a review of the very extensive literature exploring changing patterns of economic, political, and social activity in the contemporary era. Rather I begin by briefly identifying the character of the engagement between the political-economic literature on globalization and restructuring, and post-structuralist and feminist theorizing. More specifically, I am interested in establishing how, and through what analytical entry points, understandings of discourse and identity have entered into political-economic literatures. My argument is that analysts of globalization and restructuring who have attempted to draw the insights of feminism and post-structuralism into their discussions have tended to focus on gendered

³ See Wallerstein et. al. (1996) for an illuminating discussion of the tensions generated by the co-existence of disciplinary professionalization and the increasing trend towards interdisciplinary inquiry.

and racialized identities, and in doing so have left the analysis of political-economic processes relatively unproblematized.

Consequently while there has been a great deal of analytical attention given to exploring the multiple experiences captured in the identity 'women', not nearly the same attention has been given to equally naturalized identity categories such as those of consumer, worker, taxpayer, and client. This is not to argue that political-economic identities are more fundamental - to revisit, for example, debates about the primacy of class over gender and ethnicity. Rather it is to suggest that political-economic identities are more likely to be taken-for-granted and, correspondingly, are particularly powerful forms of being. In this context the recent observation of Janet Siltanen (1996), that 'gender analysis prefigures the challenge that needs to be made to political economy more generally', is well taken (see also Gibson-Graham 1996). In the final section of the chapter I set out my attempt to meet such a challenge, and outline in more detail the approach taken in this thesis.

Globalization, Discourse, and Identity

The 'globalization paradigm' (Waters 1994) is one of the most influential conceptualizations of contemporary forms of political-economic change. Globalization is a short-hand term that refers to the processes by which global flows have come to assume as much, or greater, centrality as national institutions in creating a framework for social life (Featherstone and Lash 1995:2). Within this 'paradigm' there are two broad strands of literature. There is a political economy literature that has its origins in world systems analyses of capitalism. While there is some overlap, this literature can usefully be distinguished from a parallel discussion in communications and cultural studies focused on the emergence of global cultural forms (see, for examples, Appadurai 1996, Friedman 1988, Robertson 1992). It is the political-economic discussions of globalization that are of

primary concern herein.

The political economy literature on globalization is extensive despite continued uncertainty about the nature and extent of contemporary changes, and a disturbing lack of empirical substantiation (McDowell 1991). In this literature it is widely accepted that we are living through a period in which the institutions of capitalism have begun to take qualitatively new forms. Correspondingly this period has been marked by restructuring. As Soja (1989:159) explains, the concept of restructuring conveys the notion of both a 'break' and a 'brake', and involves a shift towards a significantly different ordering of economic, social, and political life. He suggests that restructuring falls somewhere between piecemeal reform and revolutionary transformation, 'between business as usual and something completely different'.

The argument, in its most general terms, is that technological developments in telecommunications, transportation, and materials, together with flexible manufacturing processes have enabled capital and resources to be more easily moved around the world. This has encouraged the growth of multi-national companies, the emergence of new markets, and has altered the role of the state. In turn, it is argued, these shifts in the organization of economic activity have resulted in new more complex patterns of geographically uneven development. Further, changing global and regional divisions of labour, together with the polarization of skill structures have articulated with existing social and spatial divisions of labour to create highly differentiated labour forces.

In many respects the analyses of those commentators critical of globalization do not differ significantly from those of its supporters. Both camps accept the 'fact' of globalization as the most recent manifestation of capital's attempts to create and recreate the conditions for

greater rates of accumulation. In the critical social science literature, for example, globalization is usually theorized as the internationalization of circuits of capital, and is understood to be reflected in the interpenetration of economic activities at a global level. While more sophisticated analyses consider the relationships between these geo-economic processes and specific socio-institutional settings, the theoretical emphasis remains on the dynamics of capitalist accumulation. As David Harvey (1993:61), a pre-eminent theorist of the contemporary geography of capitalism, explains:

But in today's world, similarity largely resides in that realm of political-economic action so often marginalized in post-structuralist accounts, for it is in terms of commodities, money, market exchange, capital accumulation, and the like that we find ourselves sharing a world of similarity increasingly also characterized by homogeneity and sameness.

In developing theoretical discourses premised on disembodied economic forces and global homogenization, I would argue that many well intentioned intellectual and political projects inadvertently reinscribe the very configurations they would want to contest (see also Brown 1995, Gibson-Graham 1996). That is, the inevitability of globalization is underlined, the analyses differing primarily in the extent to whether the effects of these economic forces are considered positive or negative. Amongst those analysts critical of globalization the prognosis is overwhelmingly bleak. The general consensus seems to be that globalization and restructuring have reinforced existing forms of social inequality whilst creating new opportunities for capitalist relations to become ever more exploitative.

One of the most significant intellectual challenges to understandings of globalization premised on sameness and homogeneity comes from those who focus their attention on the relationships between political-economic change and the reconstitution of social, spatial, and/or political identities. Not surprisingly, these analyses are often characterized by calls

for the conceptual linking of political economy and post-structuralism (and/or post-modernism and cultural studies). It is argued that this theoretical link allows researchers interested in political struggle to explicitly address issues of identity formation. The argument of Michael Watts (1991:10), while addressed to his fellow geographers, is typical of this approach. He suggests that, 'mapping the spectrum of cultural forms onto spatial, class, and social identities in the context of global interconnectedness might constitute an important frontier for geographic inspection'.

It is primarily through such avenues that post-structuralism has entered into political-economic analyses. Feminists, in particular, have made important contributions to this literature. Their analyses tend to focus on the micro-politics of specific social or spatial sites, and explore how new identities are emerging out of complex articulations between classed, racialized, and gendered power relations. Such analyses have highlighted the diversity and heterogeneity of the processes involved in globalization, and in doing so open up political space to consider multiple forms of resistance. Feminist geographers have made significant interventions in these discussions (see, for examples, Pratt and Hanson 1994, McDowell and Court 1994, Gibson 1992). That said, the work of anthropologist Ahiwa Ong (1987) remains one of the most innovative contributions to this literature. In her discussion of factory women in Malaysia, Ong explores the forms of women's resistance and the emergence of new subjectivities in the context of deep structural transformations. She argues that new forms of identity do not develop according to some predetermined logic, but are disrupted, contradictory, and contested. In turn these new identities can be used as the basis for political resistance, in that they can be actively inserted as articulations that mediate, and in turn modify, material transformations.

Yet while these formulations direct attention towards the heterogeneity - and thus potential contestability - of the processes associated with globalization, there remains a tendency to analyze both discursive shifts and identity formation in relation to material changes. This is not to suggest that these analyses attempt to read identities directly off a person's location in an objective social structure, nor is to deny the conceptual rigor with which they are formulated. It is, however, to suggest that existing attempts to 'marry' political-economic accounts of globalization with post-structuralism have resulted in an 'unhappy marriage'. As McMichael (1996:26) has observed about the globalization literature, global processes 'are routinely taken as given contexts, to be observed on the 'ground', where agency and culture enter in'. In this regard it is also interesting to note that the vast majority of these analyses are focused on racial and/or gender identities. In the last instance, therefore, it would appear that the economic remains analytically determinant⁴.

Attempts to make more fundamental post-structuralist interventions into political-economic accounts have been regarded with considerable skepticism and not a little hostility. The most common response is to insist on the materiality of the social relations of wage labour and capital, and the 'reality of global capitalism'. Yet inevitably this choice of starting point tends to preconstitute the analysis as one of structure and agency or, at best, some form of structuration. Global capitalism, and the uneven development of the world economic system, is seen as the context within which new forms of social being emerge; a totalizing capitalism for which a totalizing account remains useful (Wilson 1988:197-199). As

⁴ My own work is not immune from this critique. In earlier discussions I developed an analysis of restructuring in which I claimed that economic changes associated with the internationalization of the domestic economy would result in increasing complexity within and between categories of race, ethnicity, gender, and class in New Zealand. Increasing social complexity, I suggested, would result in the emergence of new collective identities and the reformation of political subjectivities (Larner 1993).

Gibson-Graham argues in her recent book, 'in this sense 'capitalist hegemony' operates not only as a constituent of, but also as a break upon, the anticapitalist imagination' (1996:3). As she provocatively suggests, 'it is the way that capitalism has been 'thought' that has made it so difficult for people to imagine its supersession' (1996:6).

My current ambition, and the point of departure for this thesis, is to develop an analysis that decenters the ubiquity of global capital from accounts of contemporary political-economic transformations. This ambition has generated a challenging theoretical project. Is it really possible to speak of shifts in the organization of capitalism without producing a totalising account, and in a way that opens up space for multiple readings of the complex ways in which power relations articulate in the 1990s? Am I able to make a strategic intervention that identifies globalization as a multiple and contradictory process, and in doing so enhance the possibility of understanding this process as a site of political struggle? How might I theorize the emergence of new forms of economic, political, and social life without generating 'a single origins story' (Brown 1995:31)? In short, what might a post-structuralist political economy look like?

Post-structuralist Political Economy

Fortunately there are others involved in similar projects. It is from them that the broad parameters of such an account can be gleaned. Firstly, and most obviously, a post-structuralist political economy is temporally and spatially located. Thus rather than developing an account premised on theoretical generalities, my intent is to explore how the processes associated with globalization have played themselves out in a particular context, thereby identifying the specificity and contingency of the processes involved. Hence my concern with the detail of the 'New Zealand experiment', rather than more broad based accounts of global economic processes.

But the 'locatedness' of post-structuralism is not simply locatedness in a particular time and place, nor is it only an argument about the need for more case studies. Indeed, some of the best contributions to the existing literature are based on a case study approach (see, for examples, Graham 1993, Henderson 1989, Ward 1990). In such studies it is emphasized that the effects of globalization vary by country, industrial sector, and social groupings. They also show that globalization is a process that is discursively mediated, and that takes different forms in different places. As such, these studies make valuable contributions to a body of social scientific literature that attempts to break down monolithic conceptions of globalization. That said, in the final analysis, the case study approach alone does not usurp global capitalism. As Gibson-Graham (1996:15) explains: 'Its [capitalisms] concrete manifestations, its local and historical contextualizations, are always only modifications or elaborations of a dominance that already (abstractly) exists.'

A post-structuralist political economy takes a step further than studies that emphasize the locatedness, or the 'embeddedness' (Granovetter 1985), of political-economic processes. In a post-structuralist political economy totalizing forms of theorization are challenged, and the socially constructed nature of both knowledge claims and knowing subjects emphasized. As Clifford and Dhareshwar (1988) explain, to adopt such an approach does not necessarily mean a change in what are taken to be the facts, but it does mean a change in perspective, with the recognition that knowledge is enmeshed in specific traditions and locales, and has specific political effects. That is, it is the contingent nature of concepts and categories that provides the starting point for a post-structuralist political economy.

In order to expose the contingency of political-economic concepts and categories, anti-essentialist approaches are crucial. In this context, anti-essentialism involves rejecting the position that political-economic concepts and categories have singular and universal

meanings based on inherent characteristics. Instead anti-essentialist approaches emphasize the multiple forms of concepts and categories, examining how they are shaped through and against discourse and social practice, and how specific versions of these concepts and categories come to be dominant in particular contexts. My theoretical starting point then, is: 'What happens if we treat political-economic concepts and categories as anti-essentialist categories?' What might we see that might otherwise be obscured?

One such strategy, influenced by anti-essentialist Marxism, would be to 'deconstruct' the economy in order to show that while often it is discursively represented as a 'bounded and unified space with a fixed capitalist identity' (Gibson-Graham 1996:12), it is not. I am thinking here of the writings of those theorists who contest notions of a homogeneous capitalist economy, and work to make visible multiple capitalist and non-capitalist processes present within any particular economy (see, for examples, Daly 1991, Fraad, Resnick, and Wolf 1994, Gibson-Graham 1996). These theorists argue for an economy conceived of in anti-essentialist (and anti-economistic) terms. In contesting the coherence and permanence of capitalism through their theorization of the economy as a multiplicity of co-existing forms - including feudalisms, slaveries, independent commodity production, household production, and various capitalisms - their accounts open up conceptual space not only for multiple readings of the economy, but also for a wide range of political struggles.

This thesis, while sympathetic to such projects, takes a slightly different approach. It is a 'situated knowledge' (Haraway 1991) in which the locatedness of concepts and categories is the starting point. More specifically, key social-scientific concepts such as economy, state, and society are understood to be 'invented' in historically and spatially specific contexts, and to reflect certain ways of thinking about and acting upon particular domains

of human activity. The intellectual task then becomes to identify the changing domain of these concepts, to explore the reconfiguration of the relationships between them, and to trace how certain understandings of economic, political, and social life come to be dominant at particular moments.

This is not simply to focus on changing roles of particular entities as in, for example, discussions about the shift in power from state to market, or the future of the nation-state in a global economy (see, for examples, Amin and Robins 1990, Gordon 1988, Hirst and Thompson 1995). Rather it is to suggest that there are no inherent properties to these concepts: more specifically that these concepts have no essence (Gordon 1991:4). Correspondingly, the terms economic, political, and social become visible as 'cultural classifications and ideological labels rather than designations of structures, spheres, or things' (Fraser 1989:166). But nor is it to lapse into complete relativism. Instead it is to expose 'the contingent, partial, and historically situated character of what has passed in the mainstream for necessary, universal, and ahistorical truths' (Fraser and Nicholson 1990:26).

A 'situated knowledge' mitigates against a totalizing account of political-economic change in three ways. Firstly, in such an approach it is understood that particular versions of political-economic concepts and categories are dominant in specific contexts, and that the dominance of these versions is the result of discourses and practices with multiple and diffuse points of origin. Correspondingly, to take this approach discourages universalising accounts of political-economic transformations, and encourages specificity in the theoretical claims made. As Fraser and Nicholson (1990:34) explain in relation to feminist versions of this kind of intellectual project:

Theory here would be explicitly historical, attuned to the cultural specificity

of different societies and periods and to that of different groups within societies and periods. Thus, the categories of postmodern-feminist theory would be inflected with temporality, with historically specific institutional categories like the modern, restricted, male-headed, nuclear family taking precedence over ahistorical, functionalist categories like reproduction and mothering. Where categories of the latter sort were not eschewed altogether, they would be genealogized, that is, framed by a historical narrative and rendered temporally and culturally specific.

Secondly, given the emphasis on theoretical specificity, it is more likely that such analyses will be forced to acknowledge complexity of political-economic change. Rather than searching for an overarching analytical category, or assuming direct and/or determining relationships between different aspects of a single process, the analytical intent is to make visible the multi-faceted processes involved in the case under consideration, the contradictions and contestations integral to these processes, and thus the conjunctural nature of economic, political, and social life. Finally, and not unrelatedly, the notion of 'situated knowledges' also alludes to a specific politics of theorizing that insists on the 'performativity' of theoretical representations (Yeatman 1994). This understanding further motivates theorization of political-economic change as involving contested and contradictory processes, rather than a logic of global integration driven by economic and/or technological imperatives. For it will be clear that one advantage of this kind of approach is that it opens up the possibility to recognize multiple political interventions.

Methodologically, my starting point is the issue of 'discourse', not simply as a form of rhetoric disseminated by particular actors, but rather as a complex system of meaning that shapes institutions, practices, and identities in contradictory and disjunctive ways. More specifically, there are three components to the analysis presented herein. Firstly, the discourses through which new representations come into being; secondly, the strategies,

techniques, and procedures by which these representations are transformed into social practice; and thirdly, the forms of identity fostered by these discourses and practices. In a search for rigor I develop this methodological approach through thematics taken from the neo-Foucauldian literature on governmentality. In particular the distinction between political rationalities and political technologies, and that between governmental self-formation and ethical self-formation, allows me to theorize the formation of political-economic identities⁵ in a way that does not imply a direct correspondence between discourse, political programmes, and identity.

One implication of this approach is that I part company with accounts of political-economic identity that focus solely on the discursive aspects of identity formation (see, for examples, Hall 1988, Jenson 1995). While in agreement that identities are constructed within particular historical and institutional contexts, and that they are always relational and incomplete, I understand the process of identity formation to involve both discourses and practices. Moreover, I emphasize that changes in identity can not be read directly from an account of broader political-economic transformations. Rather I claim that identity formation has its own dynamic, emerging as it does out of multiple and heterogeneous locales, and through an assemblage of disparate elements (Dean 1994:165).

These epistemological, theoretical, and methodological claims are developed further in the chapters that follow. Drawing from a wide range of empirical sources, including archival

⁵ Indeed it may be premature to call these identities, if by identity we mean the question of how certain forms of the self are produced **and** taken up. However, in the absence of a alternative, I will continue to use this term even though my emphasis is on the former rather than the latter.

sources, policy documents, newspaper reports, interviews, and census data⁶, together with a reinterpretation of secondary material, I trace shifts in political-economic discourses, institutions, and identities in New Zealand between 1984 and 1996. I show how a small, dependent, ex-settler society came to be incorporated into the flows and networks of global capitalism, and identify the contested emergence of new forms of economic, political, and social life in the 1990s. Throughout I emphasize the contradictory nature of political-economic change, showing that the phenomenon given the short-hand label 'globalization' is better understood as a multi-faceted, contradictory, and relatively inchoate set of processes.

In the first two chapters I focus the analysis at the national level in order to explore the impetus for, and specificity of, new forms of globalised economic relations. I show how a political strategy, based on the integration of domestic economic activities into the global economy, emerged as an unanticipated consequence of the state sector restructuring programme initiated by the fourth Labour government. Once this strategy was constituted, however, it began to cohere, gain a degree of rationality, and became a means of acting upon critical arenas of political-economic life. It was thus that economic relations began to be constituted as globalized in the early 1990s.

In the three chapters that follow I turn my attention to the telecommunications industry in order to explore how political-economic institutions and identities were also reconstituted during the 1980s and early 1990s. In this more focused discussion I explore how new versions of the core categories of political economy - state, market, consumer, worker -

⁶ See Appendix One for more detail on methods.

emerged through and against the governmental processes and practices identified in the earlier chapters. Rather than assuming a direct relationship between a particular form of capitalism, its institutions, and specific forms of identity, I show that the new political-economic understandings had multiple and disparate origins. Also made visible are the contestations, contradictions, and failures inherent to the reconfiguration of political-economic arrangements.

At this point it is appropriate to make three important qualifications. Firstly, it should be stressed that the thesis is first and foremost an investigation of how recent political-economic changes in New Zealand came about. It is not my intention to develop a causal analysis, to explain why New Zealand has yet again become a laboratory for new forms of political-economic institutions and understandings⁷. Secondly, this is not a prescriptive analysis. Indeed, I would argue that one characteristic of the current period is that we have tended to move far too quickly from an account of 'what has happened' to 'what should be done' (see also Hindess 1994). Finally, while 'new times' require new modes of analysis, I am also bound by the historical legacy of the social sciences. In an analysis in which the problematic nature of concepts is the starting point, this legacy generates considerable terminological difficulties⁸. With these qualifications in mind, I attempt to trace out the emergent economic, political, and social relationships in New Zealand, and grapple with the complexity and contradictions of the processes involved.

⁷ New Zealand is renowned as one of the first countries to establish a comprehensive welfare state. In light of the argument made in this thesis, it would be interesting to revisit these early initiatives through the lens of governmentality (see Walters 1994 for an insightful discussion of this earlier period in the British context).

⁸ I have already alluded to the difficulties associated with the problematic of identity. But this is only one of many such difficulties. Globalization, for example, is used in the thesis to refer to a conceptual framework, a political strategy, and an historical moment.

Thesis Outline

The remainder of the thesis develops this analysis in detail. While influenced by the neo-Marxist and feminist literatures identified earlier, I draw on theoretical insights from post-structuralism and feminism to explore how discourses, institutions, and identities are reinvented and transformed through political-economic processes. In particular the thesis draws on the problematic of governmentality - in the sense of a formula of rule - as a way of bringing a discussion of discourse and identity formation into an account of political-economic change. At the same time, however, the analysis presented herein moves beyond the existing governmentality literature in crucial respects. In particular, I am interested in exploring the implications of specific projects of governance. In this respect I am in accord with Valverde (1996:367), who identifies the terrain of governmentality as 'a set of tools, an approach, that can be the prelude or the accompaniment to a number of different projects, intellectual or political.'

I begin in Chapter Two by showing that the impetus to open the New Zealand economy to the flows and networks of global capital arose out of the fourth Labour government's state sector restructuring programme. While the events of the 1980s are now widely constituted as a coherent reform programme, premised on the systematic dilution of national sovereignty, I emphasize that the 'New Zealand experiment' was indeed an experiment. Globalization did not begin to shape policy options in New Zealand because it was a more-or-less faithful representation of some pre-existing underlying reality. Rather globalization began to consolidate as a political strategy because it was useful to the Labour government as a way of representing and acting on a particular political programme. It was only in the early 1990s, following the election of the National government, that the understanding of globalization shifted from being a solution to a technical problem to constituting an integral component of a new political rationality.

In Chapter Three I identify the characteristics of this new political rationality, showing how it involves a new understanding of geo-economic relations. I show that while the New Zealand economy had long been internationalized, in earlier forms the economy was understood to be territorially coterminous with both state and society. In contrast, in the most recent phase of internationalization state sponsored understandings of New Zealand as a territorially bounded national economy have been eroded by those portraying New Zealand as a node in the new globalized economic relations of the Pacific Rim. Economic relations are now represented as a 'space of flows', and the political ambition is no longer to govern the national economy, but rather to facilitate the linking of enterprises and individuals into these global flows. It is this most recent form of internationalization that is characterized as globalization.

In the remaining chapters I turn my attention to the telecommunications industry in order to explore in more detail changes in political-economic institutions and identities. In Chapter Four, I show how new forms of state and market emerged through and against the processes discussed in the earlier chapters. I demonstrate that the restructuring of the telecommunications industry has involved the 'degovernmentalization' of the state - the detaching from the center of various regulatory technologies that were once assembled into a single functioning network (Rose 1993:296). This new form of governance I characterize as 'market governance'. Under market governance, a variant of neo-liberalism premised on the pursuit of international competitiveness, the competition state facilitates increased levels of foreign investment and labour, and it is through market relations that the conduct of individuals and firms is aligned with this general political ambition.

In the new political-economic configuration the hegemonic identity is that of the consumer. Chapter Five traces major shifts in the identity of the consumer, relating these back to

particular moments in the restructuring of the telecommunications industry. I show that there are two different versions of the consumer in this sector - each with attendant implications for the social. In the first the economic and the social are recombined in this identity. That is, attempts are made to constitute the consumer as an inclusive identity encompassing all New Zealanders. The second is based on a more exclusive version of the consumer, that reflecting the interests of business and major users. In this version of the consumer the legacy of the social is emptied out and made manifest in a new form - the social as community.

Finally in Chapter Six, through an analysis of labour force restructuring, I demonstrate how a new understanding of the identity 'worker' emerged in the telecommunications sector. Whereas previously this identity linked the economic and the social in the context of a nationally bounded territory, under market governance the worker is constituted as a narrowly defined economic identity. It is this identity that constitutes the link between individual and enterprise in the pursuit for international competitiveness. There are, however, two distinct manifestations of the neo-liberal worker; an internationalized strata predominantly comprised of highly skilled managerial and technical workers, and a domestic labour force largely comprised of customer service occupations. These identities are gendered masculine and feminine respectively.

Chapter Seven concludes the thesis by making explicit the theoretical and political implications of the analysis developed herein. Firstly, I stress my claim that the political-economic reconfigurations captured under the label globalization are best understood as multiple, relatively inchoate, and contested processes. Secondly, and not unrelatedly, I explore the political implications of the argument made herein, suggesting that the advantage of developing an analysis that stresses the complexity, ambiguity, and

contingency of the processes associated with globalization is that it opens up the possibility for political interventions.

Conclusion

Most immediately this thesis represents a significant departure from existing accounts of the 'New Zealand experiment'. Much of the intellectual and political debate over globalization and restructuring in New Zealand has rested on the assumption that the economy, state, and society are autonomous and pre-existing categories. Moreover, socio-structural transformations have been the central focus of analysis and changing forms of identity, if considered at all, have generally been seen as an effect of these more fundamental transformations. In contrast, I show how forms of economic, political, and social life are themselves constituted and reconstituted through the political-economic processes under consideration. Further, I understand identity formation, or more specifically attempts to shape and reshape forms of subjectivity, as a central component of these processes. In this way I am able to centrally address the question of how the dramatic changes of the last twelve years ensued.

That said, this thesis is more than simply a heterodox account of contemporary forms of economic, political, and social change in New Zealand. My use of concepts drawn from post-structuralist and feminist accounts of discourse and identity formation represents a significant theoretical intervention in the political-economic literature on globalization and restructuring. For underlying the specificity of this analysis of the 'New Zealand experiment' is a theoretical claim for the use of anti-essentialist concepts and categories in political-economic analyses. In developing this claim, the thesis draws from both the Marxist and neo-Marxist literatures on globalization and restructuring, and post-structuralist and feminist literatures on discourse and identity. In particular, I initiate a dialogue

between the literatures on globalization and governmentality.

Finally, it is important to stress that the discussion contained herein is not simply an intellectual exercise. Rather it is a theoretical project explicitly situated within a politics. In this thesis I have aspired to produce a knowledge of contemporary developments in a way that opens up the possibility for multiple political interventions. In this regard theoretical and political interests can not be separated. Moreover, it is precisely this inseparability that constitutes praxis (see Hennessey 1993:28). For through such analyses we may begin to identify new opportunities for the critical responses required in the context of a profound transformation in economic, political, and social life.

Chapter Two: A Means to an End

Introduction

The immediate impetus for the new political-economic environment in New Zealand is found in the reform programme initiated by the fourth Labour government (1984-1990). In particular, this government's state sector restructuring programme - which culminated in the sale of state-owned enterprises to multi-national companies - was a crucial moment in the trajectory towards new forms of political-economic relations. However it was only after 1990, following the election of a National government, that the new understandings of economy, state, and society were consolidated.

In general terms, the 'New Zealand experiment' can be associated with the shift from a 'welfare state' to a 'competition state'; the move in governmental policies away from the goal of the maximization of welfare within a national society, towards that of the promotion of enterprise, innovation, and profitability in both private and public sectors (Cerny 1990). There are, however, two distinctive features to the New Zealand example. Firstly, to the bemusement of many observers, it was a social-democratic government that was responsible for introducing what appeared to be an extreme variant of a neo-liberal reform programme. Secondly, in New Zealand the emergence of a 'competition state' has been explicitly associated with an aggressive strategy of globalization. This has involved not only the deliberate exposure of the domestic economy to global finance capital, but also the active recruitment of foreign direct investment, technology, and labour. Thus by examining this reform programme, it is possible to understand more about how new globalized forms of economic relations came to be established.

This chapter analyses the Labour government's state sector restructuring programme, focusing in particular on the emergence of globalization as a strategy. Given the widespread popular appeal of the explanation for this reform programme captured in the refrain 'there was no alternative', it is important to make explicit my initial premise. The current emphasis on international linkages is not the inevitable response of a small, dependent, settler economy to the emergence of a globalised world economy - rather it reflects the contingent outcome of a complex, and ongoing, political process. Consequently, the obvious starting point for this discussion is in the extensive literature that explores the capacity of different nation states to choose and implement particular policy options, and the implications of these policy options for the positioning of nation states in the global economy.

I argue that the new emphasis on globalization as a political strategy was linked to the emergence of forms of governance that were developed during the 1980s. I use the term governance not in the limited sense of state institutions or formal hierarchies, but in a more general sense as involving the overall co-ordination of social relations. In order to develop this analysis I draw from both neo-Marxist literatures on globalization and the Foucauldian literature on governmentality in order to trace the links between changing political discourses, the practice of government, and specific forms of political-economic identities. These theoretical themes are examined in the first section of the chapter, in which I outline in broad terms the character of existing accounts of the 'New Zealand experiment', then suggest that the Foucauldian analysis of governmentality can contribute to a fuller understanding of the processes involved. In particular, analyzing neo-liberalism as a governmentality draws attention to the distinction between political rationalities - the discourses through which the object of politics is constituted - and political technologies -

the strategies, techniques, and procedures through which particular political programmes are made operable (Rose 1996a:42).

In the remainder of the chapter I support my theoretical claims through a detailed analysis of the fourth Labour government's state sector reform programme, emphasizing both continuities and contrasts between the different historical stages of corporatization, deregulation, and privatization. I trace how a discourse about 'efficiency', premised on the national economy and the political-economic identity of the tax payer, was superseded by a new discourse in which the frame of reference was the international economy and the dominant identity that of the consumer. My argument is that while a strategy of globalization was not decided upon prior to privatization, the logic of Labour's political rationality led them to a point where the sale of SOEs to large transnational corporations was understood to be the best way to achieve their goals. That is, globalization did not emerge as the dominant policy option in New Zealand because it was a more-or-less faithful representation of some pre-existing underlying reality. Rather globalization began to circulate as a strategy because it was useful to the Labour government as a way of representing and acting on a particular political programme.

'Rogernomics' and Restructuring

The relationships between the reform process initiated by the Labour government and the globalization of the New Zealand economy have, as yet, received relatively little academic attention in New Zealand (although see Britton 1991, Kelsey 1995, Haworth 1994, Larner 1995). There has, however, been a great deal of attention paid to the relationships between state processes and restructuring at the national level. Existing explanations for how it was that an explicitly social-democratic government came to initiate a neo-liberal reform agenda emphasize two broad themes; the international economic crisis of the mid-1970s, and the

undue influence of particular politicians, public servants, and private sector interests in the reform process.

Those who focus on external conditions argue that the impetus for change in New Zealand paralleled that of other OECD countries, with the collapse of the long boom, and the onset of a prolonged economic crisis (Roper 1993). In New Zealand, however, economic decline was exacerbated by the 1973 entry of its main trade partner, Britain, into the European Community, and a dramatic decline in the terms of trade resulting from both weakening commodity prices for traditional agricultural exports and the oil shocks. As Jesson (1992:41) explains, this decline in the terms of trade exposed two structural faults in the economy; firstly that the New Zealand economy was overly dependent on a narrow range of commodities in the primary sector for export income, and secondly that the highly protected range of secondary industries that had been established in the postwar era were both inefficient and costly. Attempts to offset the overall declining economic performance led to heavy overseas borrowing and by March 1984 external public debt was uncomfortably high at 35.4 percent of GDP. Moreover, during the period 1974 to 1982 inflation had averaged 15 percent, and unemployment had emerged as a significant problem for the first time since the 1930s.

Those who focus on political actors identify the role of key politicians and technocrats in effecting the transformation from Keynesian welfarism to neo-liberalism. They point out that while there was a general understanding that considerable reorganization of the New Zealand economy was necessary, there was nothing inevitable about the policies initiated by the fourth Labour government. In a useful intervention Oliver (1989) shows that prior to the 1984 election debate within the Labour Party revolved around the respective merits of corporatism and market liberalism. He argues that the adoption of a free market version of

restructuring by the Labour Party can be largely attributed to the Finance Minister, Roger Douglas who, in turn, was considerably influenced by key Treasury advisors (see also Easton 1989, Kelsey 1995). Those who have focused on the role of Treasury in the shift to 'Rogemomics' point to the intellectual influence of Austrian and Chicago school economics and the Virginia school of Public Choice theory within that department (Boston 1991, Goldfinch and Roper 1993). A wide set of both public and private interests, including the influential New Zealand Business Roundtable, have also been identified as supportive of market liberalism (James 1992, Kelsey 1993, Kelsey 1995, Roper 1992).

Commentators who explicitly connect globalization with the reform programme of the Labour government attribute the form and pace that it took to the underdeveloped nature of the New Zealand state. They point out that New Zealand was integrated into the capitalist system as a settler colony, and that there has been a long history of foreign involvement in the domestic economy. Further, New Zealand has a uni-cameral government and, because of a small population base, closely linked political, social, and economic networks. It is argued that as a consequence of the 'thin' nature of the state in New Zealand, and the paucity of checks and balances, the country was opened to neo-liberal reform more completely than most other places (Haworth 1992, Shirley 1990). This facilitated rapid adoption of the deregulatory approach, and 'a true policy hegemony for the supply siders' (Castle and Haworth 1993:27). In turn, it is claimed that the 'rolling back' of the state, and the spread of market relations opened up the economy, with the consequence being the compromising of both economic sovereignty and state autonomy. Jane Kelsey (1993:125) summarizes this argument in her influential book:

As a settler colony, New Zealand's economy was always highly dependent. Now, as a deregulated and mainly export based economy, it has been made dependent on a new set of masters who can promise it access to foreign investment, technology, and markets.

While these analyses provide useful points of departure for a discussion linking state processes and globalization, they are not as helpful in explaining how the transition from a highly interventionist settler-state economy to a networked Pacific Rim economy was accomplished. One of the reasons for this difficulty is that most commentators portray the state as a distinct and purposeful actor operating in response to either international and/or domestic pressures. Even though different interests are identified within the state, it is viewed as a relatively self contained system characterized by functional relationships between different actors and institutions. More specifically, a correspondence is constructed between hegemonic economic groups and political actors, the ideologies they espouse, and the types of policy produced. Consequently, explanations of how the transformation was achieved tend to rest on the intentionality of either international capital or the state itself.

Moreover, arguments that the fourth Labour government was either the victim of international capital, or that it was captured by the neo-liberal ideologues within Treasury, leave crucial questions unanswered. Firstly, not only was the fourth Labour government a social-democratic government, it was also comprised of very capable politicians. David Caygill, for example, claimed that he was part of the most economically literate cabinet in New Zealand's history (James 1992:145). Consequently it does not seem credible that 'clumsiness, ineptitude, and lack of thought' (Sharp 1994) were completely to blame for the dramatic about turn that ensued. Secondly, and perhaps more problematically, these accounts do not even begin to explain the tenacity of neo-liberalism. Not only are both major parties now advocating variants of market-led policies, it is also noticeable that despite the apparent unpopularity of the so-called 'free market revolution', many New Zealanders have begun to frame their political claims in the language of choice, flexibility, and the market. To argue that this phenomena is simply the outcome of effective 'political

manipulation' is an inadequate response that does no justice to the capabilities of those involved (cf. O'Brien and Wilkes 1993:169-170).

Neo-liberalism as Governmentality

The Foucauldian literature on governmentality provides analytical possibilities to open up this discussion (see, amongst others, Barry, Osborne, and Rose 1996, Burchell, Gordon, and Miller 1991, Dean 1994, Rose and Miller 1992). From this literature emerge new ways of thinking about forms of governance and the exercise of political power in advanced capitalist societies. These analyses are based on the understanding that political power does not simply extend from a central authority across the inhabitants of a nation-state (Rose 1993:287). Rather political power is understood to be constituted through the activities of a wide range of forces and groups including, but not exclusively confined to, those within the state. As Dean (1994:180-181) explains:

It leads to a problematic of government that asks how the state comes to act as a center for other forms of government, what are the means which enable it to act in this way, how its locales are constructed by specific means of knowledge and mechanisms of power, and how it enrolls local relations and networks of power in its relations.

Methodologically, an analysis of governmentality starts by examining the way in which discourse constitutes the object of politics, not simply in terms of language or meaning, but rather as a form of 'intellectual technology' that renders particular aspects of social and economic life 'knowable' in specific ways (Miller and Rose 1990:7). In this respect the literature on governmentality echoes other post-structuralist analyses of social change that stress the need to consider discourse not just as a means of reflecting or representing social entities, relations, and identities but also as a means of constructing them (see Fairclough 1992). In the governmentality literature the discursive field through which the ends and means of government are articulated is known as a 'political rationality'. Political

rationalities are not simply a matter of choice, nor do they unproblematically reflect particular interests. Rather they are understood to be contingent; emerging out of historically constituted sets of social relations and mediated through multiple, contested, and open-ended discourses.

Political rationalities, however, in and of themselves, do not constitute governance. Rather it is through political technologies - the strategies, techniques, and procedures by which political programmes are made operable - that particular forms of political power emerge and political rule is accomplished. As Mitchell Dean (1994:188) points out; 'Foucault's approach is less a general theory of the state or even of governing itself than a strict analytical attention to the mechanisms of government and rule and their manifestations in diverse practices.' Particular emphasis therefore is placed on the means through which a political rationality constituted in discourse is given material content and rendered operable. Moreover, rather than involving the value free deployment of administrative and technical procedures, the practice of governance is understood to be a highly political process.

In particular, it is understood that these political technologies contribute to 'governmental self-formation'⁹. This refers to the way in which various authorities and agencies, through the deployment of political technologies, seek to shape the capacities of individuals in certain ways. This is not to argue that identity is completely determined by the practice of governance; political subjects are understood to be constituted through specific articulations between governmental self-formation and the disciplining power associated with ethical

⁹ Following Mitchell Dean (1994), I have chosen to use this term, rather than the better known technologies of the self, because of the distinction he makes between the practices of governmental self-formation and the practices of ethical self-formation. It is the former I am concerned with herein.

self-formation (see Dean 1994a for further detail). Yet while the process of governmental self-formation draws upon and intersects with various forms of ethical self-formation, it can also constitute a separate domain of analysis (Dean 1994:156). That is, governance can be seen as a creative process involving attempts to shape political-economic identities into specific forms (see Dean 1995, Walters 1994).

This literature provides a useful way to think about neo-liberalism¹⁰. If neo-liberalism is understood as a 'governmentality', rather than just a political ideology based on a preference for market relations over the state as a way of governing political-economic life, it is possible to analyze in much more detail how neo-liberalism works. Firstly, as Miller and Rose (1990:3) point out, if political rule is investigated in this way, political power is not reduced to the actions of the state as a 'relatively coherent and calculating political subject'. Rather attention is drawn to the multiplicity of forces and groups involved in governance. Secondly, the project of government is seen as a process, rather than a structure. That is, any project of rule is portrayed not as a rupture with what has gone before, but rather part of a constant process involving the recomposition of political-economic identities (Daly 1991). Finally, and perhaps most crucially, it is with an analysis of the governmentality of neo-liberalism that the true innovation of neo-liberalism as a political project can be appreciated. In the words of Dean (1994:193): 'In its efforts to criticize the state and specify its limits (American) neo-liberalism creates the possibility of a potentially unlimited form of non-state intervention as a mode of government, one which is more pervasive for its subtlety and lack of visible institutional definition.' At the same time

¹⁰ Nikolas Rose (1996) distinguishes between 'neo-liberalism' as a political ideology and 'advanced liberalism' as a governmentality. Others working within the governmentality problematic elide this distinction and use neo-liberalism as a generic label for the new form of governance. I have opted for the later rather than the former because this chapter is a sociology of a particular governmental project.

however, this recognition alerts us to the contradictory nature of neo-liberalism. Again Dean (1994:193) is useful here; 'Neo-liberalism is a peculiar art of political invention that at once problematises the state by an invocation of choice as it multiplies the domains of life restructured according to the norms of a market.'

Armed with these methodological tools, the remainder of this chapter will revisit the reform programme of the fourth Labour government. I show that neo-liberalism was able to take hold in New Zealand because of the temporary stabilization of a discursive formation focused on the need for 'efficiency'. This political rationality stimulated new ways of defining the relationship between state and economy. The discussion will focus in some detail on the processes of corporatization, deregulation, and privatization to show how the new forms of governance not only reshaped the relationship between state and market, but also reconstituted governmental self-formation in ways that were to prove problematic for Labour's original political rationality. In this way I am able to analyze how it was that a social democratic government came to institute a neo-liberal reform programme, and how it was that globalization emerged as a strategy.

Public Sector Restructuring

The reason for focusing this discussion on the fourth Labour government's state sector reform programme is not simply because this programme provides an opportunity to explore the dynamics of a specific example of 'more market', but rather because of its significance in shaping the new governmentality. Corporatization, which involved the establishment of 'state trading enterprises', is widely acknowledged to be the 'flagship of Rogernomics'. It also marks the moment where the state came to be thought about, and acted upon, from the perspective of the market. Consequently this programme became the template not just for organizational change within the state sector, but also for the Labour

government's reform programme more generally (Martin 1993). Deregulation and privatization, in turn, were fundamentally shaped by these new understandings about the relationship between state and market. Thus by following the details of the transformation in this particular sphere, it is possible to unravel some of the components of a much broader historical process.

This is not a comprehensive description of these programmes. Rather it is an initial attempt to identify the political discourses, technologies, and forms of governmental self formation that shaped them¹¹. It will be shown how the political rationality that informed state sector restructuring in New Zealand resulted in the delineation of new economic spaces, and how these economic spaces were rendered subject to new forms of political intervention involving the indirect rule characteristic of neo-liberalism. Thus whereas most other commentators argue that the processes of corporatization, deregulation, and privatization have involved the 'rolling back' of the state, I will stress that the state has been transformed, and its rule supplemented by other forms of rule emerging from the discourses of economic efficiency, competition, and consumer demand (Rose 1993:285). With such an analysis it becomes possible to explore more fully the complex and contradictory nature of the economic and societal changes initiated by Labour.

It is important to begin by establishing the context in which the fourth Labour government took office. In New Zealand much of the discussion about the economic failures of the late 1970s and early 1980s had focused on the poor economic management of the National

¹¹ For a more detailed account of corporatization and privatization see Duncan and Bollard (1992), for the reform programme as a whole see Bollard and Buckle (1987), Boston, Martin, Pallot, and Walsh (1991), Easton (1989), James (1992), Kelsey (1993), Kelsey (1995).

government¹². For many New Zealanders, this perception of a crisis in state management was personified in the form of Sir Robert Muldoon, both Finance Minister and Prime Minister. By 1975, when the National government was elected, severe international and domestic pressures were manifest. Muldoon attempted to stabilize the domestic economy through a combination of subsidies to key export sectors and overseas borrowing. His highly interventionist approach, which culminated in a wage and price freeze instituted in 1982, frustrated many including economists, industry representatives, financial institutions, and trade unions. Moreover, his personal politics, in particular his antipathy to feminism and the anti-apartheid movement, alienated both women and Maori. James (1992:94) argues that it was his 'abrasive conservatism' that helped rebuild the credibility of the Labour Party, and solidified the desire for reform.

Hostility towards Muldoon and his government's interventionist tendencies coincided with a more widespread critique of state management, originating from both sides of the political spectrum. In particular, as unemployment grew during the late 1970s, so too did a critique of welfare state functions, in terms of both cost and effectiveness. By the early 1980s belief in widespread state involvement and service provision had begun to be questioned by a broad range of social forces. As James (1992:76) points out: 'Even the most determined defender of the system as it stood conceded that the same volume of services could be delivered for less cost.' Understandably, therefore, the newly elected Labour government was receptive to arguments about the need for state sector restructuring. It was in this context that 'corporatization', a major state sector restructuring programme involving the

¹² In making this argument I am influenced by the work of Colin Hay (1995). His distinction between the failure of the predominant regime of accumulation, and the discursive construction of crisis mobilized to account for such failures, provides a useful starting point for this discussion.

establishment of 'State-Owned Enterprises' (SOEs), was established as a central component of Labour's reform agenda early in their first term in office.

Economic Management

The impetus for corporatization is usually attributed to Economic Management - the briefing paper presented by Treasury to the incoming government in 1984. Amongst its wide ranging recommendations, this document claimed that the public sphere included important 'state trading functions' involving the provision of marketable goods and services. It was argued that while these trading functions played a significant role in the New Zealand economy, accounting for 12% of GDP and 20% of gross investment in 1984, they contributed less than they could to overall economic performance (Treasury 1984:275). The poor economic performance of 'state owned trading enterprises' was attributed to three factors; a lack of clear non-conflicting objectives, difficulties in the operating environment, and inappropriate means for monitoring performance (Treasury 1984:279-280). It was proposed that these difficulties could be alleviated by the separating out of the tasks of policy advice, regulation, and implementation. State trading enterprises, as the bodies responsible for implementing the delivery of goods and services, could then be operated according to commercial principles.

Economic Management was more than simply an ideological statement that reflected the intellectual hegemony of the 'New Right' within Treasury (Boston 1991, Goldfinch and Roper 1993, Shirley 1990). What this document did was identify 'economic' spaces within the state, and claim that these spaces were suitable for assessment by market principles. As the Labour government was subsequently to acknowledge:

The fact that many of these trading activities, especially those taking the form of government departments, have been regarded as simply a part of the

larger public service has meant that their major role in the economy was not clearly perceived (New Zealand Government 1987a:4).

In distinguishing between 'productive' and 'non-productive' activities in the state sector, Treasury discursively separated out the economic from the social in government departments. In this context it can be clearly seen that 'any frontier separating...the economic sphere from other social spheres, will be contingent and precarious and will wholly depend upon historical construction and not on an *a priori* division of necessity (Daly 1991:91). The crucial point is that once certain state sector activities were redefined as economic in a context where a distinction between state and market operated as part of the dominant rationality, it became much easier to make an argument about removing these activities from the sphere of the state. As such, Economic Management laid the foundations for both the establishment of SOEs and the subsequent programme of privatization.

Significantly, Economic Management not only discursively identified a new economic space, it also turned this space into something quantifiable by providing figures about state expenditure. Through the use of accounting techniques the 'real costs' of state trading functions were brought to the fore. In this way the document represented the trading functions within the public sector in a way that made them amenable to political deliberation, argument, and scheming (Rose and Miller 1992). State trading enterprises not only emerged as an object in discourse, they were defined as being inefficient and therefore requiring more effective governance. The problem then became how to guide their economic management. Thus it was with the identification of state trading functions AND their cost, that a new form of visibility and the basis for a new operating philosophy was provided.

It is important to note that at this time even the neo-liberal ideologues within Treasury accepted that markets would not generate equity, nor would they take into consideration social costs. Economic Management was not an argument against state intervention *per se*; rather the debate was about what sort of interventions there should be (James 1992:152). Treasury argued that interventions should be in the realm of the social rather than the economic. It was argued that the government should only intervene in markets under special circumstances, and these interventions should be aimed at aligning private incentives with the community's broader interests. In short, efficiency would be provided by the market and equity ensured by the government. Thus it was that Treasury economists, via Economic Management, not only provided the initiative for Labour's reform programme, but also contributed to a change in the language of political discourse, and altered the way in which policy issues were defined, analyzed, and understood (Boston 1991).

Despite its innovative nature, however, Economic Management might have remained simply another relatively obscure Treasury document had it not been for the political rationality espoused by the newly elected Labour government. In their policy debates Labour had identified the importance of re-establishing the conditions for sustained economic growth if they were to renew their commitments to social spending, and thereby achieve their objective of enhancing community welfare. Increasing 'efficiency' was seen as one way in which this political rationality could be achieved. The attraction of the scenario presented in Economic Management was clear. If the money allocated to state trading functions could produce a greater rate of return this would allow for redistribution of tax payer's money into other areas such as health and education, thereby allowing the social goals of the government to be met. Thus the desire for increased efficiency in the

state sector accorded with Labour's broader political rationality - that of maintaining social democracy.

While other discourses also contributed to Labour's public sector reform programme, including an argument about the need for greater political accountability (see Boston 1991, Martin 1993), right from the beginning the need for accountability played a secondary role to efficiency. In the 1985 Budget, for example, the case for public sector reform was presented in terms of the need to improve 'flexibility and efficiency', and there was no mention of accountability. Further, while preliminary statements stressed that the proposed SOEs had dual objectives, that of improving economic performance and enhancing accountability, by the time the SOEs were created accountability had been reduced to a fiscal mechanism to achieve efficiency. To put it bluntly, the discourse about accountability was very rapidly reduced from that of public accountability to that of commercial monitoring. As Brian Easton (1989a:39) observed, accountability is 'one of the weasel words of the last few years'.

Increasing Efficiency

This discursive 'settling' on the need for efficiency is crucial in explaining Labour's subsequent policy trajectory. What happened was an overlap of two distinct political rationalities in a discourse about the need for greater efficiency within the New Zealand economy. For Treasury this argument was grounded in the ideology and language of neo-liberalism, whereas the intellectual basis for Labour's political rationality was that of social democracy. Most significantly, the emphasis on efficiency was initially seen by the Labour government as a means to an end, rather than an end in itself (James 1992). To argue that Labour was simply captured by the neo-liberal ideology espoused by Treasury is to lose sight of this distinction. Nor is it widely recognized that there were at least two different

understandings of efficiency being invoked. Treasury narrowly defined efficiency as resources going to the areas of 'most profitable' use. For Labour the 'best use' of resources were those that enhanced community welfare: 'Whatever activity seems most likely to achieve maximum benefit to the community at minimum cost' (New Zealand Government 1986:1).

Thus in the process of corporatization the key role that language plays in establishing political connections is clear. The overlap between the newly elected Labour government and the Treasury occurred not simply because of personal connections, nor because Labour was converted to neo-liberalism over night, but rather because these actors construed their problems in similar ways, and thus their fates became bound up with each other (Miller and Rose 1990). Treasury economists had been propagating a discourse about the efficiency of markets since the late 1970s. However it was only following the election of the Labour government, who understood increased efficiency to be the way to renew commitments to social spending, that the extension of market relations became integral to the dominant political rationality.

It was only sixteen months between the initial announcement of the corporatization policy in December 1985 and the SOEs becoming operational in April 1987. Initially nine corporations were established as limited liability companies, accounting for the administration of billions of dollars worth of assets and the employment of over 60,000 people. Amongst the government departments affected were some of New Zealand's largest employers, including the Post Office, Forestry Service, and State Coal Mines. The apparent success of the model was reflected not only in the initial lack of opposition to the corporatization programme, but also in the fact that by 1989 there were fifteen SOEs in existence. By 1992 there were some thirty SOEs, together with other variants of this form,

in diverse areas including not only transport, energy, communications, and financial services, but also local authorities, research and, most recently, health (Duncan and Bollard 1992:14).

The process of corporatization is now widely identified as marking the point at which the Labour government was co-opted by the 'Treasury line' towards economic policy making. The tendency is to represent the SOE reforms as part of a consistent and integrated package involving a transition from corporatization to deregulation and privatization. Yet even a superficial perusal of the historical evidence suggests that this was a contested process. For example, while Economic Management had raised the possibility of the privatization of state trading functions in 1984, the need for state ownership of the newly created trading enterprises was vigorously defended by the Labour government throughout their first term. It is only when attention is turned to the governance of the newly created enterprises that the broader implications of the corporatization programme can be appreciated, and subsequent shifts in Labour's political rationality can be explained.

Governing State Owned Enterprises

The governance of the new trading enterprises was established through the State Owned Enterprises Act passed in 1986. The aim of this legislation was to separate out state trading enterprises from non-commercial functions, to give these state enterprises a commercial mandate, and to make their managers responsible for meeting performance objectives in order to generate efficiency. At the same time, however, there were also stipulations that SOEs were to be 'good employers' and have a 'sense of social responsibility'. It was argued that with these stipulations 'the SOE concept...marries the commercial model of private enterprise with a comprehensive framework for public accountability' (Rodger 1987:36). Corporatization, as a new form of economic management, could only be

enacted, however, once new political technologies were put into place to shape and normalize the newly enhanced realm of economic space. It is at this operational level that the contradictions of the corporatization project would become apparent.

The difficulty was that while Treasury took responsibility for determining the political technologies to govern the commercial aspects of SOEs, no organization took responsibility for the social and community aspects (Neilson 1989, Rivers and Bradbury 1989). Consequently while Labour explicitly rejected the idea of privatization of state trading functions because of their concerns about employment and community criteria, the governance mechanisms that were put into place were designed to ensure narrowly defined economic goals. Furthermore, the understanding of efficiency that informed the new forms of governance was the absolutist concept of Treasury, in that it was premised on ensuring the most profitable use of resources, and did not include equity considerations.

The newly created SOEs were to be run as successful business enterprises. In order to achieve this goal, considerable emphasis was put on managerial performance. Each SOE was required to prepare a Statement of Corporate Intent, in which the objectives of the enterprise, together with the nature and scope of its activities, were outlined. Managerial performance was then to be assessed through annual reports, financial accounts, auditors reports, and half yearly reports, which would measure the extent to which these objectives and activities were achieved and would allow the performance of SOEs to be compared to other enterprises. Also identified as significant was the monitoring that would take place through expert agencies, including shareholders, financial analysts, media, trade union, consumer and environmental groups, and regulatory bodies. Finally, central to the governance of SOEs was the introduction of new information systems relating to accounting, financial, and technical aspects of the enterprise. In this context it is significant

that in 1985 New Zealand introduced accrual accounting - the standard practice used in private industry - into the public sector.

These political technologies are precisely those associated with neo-liberalism when understood as a practice or mode of governance rather than a philosophy or world view. Rather than a central state being constituted as responsible for ensuring the provision of particular services, the technologies associated with corporatization, in particular the monitoring through expert knowledges, took away the requirement for direct governance by the state. Rather these enterprises, and the individuals within the enterprises, were encouraged to become self monitoring. As such they were subject to a new form of political rule in which, as Burchell (1996:27) explains:

Government must work for the game of market competition and as a kind of enterprise itself, and new quasi-entrepreneurial and market modes of action or practical systems must be invented for the conduct of individuals, groups, and institutions within those areas of life hitherto seen as being either outside of or even antagonistic to the economic.

In turn, the political technologies associated with the reform programme worked to reconstitute governmental self-formation. The newly created enterprises, their administrators, and their workers were encouraged to think and behave as 'rational economic actors'. The boards and managers of the newly created SOEs were largely comprised of personnel who had been imported from the private sector on the assumption that they would have the appropriate skills for increasing efficiency. Public servants, once constituted as service providers through a discourse about social responsibility, found themselves confronted by a new economic discourse of productivity and diversity. More generally the political rationality motivating public sector reform involved a heightened emphasis on economic identities; those of taxpayers, users, customers, and, eventually,

consumers. While this analysis will be developed further in Chapters Five and Six, the crucial point is that the governmental technologies associated with corporatization reconstituted governmental self-formation in ways that made it possible for a 'more market' approach to become dominant.

It is not surprising, therefore, that the discourse about the importance of social objectives began to shift. The initial intention was that if the SOEs were to provide non-commercial services, they would be contracted specifically to do so. Yet at the meeting of the SOE Chairman's Designates, held 6 August 1986, there were promises from Roger Douglas that social costs would be kept to a minimum. As McKinlay (1987:69) has pointed out:

The principle yardsticks for measuring commercial performance are rates of return on assets and capital. As soon as an enterprise mixes social and commercial objectives, these indicators become almost meaningless as the state's enterprises can always say that they were unable to achieve their required targets because of their social responsibilities.

Consequently efficiency was prioritized in the operations of the SOEs, and employment and community welfare, which were defined as 'social' objectives, were rapidly marginalized. Very quickly arguments began to emerge for the complete removal of the social functions from the SOEs (see, for examples, Jennings and Cameron 1987, Deane 1989).

As it turned out, only once did the Crown contract an SOE to provide a service not justifiable on commercial grounds - a subsidy for rural Post Offices that was later withdrawn (Walsh and Wetzel 1993). Further, when the State Owned Enterprise Act was challenged in the courts, the tendency was to interpret the social responsibility objectives restrictively, and give the profitability and efficiency requirements priority (Farmer

1993:4)¹³. In short, while SOEs were designed to address both Labour's social and economic goals, the political technologies put into place to achieve these goals had the paradoxical effect of expelling the former and re-defining the latter. It was thus that the political rationality for corporatization, and for the Labour government's reform programme more generally, was compromised.

The 'Level Playing Field'

By 1987, the year in which the Labour government was elected to a second term, understandings of efficiency as maximum benefit to the community at minimum cost had been largely usurped by those of economic efficiency as profit maximization. The debates now revolved around whether profits should be used to lower prices for consumers or be paid back into government funds for use in other ways. Vivid evidence of this shift is seen in the reflections of an American economist on secondment to Treasury. Not only did he comment on the particular emphasis on efficiency in New Zealand, but he also observed that, unlike the United States, efficiency was being defined as economic efficiency, which did not include concepts of equity, fairness, and income distribution (Anderson 1988:2). Local commentators, many of whom had become highly critical of Labour's policies because of their social and employment implications, were also beginning to identify the narrow definition of efficiency being used. Easton (1989a), for example, argued that because efficiency was being understood in terms of ratio of outputs to inputs, both unemployment and distributional consequences were being ignored.

¹³ As Farmer (1993:35-36) explains, the social responsibility clause was conditioned by the words 'when able to do so'. He gives as an example the Federated Farmers challenge to a New Zealand Post decision to double annual rural mail box fees. In this case the Judge found that 'the statutory obligation was not to promote the best interests of the community but was 'merely' an obligation to have regard to the interest of the community 'and then only insofar as such promote the end of successful business'.

Not only had Labour's definition of efficiency been reconstituted as economic efficiency, but it is also during this period that arguments for competition, as the mechanism by which economic efficiency could best be achieved, gained dominance. Advocates of further public sector reform had begun to argue that the initial success of corporatization could be built on by encouraging greater competition, as this would reinforce the drive for efficiency. Again Treasury played a crucial role in these debates; the brief to the incoming government in 1987 (Treasury 1987) was explicit about the need for competition as a mechanism to achieve efficiency in the reform of public trading activities. In this document not only did Treasury advocate further substantial reform in the public sector through the introduction of competition, together with transferable and contestable ownership, but also for the first time provided a philosophical justification for the pursuit of a minimalist state. The proper role of government was seen to be setting the rules by which others would operate. In popular parlance, this new political rationality was referred to as legislating for a 'level playing field'.

Competition was understood to be important for two reasons. Firstly, the aim of the new political technologies associated with corporatization was to quantify the operations of the SOEs in a way that would allow the economic performance of these enterprises to be assessed. The difficulty that had emerged was that the Statement of Corporate Intent did not provide enough information to allow Parliament to adequately scrutinize the performance of the SOEs (Mascarenhas 1991:37). Other technologies, the performance indicators and financial results, were only useful if they had a point of comparison. That is, they would only allow an assessment of efficiency if the SOEs were in a market together with other organizations operating under the same conditions. It followed, therefore, that it was necessary to establish 'competitive neutrality' in the markets in which SOEs were operating. Secondly, it was claimed that competition would not only allow the

performance of SOEs to be assessed, it would also force them to be more efficient. The argument was that in a competitive environment pricing would be more likely to reflect production costs, and this in turn would lead to a more efficient allocation of resources, lower prices, and new goods and services.

Deregulation, therefore, was not simply the legislative mechanism by which competition was to be achieved. It can also be understood as an attempt to reinforce the effectivity of the political technologies designed for the corporatization programme. Instead of the state monitoring the performance of SOEs, the introduction of competition would create an environment in which the self-monitoring of the enterprises, and the individuals within the enterprises, would be reinforced. In turn, deregulation involved the introduction of additional technologies, the most notable of which was the Commerce Act (1986), designed to discourage anti-competitive behavior in both existing and newly established markets. This piece of legislation explicitly adopted a pro-competition and market stance, and gave direct access to the courts to any person or organization that wished to invoke the prohibitions against anti-competitive behavior (Farmer 1993, Lokjine 1993). The new political rationality of Labour had begun to emerge; the market would be responsible for the governance traditionally undertaken by state regulation, and the courts would ensure that the market was competitive.

Associated with this reinforcing of the new form of governance was a marked shift in governmental self-formation. By the second term of the Labour government references to the 'taxpayer' had been largely replaced by the 'consumer'. Consequently arguments for deregulation were not framed in terms of the better use of tax-payer's money, as had been the arguments for corporatization, but rather as reducing the costs of goods and services for

consumers. In the commentary that accompanied the 1987 Budget, for example, it was argued that deregulation would ensure that:

At the end of the day consumers themselves will dictate the size and kind of business of these organizations. They will grow or shrink in line with their performance - whether they can produce goods and services consumers want at a price they are prepared to pay (New Zealand Government 1987:27).

In this new formulation the interests of the nation and the interests of consumers were seen as interchangeable. That said, rarely was it explicitly stated that domestic consumers were to be the primary beneficiaries of deregulation. Indeed, as will be discussed in Chapter Five, in the telecommunications sector it was clear that holding down the cost of services for business was the primary rationale for deregulation.

One consequence of this change in governmental self-formation is that the social cost of deregulation was understood not as unemployment, but rather the cost to the consumer. This meant, in turn, that the rights of workers in the SOEs to ongoing employment opportunities could be played off against a discourse about the demands of consumers. The issue of unemployment, which had become highly politicized by this point¹⁴, was addressed through an argument that deregulation would lead to economic growth, and that more people would be employed as more wealth was created. That is, more competition would lead to reduced prices which would stimulate additional demand, and eventually create more jobs. The contradictory logic of this approach was such that by the 1990s

¹⁴ Brosnan and Rea (1992) show that total employment fell by 5 percent during the two terms of the Labour government, and argue that the increase would have been greater if it was not for sustained out migration and a severe reduction in labour force participation.

productivity gains in the ex-SOEs were being calculated in terms of job loss (see, for example, Greer 1993).

What I am suggesting is that the exhortation to be competitive, made manifest in the push for deregulation during the second term of the Labour government, did not simply involve a strengthening of the political technologies introduced as part of the corporatization programme. My claim is that these political technologies had begun to reshape both the political rationality of Labour and governmental self formation. In the debate over the deregulation of the telecommunications sector, for example, references to accountability, employment, and community interests had all but disappeared. Instead, deregulation was justified in terms of improvements in service, the availability of a wider range of goods and services, lower average prices, and rapidly growing industries that would provide both employment and internationally competitive services (Prebble 1988).

At the same time, however, it is through an examination of these political technologies that some of the contradictions of neo-liberalism become apparent. It is clear, for example, that the competitive markets central to the new political rationality of Labour were not pre-existing entities, instead they had to be both created and reproduced through deregulation. Moreover, it is possible to see how the political technologies designed to ensure that the state trading organizations would do whatever gave them maximum financial return, in turn, encouraged these organizations, and the actors within them, to conform to the theories of 'rational expectations' that infuse the thinking of neo-liberals. Consequently, these markets were not free of political power. Rather one form of governance (that of the state) was complemented by another (that of the market). Moreover, the new form of 'market governance' was underwritten by the state through the rule of law. In particular, state intervention was required to promote the existence and effective working of markets. The

crucial point is that while those who advocate neo-liberalism argue their case in terms of 'free' markets, it can be shown that these markets are the product of a differentiated regime of governance in which the actions of organizations and individuals continue to be highly regulated (see also Burchell 1994).

The final point to be made about deregulation is that this process was crucial to a new stage in the internationalization of the New Zealand economy. The new form of governance involved the dispersal of political power to organizations outside the state, and the emergence of a plurality of forums through which different aspects of political activity could be co-ordinated (Dean 1994). This, in turn, allowed the political process to be penetrated by global interests and actors as multinational companies moved to take up new opportunities in New Zealand. The result was the increasing co-ordination of domestic economic activities with international markets. As Britton, Le Heron, and Pawson (1992:18) claim; 'Prior to deregulation, national capital (and labour) were privileged over other capital. Deregulation, as a national policy commitment, meant that global capital was inherently favored'.

At this point in time, however, globalization was not an explicit political strategy. Indeed, it was initially expected that the newly created markets would be domestic markets. For example, as will be shown in Chapter Four, in the telecommunications sector it was anticipated that the most likely competitors to Telecom NZ would be other SOEs. The possibility of overseas companies being interested in New Zealand was identified, but only as a much less likely scenario. The subsequent relationship between deregulation and the internationalization of ownership and control of domestic economic activities was thus a largely unanticipated consequence of the new form of governance. It was only with the

privatization programme of the late 1980s that globalization of the domestic economy began to be constituted as a deliberate strategy to achieve specific political ambitions.

Selling the Family Silver

The crucial step in the constitution of globalization as an explicit strategy was the asset sales programme that began in 1987. In the economic statement that accompanied the budget of that year, Roger Douglas announced that Treasury would examine all SOEs on a case-by-case basis in order to assess the benefits of privatization. While the most immediate justification for privatization was debt reduction, the political rationality for the Labour government's assets sales programme continued to be framed in terms of the need to have an efficient and competitive economy. It is this political rationality that explains why the result of the privatization programme was to hand over the ownership of former State Owned Enterprises to large private sector organizations, many of which were multinational companies based outside of New Zealand.

With the emergence of a political rationality premised on narrow definitions of economic efficiency and competition, Labour's argument for continued state ownership was severely compromised. The problem was that the political technologies that had reshaped the SOEs according to commercial principles had also equipped them to operate in a fully privatized system. In addition, advocates of privatization began to argue that if the SOEs remained in state ownership the initial efficiency gains would peter out. Ironically, given the original intentions of corporatization, the main danger identified was that political and social objectives might play a greater part in the operations of SOEs, and consequently their commercial orientation would be eroded. Privatization of state trading functions was understood to be the means by which this danger could be avoided, and the way in which

Labour's reshaped political rationality of economic efficiency and competitiveness could be better achieved.

Arguments for privatization were also accompanied by a more fundamentalist approach to markets. Rather than markets being seen as imperfectly competitive and requiring state intervention in order to align private incentives with broader interests, they began to be idealized as sacrosanct¹⁵. Consequently privately owned companies, subject to stock market scrutiny, were understood to be inherently more efficient than any SOE, even though there was little more than anecdotal evidence to prove this assertion. This belief in markets was such that the privatization programme was pushed through with little public consultation, despite opposition from within the Labour government itself¹⁶, widespread opposition from unionists, who were concerned about overseas ownership and potential job loss (see NZCTU 1988), and from Maori, who were concerned about resources passing out of the ownership of the Crown thereby invalidating their claims. As Deeks (1992:11) points out:

Questions of market regulation or deregulation were not argued in relation to outcomes, that is in relation to the demonstrable efficiency or inefficiency of the market as a creator of wealth and a regulator of goods and services. Rather they were argued in relation to beliefs, to ideology. The market was given moral authority; it was an *a priori* good rather than good as a consequence of what it could and did deliver.

¹⁵ See Alford (1992) for a more general discussion of this issue.

¹⁶ Opposition to privatization was one of the reasons for the formation of the New Labour Party in 1989.

Because of the political rationality driving their decision-making process the Labour government opted for a competitive tender process, rather than share floats. The depressed state of the local stock market following the 1987 crash, and the small population base of New Zealand, meant that early on overseas investors were identified as the potential purchasers of the entities to be privatized. In the annex to the 1988 budget, for example, in which the privatizations were announced, the possibility that privatization would involve internationalization of ownership was explicitly addressed by Treasury. Their position, however, was that foreign investment was good, and that the government should encourage that investment to take place. It was stated that while the government would not permit foreign ownership where it was contrary to the economic and social interests of the country, over all such investment would be beneficial because it would allow access to new sources of capital, technology, and skills and thereby lead to economic growth.

Because few New Zealand-based companies had access to sufficient capital to buy SOEs, and the aim of the Labour government was to maximize the amount earned from the sales, it was inevitable that without explicit mechanisms to ensure otherwise, privatization would involve at least some of the SOEs passing into overseas ownership. Hence the logic of Labour's political rationality led them to a point where the sale of SOEs to large multinational corporations was understood to be the best way to achieve their goals. It was in this context that the globalization of the domestic economy began to cohere as a specific political strategy. However, as will be shown in the chapter that follows, it was not until after 1990, and the election of the National government, that this strategy of globalization began to reshape the dominant political rationality, and qualitative shifts in political-economic arrangements became apparent.

Conclusion

This chapter has discussed the state sector reform programme of the fourth Labour government in New Zealand in order to explore how it was that globalization first emerged as a political strategy. Existing accounts of this period tend to focus on external constraints and/or the role of key political actors to explain how it was that a social democratic government came to initiate a neo-liberal reform programme, and why globalization was the result. In contrast, I emphasize the significance of programmes and practices that were developed to enact the new form of 'market governance'. In making this claim, I take methodological inspiration from the governmentality literature, thereby initiating an engagement between the political-economic literature on globalization and the Foucauldian problematic of governmentality.

I show that Labour initially tried to introduce 'more market' as a means of maintaining social democracy. The difficulty was that 'more market' required not just the reordering of political and economic space, but also involved the introduction of political technologies to establish and reproduce the new economic spaces as governable entities. It was at the level of these political technologies that neo-liberalism took hold. Developed by Treasury economists, these governmental practices were premised on particular understandings about the rule of economic life, and were designed to achieve very narrowly defined commercial goals of economic efficiency and competitiveness. In turn, I demonstrated how the neo-liberal technologies introduced through the corporatization programme redirected economic policy as a whole. As such, the shifts analyzed in this chapter constitute an exemplar of how governmental practices can come to colonize, compose, and transform the state itself (Dean 1994: 165).

I stress that there was not a sharp break between the old and the new. Rather the new political rationality emerged out of ongoing contestations over how best to achieve the goal of efficiency. The result was a new macro-social order, not by design, but as the result of a complex, open ended, and historically contingent process. In this context, the recent comments of Richard Prebble, former Minister for SOEs, take on additional resonance. When asked to reflect on the events of the two terms of Labour he explicitly stated, 'we didn't know that the logic of that system (corporatization) would lead us to privatization' (Dominion 14 July 1994).

Overall, however, the result was the emergence of a new political rationality. While earlier understandings were premised on the need for efficiency within the national economy, in this new discourse the frame of reference is the international economy, institutional arrangements are dominated by the market, and the consumer is the hegemonic political-economic identity. In the next chapter I show that this political rationality is premised on a new understanding of economic relations and a new imagined geography. I then turn my attention to the telecommunications industry in order to explore in more detail the relationships between the new political rationality, and political-economic institutions and identities.

Chapter Three: Hitching a Ride on the Tiger's Back

Introduction

While the privatization programme of the Labour government established the preconditions for a new understanding of economic relations, it was only following the defeat of Labour, and the election of a National government in 1990, that the understanding of globalization shifted from being merely a solution to a technical problem (how to maximize profits from the sale of SOEs) to being a strategy integral to a new political rationality. By this time the drive for economic efficiency had completely colonized the policy agenda in New Zealand. Major parties, state sector organizations, employers, and even the union movement were framing their suggestions in terms of the need for international competitiveness, monetary stability, and restructuring (Castle and Haworth 1993:27). While there were different variants of this political discourse, reflected in the debate initiated by the Porter Report (Crocombe, Enright, and Porter 1991), it was clear that in contrast to an earlier understanding, premised on the need for efficiency within the national economy, a new discursive formation had been consolidated. In the new political rationality New Zealand is portrayed as a small, externally oriented economy in which the fostering of international linkages provides access to the capital, technology, and skills required in a regime governed by the dictates of international competitiveness, economic efficiency, and consumer demand.

In this chapter I show that this discursive formation reflects both a new understanding of economic relations and a new imagined geography. The economy is no longer envisaged as coterminous with the nation-state. Rather economic space is represented as a 'space of flows' in which regions, industrial sectors, and individuals are articulated into the flows and networks of global capital. Associated with this representation is a specific imagined

geography in which New Zealand based activities are constituted as nodes in the Pacific Rim. It is in this regard that economic relations are discursively and materially constituted as 'globalized' in the 1990s.

Following a brief discussion in which I clarify my theoretical claims, I begin by distinguishing between earlier forms of internationalization and globalization. This is a crucial step given that in New Zealand the national economy has been articulated with the international economy since the time of colonization. I show that in these earlier forms the economy was understood to be territorially coterminous with the state and society. Internationalization was thus understood to be a process that involved interactions between discrete national economies. The imagined geography associated with these earlier forms of internationalization was one centered on Britain, both as the 'Mother Country', and as the primary market for New Zealand's agricultural exports.

I then turn my attention to the contemporary phase. My claim is that the current period is marked by a new conception of the relationship between the national and international. Through an analysis of three critical arenas - social policy, foreign direct investment, and immigration - I support my contention that economic space is now represented as a 'space of flows'. It is this new phase of internationalization that I refer to as globalization, thereby distinguishing it from earlier phases. I conclude by claiming that with the emergence of these new geo-economic relations the link between the economic and the social (understood in terms of a national population) has been problematized, and the spatial alignment of state, economy, and society disrupted.

Spatial Imaginaries and Globalization

In New Zealand, as elsewhere, it is widely accepted that the 1980s saw a qualitative shift in the form of internationalization - a shift captured under the label globalization. The usual argument is that while New Zealand has long been linked into the international economy through trade flows, the last decade has seen capital and labour flows also become internationalized. It is also well understood that overall the result of internationalization has been the increasing integration of domestic economic activities into global economic processes. This integration has been the focus of some excellent analyses of contemporary forms of restructuring in New Zealand (see Le Heron and Pawson 1996 for a collection of such studies from a geographic perspective).

Most social-scientific discussions theorize globalization as a socio-structural process involving the deepening and widening of capitalist social relations. Consequently the starting point for analyses is the enhanced physical mobility of capital (as in the new international division of labour and global cities literatures) and, less commonly, labour (as in the political economy literature on migration). In their reflections on the enhanced mobility of capital and labour, Castells (1989) and Lash and Urry (1993), amongst others, have argued that the contemporary global order is a 'space of flows'. Castells (1989:169-170), in a paradigmatic statement of this argument, claims that there are organizational flows that operate between units of the same organization and between different organizations. At the same time these organizational flows are connected to a 'macro-space of flows' structured by movements of capital, labour, and technology. In these analyses of the 'space of flows' the heavily networked global cities (London, New York, Tokyo) form the new core of globalised capitalist system, and the periphery consists of those areas (which may well be in the same nation-state) not linked into these networks (Sassen 1991).

While obviously the analysis presented herein is sympathetic to such accounts, I would argue that to start from the process of physical mobility as a basis for conceptualizing globalization is to suggest that the new configurations of power are driven by objective changes in the production process. The result is often a determinism in which globalization is understood to be a 'new reality', even though other social processes are understood to have quite different meanings in different contexts (see also Waters 1995, Woodiwiss 1996). As Rosemary Hennessey (1993:15-16) observes:

The structure of multi-national capitalism with its dense grid of information and highly refined international divisions of labour cannot in itself account for the complex ideological processes through which various insertions into its global economy are represented and reproduced.

In this chapter I explore the implications of theorizing globalization first and foremost as a 'conceptual apparatus'; an interpretive grid through which economic relations are understood in specific forms¹⁷. Such an approach directs attention to the role of economic discourses and spatial imaginaries in establishing a specific understanding of economic relations; 'demarcating a(n)...economic space with an imagined community of economic interests from the seamless web of a changing global-regional-national-local nexus' (Jessop 1996:9). This allows me to identify how in New Zealand the process of globalization is associated with a particular representation of economic relations and shaped by a distinctive imagined geography.

The advantages of such an approach are twofold. Firstly, it is made explicit that the meaning of internationalization (and globalization) varies over both time and space, thus

¹⁷ In making this argument I have been influenced by recent Foucauldian analyses of 'development'. See, in particular, Ferguson (1994) and Escobar (1995).

encouraging exploration of how particular representations of economic relations shape the way in which reality is imagined and acted upon (Escobar 1995:5). Secondly, such an approach opens up conceptual space for alternative discourses of globalization (see, for examples, Smith 1993, Drainville 1995). For if it is understood that globalization is an historically contingent project, involving a range of contested political strategies and alternative spatial imaginaries, the possibility of challenging this process is much greater.

In developing this discussion work by critical geographers provides a useful starting point. Most immediately their analyses, as exemplified by that of David Harvey (1989), point to relationships between particular forms of capitalism and specific spatialities. Moreover, they show that space is not simply a blank slate on which political-economic relations are inscribed. Rather, they draw attention to the social origins of spatialities, showing how they are produced and reproduced through politics, power, and ideology (Soja 1989:124). In this chapter I build on the intellectual legacy of these analyses by exploring how in New Zealand the process of globalization is associated with a distinctive way of imagining and reordering political-economic space.

In the last chapter I demonstrated how globalization of the domestic economy was a political strategy that emerged out of an historically specific set of circumstances, and was mediated through multiple and contested discourses. It was shown that this strategy first emerged as a particular way of acting upon the political ambitions of the privatization programme; part of the 'domain of strategies, techniques, and procedures through which different forces render programmes operable' (Rose and Miller 1992:183). By the early 1990s, however, this strategy had begun to cohere, gain a level of rationality, and thereby shape the very nature of economic relations.

Following on from this formulation, I show that in the 1990s the economy is no longer imagined as co-terminous with the nation-state. As the language of international competitiveness has become central to the new political rationality in New Zealand, so too have the new forms of globalised economic relations become visible. These new economic relations mark a break in understandings of the relationships between the state and a particular form of territoriality in that the national economy is no longer the necessary object of governance (Barry 1993). This new geo-economic understanding thus constitutes a crucial aspect of the reconfiguration of political-economic relations in New Zealand. Let me begin, however, by outlining the characteristics of earlier phases of internationalization, thereby allowing me to better indicate the disjunctures with the contemporary phase in the sections that follow.

Interrogating Internationalization

The New Zealand economy has long been internationalized. The earliest phase of internationalization, which lasted from the time of colonization until the 1930s, involved trade (Britton, Le Heron, and Pawson 1992). Following dispossession of indigenous Maori groups, and the alienation of land into the hands of British colonists in the nineteenth century, the three small islands in the South Pacific were integrated into the British capitalist core as an agricultural settler colony. This 'imperial division of labour' (McMichael 1984:54) was premised on the understanding that economic activities in New Zealand were integrally linked to those in Britain. Correspondingly, in the imagined geography of this phase New Zealand was constituted as 'Britain's farm'. Those academics who have engaged with the specificity of this phase of capitalist development in New Zealand have tended to group it with other settler economies, such as Australia and Canada, and identify a variant of dependent development, sometimes called 'dominion

capitalism' (see, for examples, Britton, Le Heron, and Pawson 1992, Denoon 1983, Ehrensaft and Armstrong 1981, Larner and Spoonley 1995).

By the late nineteenth century there had emerged a conception of New Zealand as a self-contained national economy governed by a domestic settler state. This economy was organized around agricultural production based on small family farms. It was the development of infrastructure, especially transportation systems, which enabled the replacement of rudimentary forms of subsistence production with substantial pastoral farming, and a growing primary processing sector (Larner and Spoonley 1995:44). In turn, the development of public services, roads, bridges, and railways entailed the expansion of the public service (Fairburn 1989:242). Moreover, during this period macro-economic policies designed to smooth out the vagaries of the trading cycle began to take precedence. As Rose (1996:337) explains in a more general discussion, 'the responsibility of the political authorities for the security of a nation, a state, and a people, came to be understood in terms of their capacity to nurture natural economic processes to ensure national economic well-being.'

The second phase of internationalization, which involved the internationalization of production, emerged initially during the 1930s depression, then was boosted during the 'long boom' that followed the Second World War (Britton, Le Heron, and Pawson 1992). In this period major efforts were made to reduce economic dependence on the agricultural sector. In particular, tariffs and import licenses were imposed to protect the growth of import substitution industries. Branch plants of the multinational companies established themselves behind these protectionist walls, primarily involved in the assembly of consumer goods. At the same time domestic investment in farming, manufacturing, housing, social infrastructure, and energy also rose sharply. Within the state there was a

policy consensus around Keynesian style macro-economic policies, based on protection from overseas competition, regulated financial and labour markets, and an expansive public sector.

It was during this second phase of internationalization that the understanding of economic governance shifted from that premised on the national economy as a separate domain, to that of a national economy that would be governed via interventions into the social domain (Rose 1996). In New Zealand it was the election of the first Labour government in the 1930s that ushered in the period of Keynesian inspired welfarism. Characterized by O'Brien and Wilkes (1993) as 'Dependent-Agricultural Fordism', in the new understanding social coherence was understood as a key condition for national economic security. The link between the social and the economic was reflected in the 1938 Social Security Act, which marked the emergence of a welfare state and a series of policies designed to ensure material security and economic equity for all citizens (Wilkes 1993:202). State involvement came to encompass not only those sectors of the economy not filled by private enterprise e.g. insurance, transport, and communications, but also social programmes in areas such as education, health care, and housing.

During the post-war period there was a widespread understanding that it was the responsibility of the state to promote equality, reflected in an ongoing commitment to social programmes. Equality, in this context, was understood primarily in class and income terms (O'Brien and Wilkes 1993). Gender and racial inequalities remained fundamental cleavages in New Zealand society. Men were understood to be responsible for the social and economic welfare of their 'dependents', and the notion of the 'family man' and the cult of domesticity were both vigorously promoted (Novitz 1987). Maori, and later migrants from the Pacific, were incorporated into the capitalist economy as a reserve army of labour,

and largely remained concentrated in positions at the bottom of the labour market (Larner 1991, Ongley 1991). That said, the intent of social programmes was to ensure universal participation in a single integrated national society.

For the purposes of the argument developed in this thesis, the crucial characteristic of this period was that the assumption that nation-state, economy, and society were coterminous was solidified. Organized within a clearly demarcated territory, the focus of state action was a relatively closed national economy, defined and measured in terms of economic aggregates (Jessop 1994). Likewise, the social was understood to be comprised of the resident national population, organized into two parent households with the male breadwinner and assumption of life time employment (McDowell 1991). Internationalization remained premised on an understanding that transnational relations occurred between discrete national economies, although the legacy of the colonial period meant that New Zealand remained oriented towards Britain despite some attempts to diversify export markets.

While these economic and social relations were never universal, even during the apogee of the 'post-war Fordist compromise' in New Zealand (O'Brien and Wilkes 1993:56-59), the crucial point is that economic governance was premised on the assumption that they were. As Hindess (1994:237) explains more generally; 'The view of the economy that is said to have sunk beneath the waves of history was significant in these societies not primarily because it was ever realistic, but rather because it served as a fundamental presupposition for most influential Western programmes of government in the years following the defeat of national socialism'. It is this presupposition - the territorial integrity of the national economy as an analytical unit - that has been fundamentally disrupted in the most recent

phase of internationalization. Hence the distinction between earlier forms of internationalization and the most recent form of internationalization - that of globalization.

In the 1990s economic relationships are no longer understood as trans-national - in terms of involving relationships between discrete national economies - but rather as global. New Zealand is discursively constituted as a node in global economic flows, and the new political ambition is to integrate the domestic economy into international trade, production, and financial networks (Britton, Le Heron, and Pawson 1992:9). This new understanding of economic relations is closely associated with an imagined geography in which New Zealand has re-oriented itself away from Britain and towards the thriving economies of the Pacific Rim. In turn, this new form of internationalization has implications for the relationships between economy, state, and society in that these categories are no longer constituted as territorially coterminous.

In the previous chapter it was shown how the impetus for this new understanding emerged out of the fourth Labour government's reform programme, as globalization came to be constituted as a political strategy. In the remainder of this chapter I demonstrate that in the early 1990s, following the election of the National government, this strategy began to cohere as an integral aspect of the dominant political rationality. I claim that the new political rationality entailed both a new understanding of economic relations and a new spatial imaginary. Three sets of changes provide evidence of the new political-economic orientation: an extension of market relations into areas of social and employment policy; a more liberal approach to direct foreign investment; and changes in migration policies and patterns.

Revisioning Social Policy

For many New Zealanders the first indication of the new understanding of economic relations was the introduction of the language of the market into areas considered inviolable by the fourth Labour government. Following their election in 1990, National marked their first term of government with severe cuts to social spending, and benefit levels were reduced substantially in the first budget. Despite their introduction during a period characterized by record levels of unemployment and a contracting labour market, these spending cuts were justified on the grounds that they would 'increase the 'rewards' for moving from welfare to work' (Richardson, quoted in Kelsey 1993:83). They were followed by the introduction of targeting and 'user pays' principles into the areas of health, housing, and education.

These social programme reforms were introduced in conjunction with new industrial relations legislation designed to deregulate the labour market. Under the Employment Contracts Act (1991) the principle of collectivism as the basis for industrial relations was replaced with the notion of an individual employment contract, in which the primary parties are the individual employees and their employers. This change had two main sets of implications. Firstly, there was no longer a provision for exclusive union coverage for specific occupational or industrial groups. Secondly, the new legislation facilitated the introduction of a decentralized and voluntarist system of industrial relations, with a marked shift to enterprise bargaining (for more detail see Harbridge 1993, Williams 1993).

Reform of industrial relations legislation was followed in the mid-1990s by a move towards more market driven education. In 1992 the Industry Training Act, based on the idea that industry training would be most effective when designed and managed by industry itself, was introduced. Polytechnics, the traditional providers of industry based training,

together with private providers, now bid for tenders to offer training courses. In 1994, in a document entitled Education for the 21st Century, National set out their plans for a new curriculum and educational framework. The intent was to design a 'seamless education system' in which boundaries between universities, polytechnics, and industry based training would be dissolved. The explicit rationale for the 'National Qualifications Framework' was that tertiary education needed to be reformed to meet the needs of an internationally competitive economy (Ministry of Education 1994)¹⁸.

These policy changes were all highly controversial. Understandably, cuts in social spending and the shift to 'user pays' were widely interpreted as constituting a major assault on the welfare state (see, for example, Boston and Dalzeil 1992). The union movement portrayed the Employment Contracts Act as a blatant attack on unions in particular, and the rights of workers more generally. Indeed, for many New Zealanders it appeared that the National government had abandoned the interests of the national citizenry in favor of international capital. National, in contrast, portrayed the changes in social spending, industrial relations, and training as component parts of an economic programme that would recreate the conditions for strong and sustainable growth. Significantly, this programme was framed in the language of international competitiveness, and was premised on the need for both the New Zealand economy and New Zealanders to have an outward orientation. The budget in which the social spending cuts were announced, for example, was framed in terms of 'encouraging and enabling people to work smarter, produce more, and compete harder in the international arena' (New Zealand Government 1991:7).

¹⁸ See Butterworth and Tarling (1994) for an insightful discussion of reforms in the university sector.

Rather than simply marking an abandoning of the political claims of New Zealanders, these programmes mark a significant shift in the constitution of the relationship between social and economic. Rather than social inclusion being ensured by the welfare state, in the new understanding participation in paid work is understood to be the primary basis for social inclusion, and a diminished welfare state responsible only for residual support. Moreover, the economy is no longer constituted as a discrete national entity. Rather the emphasis is on the links between the domestic and international economies. Thus, as Williams (1993:139) astutely observed in relation to the Employment Contracts Act, there was 'an important shift in both ideology and value systems. These underlie what are perceived to be the imperatives of survival faced by a small open economy, in an economic world where competition is globalizing and new forms of relationships have to be developed along the Pacific Rim.'

In 1993 the new political-economic vision was made explicit in Path to 2010 - a policy document presented to New Zealanders as a 'public statement of the goals the Government is committed to achieving' (National Party 1993)¹⁹. In this document New Zealand's future was framed in terms of economic renewal. Renewal was portrayed as following a five stage development process; opening up the economy, getting the fundamentals right, getting existing industries into 'fighting trim', creating new industries, markets, and jobs, and finally, pursuing a programme of continuing innovation, education, and growth (Pgs. 10-14). Other aspects of society were clearly subordinated to the demands of an export led recovery. Foreshadowing the precepts of Education for the 21st Century, it was

¹⁹ Path to 2010 originated with a Treasury initiative designed to give more form to long term planning objectives. By the time the document was released, however, the 1993 election was only five months away. Consequently National decided to release it as a party document rather than a national strategy document. In following years updates were released under the auspices of the New Zealand Government.

announced that education would be redesigned to focus on the skills needed by enterprise. Even the environment and Maori development were presented as resources that could be exploited to develop new economic opportunities.

In Path to 2010 the link between welfare state restructuring and globalization was made explicit. International competitiveness was to be ensured by the harnessing of each individual's capacities through their participation in paid work; the intent being to 'build a community in which all families can secure a high standard of living through their work and enterprise' (Pg. 5). Integral to this vision was the definition of New Zealanders as 'human resources' with the potential to develop the crucial capacities of skill, ingenuity, and innovativeness. The Employment Contracts Act was identified as central to the development of such capacities because, it was claimed, the new labour relations environment provided employment opportunities and increased workplace training. Correspondingly, the welfare state was seen as reducing these capacities. As the document explicitly stated; 'At a certain point an overly generous welfare system will make it more worthwhile for whole categories of people to rely on the State rather than their own initiative' (Pg. 15).

In the new economic understanding, therefore, not only were firms to be entrepreneurial, enterprising, innovative, and externally oriented, so too were individuals. In the 1996 update of Path to 2010 the new political rationality was made even more explicit. As the foreword stated; 'Our approach is straight forward. It is through having a good education and training, securing a job, and being involved in our communities that we forge a better future for ourselves, our families, and our country' (New Zealand Government 1996: 2). It is this regard that we begin to understand how the new political rationality is premised on the linking of New Zealand based activities into the networks of global capital, and how the

individual is encouraged to participate in the general pursuit for international competitiveness through new forms of employment relations.

Direct Foreign Investment

The second manifestation of the new understanding of economic relations, which at the time received much less attention than the programmes discussed above, involved a more liberal approach to foreign investment. Following the publication of the Porter Report, in which it was argued that foreign exchange earnings were the 'cornerstone of our economic recovery' (Crocombe, Enright, and Porter 1991:9), politicians and business interests alike began to tout New Zealand as being unequivocally 'open for business'. The stated aspiration was that New Zealand would become 'a country that is open, innovative, and competing vigorously and successfully in the international marketplace' (New Zealand Government 1992:6).

There was nothing new about foreign investment *per se*. Given the discussion above, it is not surprising to discover that New Zealand had long been the net recipient of foreign investment. Historically, however, because of the small size of the domestic economy and limited resources, there had been considerable control over the entry and operating conditions of foreign investors. In 1973, with the establishment of the Overseas Investment Commission (OIC), a general screening system for inward investment was put in place. The mandate for the OIC was to maximize benefits from overseas investment, while making sure that ownership and control of New Zealand resources was not unnecessarily transferred to overseas residents (OECD 1993). By the late 1980s, however, in conjunction with the liberalization of the economy more generally, a more liberal practice in the interpretation of these regulations had begun to emerge.

The intention to actively promote foreign investment in New Zealand was signaled in the 1991 Budget and subsequently formal regulations associated with foreign investment were relaxed. A Foreign Direct Investment advisory group, comprised of both private and public sector representatives, was also established, together with an investment promotion programme designed to both increase the amount of investment into New Zealand and further public understanding of the benefits of this investment. These changes were accompanied by explicit statements that increased levels of foreign investment was the means by which international competitiveness would be ensured. Foreign investment, it was argued, would provide new sources for the private sector capital, technology, and skills required to ensure the international competitiveness of the restructured domestic economy.

This new strategy was explicitly associated with a particular spatial imaginary. Rather than 'Britain's farm', or a self-contained national economy, New Zealand was portrayed as a node in the flows and networks of the Pacific Rim. This revisioning of New Zealand's 'imagined geography' was not an argument that New Zealand should become part of Asia. Indeed New Zealand's historical legacy as a white settler society, and the exclusionary nature of existing discourses about national identity, would have made such a formulation hard to sustain (see Larner and Spoonley 1995 for more detail). Rather the premise was that New Zealand would become a 'distribution center'. The advantages of good infrastructure, the economic reforms of the 1980s, and the attractions of New Zealand as a place for foreign companies to base expatriate staff, were all portrayed as encouraging multinational companies to use the country as a basis for regional expansion.

Thus while historically New Zealand had regional economic ties with Australia, formalized in the trans-Tasman free trade agreement known as Closer Economic Relations (CER),

liberalization of the regulations governing foreign investment was accompanied by a new series of regional initiatives and extensive media coverage of the economic opportunities available in South-East Asia. These initiatives included the active promotion of New Zealand in the region through the visits of politicians, trade seminars, and the appointment of Foreign Direct Investment counselors to embassies in Japan, Singapore, and Los Angeles. There was also enthusiastic support for the 1993 APEC (Asia-Pacific Economic Co-operation) initiative, designed to establish free trade amongst eighteen Pacific Rim countries including New Zealand.

Domestic initiatives included the Asia 2000 Programme, a high profile undertaking designed to promote a major reorientation of New Zealand and New Zealanders towards Asia by the year 2000. A key component of this programme was the establishment of the Asia 2000 Foundation, with a mandate to foster 'economic, political, and strategic relationships' with Asia through programmes run under three major headings: business, education, and media. At the time of its establishment the Foundation was described as 'the seal on the restructuring of the last decade' (Dominion 23 September 1994)²⁰. The new vision was clear. As Prime Minister Jim Bolger explained:

Asia is defining the new reality in which we have to live and compete and earn our living. In the next period of world history there will be no prosperity for New Zealand that does not have an Asian dimension in it (NBR 9 September 1994).

²⁰ Significantly, the board of the new Foundation initially had no New Zealanders of Asian descent appointed to it. The furor over the composition of the board, and the subsequent appointment of Mai Chen, lawyer and activist, and Vincent Yeo, a businessman, served only to highlight the uni-dimensional manner in which the complex networks that constitute the Pacific Rim as a geo-economic entity were being represented by New Zealand politicians.

While initially there was some debate over the best way to achieve this new political ambition, particularly as to whether special incentives should be necessary in order to encourage foreign investment, the takeover of a major New Zealand food processing company by the United States based multinational Heinz was presented as evidence that 'the fundamentals were right'. It was argued that major international investors would be attracted to New Zealand, not by special incentives, but rather by low inflation, low production costs, and the new labour relations regime. Significantly, the management of Heinz was also explicit about the company's intention to use New Zealand as a platform for regional expansion into Australasia and South East Asia.

In 1995, following two years of record levels of inward investment, there was a strong push to further relax regulations on foreign ownership. Supporters of further liberalization used the substantial growth in export sales and an upturn in annual growth rates to argue that ongoing investment by international capital should be encouraged. Subsequently the operations of the OIC were rationalized in order to make it even easier for non-New Zealanders to invest in New Zealand. While authorization was still required when non-residents acquired 25% or more in a New Zealand company, or intended to commence business where the total expenditure was more than ten million dollars, in practice this authorization became little more than a rubber-stamp²¹. Moreover, tax cuts for foreign investors were introduced in order that the same rules applied to both domestic and foreign business. The only exception to the newly liberalized regime was the case of rural land, which for historical and cultural reasons had long been a highly sensitive issue.

²¹ In this context it is significant that no applicant to the OIC has been refused since 1990 (Dominion 6 August 1996). While advocates of foreign investment attributed this success rate to the clarity of the guidelines, it should be pointed out that there is no way of monitoring the extent to which promised economic benefits might or might not have accrued from any particular project.

Liberalization of the regulations governing foreign investment saw the level of foreign involvement in the New Zealand economy soar during in the early 1990s (Table 1). New Zealand now has one of the highest rates of foreign direct investment compared with GDP amongst either other OECD countries or even the emerging economies of the Asia-Pacific (The Evening Post 27 August 1994). International speculative investment has also increased, particularly from the United States. Analyses of share registries, for example, show that overseas ownership of the top 40 listed companies jumped to 51% in 1994, from 19% in 1989 (Dominion 9 December 1994). Government bonds have also proved attractive to overseas investors, with holdings by non-residents reaching a record 20 per cent by March 1993. In turn payments to overseas shareholders rose from NZ\$38 million in the third quarter of 1991 to NZ\$431 million in the third quarter of 1992.

Table 1: Foreign Equity Investment in NZ Companies 1989-1994 (\$NZm)

	1989	1990	1991	1992	1993	1994
Direct Investment	8412	12290	13294	17750	21035	26494
Portfolio Investment	1378	1561	1766	850	2483	1532
Total	9790	13854	15060	18600	23518	28026

Source: NBR 12 April 1996

There is a distinctive geography to foreign investment in New Zealand (see Table 2). Between 1990 and 1994 the main source country for foreign investment was Australia - which accounted for 32 percent of foreign investment capital - followed by the United States and Canada 33 percent, and Asia 16 percent. That said, the current efforts of the government to market New Zealand to South East Asian capital mean that it is highly probable that the levels of investment from countries such as Hong Kong, Taiwan,

Singapore, and South Korea will become more important in the second half of the 1990s (OECD 1993:39). In 1994, for example, Singapore was the largest single source of foreign investment into New Zealand.

Table 2: Net Sources of FDI 1990-1994 (\$NZm)

	1991-94 NZ\$m	%	1994 NZ\$m	1993 NZ\$m	1992 NZ\$m	1991 NZ\$m
Asia	2052	16	603	277	905	267
Australia	4163	32	636	3127	1128	-728
Europe	2259	18	1173	545	928	-387
North America	4250	33	1176	144	-786	3716
Other	138	1	-11	-25	110	64
Total	12862	100	3577	4068	2285	2932

Source: KPMG 1996:5

It is difficult to develop a detailed sectoral analysis of this investment - in part because of the paucity of relevant statistical information - however it is possible to point to some general trends.²² In a study using data from 1991, Enderwick and Akoorie (1994) show that foreign investment into New Zealand varies by both industrial sector and by enterprise size. Foreign control is high in the sectors of mining and quarrying, manufacturing, transport storage and communications, and business and financial services. They also demonstrate that foreign controlled enterprises are larger than domestic counterparts - with levels of foreign ownership exceeding 30% in enterprises employing over 100 people. These trends are likely to have been accentuated since 1991. In the last five years

²²For further discussion of the methodological difficulties associated with foreign investment in New Zealand see Britton (1991), Enderwick and Akoorie (1994), and OECD (1993)

applications to the OIC have been predominantly in the areas of manufacturing (20%), banking and finance (22.5%), and property (20%) (KPMG 1996:6).

In part the reasons for these sectoral patterns lie in the manner in which foreign investment into the New Zealand economy has occurred. While there was some increase in levels of FDI in the mid-1980s, resulting from the abolition of exchange controls and the deregulation of the financial sector, it was the privatization programme of the Labour government that initially had the most significant effects on levels of overseas ownership. The sale of entities such as Telecom NZ (to a consortium dominated by Ameritech and Bell Atlantic), State Insurance Co. (to Norwich Union), and the Bank of New Zealand (to National Australia Bank), to name but a few examples, meant that they were transformed into large private sector companies owned and controlled by overseas interests. The trend towards privatization has been continued under National with, for example, Wisconsin Rail purchasing New Zealand Rail, and overseas interests being encouraged to invest in the energy sector.

The privatization programme also created new opportunities for multinational producer service industries; private sector consultants, public relations firms, and advertising agencies were all heavily involved in this process. It is well established that transnational activity increases the dependence of large corporations on a wide range of specialized service activities (see Daniels 1991, Sassen 1991). As multinationals expand into new markets the need for support services such as legal, accounting, financial, public relations, and management consultants correspondingly increases. In New Zealand not only did a sustained demand for specialized financial and producer services accompany the opening up of the economy and the subsequent surge in international interest, it was also clear that multinational companies preferred to use transnational service providers. Case studies of

the advertising industry and the market research industry have shown how, in turn, this resulted in the internationalization of domestic producer services through both the acquisition of previously independent agencies and the entry of new international agencies (Britton, Le Heron, and Pawson 1992:29-35).

The direct foreign investment associated with privatization and the growing importance of producer service industries tended to be dominated by Anglo-American companies. More recently, however, investment from Asia has increased substantially - particularly into consumer services²³. In part this increase is accounted for by the very rapid expansion of the tourist industry which is now New Zealand's biggest single industry and largest foreign exchange earner. Over one million tourists visited New Zealand in 1994, and with an annual growth rate of 14%, it is predicted that this figure will more than double by the year 2000. More generally, however, the growing significance of consumer industries, including tourism, is linked to the changes in the New Zealand economy. Globalization has involved the growth of business travel and international air links and, together with deregulation and labour market reforms, a proliferation of consumer services (Britton, Le Heron, and Pawson 1992:154). Weekend shopping, together with new restaurants, cafes, and hotels, for example, have transformed the face of New Zealand's major cities and provided a host of new economic opportunities for both foreign and domestic investors (see, for example, Dominion 20 December 1995).

²³Property is the other area in which there has been substantial Asian investment. Singaporeans alone accounted for nearly 20% of commercial property transactions in Auckland during 1993-94, with buyers from Hong Kong accounting for a further 13.1%. In the high end markets these trends are even more accentuated with 71% of all transactions and 75 % of all properties over NZ\$5 million going to overseas investors (Dominion 18 October 1994).

Yet despite the media attention that has accompanied Anglo-American and Asian investment, it is Australian investment that best demonstrates the emergent patterns of economic activity. During the 1980s long-term capital flows favored Australia, as foreign companies relocated their New Zealand operations in the face of reduced protection, and New Zealand manufacturers relocated to, or expanded, their operations in Australia (Britton, Le Heron, and Pawson 1992:37). By 1990, however, this trend was reversed as Australian capital was attracted to New Zealand by labour market reforms, low inflation rates, and economic recovery (Enderwick and Akoorie 1994). One estimate, for example, suggested that New Zealand's factor costs were about 70% of those of Australia (James 1992).

However to focus simply on aggregate capital flows between New Zealand and Australia is to miss significant aspects of the changed relationship between the two countries. Akoorie (1993) argues that Australia is increasingly being treated as part of a trans-Tasman market, with industry rationalization increasingly occurring between the two countries. Certainly economic ties between Auckland and Sydney have become much tighter, evidenced by the huge increase in business travel between the two cities and the relocation of the headquarters of some New Zealand based corporations to Sydney. It would appear that the upper level command and control functions of an integrated trans-Tasman economy are increasingly concentrated in Sydney, together with a downgraded manufacturing and service sector. The branch plants of export oriented manufacturing industries, on the other hand, are being rationalized between the two countries. A recent estimate from a TRADENZ representative based in Sydney suggested that some 250 New Zealand companies now have operations in Australia (Sydney Morning Herald 18 December 1996).

The point is that globalization has not simply involved an increase in overseas ownership and control of domestic economic activities. Rather it is that domestic activities are being linked into a complex global network of corporate, financial, and advanced producer service interests. Multinational companies, large transnational banks, and internationalized producer service providers are now the dominant economic actors. The headquarters of these organizations are usually in the 'global cities' and between them they co-ordinate a wide array of economic activities on an international basis. Consequently economic conditions in New Zealand are increasingly determined by decisions made in New York, London, and Tokyo. Fluctuations in US interest rates, for example, often have more effect on local financial markets than domestic political events (see, for example, Dominion 16 August 1994).

In this new environment the political ambition of the state is not to intervene in order to protect the integrity of the domestic economy. Rather, it is to articulate regions, industrial sectors, and firms into the international flows and networks of the Pacific Rim. Hence the fostering of direct investment as a means through which New Zealand based activities can be integrated into the new globalised patterns of economic activity. Thus in the new economic relations not only is the 'competition state' oriented towards the economy, and economic inclusivity redefined as participation in paid work, but also the hegemonic construction of the economy has shifted from that of New Zealand as a self-contained economic entity coterminous with the nation-state, to that of a 'network' economy integrally linked into the Asia-Pacific region.

Migration

The third and final manifestation of the new political strategy has involved major changes in levels and patterns of international migration. Since 1986 significant attempts had been

made to market New Zealand as a destination for wealthy entrepreneurs and their investment capital. In 1991 there was a shift in emphasis - reflected in the introduction of a new migration policy based on a points system emphasizing educational qualifications and work experience. A further dimension of the new policy was the removal of the traditional source bias towards Europe, in particular Britain, and the assumption that new migration flows would involve a much more diverse range of countries. This new policy represented a significant liberalization of New Zealand's migration policy, while at the same time it targeted people with high level technical and professional skills. The intention was to achieve an annual net migration gain of 20,000 people.

The rationale for this significant increase in the levels of immigration was explicitly economic. Business migrants were expected to contribute to the revitalization of the New Zealand economy through job creation²⁴, while the general points-based system was understood to be a means of attracting the highly skilled labour demanded in New Zealand's restructured economy. Indeed, the link between new migrations and economic opportunities was the primary argument used to counter growing concern about levels of immigration in the 1990s. Roger Maxwell, Minister for Immigration, for example, argued in response to anti-Asian statements that 'crucially for New Zealand migrants open up valuable Asian markets by establishing trade opportunities with their home countries' (Dominion 15 March 1996).

The most immediate result of these policy changes was that overall levels of immigration into New Zealand increased dramatically (see Figure 1). By the year ended January 1995,

²⁴ When the Business Immigration Programme was modified by the National Government, it was argued by the Minister of Immigration that 'what (business) migrants will have to bring on arrival is a job for New Zealanders already here' (in Bedford 1990:9).

net migration gains were running at 20,500. By mid 1995 it was clear that levels of migration were overshooting initial targets - running at twice the 20,000 figure that the government had set. Auckland, in particular, was portrayed as experiencing social and infrastructural problems. The composition of migration flows also changed dramatically during this period. In the early 1980s migration from Europe comprised nearly one third of total net migration; in the later half of the decade there was a substantial net loss of European citizens. Migration from Asian countries, on the other hand increased from 21% to 67% of total net migration.

Figure 1: Net Migration 1985-95

Source: Dominion 15 March 1996

Of particular significance has been the emergence of new 'globalized' patterns involving highly skilled professional, technical, and managerial workers. These patterns are most evident in the financial and advanced producer services, as these are the industries that have experienced the most far reaching changes and have strong links to ownership and management overseas. Increasing numbers of company executives and senior managers in

New Zealand based companies are appointed from overseas - both New Zealanders returning home and other nationals coming in (Watt 1994). Most recruitment exercises now encompass both Australia and New Zealand as a matter of course, and a number of industries, including telecommunications, forestry, engineering, construction, and certain areas of the health sector, are 'trawling the world' for executives (Dominion 28 July 1994). The trend towards international recruitment for such positions is clearly linked to the broader tendencies, including both the changing ownership of locally based companies and the growing demand for certain forms of expertise not widely available in New Zealand, such as exposure to international markets.

More generally, there was a sustained demand for highly skilled workers during the 1980s despite record levels of unemployment. Occupations in the professional, technical, administrative, and managerial fields all showed strong growth, and in 1991 accounted for 24% of all employment (Department of Statistics 1993:15). The more relaxed immigration laws for highly skilled workers has meant overseas born workers are over-represented in high skill professional and technical positions, especially occupations requiring university degrees (Department of Statistics 1993:66). Preliminary analyses suggest that immigrants from the United Kingdom, Europe, and Australia are more likely to be in managerial, professional, and technical positions. Immigrants from East Asia, on the other hand, are heavily over-represented in managerial, and service and sales occupations. When recent migrants are separated out from those longer established, this distinctive employment profile is even more marked. A survey of Taiwanese men who entered as business migrants, for example, shows that 50% occupy managerial or administrative jobs and 60% are employers or self-employed (Ongley 1995:32).

Trends towards the internationalization of high skill professional and technical labour markets appear likely to become more marked as economic growth picks up. Rather than training unemployed New Zealanders, there is a growing trend towards the 'importing' of workers for 'hard-to-fill' positions. An informal survey of The Dominion in late 1994, for example, identified articles discussing skills shortages in occupations as diverse as office and sales staff (27 September 1994), midwives (13 August 1994), engineers (10 August 1994), surveyors (25 November 1994), builders (24 November 1994), engineering and construction workers (26 November 1994), psychiatrists (21 September 1994), and technology based occupations (11 November 1994). Certainly, in the technology based professions it is now common for personnel consultancies to advertise internationally. While there is nothing new about labour migration *per se*, the difference between this pattern and that characterizing earlier phases is that previously migration was used to fill labour market positions at the lower end of the labour market (see Larner 1991, Miles and Spoonley 1985).

One specific component of these new highly skilled labour markets is difficult to document²⁵ yet may well be the most significant in that it provides evidence of a qualitative shift in the internationalization of upper level labour markets. It involves the growing pool of highly skilled professionals and managerial workers who move within and between the international office networks of multinational corporations (Beverstock 1991, Beverstock 1994). These are temporary movements rather than traditional settler migrations. Indeed, it has been suggested that what may be emerging is a new class of worker; the 'global nomad' (Coyle and Shortland 1992). The impetus for these temporary movements is

²⁵The Department of Immigration does not collect information on the occupational composition of short term work permits, despite recently having established a sophisticated database of permanent residents.

related to the activities and goals of the firms involved. Parent company nationals might be used to fill start up positions in local operations. Other multinational companies are relying on overseas placements to give their workers additional experience, or to fill short term needs for a particular form of expertise. Temporary workers have also been used as strike breakers in New Zealand including engineers at Air New Zealand and Australian doctors.

Moreover, highly skilled workers are themselves increasingly mobile overall. As Daniels (1991:80) explains, in the new service sector industries the delivery of services is often 'embodied', in that the service itself is invested in people. Examples of this embodiment include accountants, engineers, and software specialists. As these industries have internationalized, so too have the sphere of activities for their workforces. Many of these workers are now focused on external relationships through overseas travel, conferences and business links. That is, not only do these people have the potential to be internationally mobile, they are also people who fit easily into the new global economy.

In response to these increased levels of mobility what has begun to emerge is an 'internationalized' private sector in which wages and conditions for upper level workers are more influenced by global criteria. Many of these workers have internationally marketable skills, and increasingly they are negotiating for, and in some cases getting, world rates of remuneration. In this context the benefits of the Employment Contracts Act for highly skilled workers becomes apparent (see, for example, NZH 30 September 1994). The significance of the increased mobility of these workers is also recognized in the observation that it may be necessary to further increase the incomes of those with scarce skills to prevent a large scale exodus from New Zealand when growth in the world economy accelerates (Bayliss 1994:109). More recently, this issue has received considerable attention with public discussion of executive salaries. As one article argued; 'To attract and

retain chief executives of the highest calibre with the necessary skills, New Zealand must continue towards internationally accepted rates of compensation' (Dominion 10 May 1996).

In this context it is worth noting that there are few barriers to the short term entry of people into New Zealand. In fact, government policy is actively encouraging these trends. An article in The Evening Post (21 November 1994), for example, quoting papers from Treasury and the Ministry of Foreign Affairs, claimed that officials were seeking foreign investment that would bring technical and management expertise to New Zealand, as well as access to overseas markets. Finally, the external orientation of international capital in New Zealand is significant, in that the tendency to use New Zealand as a platform for regional expansion, rather than a destination market, serves to greatly encourage these trends towards short term international movements.

These shifts in migration policies and patterns comprise further evidence of a new understanding of economic relations. What I am pointing to is the emergence of a new internationalized strata in the New Zealand labour market involving increased mobility amongst high level professional, managerial, and technical workers. The issue is not foreign ownership or citizenship. Indeed, New Zealand professionals working in the North American owned and controlled telecommunications industry may well have more in common with their counterparts in the United States than with process workers employed in New Zealand by Heinz. Rather the issue is the way in which New Zealand based operations and individuals are being fitted into the global networks through the new globalized forms of production relations.

The distinctive feature of the emergent high skill labour markets is that they are not only international, in that they are organized across national boundaries, they are also

increasingly 'transnational', in that the people within them are operating with reference to the new forms of economic relations, rather than to a particular nation-state. Theirs is the 'market citizenship' described by Yeatman (1992:455). As she argues; 'Newly deregulated access to global markets for all kinds of goods would seem to suit their interests much more than attenuated citizenship claims on national public policy agendas'. These are the people for whom the 'space of flows' transcends the 'space of places'. Their movements and activities are an integral part of the forces constructing the social and economic space of the Pacific Rim. Thus these new migrations, together with the new understanding of the role of paid work, have served to reinforce the links between the domestic economy and the flows and networks of global capital.

Contesting the Space of Flows

My intention in this chapter has been to make explicit the new understanding of economic relations. I have identified three sets of changes; the extension of market relations into social spending and the labour market, the liberalization of the regulations governing foreign investment, and new migration policies and patterns. I argued that these changes make manifest the political ambition to integrate domestic activities into global economic flows. Moreover I have shown that in this new economic discourse the economy is no longer constituted as coterminous with the nation-state. As Rose (1996:339) explains; 'Government of the social in the name of the economy gives way to government of particular zones - regions, towns, sectors, communities - in the interests of economic circuits which flow between regions and across national borders'.

The new economic relations, and associated spatial discourse, are thus premised on a reconfiguration of the economic and the social. Business interests are portrayed as leading the way to New Zealand's future in Asia. The growing emphasis on Asian languages in

the New Zealand education system, for example, is seen primarily as a means of creating new economic opportunities. Indeed, the few times that the social and cultural dimensions of New Zealand's place in the Pacific Rim have been acknowledged has been in order to dismiss critics of increased levels of foreign investment. Arguments for economic sovereignty, for example, were often dismissed as xenophobia or racism (see, for example, *The Evening Post* 27 August 1994). While racism does play a role in these debates - there can be no doubt, for example, that much of the adverse reaction against foreign investment has been reserved for investment from South East Asian countries - to characterize all resistance to foreign investment in this manner serves only to draw attention to the way in which globalization has been characterized as an economic phenomenon.

However it is crucial to remember that these new economic patterns have been overlaid on a pre-existing social formation. New Zealand has long been characterized by complex social dynamics involving indigenous-settler social relations and reflecting New Zealand's historical experience as a distinctive form of national economy (Lamer and Spoonley 1995). Thus the forms of politics that develop in New Zealand in the 1990s are the outcome of the interplay between these global forces on one hand, and historically produced forms of community on the other. For many New Zealanders, both Maori and Pakeha, the obvious response to the pressures associated with globalization has been to retreat into forms of identity politics based on cultural and territorial integrity.

Thus, for example, it is significant that the 1996 election in New Zealand was fought largely over appropriate levels of social spending, foreign investment, and immigration. Moreover, it was growing opposition to the internationalization of the domestic economy that propelled Winston Peters and his NZ First party to third place in this election. Supported by an uneasy coalition of Maori (many of whom were concerned about the

implications of foreign ownership for the land claim process), pensioners concerned about declining state spending, and conservative Pakeha voters who were reacting vehemently to the changing composition of migration flows, NZ First represents one of the most obvious reaction against this new conceptualization of economic relations. My point is to stress that while the new understanding of economic relations marks a significant rupture with earlier understandings, it is neither complete nor uncontested. As will be shown in the discussion that follows, it is the complex articulations between the old and the new that is shaping institutions and identities in the 1990s.

Conclusion

I began this discussion by clarifying the distinction between globalization and earlier forms of internationalization. This was a crucial first step, given that in New Zealand the national economy has been articulated with the international economy since the time of colonization early last century. I identified the characteristics of earlier forms of internationalization, showing how through these earlier forms the national economy was understood as coterminous with the state and society. Internationalization was thus a process that involved interactions between territorially discrete national economies. The imagined geography associated with these earlier forms of internationalization was one centered on Britain, both as the 'Mother Country' and as the primary market for New Zealand's agricultural exports.

In the current phase of internationalization the economy is no longer envisaged as coterminous with the nation-state. My claim is that economic space is now envisaged as a 'space of flows'; the emphasis being on international economic flows between regions, industrial sectors, and markets. It is these economic flows to which the new 'competition state' is oriented. Consequently the state is no longer shaped by the ambition to govern the

national economy, but rather by the development of strategies to facilitate the linking of firms and individuals into these global flows. Associated with these strategies is a specific imagined geography that constitutes New Zealand as a node in the Pacific Rim.

Yet the changes that have been outlined in this chapter are only the first step in any attempt to speak of the processes associated with the emergence of new forms of political-economic life. While identifying the discourse about, and socio-spatial specificity of, new forms of economic relations is crucial, it does not tell us about the specific practices that transform these spatial narratives into a 'real' space amenable to regulation and/or governance (Jessop 1996:9). In particular, I am interested in exploring further the new forms of governance and political-economic identity. For these new formations appear to represent a dramatic rupture from existing political traditions and to have occurred against general political will. At this point in the discussion, therefore, it is useful to move away from a general examination of the recent changes in New Zealand towards a more detailed analysis of a particular sector.

Chapter Four: From Public Service to Producer Service Industry

Introduction

The focus of the next three chapters will be the telecommunications industry. In any discussion of recent economic, political, and social change in the New Zealand, this industry constitutes an exemplar of the issues involved. Unparalleled in both the speed and extent to which policy makers moved towards deregulation and privatization, the provision of telecommunications services has shifted from being the responsibility of a government department with a mandate to provide a universal public service, to that of an internationalized producer service industry largely owned and controlled by multinational telecommunications companies. International comparisons suggest that New Zealand has the most liberalized telecommunications sector of all OECD countries (see, for example, The Economist 1991, World Economic Forum 1996).

Moreover, New Zealand has a unique regulatory framework. Rather than a separate telecommunications regulatory authority such as the Canadian Radio-television and Telecommunications Commission (CRTC) or the British Office of Telecommunications (OfTel), general competition laws and 'self-regulation' govern the conduct of firms in the sector. 'Light handed regulation', as this regulatory framework is known, is based on the assumption that it is preferable to create incentives for market participants to negotiate their own solutions, resorting to the legal system if necessary, than it is for a regulatory body to intervene directly (Belgrave 1993:2). Correspondingly, the official policy for the sector is that the Government will confine its role to that of ensuring the operation of these markets. As the Ministry of Commerce (1994:1) states; 'In telecommunications the New Zealand

Government has stated that its objective is to establish and maintain efficient markets in telecommunications goods and services. To this end, it has adopted policies and promoted statutory measures to facilitate competitive entry into those markets, and to maintain the conditions for effective competition'. In this respect, the regulatory framework within the telecommunications sector is consistent with broader economic policy in that it is premised on the assumption that competitive markets are the best regulators of economic activity.

More generally, the telecommunications industry is the locus of unprecedented change. Once understood as national infrastructure, telecommunications have been transformed into a new growth industry, in which both the quantity and quality of products and services are burgeoning. Multinational telecommunications companies, particularly those from North America, have come to dominate the industry through both direct foreign investment and strategic alliances. While the future global structure of the industry remains unclear, the economic significance of the industry is not. As one prominent scholar has observed, 'It has been evident, since the earliest moves, communications was destined to be a, if not the, dominant industry in the twenty-first century (Schiller 1989:113 emphasis in the original). Thus, just as the 'New Zealand experiment' is an exemplar of the changes associated with globalization, so too is the telecommunications industry a strategic focus for a closer interrogation of the processes associated with, and the characteristics of, the new political-economic environment.

In this sectoral analysis I further develop analytical issues that were first identified in Chapter Two. The emphasis in the earlier discussion was on tracing how globalization emerged as a key political strategy, and tracing the specificity of the new understanding of economic relations. There remain, therefore, issues that require further investigation. Firstly; how was the new form of governance - market governance - given content?

Secondly: how did new social hegemonies - premised on the political-economic identity of the consumer - emerge? Moreover, given my claim for a post-structuralist political economy, it will be clear that the challenge herein is to investigate these issues without assuming a necessary and/or determining relationship between a specific form of capitalism, particular institutional arrangements, and certain political-economic identities. Rather, I show how the political-economic reconfigurations captured under the label 'globalization' involve multiple processes that articulate with, but do not determine, each other.

In the three chapters that follow I address these issues by exploring how new versions of core political-economic categories - state, market, consumer, worker - have come into being. Rather than assuming these as self-evident and pre-existing entities, the focus herein is on the discourses and practices through and against which these political-economic categories are constituted and reconstituted. Moreover, I show that the reconfigurations of these categories involve a diverse range of actors, are characterized by faltering historical trajectories, and that they can take multiple forms. Thus in developing a more focused analysis of a particular sector, I demonstrate how anti-essentialist theorizations can assist analysis of the complex processes through which new forms of political-economic life emerge.

The thematics presented in these three chapters are also crucial to my overall argument. It is through this detailed examination of a particular sector that it becomes possible to explain how it was that new forms of economic, political, and social life were able to come into being with little overt 'resistance' by New Zealanders. I demonstrate that the processes associated with restructuring are not top-down processes initiated by an already existing state and then imposed on, or resisted by, a national citizenry. Rather it is through

'multiple and mundane' interventions, involving both discourses and practices, that new forms of political-economic institutions and identities are initiated and entrenched (Miller and O'Leary 1994). In this respect I considerably enhance existing explanations how the 'New Zealand experiment' came about, showing that new forms of economic, political, and social life emerge out of contingent assemblages of diverse relations of power (Dean 1994).

Market Governance

I begin this sectoral analysis by examining the emergence of market governance. I show that the restructuring of the telecommunications industry in New Zealand can be understood as an example of the 'degovernmentalization' of the state - the detaching from the center of the various regulatory technologies that were once assembled into a single functioning network (Rose 1993:296). This process has involved new political technologies designed to produce and sustain the market as a form of regulatory mechanism. It is because of the particular emphasis placed on market regulation in New Zealand that I call this new form of governance 'market governance', thereby distinguishing it from other versions of neo-liberalism such as the 'enterprise society' of Britain (Heelas and Morris 1992), and the 'active society' of Australia (Dean 1995).

My intent is to demonstrate that changes in the form of governance were not about the 'rolling back of the state' and the emergence of 'free markets'. Rather market governance is a new form of rule involving both governmental and non-governmental regulation. The result has been a shift from a welfare state to a competition state, and a shift in the understanding of the market from one that is nationally bounded to one that is articulated into the economic flows of the Pacific Rim. In this chapter I examine how these new understandings emerged: the discourses and practices through and against which new

institutional forms were consolidated, and the faltering historical trajectory that marked this process.

In order to frame this analysis it is useful to begin by identifying key themes from theoretical literatures on the relationships between states and markets. This brief theoretical discussion is followed by a broad overview of the changes within the New Zealand telecommunications industry, covering the four phases of corporatization, deregulation, privatization, and competition. In this analysis I will emphasize how the restructuring of this industry involved the development of new political technologies designed to produce and reproduce a competitive market in the telecommunications sector. It is with an examination of these governmental processes that the shifts in the form and function of the state and the market become apparent.

The analysis proceeds as follows. The first stage, corporatization, involves the establishment of Telecom NZ as a 'State Owned Enterprise', and marks the moment when the state came to be thought about and acted upon from the perspective of the market. Network deregulation marks the moment when the responsibility of the state was redefined as that of facilitating competition in the telecommunications sector, and the firms active in the newly created 'market' took over the responsibility for the provision of telecommunications goods and services. Privatization, involving the sale of Telecom NZ to a consortium dominated by Ameritech and Bell Atlantic, marks the moment when the state withdrew completely from service provision and focused instead on creating the conditions for private enterprise to operate successfully (becoming a variant of the competition state). The final phase, competition, involved the reconstitution of the market away from a territorially bounded form of economic organization coterminous with the nation-state, to

an international form of economic organization premised on the flows and networks of the Pacific Rim.

States and Markets

Underpinning market governance is a powerful dichotomy - that between state and market. On the one hand there is the state, which is associated with collective provisioning, planning, and national development. On the other hand there is the market, associated with private provision, competition, and internationalization. The two are usually presented as either/or options, each associated with a particular political position. Market governance - as a variant of neo-liberalism - is associated with a preference for the minimalist state - a preference based in liberal skepticism about the role and power of the state as a perceived threat to individual freedom and privacy (Hindess 1987:7). Markets are understood to be a better way of organizing economic activity because they are associated with competition, choice, and economic efficiency. Hence the political ambition of market governance is to extend market relations into areas that were previously understood to be the domain of the state through processes such as deregulation and privatization.

Understandably, for many critical social scientists this extension of market relations is highly problematic. More specifically, deregulation and privatization are identified as transferring power away from democratically elected governments with a mandate to ensure universal service provision, towards private capital concerned primarily with furthering opportunities for accumulation. In turn this shift from the public to the private sector is understood to erode the foundations of both national economies and traditional social solidarities. As Susan Strange (1995:298) has recently observed, 'that those changes have to a large extent emasculated state control over national economies and societies has almost become a journalistic platitude.' Correspondingly, the response of critical social scientists

to the shift to a minimalist non-interventionist state is an argument for the reintroduction of forms of state control that will attenuate the power of the market and prioritize the re-establishment of national control.

While in sympathy with the broader political project of re-establishing the conditions for social justice and collective forms of well being, I suggest that the difficulty with such arguments is that they constitute both state and market as pre-existing entities able to initiate and control economic processes (Hindess 1987). The two are seen as mutually exclusive categories, each of which has given characteristics. Consequently, the danger is that we reproduce and reinforce the dichotomy between the state and market through both social analysis and political prescriptions. It is in this respect that I argue herein for a rethinking of the conceptual apparatus underpinning analyses of the relationship between state and market, and thereby explicitly develop my broader argument for the use of anti-essentialist concepts in the field of political economy.

The starting point for this discussion lies in the recognition that both the categories of state and market have been subject to conceptual critique. The state is understood by many contemporary state theorists not as a reified political structure distinct from other aspects of social life, but rather as a historically and spatially constituted phenomenon - the outcome of specific circumstances involving multiple dimensions of power and the articulation of complex sets of social relations. The notion that markets are socially constituted has an even longer intellectual history. Anthropologists, for example, have long stressed that markets are social creations. Even some economists, following from the work of Polanyi (1944) and others from earlier this century, have emphasized the need to account for the institutional conditions under which particular markets operate. More recently, political economists, including those from the influential Regulation school, have reiterated that

markets are the outcome of the actions of a range of social agents, including corporations, banks, and labour organizations and, significantly, that governments continue to influence and regulate the terms under which markets operate (Holton 1992).

In the context of contemporary feminist and post-structuralist debates about essentialist categories, these theoretical claims take on added significance. If both the state and market can be shown to be shifting categories - socially constructed, temporally and spatially specific - it is a short step to an argument that there is no 'essence' to such categories. As Hindess (1987:149) explains in relation to the market, 'to write of essentialism in this context is to say that the market is analyzed in terms of an essence or inner principle which produces necessary effects by the mere fact of its presence'. To argue for anti-essentialist theorization of these concepts does not mean that the distinction between state and market can not be made. Rather it is an argument that the categories of both state and market are, to use an apt metaphor from feminist theory, 'regulatory fictions' (Butler 1990). That is, these categories, even though they are usually treated as if they were based on fixed and stable identities, are themselves produced through discursive practices and contested political processes. As such, the categories of state and market, and the boundaries between them, can be understood to be constantly subject to renegotiation and reformation.

With such an understanding the analytical focus in a discussion about shifts in contemporary forms of governance changes. Rather than starting from an understanding that the state and market are autonomous, pre-existing categories, and then arguing that contemporary forms of restructuring have involved the withdrawal of the state and a corresponding increase in the power of the market, the focus herein is on how these categories are themselves constituted and reconstituted through the discursive processes and social practices under consideration. Such an exploration focuses on the fundamental

ambiguity of, and the interconnections between, the categories of state and market. Thus in this chapter I argue that market governance is a new form of governance involving the reconstitution of both states and markets, rather than simply the enlargement of (global) markets at the expense of (nation) states.

From Public Service to Infrastructure

In New Zealand the impetus for change within the telecommunications sector came as part of the more widespread push for increased efficiency within the public sector that took place during the term of the fourth Labour government. Since the late nineteenth century the provision of telecommunications goods and services had been the responsibility of the New Zealand Post Office, a large government department with a mandate for public service in the areas of post, telecommunications, banking, and certain agency activities including the electoral roll. This mandate was clearly laid out in the annual report submitted to Parliament:

The prime purposes of the Post Office are to help people communicate by post and telecommunications within New Zealand and internationally, to provide banking services and to facilitate monetary and other transactions, including services on behalf of other Government departments through a nationwide network of offices (Report of the Post Office 1986:5).

In order to fulfill their mandate in the area of telecommunications, the Post Office aspired to make access to these services available as widely and as equitably as possible. Thus the provision of telecommunications was not only the infrastructure that allowed the co-ordination of people and places, it also, in effect, operated as a form of social justice. Access to telecommunications goods and services was understood as an integral component of citizenship rights within a nationally bounded society.

It was in the mid-1980s that long accepted understandings about the provision of telecommunications began to be questioned. The Post Office was experiencing difficulties meeting a rapidly growing demand, particularly for the new telecommunications services required by business users (Report of the Post Office 1986). One result was growing installation delays, particularly in major metropolitan areas. In part, this rapid growth in demand was driven by technology. The move to computerization by New Zealand firms had resulted in a new demand for data services. In Auckland alone, for example, data work orders doubled in the year to March 1985 (Post Office News 11 October 1985). Tensions associated with increased demand were also exacerbated by the difficulties the Post Office experienced in retaining skilled technical staff. A recruitment strategy based on the training of school leavers was undermined by the 'poaching' of experienced workers by private industry, particularly computer and electronics firms, who were able to offer more money and better benefits.

More generally, however, the increased demand for network and data transmission services during the 1980s can be attributed to the deregulation of the financial sector in 1984. It is well established that the acceleration of the financial markets and their internationalization make access to advanced telecommunication systems essential (see Sassen 1991). In this context it is not surprising to discover that in New Zealand financial deregulation was accompanied by a sharp increase in both the number of international calls and the increased use of data services. Between 1983 and 1988, for example, there was a 275% increase in the number of data circuits, 180% increase in international phone calls, and a 600% increase in bureaufax traffic (Post Office Union 1988). These figures reflected not only an increase in the number of international transactions, but also the development of new financial instruments. The New Zealand Futures and Options Exchange, for example, was opened in 1985.

In response to the specific difficulties being experienced in the telecommunications sector, and in conjunction with the more general trend towards encouraging 'efficiency' in the public service as outlined in Chapter Two, the Labour government commissioned an independent review of the Post Office in September 1985. Wellington businessman Roy Mason and accountant Michael Morris were mandated to explore ways to improve the cost effectiveness and efficiency of the telecommunications, postal, and agency services. While the terms of reference for the review explicitly stated that privatization was not intended, Mason and Morris were asked to indicate those activities that should be opened up to competition, and to recommend an appropriate form of organization and control to ensure the 'efficient provision of competitive services in an open environment' (Mason and Morris 1986:58).

Published in April 1986, the Mason-Morris report concluded that the telecommunications side of the Post Office was inefficient and engineering led. Reflecting international trends, the report recommended that the Post Office be divided into three separate business entities on the basis of the three Post Office activities of Postal Services, Banking, and Telecommunications. In line with the general principles governing those state-owned organizations that carried out trading or business functions, it was stated that these three organizations should have managerial autonomy and accountability, and be in a position of competitive neutrality with the private sector. Further, the report recommended that in the telecommunications sector the deregulation of customer premises equipment be introduced over a twelve month period and that, subject to further investigation, the deregulation of enhanced network services also be considered.

Given both Labour's emphasis on increasing efficiency in the public sector, and the increasing pressure from the private sector for a solution to the problems they were

experiencing in the telecommunications sector, it is not surprising that the recommendations of the Mason-Morris report were adopted, and that the Post Office was included in the list of government departments to be transformed into State Owned Enterprises. In April 1987, as part of the overall corporatization process, Telecom NZ was established as a separate entity and a timetable for deregulation of customer premises equipment was announced. In line with the more general philosophy of separating out government trading functions from policy and regulatory responsibilities, these latter responsibilities were handed over to the Department of Trade and Industry, which was subsequently to become the Department of Commerce.

The significance of the Mason-Morris report lies not so much in the recommendation to separate out the telecommunications functions of the Post Office. Even the Post Office Union acknowledged that there was room for improvements in the efficiency and effectiveness of the organization - particularly at the level of management systems. Rather it was in the way which telecommunications were conceptualized. It was a vivid example of the redefinition of certain state sector activities as economic rather than social. In the report telecommunications were constituted as a 'business activity', whose pricing should reflect true costs, financial return objectives, and market conditions. While the public service role of telecommunications was acknowledged - indeed it was argued that because of this role the telecommunications network should continue to be government owned - it is with this shift in language that the idea of telecommunications as a public service, rooted in the notion of universal access as a form of social justice, was initially called into question.

This shift in the understanding of telecommunications was reinforced by both the political rationality that underlaid the overall corporatization programme and new political technologies introduced into the telecommunications sector. The political rationality for

corporatization has already been discussed; it was argued in Chapter Two that the significance of the corporatization programme was that it marked the moment where state functions came to be thought about and acted upon from the perspective of the market. In the telecommunications sector, the new political rationality was particularly apparent in Telecom NZ's Statement of Corporate Intent. The objectives of the newly established SOE were described in the following manner:

Telecom's prime objective is to be a successful business and to be as profitable and efficient as other businesses that are not owned by the Crown. Telecom will efficiently and effectively provide and operate telecommunications service in New Zealand with close attention to profitability and cost efficiency (Telecom NZ 1987/88:1).

These economic objectives stand in marked contrast to the broader social objectives of the former Post Office.

While social and employment criteria were identified as important, albeit somewhat peripherally in that they were framed as issues that should also be considered, the political technologies adopted in the sector were completely premised on more narrowly defined economic considerations. Again the Statement of Corporate Intent is revealing; the political technologies adopted to enable Telecom NZ to reach its new objectives included those of profit, commercial pricing (including the minimization of cross subsidization), improved financial management, better rates of return on investment, and improvements in operating efficiencies (Telecom NZ 1987/88: 2). The success, or otherwise, of these technologies was to be monitored by new information flows involving techniques such as half-yearly reports, annual reports and budgets, and financial forecasts (Pgs. 5-6). Following on from the discussion in Chapter Two, it should be apparent that the significance of this form of monitoring is that it took away the need for direct governance of the telecommunications

sector, and marked the introduction of the indirect forms of rule that characterize market governance.

Associated with the development of new political technologies in the telecommunications sector was the redefinition of telecommunications services. While the Mason-Morris report marked the initial constitution of telecommunications as an economic activity, with the corporatization process the shift towards conceptualizing telecommunications as economic rather than social was strengthened. The contrast between the old and new definitions can be seen in the submissions to the Parliamentary Select Committee considering the SOE legislation. The Post Office Union was clear; 'The Post Office Union strongly maintains that access to communications services at an affordable price is an essential part of life in modern society if all the citizens of New Zealand are to be able to realize their full potential in society and share in the benefits of living in that society' (Post Office Union 1987a:3). In contrast, ITANZ, the lobby group for the computer industry, defined telecommunications as 'a support function for production, trade, and commerce' (ITANZ 1987).

In short, it was through the process of corporatization that a shift from understanding telecommunications as a public service to that of telecommunications as infrastructure was initiated. As such the process of corporatization marks the moment when the state came to be thought about and acted upon from the perspective of the market. However, while the process of corporatization marks the beginning of the redefinition of telecommunications it was not until network deregulation, and the entrenchment of this new understanding, that major changes in the form and function of both state and market began to emerge.

Making Markets

Network deregulation marks the moment when the responsibility of the state was redefined as that of facilitating competition in the telecommunications sector, and firms active in the newly created 'market' took over responsibility for the provision of telecommunications goods and services. These changes were associated with the introduction of new forms of governance designed to create and sustain the market, rather than the state, as the primary institutional framework in the telecommunications sector. The crucial point is that the indirect rule associated with 'market governance' in fact required new forms of state intervention.

The impetus for further deregulation in the telecommunications sector arose out of the 'more market' fervor that followed the 1987 election. During this period a number of reports strongly advocated the introduction of further competition into the telecommunications sector. The position of the influential New Zealand Business Roundtable, which sponsored a report advocating the complete deregulation of network services, was echoed by that commissioned by the Government from private consultants, Touche Ross and Co. (who had also advised on the privatization of British Telecom). Telecom NZ itself was also advocating network deregulation. Publicly welcoming competition, the company was quoted as stating that further deregulation was 'in the best interests of the corporation, its customers, and New Zealand' (Hansard 1988:6601, see also Telecom NZ 1988).

These reports reflected the new understanding of telecommunications as infrastructure rather than public service. Even though it was argued that deregulation was likely to result in cheaper and better telecommunications services generally, the primary aim was that of reducing the cost of New Zealand supplied inputs for business users. This was understood

to be particularly important because of New Zealand's position as a trading nation at a distance from its trading partners. In turn, the argument for further liberalization of the telecommunication sector in New Zealand came to be framed not simply in terms of the need for efficient national infrastructure, but the role of a telecommunications system in enhancing the international competitiveness of New Zealand firms and thereby stimulating economic growth.

In December 1987, the Labour government announced its intention to open network services to competition. With this decision the understanding of telecommunications as a public service was largely usurped and telecommunications were redefined as a key infrastructural industry affecting the efficiency and competitiveness of the economy as a whole. Network deregulation was justified by Richard Prebble, Minister for SOEs, in the following terms: 'Telecommunications services are increasingly important inputs to successful businesses. New Zealand firms need to be able to purchase the range and quality of telecommunication services that their overseas competitors obtain and at competitive prices' (Prebble 1987). By mid-1988 Prebble was to state, without any qualifications: 'Telecom is no longer a social service but a vital source of competitive advantage' (Prebble 1988).

Network deregulation involved new political technologies. In most countries where deregulation of the telecommunications sector has occurred, the trend has been towards 're-regulation' - the establishment of a stand alone regulatory body to monitor competition and protect particular interests. In New Zealand proposals for a stand-alone regulatory body were rejected. It was claimed that in a rapidly changing environment such as that which characterized the telecommunications sector, it would prove difficult to both formulate and police effective regulations. There was also considerable concern over the costs associated

with such a strategy. Instead, the smallness of the New Zealand economy and government were used to argue that general competition laws would be sufficient to regulate the industry.

This strategy adopted has become known as 'light-handed' regulation. The courts, through pro-competition legislation including the Commerce Act (1986) and Fair Trading Act (1986), are primarily responsible for ensuring the creation and maintenance of competitive markets. Under this legislation any firm accused of using its market power to deter others from entering the market, or from competing effectively within it, can be legally challenged (Farmer 1993). Supporting legislation includes the Telecommunications (Disclosure) Regulations (1990), through which Telecom NZ was required to make available key performance indicators to potential competitors, including financial statements for individual operating companies as well as the details of prices, terms, and conditions for all local loop products and services. A certain amount of self-regulation is also involved. Telecom NZ, for example, made a public assurance that it would facilitate emergence of a competitive market by providing interconnection on 'fair and reasonable' terms and conditions. Finally the Labour government, then National, stated that they were prepared to review the regulatory framework if there was evidence of Telecom NZ abusing its dominant position.

Thus it was through the process of deregulation, and the establishment of light handed regulation, that both state and market were reshaped. Rather than being directly responsible for the provision of telecommunications through a government department, the responsibility of the state became that of facilitating competition in the telecommunications sector. Firms active in the newly created 'market' took over the responsibility for the provision of telecommunications goods and services. That said, while the rationale for

deregulation was framed in terms of the action of markets replacing the action of the government, 'market governance' did not involve a simple transfer of power from state to market, nor did it mean that the state became redundant. Rather, the role of state became that of securing the conditions needed for the formation, and the continued working, of these markets. This process is one that requires ongoing reinvention - a point that is only emphasized by the heated debates over interconnection that have characterized the New Zealand telecommunications sector in the 1990s (see Blanchard 1994, Blanchard 1994a, Blanchard 1995, and Farmer 1993 for more detail from economic and legal points of view respectively).

This is a clear example of how the process of governance constitutes the objects that come to be governed in and through a form of self-referential organization (Jessop 1995:315). Telecommunications were discursively constituted as an economic activity that could be governed by the dictates of competition and efficiency, then new forms of governance were instituted that forced the sector to behave in this way. The aim was to ensure that new actors and organizations could easily enter into the telecommunications market, thereby creating competition. In turn, competition was understood to encourage economic efficiency. Thus it was that the public service role of telecommunications was attenuated and the economic infrastructure role enhanced.

At this point in time, however, the frame of reference for the 'making of markets' remained the national economy. The Touche Ross report, for example, anticipated that the most likely competitors to Telecom NZ would be other SOEs. New Zealand Rail, for example, already owned a fibre optic cable between Auckland and Wellington and, when the deregulation of network services was announced, quickly stated their intention to offer bulk transmission by leased lines to large business customers. Electricorp, the SOE responsible

for electrical services, was also identified as being likely to explore the opportunities associated with deregulation of the telecommunications sector by installing fibre optic cables along their transmission lines. The possibility of major overseas companies being interested in providing network services was also identified, but only as a much less likely scenario.

Although globalization of the telecommunications sector was largely unanticipated in the deregulation debates, it was this process that initially facilitated international activity in the New Zealand telecommunications industry. Following the deregulation of the customer premises equipment market in 1987 multinational equipment manufacturers moved quickly to find New Zealand distributors. It is not surprising, therefore, that with the deregulation of network services, multinational interests began to involve themselves in the broader telecommunications sector.

Initially this overseas involvement was in response to New Zealand based initiatives. For example, New Zealand Rail's lack of expertise in operating commercial telecommunications services led them to join forces with MCI International and the Todd Corporation (a New Zealand investment firm) to investigate the possibility of providing long distance and international services. A consortium comprised of TVNZ and Bell Canada was also established in 1989, and began discussions with Telecom over interconnection in late 1989. By May 1990, these two groups had merged to form an 'Alternative Telecommunications Company', subsequently to become Clear Communications, now the second major carrier in New Zealand. However, while deregulation provided the possibility for multinational involvement in the telecommunications sector, it was only following the privatization of Telecom NZ that the globalization of the New Zealand telecommunication sector was consolidated.

The Competition State

Privatization was the most controversial stage in the reform of telecommunications. Significantly, widespread public opposition to the privatization process revolved around the fear of completely losing the public service role of telecommunications (McKinlay 1987). There was considerable fear that the move towards a more market driven environment would disadvantage residential customers, particularly those in rural areas. It was in response to these fears that Labour party policy for the 1987 election stated that Telecom NZ would remain in public ownership.

Despite ongoing assurances from the Government that the sale of Telecom was not being considered, internal restructuring of the organization suggested otherwise. The announcement of a new Board of Directors headed by Ron Trotter - Chair of Fletcher Challenge, member of the New Zealand Business Roundtable, and noted proponent of privatization - was followed by the appointment of Dr. Peter Troughton as the new Chief Executive Officer in December 1987. Described as 'a global commercial troubleshooter' (Roth 1990:285), Troughton's background involved a combination of industry and commercial experience. Since 1977 he had been involved in company division rescues, primarily in telecommunications. Between 1979 and 1986 he had worked for British Telecom, including a term as managing director of the enterprise division (Duncan and Bollard 1992:150). His appointment as the head of Telecom NZ was accompanied by widespread rumors that his contract included an incentive payment of 10% for preparing the company for sale (see Anderton 1990).

Rumors about privatization plans appeared substantiated in July 1988 when Telecom's Board of Directors endorsed a plan to transfer the organization into private ownership (Telecom NZ 1988). International investor attention was also being drawn to the possible

privatization of Telecom (see, for example, Barclays de Zoete Wedd 1988). At this stage it was anticipated that privatization would involve a public share float, thereby reviving confidence in the New Zealand stock market, which had been severely affected by the stock market crash of 1987. It was claimed that investor interest, both domestic and international, would be stimulated by having a broader range of 'blue chip' stocks available. While the size of the investment was identified as problematic, the suggestion was that the company be sold in staggered parts in order to reduce the level of cash flowing into the stock market.

The Treasury was also actively pursuing the idea of privatization. Early in 1989, in their capacity as the Government department in charge of managing asset sales, they began to search out expressions of interest for Telecom NZ (Hyde 1991:59). On their behalf, representatives from a major New Zealand merchant bank, Fay Richwhite, approached potential buyers in the United States in order to encourage interest in such a purchase. Significantly, given the argument made in Chapter Three, integral to their sales pitch was an analysis of the economic and political climate in New Zealand, and the strategic location of the country in relation to South East Asia. The economic reforms of the 1980s, in particular the liberalization of factor markets, were used as evidence of New Zealand's willingness to accept foreign investment. Finally, the advantages of cultural and linguistic familiarity were touted. As a representative from the bank subsequently explained:

We spent a lot of time with them (Bell Atlantic) helping them understand the New Zealand economy, selling the New Zealand deregulation story to them, making them comfortable with what was happening here politically, legally, economically, and culturally. We worked for close to a year on the deal just doing that sort of thing (Hyde 1991:60).

Late in 1989, under pressure from both industry and the Treasury to speed up asset sales, the Labour government moved closer to a decision to sell Telecom NZ. It was argued that privatization would suit the government's political aims in that it would ensure an efficient and competitive telecommunications sector. There was also a strong push for the sale from the business community, who argued that the sale would boost a weak share market. By this stage, however, the delay in the timing of the announcement was leading to speculation that the government would try to speed up the sale by direct sale to large international investors, rather than spending time on a public share float. The main advantage of this strategy was that it would allow the privatization process to be completed prior to the 1990 election. Understandably, given the unprecedented nature of such a sale, the public remained skeptical about the privatization of a key resource. The Public Service Association, for example, commissioned a survey on public attitudes towards the sale of state assets in which 83% of those surveyed opposed the sale of Telecom NZ.

The privatization of Telecom NZ was finally legislated as part of the Finance Bill of March 1990. In a blatant disregard for public opinion, the Bill was passed under urgency, which meant that it never went to Select Committee. Privatization was to happen via a competitive tender process, open to international interests. In announcing this policy decision the Labour government argued that there were recognized limits to the amount of shares that the New Zealand market could absorb in view of Telecom NZ's size relative to the domestic market. It was also claimed that very few domestic companies had sufficient resources or the desire to purchase a significant number of Telecom NZ shares. This meant that if the Government was to sell domestically, it would have to accept a lower price, or spread the sale over a number of years. In contrast, it was argued, foreign investors were likely to bid keenly, thereby raising the price received. Finally, it was suggested that Telecom NZ's performance would benefit from an offshore holding, in that a global

telecommunications company would bring international expertise, technology, and economies of scale to improve Telecom NZ's efficiency, and that the New Zealand economy as a whole was likely to benefit as a result (New Zealand Government 1990).

While NZ\$2.25 billion was identified as the government's 'bottom line' by SOE Minister Richard Prebble, with strong interest from both local and overseas companies it became apparent that the successful bid was likely to be higher. Nineteen bids were made in response to the call for expressions of interest, of which five were invited to engage in the due diligence²⁶ process (McCabe 1994:404). In the week prior to the closing date up to 250 overseas experts were in Wellington scrutinizing Telecom NZ's books as part of this process (Hyde 1991). Australian interests, reflected in an application by OTC (the Australian international carrier), were rejected because of concerns that an OTC-Telecom connection would dominate the Trans-Tasman market. More likely contenders appeared to be Cable and Wireless, who had well established colonial connections in the region, and a number of the 'Baby Bells', created after the breakup of AT&T in 1983, and who were looking to break out of the re-regulated environment in the United States.

On 14 June 1990, the Labour government announced the 100% sale of Telecom NZ to a consortium comprised of two of the Regional Bell Operating Companies, Ameritech and Bell Atlantic, together with local partners Fay Richwhite and Freightways. At NZ\$4.25 billion, it was the biggest deal in New Zealand history and the sixth largest deal in the world in 1990. It also quadrupled the amount of US foreign investment in New Zealand

²⁶ Due diligence involves an assessment of the benefits and liabilities of acquiring a state owned enterprise. As Volz (1991:394) explains: 'If the government demands (or prefers due to political expediency) not to assume any risk of liabilities subsequent to closing - as is often the case in privatizations - extensive due diligence will be required to protect the buyer's interests'.

(McCabe 1994). As such, the decision to sell Telecom NZ to the two Baby Bells marked a significant reorientation away from Britain towards North America. The sale also signaled the considerable international interest in the 'New Zealand experiment'. As Tom Burns (1993), Managing Director of the New Zealand based subsidiaries of Ameritech and Bell Atlantic explained when asked to reflect on the reasons for the decision to invest in New Zealand:

What we liked about the investment was first the company. A company that had excellent prospects and also a company that was extremely well managed. But second, and most important, we'd not be here if we didn't also like the country. We felt very good about New Zealand, we felt good about it's foundation, we felt good about it's future, we felt very good about the deregulated environment and the opportunity to move more effectively and more rapidly relative to growing in a competitive environment. So really that's why we are here.

In order to address concerns about overseas ownership of a key infrastructural industry, the Labour government opted for a golden share provision. The 'Kiw Share' was designed to ensure that an ordinary residential service would be maintained, a free calling option would be retained for residential customers, the standard rental would not increase above the rate of inflation, and the standard line rental for residential customers in rural areas would be no more than anywhere else. No other restrictions were placed on the new overseas owners apart from the provisions of the Overseas Investment Act which, as was explained in Chapter Three, was to be liberalized in the early 1990s. While the consortium was committed to selling 49.9% of the company's shareholding to the public by 1993, a strategy designed to deliver a high rate of ownership back to New Zealanders, by mid 1994 only 18.2 per cent of Telecom shares were owned locally (Dominion 20 July 1994). Thus, through the process of privatization both the ownership and control of Telecom NZ were effectively internationalized.

In a little more than five years, then, the telecommunications sector in New Zealand had been transformed from a traditional government department monopoly providing a public service, to one of the most liberalized telecommunications industries in the world. This transformation, however, did not simply involve a shift from the public to private sector as the primary form of service provision. This shift in the definition of telecommunications was associated with a shift in the form of governance in this sector, a shift which, in turn, involved changes in the form and function of the state and market. The significance of privatization is that it marked the moment when the state moved completely out of service provision, even in indirect forms. The new role of the state was to create the conditions for private enterprise to operate successfully, thus becoming a variant of the 'competition state'.

Exporting the New Zealand Experiment

The final stage in the consolidation of market governance involved the redefinition of telecommunications from infrastructure to an internationalized producer service industry. This involved the reconstitution of the market from a territorially bounded form of economic organization premised on the nation-state, to an internationalized form of economic organization premised on sectoral interests. It is with this set of changes that the basis for market governance was consolidated and New Zealand's telecommunications sector was integrated into the flows and networks of global capital.

It was competition that provided the impetus for Telecom NZ to develop new revenue streams. By the early 1990s operating revenues from local and national services were more or less stagnant (see Table 3). The company was prevented by the Kiwi Share from increasing costs for local service and the presence of competitors, particularly the newly established Clear Communications, was affecting revenues from national and international

tolls. It was widely recognized that the growth of the core business would not sustain the company in the new competitive environment. It was in this context that a new understanding of telecommunications as a growth industry began to shape the company's strategy. The development of 'non-core' areas of the business - classified as Other in Table 3 - was identified as crucial to the company's overall position.

Table 3: Revenue Streams Telecom NZ 1990-1996 (NZ\$m)

	1990	1991	1992	1993	1994	1995	1996
Local Service	824.5	844.7	840.7	839.3	853.1	872.4	888.3
National Calls	516.3	542.7	548.6	468.7	451.5	495.4	549.4
International	446.7	496.0	507.5	469.9	455.9	481.1	492.5
Other	505.1	548.4	671.2	696.4	736.5	991.6	1256.7
Total	2292.4	2431.8	2568.0	2474.3	2497.0	2840.5	3186.9

Source: Telecom NZ Annual Reports

Initially attempts were made to develop new markets through international expansion. As was discussed in Chapter Three, by the early 1990s a new understanding of economic relations, premised on New Zealand's relationship with the Pacific Rim, had begun to cohere. It was in this context that Jonathan Hunt, Labour's Minister of Communications, identified the export potential of the telecommunications industry in 1990, predicting that telecommunications would become one of New Zealand's largest service export earners. The New Zealand media was also speculating that Telecom NZ was in a position to take up new opportunities possibly involving overseas expansion. Indeed, as suggested above, it appears that one of the major reasons why Bell Atlantic and Ameritech were persuaded to invest in Telecom NZ was the argument that an interest in New Zealand would provide the US companies with a 'toe-hold' for regional expansion.

This discourse about the potential for international expansion gained momentum following the sale of Telecom NZ. Very shortly after the sale was announced, the international division of Telecom NZ was restructured to focus entirely on developing overseas business opportunities. Don Sledge, the Texan who had previously headed the Auckland Regional Operating Company, was appointed in February 1991 to oversee a new thrust into overseas markets, particularly Australia. The ambition to expand internationally was also shared by Telecom's shareholders; questions at the 1992 Shareholders Meeting reflected the considerable interest in the company's international growth prospects (Telecom NZ 1992b). As was explained on numerous occasions in the next two years; 'The attention to offshore markets is consistent with Telecom's increasing drive to reduce its importance of core activities - primarily local and toll services - to its revenue stream' (NBR 19 February 1993).

These first two years of international expansion were characterized by a wide ranging approach. As Bill Doak (1994), former International Business Manager, reflected:

Those first couple of years it was very much a shotgun approach and obviously we were formulating a policy as we were going. It became quickly obvious that it was impossible to be everything to everybody to try and do everything and so we had to focus that a little bit further and with Telecom that focus was to be more of an operational one.

Subsequently this focus was to be defined in geographical, as well as operational, terms. Telecom NZ would concentrate on developing business opportunities in Australia and the Asia-Pacific region. Indeed it was suggested that Telecom NZ's experience of the transition from state owned monopoly to private commercial enterprise might be applicable to other Asian countries (NBR 17 February 1993).

In 1994 Telecom NZ stated that Australia and New Zealand were being regarded as a single market. The company was active in Trans-Tasman ventures involving four Australian companies employing some 200 staff. The largest of these, Pacific Star Communications, was a Telecom NZ joint venture company supplying telecommunications management services for the Queensland and West Australian state governments. Other Asia-Pacific interests included 40% of Cook Islands Telecom and a \$10 million upgrade of Western Samoa's telecommunications networks. There had also been successful moves into Asia; including contracts in Vietnam, Indonesia, and India (Dominion 22 August 1994).

However, despite the publicity that Telecom's international activities have received from the New Zealand media, the contribution of these activities to Telecom's overall profitability remained small. As Rod Deane, Peter Troughton's successor as CEO, explained:

We looked at the offshore activities and while we have reduced the scale of our potential offshore activities - some of my predecessors talked about quite big numbers - we have been more tightly focused and produce the results. There were grand plans but...they weren't delivered on and the way they were financed no one had worked through in detail. They were just plans and people looking for opportunities. While that was very commendable, we have scaled that back (NZH 22 May 1993).

Rather international business in the New Zealand telecommunications sector has become largely the preserve of small export-oriented companies involved in niche markets. While these export activities remained relatively small-scale in comparison to the traditional agricultural export sector, New Zealand based companies are successfully involved in telecommunications activities in Australia, the Pacific, and Asia (TRADENZ 1994). Telenz is the best known of these. Headed by Bill Doak, formerly International Business Manager of Telecom NZ, Telenz is involved in installation work in Vietnam as well as other parts of

Asia²⁷. Consultel, a firm specializing in telecommunications consulting, has also been active in Vietnam and was recently been awarded an Asian Development Bank contract to investigate the possibilities for a 'market driven' telecommunications structure in Mongolia. Locally based equipment providers, or at least those who have survived in the deregulated environment, are involved in other highly specialized export markets such as specialized equipment for rural environments.

Both Telecom NZ and these new firms are supported in their international aspirations by the competition state. TRADENZ, the state body established to support New Zealand exporters, has begun to monitor the international market for telecommunications, and an industry strategy was agreed on in mid-1991 that would involve targeting ASEAN countries. The organization also has a telecommunications joint action group which, amongst other activities, promotes New Zealand telecommunications firms through in their attendance at trade fairs and other such forums. Recently described as 'aggressively marketing New Zealand as a major telecommunications export force in the Asia region' (Raines 1994:14), TRADENZ has ambitions for New Zealand to become a major exporter of telecommunications products and skills to the Asia-Pacific region, predicting that the Asian market alone will be worth \$NZ105 billion by the year 2000.

However, while it is the ambition of the competition state to facilitate the linking of New Zealand based telecommunications activities into export markets, because of the commitment to market principles there is no explicit financial support for New Zealand

²⁷ The contracts in Vietnam were initiated by Bill Doak while he was still with Telecom NZ in the expectation that US President George Bush would lift the embargo on American investment in that country. When the embargo was not lifted as expected Doak resigned from Telecom NZ and secured the contracts independently.

based telecommunications companies. Hence the description of firms in the sector as 'on their own in a minefield of risks' (Dominion 14 February 1994). This approach is in strong contrast to other countries in the region. For example, New Zealand's industry-led export push differs markedly from Australia's government-led approach (NBR 28 October 1994). In effect, New Zealand companies find themselves competing with other governments as their competitors are supported through soft loans, and underwriting of deals. Bill Doak, after being forced to borrow development capital from an international bank, went to the media with his difficulties. Arguing that the lack of funds was a major obstacle to international expansion, he suggested that the government was guilty of failing to follow up its Asia 2000 rhetoric with a bigger financial commitment to the region (Sunday Times 16 January 1994).

New Zealand as an Economic Node

Telecom NZ's scaling back of its regional ambitions was in part a response to the difficulties associated with being an international player in a context where the telecommunications giants had begun to reposition themselves in global markets. However this move also reflected the growing presence of international actors in the New Zealand economy, and the reorientation of the company towards national markets dominated by multinational customers. Thus international activities began to take second place to the opportunities being exploited domestically by the new venture companies. This change in emphasis was reflected in company structure as international activities were collapsed into a broad based business development section which included other non-core high growth businesses.

Telecom NZ was not the only company to recognize new opportunities in the domestic market. By the early 1990s competition was well established in the markets for both long

distance services (known as 'tolls' in New Zealand) and high end value-added services. Clear Communications had commenced services in April 1991. It had been expected that the new start-up company would orient itself towards major business users, targeting national and international tolls, and private network services. By mid-June 1991, however, the company had signed up 2000 customers, split evenly between business and domestic users. It rapidly became apparent that Clear's ambitions extended further, following the announcement of their intention to move into local service provision for major users in central business districts. The success of the new company was to exceed everyone's expectations, including their own. Their market share continued to grow rapidly. By late 1995 Clear Communications had more than 320,000 customers, representing 22% of the national tolls market and 23% of the international tolls market (Ministry of Commerce 1995:11).

In their pursuit of customers Clear introduced service innovations including new charging intervals, discounts, and a 24 hour a day seven day a week proactive customer service that 'assumes the customer is right rather than presuming them wrong' (Jayne 1991:58). Moreover, being a start-up operation meant that rather than transforming an existing organization, Clear Communications could from the start establish an organizational orientation that Telecom NZ, with its origins as a public service bureaucracy, continued to struggle to attain. As Clear's Chief Operating Executive explained:

When we started to build this business back in 1990, everyone at Clear knew that the only lasting competitive advantage we could bring to the market was a quality based company focused not on satisfying our customer's needs but exceeding them. We aimed from the outset to offer a customer experience that was seamless, reliable, efficient, and friendly (Makin 1994:6).

Telecom NZ's other main competitor was Bell South NZ Ltd. The company was granted a radio spectrum license in 1990 and moved into cellular telephony service. As the economic recovery of the early 1990s started to be felt, cellular phone use skyrocketed as it became identified as 'an essential business tool' (Dominion 28 September 1994). The result has been a dramatic increase in the number of connections, 43% during the twelve months ended 31 December 1993 alone. By November 1995, Bell South's network covered about 90% of New Zealand's population (Ministry of Commerce 1995).

Numerous smaller companies were also active in niche markets. In 1994 there were 206 telecommunications enterprises operating in New Zealand (Department of Statistics 1994). While some of these were sub-contractors involved in activities that once would have been carried out within Telecom NZ, the majority of new companies have international connections. Most telecommunications equipment suppliers in New Zealand, for example, are subsidiaries of large multinational corporations including companies such as AT&T, Northern Telecom, Ericssons, Alcatel, NEC, and Motorola (Anderson 1994, Janczewski and Myers 1993). In the area of network services, six connection agreements have been reached, including Clear (US and Canada), Global Telecom Systems, Telecom Mobile Communications (US), Bell South (US), Broadcast Communications, and Sprint (US). There has also been rapid expansion of reselling and enhanced network services, again dominated by multinationals such as Optus (Australia), Telstra (Australia), and AT&T (US) (Anderson 1994).

Most immediately, the presence of these companies provides further evidence that the telecommunications market is no longer nationally bounded. Domestic telecommunications activities are wide open to international organizations and enterprises. They also provide evidence of the new globalized patterns of economic activity. As was shown in Chapter

Three, economic relations are now conceptualized as a 'space of flows' in which the heavily networked global cities form the core of the capitalist system, and the periphery consists of those areas not linked into these networks. In this context it is significant that, reflecting the opportunities to be had in serving multi-national business customers, together with Telecom NZ's history as an SOE, nearly half of all telecommunications businesses in New Zealand are based in Auckland and Wellington (Table 4).

Table 4: Telecommunications Business Locations 1988-1994

	Auckland		Wellington		Rest of NZ		Total	
	No.	%	No.	%	No.	%	No.	%
1988	58	13	62	14	321	73	441	100
1989	89	17.5	83	19	340	66.5	512	100
1990	98	19	88	17	333	64	519	100
1991	131	24	97	17	327	59	555	100
1992	127	23	88	16	330	61	545	100
1993	117	21.5	137	25	292	53.5	546	100
1994	127	22	141	24.5	308	53.5	576	100

Source: Department of Statistics 1994

Nor are these trends slowing down. On the contrary, there are strategic moves to attract further international investment in the telecommunications sector by positioning New Zealand as a place in which multinational companies are free to introduce and test new products. In June 1992 the government announced their decision to establish a 'World Telecommunications Laboratory' in New Zealand. As an industry participant explained, 'New Zealand's lack of regulation opens the way for experiments that cannot be done legally elsewhere' (Setchell, in King 1992). This trend has involved both equipment and business strategies. In October 1994, for example, BellSouth sent a senior marketing

manager to New Zealand for a year to gain experience in the marketing of personal communications services prior to introducing that same technology in the United States.

In the telecommunications sector then, the emergence of the new economic relations discussed in the previous chapter can be seen clearly. In line with the more general political rationality, the telecommunications industry is now constituted as an integral part of the 'space of flows'. Not only do telecommunications provide the infrastructure for the new globalised patterns of economic activity, but also the industry itself has globalized. Through export oriented activities, direct foreign investment, and strategic alliances (Telecom is part of the World Partners alliance), telecommunications firms in New Zealand are now integrated into the complex flows and networks that comprise the new geography of economic relations. That said, the transformation of this sector did not involve a top down process. Rather it was through and against governmental programmes and practices that new understandings of state and market emerged.

Conclusion

The implications of the 'New Zealand experiment' in the telecommunications sector are much more profound than simply a change in ownership, or in the form through which the delivery of telecommunications services occurs. Integral to the process of the transformation of the telecommunications sector from government department to internationalized industry have been fundamental shifts in the meanings of key political-economic categories and concepts. This chapter has shown how the restructuring of this industry has involved the redefinition of the categories of state and market, and of the relationships between them. The political technologies associated with market governance have involved the state moving out of service provision, and instead creating and sustaining the conditions for markets to exist. The market, once created, shifted from being a

territorially bounded entity coterminous with the nation-state to an internationalized sectoral entity. Integral to the shift from state governance to market governance has been a shift in the definition of telecommunications from a public service, initially to infrastructure, and then to an internationalized producer service industry.

The point I am emphasizing is that the shift in the balance between states and markets has not involved a simple transfer of power from the state to the market, nor does it mean that the state becomes redundant. Rather the emergence of market governance has changed the nature of the state and its patterns of conduct. The role of state has become that of securing the conditions needed for the formation, and continued working, of markets. In turn the nature of the market in this sector has also changed, with the transition from a national to an internationalized sphere of operations. Yet rather than a uni-linear process of transformation, this reconfiguration of state and market had unanticipated outcomes, and has been characterized by a faltering historical trajectory. In this context it is particularly significant that Telecom's attempts to become a major player in the Pacific Rim did not succeed.

In conceptualizing changes in the form of governance in the way I have outlined above two further points can be emphasized. Firstly, it is clear that neither state nor market are fixed and stable political-economic categories. Nor is there any necessary relationship between a specific form of capitalism and particular institutional arrangements. Rather it is through discourse and social practice that states and markets are constituted in particular forms. Consequently the content of these categories, and the boundaries between them, are subject to constant renegotiation and reformation. In this context, it is clear that the political-economic reconfigurations associated with market governance do not conform with the

essentialist picture of 'free markets' that appears in neo-liberal discourse²⁸.

Secondly, market governance is a paradoxical form of governance. While market governance is based in a critique of the role and power of the state as limiting the individual's freedom, the organizational forms and political technologies that extend the field of market relations also shape the capacities and actions of individuals. In this regard, it can be argued that markets also constrain economic freedom. That is, market governance involves new forms of political power premised on the mobilization of particular political-economic identities. It is this final point that I develop further in the next chapter, in which I examine the process of governmental self-formation, and explore the relationship between market governance and the identity of the consumer.

²⁸ While economists themselves may well be aware of the constructed nature of markets, for the purposes of the argument made herein my point is to emphasize the character of neo-liberal discourse more generally.

Chapter Five: The Legacy of the Social

Introduction

Market governance is usually portrayed by advocates as apolitical. The market is cast as being driven by impersonal imperatives such as demand and supply, and as involving technical problems for planners and managers. In contrast, I claim that market relations are relations of governance in that they are attempts to both constitute and fundamentally transform the subject's capacity to act. As such, market governance involves new forms of political power premised on the mobilization of particular identities. In this chapter I examine the process of governmental self-formation. I focus my attention specifically on the consumer - sometimes known as the user or customer - the identity central to the consolidation of the new political-economic environment in the New Zealand telecommunications sector.

At first glance the role of this identity in the telecommunications sector appears both explicit and unambiguous. A speech by Hunter Donaldson (1994:2), General Manager of the Communications Division of the Ministry of Commerce, outlines the characteristics of the new political rationality in the following terms:

The underlying approach to the Government's telecommunications policy is that competition is the best regulator of the market. An open and competitive market place is most likely to produce an efficient and internationally competitive industry in New Zealand. Particular objectives are to ensure that New Zealand consumers of telecommunications services enjoy the best possible service offerings at the lowest possible cost (emphasis added).

..

The discursive mobilization of the consumer is not confined to government policy. Within the industry itself, telecommunications firms frame the rationale for their business operations as being 'customer driven'. Telecom NZ (1994:2), for example, claims; 'That only by focusing hard on the needs of customers can we fulfill our mission to make it easier, more enjoyable and valuable for New Zealanders to keep in touch. And only by ensuring customer satisfaction can Telecom become a successful business for its shareholders'. Clear Communications has also consistently emphasized that 'high quality customer service' is the main basis on which the company competes with Telecom NZ for both business and residential consumers.

Finally, the 'success' of market governance in the telecommunications sector is also framed in terms of benefits to the consumer. The Ministry of Commerce (1995:24), for example, recently concluded that:

Since 1987, deregulation and the threat of competition has resulted in significant improvements in Telecom's operating efficiency, service availability and delivery, to the benefit of both business and residential customers. Actual competition from Clear Communications has resulted in substantial improvements, especially in the price of domestic toll services. Further benefits can be expected as competition both intensifies and widens in terms of the range of service providers.

Within both government and industry publications a range of 'Economic Performance Indicators' are widely used to demonstrate that, contrary to public concern about the consequences of network deregulation and privatization, the aims of market governance have been achieved with both improved service and price reductions in the telecommunications sector.

My intention is not to contest the accuracy of these claims about improved service and price reductions (although, as will become apparent later in the chapter, there are important political questions to be asked about the relative benefits accruing to business and domestic consumers). Rather I have a different agenda. Most immediately, my intention is to 'denaturalize' the constitution of the consumer as the dominant form of identity in this sector. In doing so I will make visible both the power relations involved in the formation of this particular identity, and the multiple forms of this identity. In other words, to paraphrase Fraser and Gordon (1994:311), I am interested in how the invocation of the identity of the consumer 'serves to enshrine certain interpretations of social life as authoritative and to delegitimize or obscure others, generally to the advantage of dominant groups in society and to the disadvantage of subordinate ones'. The first step in this task involves tracing the major shifts in the content of the identity category consumer and relating these back to particular historical moments in the reconfiguration of political-economic arrangements.

As the multiple forms of the consumer become visible, so too do the contradictions associated with this identity. In most accounts of the consumer, this identity is unequivocally associated with the enterprising and individualistic self of neo-liberalism. In this form of self the economic and the social are cast as antagonistic; part of the process Nikolas Rose (1996) has recently described as the 'de-socialization' of economic governance. This chapter shows, however, that in this case the reconstitution of New Zealanders as consumers has not simply involved the banishing of the social. The legacy of post-war rationalities, in which the citizen was constituted as a social being, could not be so easily negated. Correspondingly, mobilizing the identity of the consumer has necessarily involved attempts to reforge links between the economic and the social. Thus, rather than marking the 'death of the social', the consolidation of consumer as the

hegemonic political-economic identity has involved the mutation of the social into new forms.

The chapter identifies two different versions of the consumer - each with attendant implications for conceptualizations of the social. In the first, the economic and the social are recombined in the identity of the consumer. That is, attempts are made to constitute the consumer as an inclusive identity encompassing all New Zealanders. This version of the consumer thus remains premised on the social as a territorially bounded and singular form of solidarity (Rose 1996:330). The second is based on a more exclusive version of the consumer, that reflecting the interests of business and major users. In this latter version of consumer the legacy of the social is emptied out of the economic and made manifest in a new form - the social as community. As Nikolas Rose has recently explained, with the birth of the community as a locus of solidarity, the social becomes localized, heterogeneous, overlapping, and multiple (Rose 1996:331-337). In the discussion that follows I demonstrate how these two different versions of the consumer, with their respective implications for the social, have jostled for position during the restructuring of the New Zealand telecommunications industry.

This discussion is framed chronologically, examining the identity shifts associated with corporatization, deregulation, privatization, and competition. While the corporatization debates were characterized by contestations made on the basis of three different identities (taxpayer, worker, consumer), the political technologies associated with the enacting of this programme served to prioritize the consumer. Deregulation marks the moment when the consumer began to consolidate as the hegemonic form of identity, albeit in contested and contradictory forms. While at the level of political discourse the consumer was constituted as an identity encompassing the interests of all New Zealanders, within Telecom NZ itself

there was a clear identification of major users as the most important form of consumer and a re-orientation of the company towards those interests.

Privatization involved an explicit attempt to capture the diverse interests of business and domestic customers in the collective identity of the consumer via the political technology of the Kiwi Share. It is in the contestations over the Kiwi Share, following the emergence of competition and the consolidation of market governance, that the two different understandings of the consumer - and their implications for the social - are made explicit. Finally, I show that while currently the legacy of the social appears to rest in the identity of the consumer, as reflected in both political discourse and institutional practices, this identity - and consequently the formulation of the social - remains the site of ongoing contention.

Identifying Identities

While the association between contemporary versions of political-economic change and new forms of identity - most notably individualistic forms of economic identity such as those of the taxpayer, client, and consumer - has been widely acknowledged, what has not been so well developed is discussion of **how** these new forms of identity have been constituted and come to be hegemonic. All too often the assumption is that the power of these identities comes simply and directly from their mobilization in the rhetoric of hegemonic political and economic groups. As such, theorizations of these identities are based on a conception of power in which subject positions are ultimately determined by dominant social structures such as capitalism or patriarchy (Gibson-Graham 1994). In contrast I understand the identity of the consumer to be an anti-essentialist identity - multiple, contested, and contradictory. In this regard it is useful to make explicit my theoretical claims before outlining these contestations over the consumer - and their implications for the social - in more detail.

The discussion in this chapter finds its theoretical origins in contemporary feminist and post-structuralist accounts of identity formation. In this literature it is understood that identities do not exist prior to, or outside of, specific social formations. Rather they are understood to emerge out of a process involving both the invocation of particular collective identities in discourse and social practices through which individuals are encouraged to reshape their actions in accord with these forms of identity. Moreover, the enabling and encouraging of certain forms of identity through discourse and social practice is understood as a contested process, and consequently all forms of identity are inherently multiple, disunified, and contradictory. Thus rather than attempting to establish the authenticity of any particular identity, these literatures investigate how identities emerge from a multiplicity of subject positions, showing that they develop in relation to each other, to endogenous formations and external influences, and accepting that they are likely to be unstable and historically discontinuous²⁹.

Beginning from these theoretical premises has major implications for the way discussions about political economy and identity are framed. In most such discussions socio-structural transformations are positioned as the central focus of claims that something profound is happening to the way in which capitalism organizes itself. As Miller and Rose (1995:427) point out, 'changing forms of identity are generally marginal to such concerns, or at best regarded as effects, rather than phenomena that may have a constitutive role in these events'. Thus these analyses begin by identifying the location of specific actors in the production process, or by their membership of a particular political entity such as the

²⁹ In the literatures I work out of the concepts of identity and subjectivity tend to be used interchangeably. While it may be useful to delineate between the two, such a project would involve an engagement that it is not appropriately undertaken here.

nation-state, and then consider how new forms of identity have developed in relation to changes in the structural location of these actors (Woodiwiss 1996).

What is explored in this chapter is an argument that identity formation, or more specifically attempts to shape and reshape forms of subjectivity, is not simply an effect of, or a response to, economic shifts. Rather than seeing identity formation as a separate sphere of social life in which individuals respond to macro-level structural changes, this analysis begins from the assumption that the invocation of specific identities and subjectivities is an integral part of the process of restructuring. To take such an approach is to emphasize that all forms of governance involve attempts to shape the formation and reformation of the capacities and attributes of both collective and individual forms of self. As was outlined in Chapter Two, this is the terrain known in the governmentality literature as 'governmental self-formation'. As Barbara Cruikshank (1994:32) has stressed, 'subjectivity does not exist prior to government intervention, but is rather the object and the outcome thereof'³⁰.

A starting point for this type of analysis is found in the work of theorists such as Stuart Hall and Jane Jenson. Hall (1988:49), for example, argues that much of the power of Thatcherism, as a political project, was that it was able to 'constitute new subject positions from which its discourses about the world make sense'. Jenson (1995:101) also stresses the importance of 'the universe of political discourse' in identity formation, observing that in the contemporary era 'states began to redefine their role vis-à-vis not only the market and international trade but also their citizens'. Their accounts, however, lack any discussion of

³⁰ I am not arguing that the process of identity formation can be reduced to that of governance, in part because the processes associated with governmental self-formation articulate with highly variable forms of self-formation. Rather I am suggesting that political processes and procedures invoke certain forms of being, and that these identities then stand a greater chance of being realized (see Dean 1994, Dean 1995).

how shifts in social identities and political subjectivities are consolidated by the political technologies that act upon human beings and human conduct in specific domains of existence (Miller and Rose 1995:428). That is, my claim is that both discourses and practices shape political-economic identities. It is this set of analytical tools that will be used to examine how the emergence of the market governance has been intimately connected with a struggle over how the identities and subjectivities of participants in this process have been named and constituted (Yeatman 1990).

Taxpayers, Workers, Consumers

In New Zealand the provision of telecommunications goods and services has been an integral component of social citizenship for much of this century. In this form of citizenship New Zealanders were discursively constituted as the 'public', a national citizenry who by virtue of their membership of a collective society were entitled to universal access to telecommunications. As I argued in Chapter Two, in relation to a more general discussion of state sector restructuring, a new discourse, premised on the identity of the consumer, emerged early in the corporatization process. In the telecommunications sector the emergence of this discursive formation was linked to the demand for greater efficiency within, and better service from, the Post Office. Thus while the Annual Report of the Post Office had long identified its constituency as a universal 'public' or 'the people of New Zealand', the Mason-Morris report on the reform of the Post Office explicitly identified its mandate as being to ensure 'that the Post Office carries out its functions in the most efficient and beneficial way for consumers and users of its services' (Mason and Morris 1986:6).

The significance of the Mason-Morris report is that it marked a new formulation of the identity of consumer, in that domestic subscribers were constituted as consumers. Prior to

this report explicit mobilization of the identity of the consumer had been largely confined to large commercial users who were actively agitating for liberalization of the telecommunications sector. TUANZ (the Telecommunications Users Association of New Zealand) had been established in 1985, and included major business and industry users amongst its membership. A series of articles published in the business pages of the New Zealand Herald later that year claimed that the Post Office was slowing economic growth by 'preventing New Zealand consumers from benefiting from advances in telecommunications as experienced and enjoyed in other countries'.³¹ Particular emphasis was placed on the difficulties commercial users were experiencing in gaining access to enhanced network services and customer premises equipment. Also visible were the private sector operators hoping to exploit opportunities presented by the increased demand for telecommunications. By 1987 these operators were being described in the business media as 'champing at the bit to offer lucrative data networks and service and other telecommunications services to business users' (Management 1987:48).

That said, in the corporatization debates claims invoking the identities of consumer or user played very much a secondary role to those of the taxpayer and the worker. As was shown in Chapter Two, the political rationality underlying the State Owned Enterprises Bill framed the benefits of corporatization primarily in terms of the better use of taxpayer's money. Indeed, in the SOE policy statement the claims of users were explicitly constituted as secondary to those of the taxpayer - 'Departments would be required to recover the cost of supplying goods and services from users...instead of providing them free or below cost at the taxpayer's expense' (New Zealand Government 1986:3). In such statements the

³¹ In response to these criticisms, in particular the allegations about the performance and conduct of Post Office workers, the Post Office Union presented a lengthy article to the New Zealand Herald which was largely printed 29 October 1985 (Post Office Union 1985).

discursive centrality of the taxpayer in the political rationale for corporatization is clear, as is the specificity of the identity category of user. Users, in this context, clearly refers primarily to major users - including business, industry, and other government departments.

Mobilization of the identity of worker also played an important role in attempts to convince New Zealanders that corporatization, despite its unprecedented nature, was an appropriate policy for a Labour government. In overall terms it was argued that job growth would result as demand for the provision of telecommunications goods and services increased. Corporatization and the deregulation of customer premises equipment were also presented as providing greater opportunities for Post Office workers. The Mason-Morris report was released to Post Office staff together with a folder entitled 'Towards 2000'. In this folder Jonathan Hunt, then Postmaster General, wrote; 'We want to restructure the Post Office to improve your working opportunities, to help you meet that growing demand from the public and benefit from the new opportunities created by doing so' (Roth 1990:268). While the Union was skeptical about such claims, former Post Office workers speak of the general sense of excitement at this time. Corporatization was seen as providing the possibility for the reform of restrictive personnel practices and as creating new opportunities for workers within the sector.

In the corporatization debates the identity of the consumer was invoked primarily by those contesting the process. The National party, in their capacity as the official Opposition, claimed that corporatization was designed to 'rip off the consumer' (Hansard 1987:9328). It was argued that SOEs could exploit their monopoly position by increasing prices, and that New Zealanders would end up paying twice for telecommunications services - once as taxpayers and once as consumers. Labour countered this claim by arguing that consumer's rights - together with taxpayer's rights - would be protected by the Commerce Act together

with the provisions of the SOE legislation itself (Hansard 1987:9330). Interestingly, in the context of this particular debate National also attempted to equate corporatization with 'moderate privatization'. Again, however, Labour's rebuttal stressed that the real issue was the better use of taxpayer's money, not ownership.

The other organization to mobilize the identity of the consumer in the corporatization debates, via that of 'the ordinary customer', was that of the New Zealand Post Office Union. While the Union was very aware of the organizational difficulties within the Post Office and, by and large, accepted the need for reform, it opposed the breakup of the Post Office into three separate organizations. Corporatization was contested on the grounds that large companies and big business would benefit to the detriment of ordinary subscribers, small businesses, and the rural sector. It was argued that the Government's plans would damage the ability of the Post Office to provide services to all New Zealanders at the lowest cost possible and undermine public ownership. The underlying rationale for the argument that the Post Office should remain a single entity was, of course, that any reduction in universality was likely to have implications for member's jobs (POU n. d.).

Thus the debates over corporatization were, in part, a contestation over the relative significance of political claims made on the basis of three different forms of identity; namely taxpayer, worker, and consumer. The political rationality for corporatization was premised on the identity of the tax-payer although, presumably at least in part because of Labour's historical links with organized labour, the benefits of corporatization for workers were also explicitly highlighted. The identity of the consumer, on the other hand, entered into these debates only indirectly - mobilized by those contesting corporatization and in response to widely divergent political agendas. For lobby groups representing major telecommunications users, the identity of the consumer was a means of representing the

demands of their constituencies. For National and the POU mobilizing the identity of the consumer, via reference to the interests of 'ordinary' New Zealanders, was a means of representing their respective objections to corporatization.

That said, the appearance of the consumer in the corporatization debates marked a significant moment in the reconstitution of political-economic identities. Most significantly, these claims signaled the beginnings of a shift towards the broadening of the identity category 'consumers'. In contrast to the more exclusive version of the consumer promulgated by major users, both National and the POU were discursively constituting New Zealanders as consumers. Moreover, following the naming of the consumer in these debates, political claims made on the basis of this identity could be legitimately inserted into the domain of policy formation (Yeatman 1990:154). Given the existence of other discourses premised on the consumer, including those of business and the Treasury (who, as argued earlier in the thesis, had mobilized the identities of users and customers in their arguments for state sector reform), it is not surprising that political claims based on the identity of the consumer began to take on greater significance - albeit in diverse and contradictory forms.

The 'jostling' of these three economic identities - taxpayer, worker, and consumer - can be seen clearly in Telecom NZ's initial Statement of Corporate Intent. Consistent with the overall rationale for corporatization, the better use of taxpayer's money, Telecom NZ identified its prime objective as that of operating as a successful business. It was stated that, in pursuit of this objective, 'we will put customers first', together with 'pursuing excellence and quality, being socially and environmentally responsible, and being a good employer'. Significantly, however, performance was to be judged not on benefits to the taxpayer, nor to workers, but rather to the shareholder via indicators such as financial

reports, budgets, and business plans based on financial forecasts, and to the customer via various indicators of the quality of service. The form of these service indicators was left unspecified. The Statement of Corporate Intent simply said that they would be determined by Telecom NZ, and would include time taken to provide service, time taken to rectify faults, service answering time, and measures of labour productivity (Telecom NZ 1987/88).

In Chapter Two I claimed that the political technologies associated with corporatization played a key role in the reconstitution of governmental self formation, in that the newly created enterprises, their administrators, and their workers were encouraged to think and act as profit maximizing economic actors. Here I want to stress how these political technologies were also involved in reconstituting the identity of New Zealanders. More specifically, these new service indicators, while seemingly innocuous measures of performance, acted to help center the consumer as the dominant form of identity within the telecommunications sector. Central to this reconstitution of subjectivity was a shift from the subscriber as a passive recipient of a public service, to that of an active consumer demanding and discerning in their use of telecommunications goods and services.

There was nothing new about the use of indicators - historically the Post Office had used measures such as waiting lists for telephones and delays in fault service to assess performance. However, as a Telecom NZ executive explained to a local journalist, the earlier set of measures 'are useful for internal management to get a sense of how things are performing, but it doesn't tell us much about how the customer is perceiving us' (Major 1988:26). With the new service indicators the customer was positioned as central. The indicators would ensure that products and services met customer needs and that the level of service was as high as possible. These new service indicators can be seen as a political

technology that give form to the ideals and aspirations contained in a certain notion of the customer - the customer as an active consumer. Thus while the corporatization debates were characterized by the mobilization of three different identities, it was through the political technologies that were put in place to enact this programme that the consumer began to emerge as a key category.

The Consolidation of the Consumer

It was in the debates over network deregulation that the consumer began to consolidate as the dominant form of identity. Unlike the corporatization process, in which Labour politicians discursively constituted New Zealanders as taxpayers, the benefits of network deregulation were framed primarily in terms of the benefits to New Zealanders as consumers. The Minister for State Owned Enterprises, Richard Prebble, for example, introduced the legislation deregulating network services in the following manner:

Telephones are something that nearly every New Zealander has; they are important to our social and economic development. The Government has discovered that the cost of telephones and services is too high, and that New Zealanders have been paying too much for a relatively inefficient service (Hansard 1988:6601).

The significance of the new indicators, and their link to the identity of the consumer, was also very clear in these debates. Prebble explicitly used the new service indicators to argue the case for network deregulation:

The Telecom Corporation has set up a series of measures and is measuring itself against comparable telecommunications systems around the world. It discovered when it first set up those measures that it compared unfavorably with many of those systems, but is confident that it can meet the challenge of deregulation and that it can turn itself into one of the world's finest telecommunications systems, allowing New Zealanders to have access to the exciting technological developments in this area (Hansard 1988:6601).

The political rationale for network deregulation was that the introduction of competition would improve efficiency, and consequently bring down the costs of telecommunications goods and services for both business and domestic consumers.

The most obvious explanation for the new dominance of the consumer over the taxpayer and worker is that it reflected the co-option of the political process by large commercial users. Certainly business groups including TUANZ, the ITANZ, and the Business Roundtable were lobbying hard for more competition in order to stimulate efficiency within the sector and drive down the costs of telecommunications for business consumers. Moreover, with the announcement of network deregulation, the relationship between the restructuring of telecommunications and Labour's overall economic strategy had become more apparent. Network deregulation would reduce the costs of this infrastructure to New Zealand businesses, thereby making them more competitive. As Prebble (1987) argued, New Zealand firms needed New Zealand supplied inputs at a level that would allow them to achieve sustained and substantial non-inflationary economic growth.

Yet public demand for change in the telecommunications sector was also widespread, particularly in Auckland where there had been a major telephone crash in 1987 (Joseph 1993:39). Considerable media attention focused on perceived problems with the telecommunications sector, and daily newspapers often received letters to the editor complaining about telephone service. The tenor of these complaints is captured in a 1988 Metro article that highlighted widespread public dissatisfaction with Telecom NZ and argued the need for a 'service driven, customer focused organization' (Young 1988).

Moreover, the only major organization to actively oppose network deregulation, the New Zealand Post Office Union, also framed their campaign primarily in terms of the consumer.

In the absence of a domestic consumer's association in the telecommunications sector, it fell to the Union to point out that while it was claimed that network deregulation was in the interests of the consumer, it was actually business consumers that were likely to be the primary beneficiaries (POU n. d.). In their campaign the Post Office Union emphasized the importance of retaining universal service, arguing that any move away from universality would reduce the quality of service to residential and rural customers. As part of their strategy the Union argued (unsuccessfully) for consumer representation on Telecom's Board, the setting up of a watchdog consumer group, and the establishment of a Department of Communications. This department, it was argued, should be responsible to the consumers of New Zealand, and 'have the power to ensure that Telecom provides the services needed by citizens, the business community, and various government agencies to ensure a smooth operation of the New Zealand economy' (POU 1988).

Thus the emergence of the consumer as the dominant form of political-economic identity did not occur in a direct top down fashion. Rather it reflected the coalescing of a number of diverse discursive formulations, with different political origins, that came together in the debates around network deregulation, and resulted in an understanding that the new form of governance within the telecommunications sector should be based on the centrality of the consumer. In conjunction with the new dominance of the identity of the consumer came a shift in the content of this identity, from that of a narrow category encompassing the interests of major users, to a broader category in which all New Zealanders were discursively constituted as consumers.

It remained well understood, however, that any attempt to mobilize the identity of the consumer as an inclusive identity would entail the merging of the interests of a range of different constituencies. In particular, the POU's arguments for consumer representation,

while not taken up directly, had had the indirect consequence of centering the contested nature of the consumer identity. Thus the challenge that emerged was to find a political framework for the telecommunications sector that would facilitate an economic agenda designed to enhance the competitiveness of New Zealand firms, while at the same time managing the legacy of the social, in particular the expectation that all New Zealanders should have access to telecommunications goods and services.

The 'Social Consumer'

It was the legacy of the social that shaped the form of the political technologies associated with market governance in New Zealand telecommunications sector. As was mentioned in the previous chapter, Labour's response to public concern about the risks of network deregulation was to encourage Telecom NZ to make public three undertakings explicitly designed to protect the interests of domestic customers. The 'Telecom Pledge' included promises to maintain a free-calling option for all residential telephone customers; to ensure that the rate of increase in residential telephone rentals would not increase in real terms relative to the Consumers Price Index; and that line rentals for residential users in rural areas would be no higher than standard residential rentals. These protections for domestic consumers were subsequently written into the company's Articles of Association, and following privatization became enshrined as part of the 'Kiwi Share'.

Thus it was with the consolidation of the consumer as a key political-economic identity, together with political technologies designed to give expression to this particular understanding of self, that the historically specific form of the social embedded within post-war political rationalities began to be superseded. In the debates around corporatization and deregulation social citizenship, based on the notion of a public citizenry who, by virtue of their membership of the nation-state, were eligible for access to telecommunications goods

and services, mutated into a new form of the social premised on the identity of the consumer.

This version of the consumer was clearly a variant of the neo-liberal self. Rather than the passive attributes and capacities associated with the notion of the public, in this new formulation New Zealanders were constituted as active and demanding. As consumers they were encouraged to make active and informed choices about their use of telecommunications goods and services, thereby ensuring the efficacy of market governance as the new form of organization within the industry. That said, this identity retained certain aspects of earlier understandings of the social. In this version of the consumer the social remained present as a territorially bounded and singular form of social solidarity. New Zealanders, as a collective group, were constituted as the beneficiaries of the new order.

Thus the emergence of market governance did not involve simply abandoning of the political claims of a national citizenry in order to attract international capital, rather it involved the reconstitution of these claims as those of consumers. While the 'social consumer' was a variant of the active self of neo-liberalism, it was also an attempt to reforge the economic and the social; an 'alternative modality of the social bond' (Donzolet 1991:178). The question that remained, however, was that of how successful this attempt to redefine the social would be. Certainly, given the different interests encompassed within the identity of the consumer, it is not surprising to discover that in the period following deregulation the identity of the consumer remained a site of ongoing contestation.

Prioritizing Business Consumers

Part of the explanation for the subsequent battle over the identity of the consumer lies in an analysis of institutional practices within Telecom NZ itself. In the period immediately following network deregulation, the company initiated a major restructuring programme in preparation for competition. Not surprisingly, given the new emphasis on profitability within the company, the rationale for this organizational restructuring prioritized the interests of business consumers over those of domestic consumers. In the enacting of this programme, therefore, not only was the tenuous nature of the new form of the consumer highlighted, but also the Government's attempt to reforge the economic and the social through the identity of the consumer was compromised. In short, Telecom NZ's restructuring programme attempted to reinscribe the separation of the economic from the social at the level of institutional practices.

The organizational structure of the Post Office had reflected the understanding of telecommunications as a public service provided to a national citizenry. In this organization not only did the economic and social overlap, through the notion of public service, but also the organization and correspondingly the labour force, had been structured according to the boundaries of the nation-state. The Head Office was based in Wellington, with branches of the Post Office found in virtually all New Zealand's small rural communities. Not only were these Post Offices an important site for social interaction but also, as the site of the local telephone exchange, they provided a source of employment in places where there were often few other opportunities for paid work. As such, it can be argued that the Post Office was a form of social organization in which nation-state, economy, and society were understood to be coterminous.

Corporatization had involved very little change in this regard; the first year of Telecom NZ's existence had been characterized by incremental changes designed to restructure Telecom NZ along more commercial lines and to facilitate 'the delivery of efficient and sympathetic services to the public' (Rodger 1987:19). In substantive terms this meant following the recommendations of the Mason-Morris report, and creating twenty one telecommunications districts along similar boundaries to those that existed under the Post Office.

It was only with the impetus of network deregulation that major organizational restructuring was initiated. Following his appointment as CEO in December 1987, one of Dr. Peter Troughton's first moves had been to review company structure. His plans for the organization split Telecom NZ into five major regional operating companies separated on a geographical basis, a tolls/international network company and a number of new venture companies (Figure 2). Head Office was also radically restructured, reduced from an organization with 1200 staff to 150. As Smith (1992:3) explained:

Within weeks of starting his plan for the restructuring of the organization was largely in place. This involved dovetailing decision making to areas closer to the customer. It involved reducing the corporate bureaucracy from some 3000 people to 300 and establishing an entirely separate range of business units that handled new business such as Cellular or Directories, which had never been addressed by the Post Office or the first version of Telecom.

While rationalized to the New Zealand public in terms of the benefits to a generic 'customer', closer examination of the rationale for organizational restructuring made manifest the tensions associated with constituting the consumer as an inclusive identity, encompassing both domestic and business consumers. For it was clear that despite attempts to constitute the consumer as a universal identity, for Telecom NZ itself business

consumers were of primary interest. Moreover, the drive for increased efficiency was rationalized not in terms of the benefits to New Zealanders, but rather that of increasing shareholder value in preparation for the possibility of privatization.

Figure 2: Telecom NZ Company Structure 1988

Source: Presentation to Shareholding Ministers 4 July 1988

Nor was the Government unaware of the company's orientation. In the 1988 briefing paper from the Telecom Board of Directors to Shareholding Ministers the rationale for organizational restructuring was explicitly stated. Overall, the intent was to create 'an organization which will respond well to the challenges of the newly competitive markets'. This was to be achieved through three strategies. Firstly, efficiency was to be improved by eliminating centralized bureaucratic controls and replacing them with a system based on

managerial autonomy and greater accountability for managerial performance. Secondly, in order to identify appropriate terms and prices in the new competitive environment, assets employed in long distance circuits were to be separated out from those of local service. Finally, the company signaled its intention to exploit the new business opportunities made possible by the newly deregulated environment. The major beneficiaries of this organizational restructuring were explicitly identified as business customers, particularly those in major metropolitan regions (Telecom NZ 1988).

That said, the notion of the consumer as an inclusive identity was not missing entirely from the new organizational structure. The five (subsequently reduced to four in November 1989) regional operating companies (ROCs) were responsible for the provision of local telephone services. As such it can be argued that they remained premised on the notion of the consumer as a national identity encompassing business and domestic users. Under the new organizational structure, however, each ROC was operated as a separate business entity. In this context the service indicators discussed earlier took on additional significance, as the performance of the new companies was monitored and compared. In effect, these technologies served to encourage the operating companies to compete with each other in identifying new opportunities. As Norm Nicholls, then District Manager, explained to one of his staff members; 'To recognize these opportunities will require us to encourage ideas and nurture the entrepreneurial spirit that is latent throughout the country and within Telecom' (Nicholls 1988).

In conjunction with the establishment of the ROCs a 'lead district scheme' was introduced. Under this scheme new business approaches were developed within a single operating company, before being passed on to the others. The advantages of this strategy were twofold. Firstly, and most obviously, it allowed any potential problems to be identified at

an early stage. More significantly, however, it allowed restructuring to take place at a much more rapid pace. As a company executive explained; 'The only way we can achieve the rapid turnaround needed is to break down the size of the problem. We're dealing with changes affecting 24,000 people. It's difficult to deal with changes affecting that many people through a centralized group. Only by breaking it up into smaller groups are we going to achieve that kind of speed' (Major 1988:21). The ambition of quickly establishing an efficient, cost-effective, and commercially driven company was primarily based on the desire to reduce the costs of New Zealand supplied inputs for business users.

Elsewhere in the company the reorientation towards business customers was more explicit. The establishment of the tolls/international subsidiary, providing international services and the long distance lines interconnecting the local companies networks, reflected the expectation that this would be the first area of competition, and that major business users would be the target of any new start-up operation. Correspondingly, the establishment of this subsidiary was followed by a tariff rebalancing programme, which saw the prices for domestic and international tolls fall, the introduction of local call charging for businesses in conjunction with lower rentals, and prices for residential lines increasing. Telecom's director of sales and marketing claimed that as a result the price of an average 'basket' of services came down by 14% between September 1988 and September 1989. Yet, as even he acknowledged; 'Businesses, of course, have been the largest beneficiaries of the policies we have got because they have had no increase effectively in their charge for local lines, and they've had all the benefit from toll calls' (NZH 19 May 1990).

The other subsidiaries were also oriented primarily towards business customers. The so-called 'new venture' companies were designed to be 'tightly focused profit oriented businesses aimed at specific market segments and run by entrepreneurial managers'

(Telecom NZ 1988). The businesses placed in this group initially included, amongst others, high growth areas such as Directories, Mobile telephone, Telepaging, and Electronic mail. Even at the time of their establishment it was anticipated that this part of Telecom NZ would be responsible for much of the future income and profit growth of the company and the export potential of a number of the new venture activities was identified.

Overall the organizational restructuring that took place in Telecom NZ following deregulation was designed to facilitate the transformation of an bureaucratic public service organization into a series of commercial enterprises. The intent was to separate out those parts of the company which were likely to be subject to competition in the newly deregulated environment from those in which competition was less likely. Not surprisingly, the activities concerned were those in which businesses customers were the primary focus. This can be most clearly seen in the case of the new venture companies, but the argument also holds for the tolls/international subsidiary. The regional operating companies, in contrast, were expected to compete only against each other. Hence the description of Telecom NZ as 'a company which, while fat and indulgent on the customer side, is fit and vicious in those areas exposed to competition' (Dominion 23 April 1990).

What I am suggesting is that despite attempts to constitute the consumer as an inclusive identity at the level of political discourse, within Telecom NZ itself there was a clear identification of businesses as the most important form of 'consumer', and the consequent reorientation of the company towards those interests. As one media report observed; 'It is no wonder subscribers come to consider Telecom's social conscience as an elastic function of Telecom's public relations department' (Dominion 18 December 1989). That said, this reorientation remained framed within the idea of a national economy. It was New Zealand businesses who were to be the main beneficiaries of the new environment. Moreover, the

company could not abdicate entirely the legacy of the social. Consequently Telecom NZ continued to reiterate their commitment to 'an efficient and reliable service at a fair price to customers everywhere' (Telecom NZ 1989). It was only following privatization that the company would attempt to abrogate these responsibilities, thereby fundamentally challenging attempts to recombine the economic and the social in the identity of the consumer.

Entrenching the Social Consumer

As was mentioned in the previous chapter, privatization was the most controversial stage in the restructuring of the telecommunications industry. In the context of the argument made herein it is significant that discussion of the pros and cons of privatization was almost entirely focused on the costs and benefits to the consumer, although the identity of the taxpayer did make a re-emergence in the context of the debate over debt repayment. Privatization was rationalized on the basis that 'as a result of the changes New Zealanders would receive one of the world's best telephone services' (Hansard 1990:803). A widely viewed television documentary, which profiled the sale of Telecom NZ to Ameritech and Bell Atlantic, identified the potential benefits of privatization as being access to new services and technologies, and the primary danger as being aggressive marketing practices. Interestingly the social construction of the consumer was also acknowledged in this programme, with the following observation; 'Unless New Zealanders come to respect and understand the new order, and embrace the new technology, the American connection will not be the happy marriage that the partners so earnestly desire' (Frontline 1990).

Indeed it was because of the centrality of the identity of the consumer to the privatization debates that concern about foreign ownership of a key infrastructural industry could be marginalized. The Parliamentary debate, for example, was not so much about the merits of

privatization as a concept, but rather revolved around how effectively Kiwi Share provisions would protect New Zealand consumers following the sale. Consequently National's argument for a cap on the level of foreign ownership was not framed as an argument for national ownership *per se*, but rather reflected their doubts about the ability of the Kiwi Share to protect the interests of all New Zealanders. Placing a limit on the level of overseas ownership was presented as the means to ensure that the telephone system remained under the 'effective and real control' of New Zealanders (Hansard 1990:806).

It was in these debates that the significance of the Kiwi Share became apparent. The Kiwi Share is a controlling share registered in the name of the Minister of Finance, and held on behalf of the Government. It was designed to 'lock in' the Telecom pledge to protect the interests of domestic and rural consumers. As such it was a way of ensuring that all New Zealanders would continue to have access to telecommunications goods and services, thereby ensuring the Government's social objectives would be met if Telecom NZ was sold. It also allowed the Government to retain control of key shareholding limits, imposing a maximum shareholding of 49.9% for any foreign investor and requiring that one half of the Telecom Board be New Zealand citizens. The Kiwi Share commitments could only be broken if Telecom NZ's profits were 'unduly affected' or if there was mutual agreement between all shareholders.

The threat of re-regulation, involving either price controls or renationalization, was the mechanism by which the Government argued that they would ensure that the new owners of Telecom NZ would conform to the requirements of the Kiwi Share. It was also claimed that any new owner would be concerned with preserving a good corporate image, thus providing another incentive to abide by the undertakings. Thus the Kiwi Share was presented by the Labour government as the 'cast iron safeguard' through which the

interests of New Zealanders would be protected in the newly privatized company. Others were more skeptical. The Post Office Union, for example, characterized the Kiwi Share as 'a glib slogan hiding a poorly thought out idea' (POU 1990).

Rather than just a publicity exercise, or even a neutral regulatory mechanism, the Kiwi Share represented an explicit attempt to capture the diverse interests of business, residential, and rural constituencies in the collective identity of the consumer. It was through the political technology of the Kiwi Share that the rights of all New Zealanders to universal and affordable telecommunications services were to be ensured. Political technologies premised on this version of the identity of the consumer were further refined with the Telecommunications (Disclosure) Regulations (1990). The intention was that the disclosure of key indicators by Telecom NZ could be used by consumers to monitor performance, and thereby gauge the relative success of the ROCs in terms of 'customer satisfaction' with the range and quality of services and equipment they provided. As John Belgrave, Secretary of Commerce, claimed; 'The Government has created a framework which both facilitates competition and yet protects consumers; in which heavy regulation is removed and yet social responsibility remains; and in which both the needs of business and the needs of the individual are protected' (1990:10-11).

Contesting the Kiwi Share

The new regulatory framework was very rapidly put to the test. As was discussed in the previous chapter, shortly after the privatization of Telecom NZ, competition became a reality. In particular, as Telecom NZ found itself rapidly losing market share to Clear Communications, the two companies became engaged in a heated battle for customers. As the effects of competition began to make themselves felt, so too did the Kiwi Share begin to be explicitly identified by the newly privatized Telecom NZ as a constraint. Within less

than a year of the sale of Telecom NZ, company executives were warning that the company was beginning to feel the impact of competition, and that in those circumstances they would not be able to bear the full burden of the 'cross subsidy' on residential service. In the latter half of 1991 language identifying the Kiwi Share as a straitjacket or millstone became common. It was made clear that for Telecom NZ high profit areas involving business customers were the main priority, and that the provision of residential service, defined as a social obligation, was less central to the aspirations of the newly privatized company (see, for examples, NZH 13 May 1992, Shirtcliffe 1992, Telecom NZ 1991). Thus the re-orientation of the company towards business consumers, implicit in the organizational restructuring following deregulation, was made explicit during this period.

In turn, Telecom NZ's understanding of the consumer as a more exclusive identity, based on the interests of business users, had implications for how the legacy of the social was managed. There were two aspects to the alternative formulation. Firstly, national well-being was defined in terms of economic rather than social well being. Telecom NZ's investment in infrastructure, the company's tax contributions, and the overall impact of the company on New Zealand's international competitiveness were heralded as major contributions to national well-being. That is, the well-being of the firm and that of the nation were conflated in this discursive formation. Correspondingly the economic and the social could be constituted as antagonistic: Telecom NZ could only fulfill its ambition of being a successful business if it was freed from the social constraint of the Kiwi Share.

Yet even Telecom NZ could not abrogate the social entirely. Hence the second component of this new formulation. The vestiges of the social - that which could not be defined in economic terms - was defined in terms of community. That is, the social role of the company was portrayed not in terms of providing a universal and affordable telephone

service to all New Zealanders, but rather in terms of specific programmes such as the 111 emergency service, charitable sponsorship programmes, special needs, and rural service provision. As the company explains; 'Our aim of helping to strengthen the social fabric of the country and improve the quality of life of its people is all part of being a company that is open and receptive to the needs of its customers: the community' (Telecom NZ 1991: 54).

Thus what had begun to circulate were two different versions of the consumer, each with attendant implications for the social. As discussed earlier, the first version of the consumer was an attempt to reforge the economic and the social through the identity of the consumer. The second version of the consumer was an exclusive version based on business consumers. In this understanding the economic and the social were cast as antagonistic, and the residual functions of the social relegated to the notion of community. Significantly, in this understanding the social was no longer territorially bounded, nor was it premised on a single locus of solidarity. Rather the social was defined in terms of targeted services and programmes designed to address the needs of specific groups. Thus while both versions of the consumer are forms of the neo-liberal self, it is the second version - with its promulgation of a new variant of the social - that most profoundly challenges forms of social solidarity premised on national coherence.

By early 1992 these two understandings of the consumer were jostling for position. There was considerable media speculation that Telecom NZ would not honor the provisions of the Kiwi Share. The company was actively lobbying for the removal of the golden share, explicitly identifying the 'residential cross subsidy' as an anomaly in a market driven context. In April executives from Bell Atlantic and Ameritech, the new American owners of Telecom NZ, met with Prime Minister Jim Bolger amid reports that they were disappointed with their investment returns and would ask to be relieved of the Kiwi Share

obligations (Reuters 29 March 1992). Following this meeting, however, the company issued a public statement denying that they were seeking to exercise the provision that allowed it to adjust residential rentals faster than the rate of inflation (Telecom NZ 1992c).

Despite this public statement, the company continued to test the parameters of the golden share provision, claiming that government consent for such a move was not mandatory and that they had grounds for breaking free of the residential service pledges whether or not the government agreed. The indicators used to measure the performance of the ROCs played an important part in these debates. As Peter Shirtcliffe, Chair of the Telecom Board, explained:

The ROCs provide a return of 9.9% on average shareholders equity, compared with 15.2% for the whole company. Returns from the ROCs vary from 5.3% to 13.8%. We would like the ROCs to make the same returns as the rest of the company. We must signal to the country that there is a serious problem. Nearly 40% of our assets are in servicing the residential market and we are under the water on the earnings front. That is the business situation with which no company can seriously live (NZH 3 June 1992).

Yet, despite Telecom NZ's best efforts, it was clear that the National government was unwilling to change the Kiwi Share provisions and, under increasing pressure, the Prime Minister publicly confirmed that the pledge would remain binding. The rationale for this stance may have been completely pragmatic, certainly it was acknowledged that 'the government would get another poll lashing if it allows Telecom NZ to set the rate of any increase above the Kiwi Share inflation limit' (NBR 6 December 1991). It was also obvious that any attempt by Telecom NZ to force the issue would mean the already unpopular company would be further damaged in the eyes of the New Zealand public.

Whatever the motivation, it was clear that the Kiwi Share was, for the time being, here to stay.

Most immediately, it would appear that the Government's support of the Kiwi Share represented a successful claim for an understanding of the social that remained premised on national well-being. In this respect it could be argued that the political technology of the Kiwi Share had achieved its aims of re forging the economic and the social through the identity of the consumer. Yet, as has been argued in the governmentality literature, governance is a congenitally failing operation, and that the solutions for one programme tend to be problems for another. In this context, it is not surprising to discover that the story is not yet over.

The Legacy of the Social

When it became evident that the Kiwi Share was politically sacrosanct, Telecom NZ admitted temporary defeat, announcing that they were 'working on a strategy other than renegotiating the Kiwi Share deal with the government, to improve low returns from residential telephone services' (NBR 5 June 1992). The strategy that emerged had two components. First, there was an attempt to shift some of the costs of the Kiwi Share on to their competitors through interconnection agreements. Telecom NZ argued that they were being forced to subsidize residential service at the expense of business to the tune of some \$250 million per annum, and that Clear Communications should accept some of these costs. Clear, on the other hand, argued that in the imposition of these costs Telecom NZ was using monopoly power to deter them from entering the local business services market. The result was a protracted period of legal wrangling, culminating in an appeal to the Privy Council in 1995 (see Blanchard 1994, 1994a, 1995).

The Kiwi Share provision is widely identified as being at the root of the conflict over interconnection. As Telecom NZ's Corporate Policy Manager explains; 'It is not difficult to imagine the long-term consequences to Telecom of the sole Kiwi Share obligation coupled with supplying interconnection to competitors at incremental cost alone' (Saunders 1994:496). Significantly, one dimension of these debates is an ongoing claim that the Kiwi Share be abrogated. Telecom NZ, for example, made much of the initial High Court judgment in which; 'The Court found economic and social merit in the concept that the Kiwi Share obligation be dropped and price balancing be allowed to answer to market forces' (Telecom NZ 1992c). Even in March 1996 when, following the threat of government intervention, Telecom NZ and Clear finally signed an interconnection agreement that allowed Clear to offer local calls, the issue of the Kiwi Share was explicitly identified as unresolved (Dominion 19 March 1996).

The second component of Telecom NZ's new strategy involved another round of organizational restructuring. The impetus for the new phase of restructuring was marked by the appointment of Dr. Roderick Deane as the CEO in late 1992. Deane was the former Chief Executive of ECNZ, former Chair of the State Service Commission, former Deputy Governor of the Reserve Bank, and a member of the NZ Business Roundtable. He had also spent four years with the IMF in the late 1970s. Kelsey (1995:47) identifies him as a key member of the small group of technocrats who drove the reform programme of the 1980s. His appointment to Telecom NZ was accompanied by that of a new senior management team. Two significant appointments were those of David Bedford, who moved with Deane from Electricorp to head Industrial Relations, and Ben McMillen, an American who came to New Zealand at the end of 1992, when he retired from Bell Atlantic, to take up the position of chief operating officer of National Operations. In

January 1993 they were joined by another American, Jeff White of Ameritech, who was appointed as the new chief financial officer.

Deane's appointment was closely followed by the establishment of a task force with expertise from Ameritech and Bell Atlantic to look into 'quality, staffing levels, and market positioning'. The intent was to analyze Telecom NZ's business position, and recommend operating strategies to enhance the performance of Telecom NZ's core businesses. As Shirtcliffe explained; 'Price levels for residential telephone services are still well below commercial levels. We are currently developing strategies aimed at achieving an acceptable rate of return from this line of business, which will provide us with sufficient incentive to at least maintain our investment and possibly expand our range of services' (Telecom NZ 1992:4).

The task force identified five areas for action; marketing strategies, service improvements, growth strategies, corporate restructuring and cost control, and balance sheet and financial policies. It was claimed that the combined effects of these strategies would allow Telecom NZ to combat the Kiwi Share 'straitjacket' and prosper in an increasingly competitive market. A new organizational restructuring programme was identified as being at the heart of Telecom NZ's drive for improved customer service and greater competitiveness (Telecom NZ 1993). Again, with a closer examination of this organizational restructuring, it is possible to identify how particular understandings of identity are either entrenched or challenged through institutional practices.

The crucial change was the reamalgamation of the ROCs back into a centralized operation (Figure 3). The new structure involved the establishment of a new national operating company comprised of the four regional operating companies, Telecom Network

Operations, and the corporate office merged into a single unit. Significantly, at the time of its establishment the new national operating company employed 88% of Telecom NZ's remaining 13,562 staff, but was responsible for only 65% of revenue. The new venture companies, which were increasingly important to the company in terms of overall revenue, continued to operate independently in the Enterprises and International division. It was anticipated that Telecom NZ's future growth would be based partly on a continued rise in the proportion of total operating revenue earned in these non-core businesses, together with new developments in enhanced network services and new businesses in the information and entertainment areas.

Figure 3: Telecom NZ Company Structure 1993

Source: Author

However, it is the orientation of the national operating company that is of interest here. The new corporate structure was rationalized on the basis of better service to customers. Moreover, in marked contrast to the earlier round of restructuring, explicit emphasis was placed on constituting the consumer as an integrated category. Residential and rural

consumers appeared to take on a new priority as Telecom NZ redefined itself as a national operating company delivering core telecommunications services to New Zealand consumers. The new mission statement of the company reflected this ambition: 'Making it easier, more enjoyable and valuable for all New Zealanders to keep in touch' (Telecom NZ 1994). Telecom NZ's new policy of 'putting customers first' was further manifest in the announcement of new residential service commitments in September 1993, guaranteeing service levels in this market. During the same period 'plain language' residential service contracts were introduced, amidst claims that these contracts signaled how much Telecom NZ valued residential customers.

Thus in the new round of restructuring, the 'social consumer' appeared to be consolidated at the level of institutional practices. While in the earlier round of restructuring the two constituencies for this identity had been explicitly identified by Telecom NZ as distinct, in this new round of restructuring the interests of different consumer groups were blurred. The new ambition was to make Telecom NZ a 'world class' telecommunications company; 'one of the best performing telecommunications companies in the world, setting the standards that others strive to reach.' Both residential and business customers were portrayed as the beneficiaries of this new ambition, recipients of competitive prices and new products and services. In 1996 this reorientation was entrenched with a further reorganization of the national operating company, involving the establishment of sales and marketing and network services as the two core divisions. Again, this reorganization was rationalized on the grounds that it would enable Telecom NZ to better meet the needs of both business and residential consumers.

Not surprisingly, however, this second round of restructuring was to have further implications for the relationship between the economic and the social in the new political-

economic environment. Because the political technology of the Kiwi Share had effectively ensured that the identity of the consumer retained a social dimension, albeit contested, in their search for profitability Telecom NZ had to find a new means of dealing with the legacy of the social. The consequence was that in the new political rationality, consumers were played off not against each other, but against workers. Thus, as I demonstrate in the following chapter, it was the identity of the worker that would ultimately bear the brunt of the legacy of the social.

Conclusion

The identity of the consumer remains a site of ongoing contestation in the New Zealand telecommunications industry. On the one hand, Telecom NZ's blurring of the different constituencies of the consumer identity remains unconvincing to many. Critics of market governance continue to insist that the primary beneficiaries of the new regime have been major users, and that in a globalized economy this means that the demands of multinational companies are shaping the structure of the industry. On the other hand, following several years of record profits, and the release of a Treasury/Ministry of Commerce report showing Telecom NZ to be the second highest earner among international telephone companies in 1995³², a new debate over the company's priorities has emerged (Treasury/Ministry of Commerce 1995). While Telecom NZ analysts dispute the report's findings, there are now arguments that the real beneficiaries of market governance are not consumers, but rather Telecom NZ's shareholders (see Alliance 1996).

³² Second only to Hong Kong Telecom which has a monopoly on international traffic until 2006. The Hong Kong company has also located its directory enquiries service in mainland China because of cheaper labour costs (Sum 1995).

Moreover, while the Government currently appears to be committed to maintaining the Kiwi Share, Telecom NZ continues to contest the service provisions imposed by the golden share. The company argues that it provides these services at an economic loss, requiring it to offset profitable business services against rural and residential services. Obviously, such an argument not only reinscribes the differing interests of business and domestic consumers, but also constitutes an ongoing attempt to empty the social out of the identity of the consumer. As a journalist recently observed:

Many economists at telecommunications regulation conferences over the last eighteen months have said that the Kiwi Share obligations create distortions. And government interventions that disrupt the market place are anathema to the government's light handed regulatory regime....The only people who truly like the Kiwi Share are the customers (Independent 8 December 1995).

Yet despite these ongoing contestations, it is clear that in the debates of the mid-1990s the consumer is the hegemonic political-economic identity. Thus by tracing the emergence of the identity of the consumer, and relating shifts in this identity back to the particular moments in the consolidation of market governance, this chapter has been able to identify 'the institutional and discursive conditions under which it becomes intelligible to talk about generalizing this or that aspect of the citizen status to the 'whole of society' in the sense of an adult national population' (Minson 1993:178). In this regard, the new political-economic environment can be understood not as a measurable improvement in objective economic conditions (as proclaimed by their advocates), nor an successful ideological bluff by foreign multinationals and their supporters (as argued by many opponents of recent changes), but rather a shift in social meaning from production to consumption.

The chapter identifies two different versions of the consumer. While both are variants of the neo-liberal self, the version I have labeled the 'social consumer' is not reducible in any

unilinear fashion to a specific class or group. Rather it is an attempt to reconstitute a new basis of social support for market governance. In this version the social remains linked to the notion of universal service provision to a coherent and integrated national population. The second is a more exclusive version of the consumer, which privileges the economic dimensions of this identity, and designates the social to the community. In this version national well-being is understood as economic well-being. Correspondingly, the social, as community, is no longer coterminous with an integrated national population. Rather it involves the provision of specifically targeted programmes to multiple and fragmented constituencies³³.

Most immediately, this analysis of the different versions of the consumer makes it possible to understand how it was that deregulation and privatization could be constituted as being in the best interests of New Zealanders, despite their obvious benefits for business users. Yet the discussion also elucidates far more than simply the case in hand. Firstly, following Valverde (1996:357), it emphasizes the need to study 'actually existing...assemblages of technologies and rationalities' through the lens of governmentality. For it is only with such studies that it is possible to explore how new governmental programmes and practices articulate with the legacy of earlier rationalities and technologies. Secondly, and not unrelatedly, the chapter highlights the distinctiveness of the forms of governmental self-formation found in the New Zealand telecommunications sector. In this regard, it is obvious that closer attention to different forms of governance, and the selves they entail, will help further refine our conceptions of political-economic life. In the chapter that

³³ In May 1995 Telecom NZ initiated a programme involving cheaper access rentals for low income families. The Telecom Budget Link Scheme was developed in conjunction with the New Zealand Federation of Family Budgeting Services. While the uptake, thus far, has been low, this programme marks a significant shift in the provision of social services in New Zealand.

follows this argument will be developed further through an examination of the political-economic identity of the worker.

Chapter Six: International Competitiveness and the Individual

Introduction

In this, the final substantive chapter of the thesis, I demonstrate that in the new political-economic environment there is a new version of the identity of 'worker'. This new identity is a variant of the enterprising self of neo-liberalism; entrepreneurial, competitive, and individualistic. The emergence of this identity has profound implications for the nexus between economy, society, and nation-state. In post-war rationalities it was the identity of the worker that linked the economic and social in the context of a nationally bounded territory. In contrast, in the new political rationality the worker is constituted as the economic identity that comprises the crucial link between individual and enterprise in the pursuit for international competitiveness. It is through the enhancing of the capacities of individual workers that the success of firms, and correspondingly macro-economic success, is ensured.

On one level, in tracing the emergence of this new version of the worker, this chapter tells a relatively straight-forward story about the recommodification of labour. I show that during the period that telecommunications was understood as a public service, the worker - via the identity of the public servant - was the hegemonic political-economic identity in this sector. As the new political-economic configurations emerged, and the identity of the consumer inherited the legacy of the social, so too was the social content of the worker emptied out. Central to this process was the introduction of market relations into the sphere of employment. As employment relations came to be governed by market mechanisms, so too did the new version of the worker begin to emerge.

There was not, however, a sharp break between the old and the new. Rather, the new worker emerged out of a series of interventions into employment relations within the industry. Initially these interventions were designed to introduce more market driven criteria into employment relations but did not qualitatively alter the conceptual framework within which the identity of the worker was understood. It was only with the consolidation of the new political-economic environment that employment relations began to be shaped by ideas associated with the enterprising self of neo-liberalism and the conjuncture of nation-state, economy, and society represented by this identity was disrupted.

Moreover, despite having been usurped by the consumer as the hegemonic political-economic identity, the identity of the worker remains a site of fundamental contestation in the new era. There are at least two distinct manifestations of the new worker; an internationalized strata predominantly comprised of highly skilled managerial and technical workers, and a domestic labour force largely comprised of customer service workers. These two versions are gendered masculine and feminine respectively. Thus, while the primary intention of this chapter is to identify the historical emergence of a new version of the identity of worker, I also demonstrate that the new political-economic environment is associated with the regendering of economic subjects.

Feminization of the Labour Force

The political rationalities that informed Keynesian welfarism were premised on the political-economic identity of the worker. Feminist theorists have demonstrated that it was through this identity that economic, social, and familial orders were aligned. In Keynesian rationalities the worker was gendered male - premised on the assumption of a stable, nationally bounded, working class supported by a male breadwinner and women's domestic labour (McDowell 1991). While never universal, and heavily scored by social

relations of class and race/ethnicity, this model formed the basis for the economic and social policies of the post-war era. As Nancy Fraser (1989), amongst others, has convincingly shown, the welfare state was based on the assumption that society is divided into two spheres of home and outside work, and that these are women's and men's spheres respectively.

This gendered division of labour also constituted the conceptual basis for the socialist-feminist literature on restructuring. In this literature a production/reproduction dichotomy was used to emphasize the importance of examining the specificity of women's experiences vis-à-vis that of men. While there was considerable debate over the causes of this dichotomy, manifest most notably in the discussions over the 'unhappy' marriage of marxism and feminism, there was general agreement that it was women's responsibility for domestic labour that uniquely positioned them in both paid and unpaid work. As Hartsock (1984:232) explains; 'Women's work in every society differs systematically from men's...This division of labour is the first and in some societies the only, division of labour, moreover it is central to the social division of labour more generally.'

With the consolidation of the new political-economic arrangements, and the associated emergence of the consumer as the hegemonic political-economic identity, this conceptual order has been eroded. As the identity of the consumer has become the bearer of the social, so too has the link between the identity of the worker and specific versions of national and familial relations been weakened. As was argued in Chapter Three, in New Zealand the emergence of the new political rationality has involved the reconstitution of employment as an economic activity that forms the link between the individual, the enterprise, and new internationalized forms of economic relations. One implication of this new understanding

is that, in contrast to earlier formulations, both men and women are the focus of new 'opportunities and incentives' to participate in paid work.

The empirical dimensions of this shift have been easier to grasp than the theoretical implications. It is this shift, for example, that underpins the feminization of the labour market. Because women are now constituted as employable individuals rather than only as mothers (Brodie 1996:128), the identity of the worker is no longer unequivocally gendered as male. One consequence has been an increasing convergence of male and female labour market experiences. While many women remain in lowly paid jobs in the secondary labour market, others have made occupational gains, and women have significantly increased their representation in certain professional, managerial, and administrative occupations. Moreover, particularly as manufacturing jobs have disappeared, increasing numbers of men now find themselves in labour market positions that more closely resemble those traditionally associated with women (Jenson et. al. 1988).

Migration researchers, in a parallel but largely unconnected discussion, point to another significant implication of the 'desocialization' of economic governance (Rose 1996). They demonstrate that certain labour markets are no longer clearly constituted as nationally bounded. There are two components to these discussions. Firstly, there has been the emergence of new highly skilled transnational labour flows involving managerial and certain high-level administrative and technical workers (see, for examples, Beaverstock 1991, Beaverstock 1994, Mitchell 1995). Secondly, undocumented and illegal workers form a growing part of the labour market, particularly in the global cities (Sassen 1988, Sassen 1991). What these discussions suggest is that the link between nationally bounded forms of citizenship and labour market participation is also being eroded.

Contending with these shifts theoretically has proved more problematic. For many feminist theorists the response has been to identify the current period as a contradictory one involving both gender erosion and gender intensification. It is this dual moment that a recent Canadian collection refers to as 'the gender paradox of restructuring' (Bakker 1996:6). Similarly, migration theorists have pointed to the social polycentricity of contemporary migration flows, theorizing the new flows as emerging through and against the new networks of global capitalism. In each case, however, there remains a strong association between the literature on restructuring and formulations of political subjectivity in which power is theorized as coercive and/or oppressive (Gibson-Graham 1994). That is, new forms of social relations are understood to emerge in response to shifts in the organization of global capitalism.

In contrast, this chapter explores the implications of addressing these issues through an analysis that centers post-structuralist formulations of political subjectivity. I emphasize the positivity of power, demonstrating how new forms of self emerge out of the continual questioning of existing forms of identity. This process is contested, contradictory, and involves a wide range of social actors. Moreover, I demonstrate that the apparently gender neutral identity categories of market governance are associated with the emergence of new forms of gendered identities (Marshall 1994:127). As such, this chapter marks a move away from discussion of the feminization of the labour force premised on models of social oppression located in the socialist-feminist theorizations of patriarchal-capitalism, and contributes to the recent commencement of a feminist engagement with the governmentality literature (see also Weir 1996).

The Post Office as Public Service

During the post-war period public sector employment was a key locus for the socio-economic relationships that connect one segment of a national population with another. In this form of employment not only did the economic and social overlap through the notion of public service, but also public sector organizations, and correspondingly the labour force within these organizations, was structured according to the boundaries of the nation-state. Thus the identity of the 'public servant' constituted a paradigmatic example of the conceptual alignment between the nation-state, economy, and society in Keynesian political rationalities.

This understanding was clearly reflected in the employment structure of the New Zealand Post Office. In 1984 the Post Office was New Zealand's single largest employer with a total staff of nearly 41,000 people, or about 3% of the total labour force (Ministry of Commerce 1995:4). As employees of a government department, staff had the status of public servants and were guaranteed security of tenure. There was very little external recruitment other than school leavers, who were able to come into the organization with the expectation of a life long career. The Post Office was also highly unionized, with the Post Office Union covering all employees except the top 20-25 who were known as 'the Administration' (Mitchell 1989). As one commentator observed:

Most directly the Post Office provided a service in employment. Whole generations of families worked for the Post Office. For many joining the Post Office was the only way of gaining a qualification such as engineering. To be with the Post Office was to be with an organization which provided technical challenge, and most of all security (Smith 1992:1).

The employment structure of the Post Office was that of a hierarchical pyramid. The lower levels were comprised of a multi-ethnic labour force made up of both men and women,

while at the higher levels the organization was dominated both numerically and politically by white men with engineering backgrounds (Mason and Morris 1986:20, Smith 1991). This employment structure was also mirrored in the organizational structure of the Post Office Union. Relationships between the Post Office and the Union were relatively harmonious, reflecting the historical understanding that a 'social partnership' between the two organizations formed the basis for industrial relations within the sector.

Despite the racialised and gendered nature of the Post Office, the organization can be seen as a mechanism through which different social groups in New Zealand were linked into an integrated national entity through employment. The rationale for this entity was based on service to the New Zealand public. In this regard the Post Office was an important example of the means by which the social, as a singular and territorially bounded space, was constituted in Keynesian rationalities. As the remainder of this chapter will demonstrate, it was this understanding that was to be radically altered by the labour force restructuring of the last decade.

A Gradualist Strategy

Prior to the announcement of corporatization it appeared that staffing was an area in which there were likely to be major changes. An early paper from Treasury to Government on Post Office restructuring predicted job loss, suggesting that the groups most likely to be affected were senior executives, middle managers who could not make the transition between a government department and a competitive private sector 'look alike' operation, and junior staff who would be shed for economic reasons (Treasury 1986). The Mason-Morris report focused on the large Post Office Headquarters as an area within which substantial change would be required, claiming that high staff levels arose from over-centralization of the decision-making process (Mason and Morris 1986:7).

There was also considerable discussion of the lack of 'flexibility' in the Post Office's personnel policies and practices. In New Zealand, as elsewhere, there was a pronounced shortage of skilled telecommunications staff and, particularly with the growth of the computer industry, the Post Office was experiencing difficulties in retaining technically skilled telecommunications workers³⁴. Contributing to this difficulty were hierarchical promotion procedures in which strict rules, described as 'cumbersome' (Management 1987:48), governed progression up the scales. It was in response to these difficulties that the Mason-Morris report recommended an urgent review of personnel policies, particularly in the area of promotional criteria. Direct recruitment from outside the organization, together with more flexibility to reward performance, was identified as the solution to the Post Office's difficulties.

Despite these discussions, however, the corporatization process actually involved very little change in employment relations. In part this was a reflection of the political climate of the period. In the previous chapter it was shown how during the corporatization process the identities of consumer, taxpayer, and worker jostled for position. One of the reasons for the emphasis on the identity of the worker was because the large scale redundancies associated with the corporatization of State Coal and the Forestries meant that considerable public concern was being expressed over the future of Post Office employees. Thus while the likelihood of some reduction in overall numbers of Post office workers was recognized, emphasis was placed on the opportunity to improve employment conditions within the public service - providing a framework within which 'public sector employees can contribute effectively and creatively to the economy' (Hansard 1987:4725). As Jonathan

³⁴ See, for examples, Evening Post 30 October 1986, NBR 27 June 1986.

Hunt, then Postmaster General, explained with reference to the Post Office; 'It's problem is not the quality of the staff or the many services it offers: it is the old fashioned, outdated management that needs to be restructured and its business operations that need to be separated' (Hansard 1987:4734).

Indeed, it can be argued that because the identity of workers occupied such an important place in the corporatization discourse the possibility of large reductions in staff numbers in the new organizations could not be openly addressed. Rather it was in a confidential meeting between the heads of the new State Owned Enterprises, cabinet ministers, and senior public servants that staffing levels were discussed. At this meeting the inevitability of major staff reductions was clear. It was suggested that the newly established SOEs should reduce recruitment and replacement of employees. The annual turnover of 3000 people in the Post Office was explicitly identified as providing considerable flexibility for staff cuts through attrition. While it may be tempting to do so, I am not suggesting that this meeting constituted a secret conspiracy to restructure the public service on the backs of workers. Rather, my point is that because the identity of worker was so central to the corporatization discourse, it was unlikely that this discussion could have happened otherwise.

Telecom NZ commenced business on 1 April 1987 with some 26,500 staff and as the second largest company in the country in employment terms. The initial Statement of Corporate Intent reflected the stipulations of the SOE legislation that State Owned Enterprises were to be 'good employers, maintaining good employment relations and assuming responsible, fair, and sensitive behavior in the wider economic and social environment'. Being a good employer was defined by Telecom NZ as involving the adoption of personnel policies sensitive to the needs of employees, the provision of good

and safe working conditions, and promoting staff participation in the business 'as a means of enhancing effective use of labour resources' (Telecom NZ 1987/88:1). The implication was clear; the personnel policies and practices of the Post Office were to be revised. In turn, a Corporate Human Resources Manager was appointed from outside the organization and a review of human resource policies initiated.

Because the Labour government, Telecom NZ's management, and the Post Office Union were all concerned that any reduction in staffing levels be achieved with minimal upheaval, the new corporation's initial strategy was one of attrition rather than redundancy. The announcement of the corporatization of the Post Office was accompanied by assurances that all staff currently employed would be offered a position in the new organizations, and that there would be minimal disruption (see POU 1987). As Frank McInerney, the new Managing Director of Telecom NZ explained, when asked about the possibility of redundancies; 'Quite apart from the human considerations redundancy is a very expensive option. We will retrain and redeploy people wherever possible' (Management 1987:48).

Initially it seemed that this 'gradualist' strategy, based on natural rates of attrition, might be successful. The former Corporate Human Resources Manager, Armor Mitchell (1989:11), has observed about this period:

Under the initial limited deregulation regime, Treasury had accepted our proposals that from an initial 25,000 employees we should be able to evolve over ten years to about 8,000 less. Through 1987 we found that our natural rates of attrition were keeping ahead of this overall goal and we therefore proceeded, in the light of the then rules of the game, to assure our people there would be no need for the massive layoffs along the lines of the traumas they had seen accompanying the formation of Coalcorp, Electricorp, and others.

Thus despite the significance of corporatization in terms of redefining public service, as argued in Chapter Two, at the level of employment relations the effect of Telecom NZ's new status as a SOE was minimal. This is not to suggest that there was no change during this period. Reform of industrial relations legislation, most notably the State Sector Act of 1988, had removed the historic dichotomy between distinct private sector and public sector systems of industrial relations. There was also a distinct move towards enterprise bargaining rather than occupational class bargaining³⁵. That said, the identity of the worker held considerable political resonance and the Post Office Union was considered a full party to the restructuring process. It was not until the announcement of network deregulation in December 1987 that this gradualist approach was to dramatically change.

From Evolution to Revolution

Network deregulation marked the beginning of a major shift in the identity of the worker, signified by two significant discursive changes. The first of these involved the relationship between consumers and workers. As was argued in the previous chapter, it was during this period that the consumer began to emerge as the hegemonic form of political-economic identity. Correspondingly, in the debates around network deregulation there were moments where the rights of Telecom workers were played off against the demands of consumers. Roger Douglas, for example, framed the problems of the telecommunications sector as involving 'consumers with a hunger and capacity to consume new and innovative information technologies and a telecom industry which was unresponsive to their needs'

³⁵ The reforms of the 1980s were prompted by the need to promote 'flexibility' through a move away from occupationally based awards towards enterprise and industry agreements. The Labour Relations Act 1987 registered state sector 'service organizations' as unions, thereby removing the historic distinction between public and private sectors. The State Sector Act 1988 loosened appointment and promotion criteria and introduced enterprise bargaining. In effect these reforms constituted an attempt to redesign the structure of bargaining without making substantial changes to the structure of trade union rights (Boxall 1993).

(Douglas 1988). Warren Cooper, former Postmaster General, was more explicit. Dismissing the claims that deregulation would involve redundancies in the industry, he suggested that POU officers were simply looking after their own jobs. His argument proceeded as follows; (Deregulation will) 'take out some of the fat and tease out some of the overstaffing...The feather-bedding will probably go. What is the quid pro quo of deregulation? That is the question that must be asked in relation to deregulation - what's in it for the consumer' (Hansard 1988:8025). Thus, in contrast to the corporatization debates, the probability that network deregulation would involve job loss in Telecom NZ was publicly acknowledged.

The second discursive shift involved the discourse about workers themselves. In the deregulation debates there was a shift from a discussion about workers within Telecom NZ, to one focused on New Zealand workers more generally. The benefits of network deregulation were framed in terms of the role of telecommunications in creating new employment opportunities for New Zealanders. Richard Prebble explicitly identified the potential for job creation in 'a rapidly growing industry providing employment and internationally competitive services' (Hansard 1988:6601). Frequent comparisons were made to the data processing industry. The logic was that increased competition resulting from network deregulation would stimulate growth in the industry, and that this would lead to job creation and new opportunities for workers. The comments of Labour Minister Peter Neilson are typical; 'Overall employment in telecommunications has not fallen in other countries that have made such changes. It may have fallen in relation to the traditional monopoly provider, but overall it has grown; job numbers have held up' (Hansard 1988:8206).

While in retrospect these arguments about employment growth in the telecommunications industry appear naive, they did echo international predictions. The promise of high technology job growth delivering new forms of more satisfying work was a familiar refrain in discussions about the shift to a 'service economy'. Telecommunications had been specifically identified as a new growth industry in terms of both output and employment. More rewarding types of jobs were also predicted, 'the levels of skill and related training needs will probably rise in the network, communication and marketing management services, in the customer services, and in research and development' (ILO 1991:44). There was also an argument that, given market pressures and international shortages of skilled technical labour, the high technology sector might turn out to be one of the few industrial groups that could not afford to discriminate on the basis of race, gender, and/or ethnicity (Colclough and Tolbert 1992:56). Certainly industry commentators in New Zealand were claiming that 'the shortage of talent will ensure that in the long term the glass ceiling does not apply' (Smith 1991:13).

It was not only at the level of political discourse that network deregulation contributed to the reconstitution of the worker. During this period the new political technologies began to play an important role in the governing of the labour force. Most crucially, it was during this period that measures of labour productivity began to be widely used in debates over the need for reform. Previously, the use of this measure had been confined to business users. In 1987, for example, the New Zealand Business Roundtable had commissioned a report on the liberalization of telecommunications. In this report improvement of labour productivity in Telecom NZ was identified as crucial. Using lines per employee as a measure of efficiency, the report argued that without competition, 'the pace of change for both managers and staff in Telecom Corporation is likely to be very slow, with users bearing the burden of slow adjustment' (New Zealand Business Roundtable 1987:60).

The more widespread use of labour productivity as an indicator of efficiency reflected a broader debate, promoted by the Business Roundtable and Employers Federation amongst others, about the need for labour market reform. This argument informed a critique of the SOE process by Jennings and Cameron (1987). They argued that labour is a resource that needs to be used more efficiently, and that the best attainable efficiency will only be achieved 'when economic activity is conducted in organizations which are subject to competitive pressures in product and factor markets' (Pg. 147). They are explicit about the implications of this claim for workers; 'The good employer and social responsibility requirements of the SOE act run counter to the SOE reform objectives and are unlikely to be efficient means of achieving wider social or industrial relations objectives. Similar arguments apply to labour market regulations to which state enterprises are subject' (Jennings and Cameron 1987:151).

As the identity of the consumer became more central to arguments for further liberalization of the telecommunications sector, so too did discussions about the need to improve labour productivity become more widespread. The Touche Ross report, for example, used labour productivity as a measure of the comparative efficiency of Telecom NZ, although the authors were careful to qualify the appropriateness of this use, recognizing the need 'to make allowances for differences in population density, terrain, range of products and use of sub-contractors' (New Zealand Government 1988: 99). Their overall assessment, however, is that; 'Telecom is not achieving a level of efficiency comparable to the best practice amongst overseas telephone companies' (Pg. 115), and consequently; 'Our view is that the national economy could only benefit from competition' (Pg. 118).

Thus in the debates over network deregulation both political rationalities and political technologies were involved in reconstituting the identity of worker in relation to the

consumer. Firstly, at the level of political discourse the political claims of workers within Telecom NZ were juxtaposed against the overall benefits to both workers and consumers of a rapidly growing industry. Secondly, at the level of political technologies there began to emerge a discussion about the need to improve labour productivity within the industry in order to improve efficiency and reduce the costs of telecommunications goods and services for the consumer. Thus the deregulation debates constituted the first signs that a more market driven approach to employment relations was likely to emerge in the telecommunications sector, the obvious corollary being that the political claims of telecommunications workers would be attenuated.

Troughton's Restructuring

In the period immediately following network deregulation the established version of the identity of the worker continued to retain considerable political legitimacy. This claim can be demonstrated with an examination of Troughton's restructuring programme. This programme involved not only organizational restructuring, as discussed in the previous chapter, but also a variety of strategies designed to introduce more market driven criteria into employment relations. One result of the programme was what were considered to be fairly large scale redundancies, primarily associated with the contracting out of 'non-core' activities and the introduction of new technologies into national operations. In-house training activities were also dramatically reduced during this period. Yet despite these changes, there was still widespread recognition of the rights of workers, with Telecom NZ's management working closely with the POU to manage both technological change and redundancies.

The move towards a more market driven approach to employment relations within the company was initiated with a dramatic change in managerial style and structure. As

mentioned earlier, upper level Post Office managers had tended to be engineers who had worked their way up through the ranks. Much was made of the fact that there were only ten accountants in the entire Post Office, only two of which were in the telecommunications division (Buttle Wilson 1991, Troughton 1991:19). Following network deregulation came a sustained demand for managerial and professional personnel who would be able to put the new market mechanisms into place. Those whose experiences and attitudes were rooted in the older 'productionist' paradigm, were pushed aside to make way for those who were committed to the new rationalities of efficiency and accountability. Many of these new managers were from the private sector. Moreover, those with engineering backgrounds were often replaced by managers with economic, financial, or marketing knowledge.

There was also a tendency, particularly at the more senior levels, to recruit internationally. In most cases this reflected the need for high level managerial skills not easily supplied within the domestic labour market. As mentioned in Chapter Four, Peter Troughton himself was British, and had been involved in the privatization of British Telecom. Other high profile international appointments during this period included those of Don Sledge, a Texan recruited in June 1988 to head the Auckland Regional Operating Company, and Jeff Carter, recruited from Britain as overall director of the New Venture Companies. In the 1989 Annual Report it was reported that:

An almost all new management team is in place combining the best available local expertise with the skill and knowledge of specialized overseas managers. Much greater independence coupled with strong individual accountability will ensure the highest management performance (Telecom NZ 1989).

The importance of these new managers to subsequent events should not be underestimated. Troughton himself was to boast, following the recruitment of some 90 new managers, that 'none of them has worked for a government department or understands government department culture at all' (in Roth 1990:300). Additional incentives for new managers to align themselves with the new rationality were provided by a shift towards performance based pay, with both upper level and middle management placed on a bonus pay structure. The intent was to ensure that management involved those committed to the new regime, wedded to notions of the superiority of private enterprise and the discourses of efficiency and effectivity.

Following the introduction of the new management structure, the next step was to instill the same attitudes as the senior managers had into the more junior ranks, and to 'harness the workforce' (Barclays de Zoete Wedd 1989:9). Telecom NZ's new industrial relations agenda was clearly laid out in a document presented to the Post Office Union under the heading of The Future Personnel and Industrial Needs of Telecom. The document focused on the need for 'flexibility' and clearly indicated a shift towards more market driven rates of compensation reflecting 'local market rates for skill and responsibility.' It also proposed that as separate businesses the ROCs should be free to determine their own costs, including wage costs.

Understandably, however, the POU strongly resisted this initiative to move towards separate contracts for each of the ROCs, and in the 1988 round of contract negotiations identified their primary objective as preserving the national contract. In this respect they were successful and, following protracted negotiations, Telecom NZ's management was ultimately forced to settle for a central core agreement with separate appendices for the subsidiaries. That said, these negotiations did mark significant changes to the industrial

relations environment within the company with the original thirty nine occupational groups reduced to nine, and a significant shift towards performance based pay schedules (Anderson 1992:8).

The second component of Troughton's attempts to reintroduce the market into the employment relations was more successful. It involved a marked shift towards sub-contracting. Routine Construction and Maintenance (C&M) work was the first to go. Staff were presented with three options; to become owner drivers, to act as independent contractors, or to remain Telecom NZ employees (POU 1988a). Those who opted to leave the company and become independent telephone installers were offered a generous severance option and guaranteed a certain level of work for two years. They were also able to buy their vehicles and tools at reasonable prices from the company. As Troughton was to subsequently explain to the Australian media; 'We sold them their tools and vans with their redundancy pay. The move lead to the number of jobs carried out by the same people in a day lifting from two to six or eight a day' (Australian Financial Review 15 May 1990).

The Post Office Union attempted to contest this move on the grounds that the use of sub-contractors was counter to the long-standing policy of 'Telecom work for Telecom people'. The Union's main complaint was that Telecom NZ was employing contract labour while laying off its own staff. Yet despite some resistance, most notably a strike by C&M staff for two days in Wellington during May 1988, even the union research officer describes this period as a 'brief and ineffectual period of industrial unrest' (Anderson 1992:7). The difficulty was that for many of those directly affected it was hard to resist the move to subcontracting. As Anderson (1994) explained; 'They collected their redundancy agreements, which were often worth \$50-60,000, paid off their mortgages, and while they had lower wages they actually had higher disposable incomes'.

C&M work was not the only area targeted for sub-contracting. To quote the words of a senior executive; 'Telecom had inherited a wide range of weird activities such as motor vehicle servicing which had nothing to do with our business. We had cabinet makers, we had our own video production unit, and we still did not have any accountants. We had to identify what we needed and decide what to do with the rest' (Smith 1992:3). Consequently, over the course of 1989 trades occupations, including carpenters, fitters and turners, air conditioning mechanics, and motor mechanics, virtually disappeared from within the industry as Telecom closed down workshop operations through out the country (Anderson 1992:13). Other new sub-contracting businesses included video and graphic arts services and an architectural consultancy company (Telecom Times 1988). As with the C&M workers, in most cases Telecom NZ assisted the potential sub-contractors by offering favorable arrangements for purchase of equipment, and making use of their services - as long as the quality and prices remained competitive.

In the context of the argument I am making in this chapter, the significance of the shift towards subcontracting is twofold. Most immediately, it reduced the costs of these services for Telecom NZ. More generally, however, the shift to sub-contracting meant that workers were more directly exposed to market relations. For example, by 1991 75% (309 out of 414) of drivers and mobile machinery operators working in the telecommunications industry were self-employed (Department of Statistics 1991). Moreover, union presence in the sector was considerably diminished as a result of the new employment relations. With the exception of Cablecraft, a Wellington based cabling company, most C&M workers left the Post Office Union when they departed the company. In this respect, the significance of the shift to sub-contracting was not so much about levels of employment *per se*, rather it was that it marked a significant change in employment relations.

In contrast, the third component of Troughton's restructuring programme, the introduction of the new technologies in the ROCs, had major implications for levels of employment within the industry. There were two elements to the technology programme. Firstly, the company embarked on a major network upgrade designed to increase digital capacity, which in turn would allow Telecom NZ to offer an increased range of services. As part of the network upgrade the company also invested heavily in switching and international transmission equipment including undersea fibre optic cables. While the network upgrade initially generated considerable demand for skilled workers to do the installation work, following the completion of this programme large numbers of Telecom NZ's technical staff were made redundant.

The network upgrade also had implications for maintenance staff. The new system stored customer fault records in an electronic data base and used computer controlled electronic equipment to automatically test lines at night, identifying potential faults and allowing them to be corrected before customer service was affected (Telecom NZ 1989). Computer based diagnostics and repairs of faulty lines also allowed Telecom NZ to handle line maintenance through a centralized office. Consequently, whereas previously there had been technicians located at exchanges throughout the country, following the network upgrade maintenance tasks were centralized into the main cities. By June 1994 there was a single National Faults facility, with information relayed from 'customer fault representatives' to field staff using handheld data terminals. The result was to dramatically reduce the number of maintenance staff required.

The second component of the technology programme involved the introduction of more than 50 computerized and technology support systems into the ROCs (see Table 5 for the main initiatives). Unlike the network upgrades which primarily affected technical workers,

with the new computerized support systems clerical workers also found their jobs under threat. Records of redundancies from Telecom Midlands in late 1988, for example, include ages ranging from 19 to 61, and occupations from clerk to manager.

Table 5: Capital Expenditure on New Systems 1989-1992

	\$NZm
Front office and customer record system	73
Network management system	45
Computerized maintenance centers	40
Decentralized general ledger	30
Automated mapping and facilities management	27
Computerized directory assistance	21
Computerized directory compilation system	9
International call billing and settlement system	9
Total	254

Source: Buttle Wilson (1991)

The Post Office Union did its best to cope. It established a sub-committee to deal with technological change. Study visits to the United States by members of the sub-committee, however, simply served to confirm growing fears about the impact of new technologies. As one Union official observed on his return from such a visit; 'Telecom is heading towards an employee-less operation and, if Telecom is not restricted in some way, wholesale job losses within our members ranks' (Roberts 1989:28). Faced with this scenario the Union decided their best strategy was to concentrate on ensuring that the redundancy agreement was as strong as possible. In this regard they were relatively successful; Anderson (1992:8) suggests that for many the lump sum payment was seen as 'akin to winning Lotto'. Yet for Telecom NZ's management the huge redundancy costs

seemed worth it. As Smith (1992:5) explained to an Australian seminar; 'In the end there is only one way of handling this: you must be prepared to buy your peace. Telecom has one of the most generous severance settlements in New Zealand. It has cost us hundreds of millions of dollars to buy people out of their employment. It has been worth every cent'.

The implications for Telecom NZ's labour force were severe. In the five years following corporatization over half the original staff departed the company (McCabe 1994). Not only was net job loss significant, but there was also a high level of turnover. For example, Irving (1990) was given access to the company to monitor the introduction of new directory assistance (DAS) and maintenance integrated testing (MITS) systems. She shows that when DAS was introduced, of the original 160 employees under the old manual system, only 10 came across to the new technology, and only 2 remained employed in this area at the time of her study. Likewise, of the MITS staff, 21 out of 110 staff came across, and only 12 of those were to remain with the company. Tellingly, when commenting on the high staff turnover that accompanied the introduction of the MITS, she observed that the new staff who were employed to replace the ousted Telecom NZ workers came in 'with a different attitude, have been easy to educate, and introduced to the new tools with no problems' (Irving 1990:20).

By 1991, however, it looked as if the worst was over. The move towards subcontracting and the technology programme were largely completed. Troughton himself claimed that the major turnaround phase was over and that Telecom NZ was ready for competition. He was also optimistic about future employment prospects within the industry, stressing that while there would be some continuing reductions, these would be largely achieved through attrition. The biggest task remaining, he suggested, was instilling a new attitude into the remaining staff. As he explained; 'They're not used to putting quality into their relationship

with the customer and they're not good at recognizing that the customer pays money and therefore needs to be treated extremely well' (Reuters 7 February 1991).

Moreover, despite the upheaval of the previous five years, there remained a considerable degree of continuity in employment relations within the sector. The vast majority of New Zealanders working within the telecommunications sector remained the employees of Telecom NZ - approximately 15,000 out of 15,438 (Department of Statistics 1991). The Post Office Union also continued to play a significant role in negotiating the parameters of change, even though the 'social partnership' between the company and the Union had been severely tested by the scale of the restructuring programme. As such, it can be argued that during this period the worker remained an identity with both economic and social dimensions, reflected in the continued capacity of the Post Office Union to mobilize political claims in the name of the worker.

The Enterprise of the New Economy

It was with the emergence of competition that the worker was redefined as an economic identity and the social dimensions of this identity attenuated. The first indications of the new formulation are found in the privatization debates. Firstly, whereas in the debates around network deregulation the interests of workers had been played off against consumers, in the privatization debates workers were largely invisible. Indeed one of the few times that workers were mentioned in this debate is in the observation that unemployed people may not be able to buy shares (Hansard 1990:828). Secondly, in the literature promoting Telecom NZ to overseas investors, labour productivity, measured as access lines per employee, was widely used as a means of demonstrating the potential for future 'productivity enhancements'. It was in this context that the redundancies associated with

network deregulation begin to be reconstituted as efficiency gains and the discursive framework for the marginalization of the worker as a social identity was consolidated.

The usual explanation for the new hard-line approach to workers is that it followed privatization, and was associated with managerial changes within Telecom NZ. Certainly, following the sale of the company, there was the appointment of a more market driven management and board of directors who have been described as bringing a more confrontational North American style of negotiating to industrial relations issues (Anderson 1992). In and of itself, however, this explanation for subsequent events is not sufficient. Even the POU was not unhappy with the outcome of the sale. While opposed to privatization in principle, they welcomed the new buyers of Telecom NZ as having both the experience and track record to suggest that they would look after their workers and be prepared to continue with the consultative approach that characterized the sector (Needham 1990). Indeed, it is interesting to note that it was the Union's perception that the American directors had a much clearer understanding of the importance of employees than did their New Zealand counterparts (Anderson 1992).

Rather, in the period following the privatization of Telecom NZ, a number of different developments crystallized to allow the consolidation of the new worker. It is important to remember that the privatization of Telecom NZ was rushed through Parliament before the election of 1990. As was discussed in Chapter Three, one of the first steps taken by the new National government was the introduction of the Employment Contracts Act. During their first term immigration legislation was also liberalized, and training costs shifted to the individual through the new industry training organizations. As I argued in Chapter Three, the combined effect of these changes was to create a scenario in which labour costs were understood to be governed by market relations.

It was in this context that Clear Communications began their start-up operations. Crucial to Clear's strategy was a neo-liberal version of the worker. An unambiguous statement of the company's approach to employment relations was made in a speech by the newly appointed CEO, George Newton, to the New Zealand Employers Federation (Newton 1991). In this speech Newton explicitly identified both skill shortages and New Zealand's 'poor labour relations record' as contributing to the form the new operation took. He also identified the centrality of the ECA to their decision to establish the company; 'Had we been obliged to operate under the old-style labour relations system it is highly unlikely that Clear would ever have come into being...Even if it had, its future would have been severely limited by our ability to engender the staff commitment we current(ly) have and will continue to require'. Finally, in a paradigmatic description of the new worker, Newton explained; 'In order to compete against Telecom we needed to be more flexible in our approach to staffing and create a structure which encourages an entrepreneurial spirit, tempered with team work, commitment, and affinity for the company.'

The 'flexibility', 'entrepreneurial spirit' and 'commitment' crucial to the success of the new enterprise were understood to be lacking in Telecom NZ. As Tom Aldridge (1994), Senior Manager of Government and Public Affairs, explained; 'They wanted to create a different culture in Clear and didn't want to bring into Clear what ever existed in New Zealand ... If you went to Telecom and hired 50 people, the chances are you would have created another little Telecom'. Moreover, the intention was to move quickly to establish operations, an approach that also mitigated against the employment of ex-Telecom workers. For even if people with the 'right attitude' have been available, Clear's obligation to use Northern Telecom's DMC switches, rather than the Japanese NEC switches used by Telecom NZ, meant that inevitably some training would have been required.

The new understanding of the worker was pushed from the top down. Clear's start-up operation took the form of what is known in the industry as a 'Build-Own-Transfer' strategy. Initial technical and management requirements were brought into New Zealand from North America, with both support personnel, and any replacement senior positions, filled from within New Zealand. The rationale, as the then ATC explained to the Department of Immigration, was that:

A venture such as this will be competing with one of the largest monopolies in New Zealand, namely Telecom, and will need to ensure that sufficient levels of Operational, Marketing, and Financial expertise exists so that the company can effectively cope with market demands and ensure that customers are adequately serviced from day one (Alternative Telecommunications Company 1990).

In the first two years of the company's existence fifty-five North Americans were brought to New Zealand on two to three year contracts, together with another twenty short term appointments (mostly involving engineering staff from Bell Canada involved in switch installation). Informants suggest that George Newton, himself from Bell Canada, played a strong role in the selection process: 'fingering those who had the attitude he was looking for'. Many of the Canadians who came to New Zealand had been previously involved in overseas assignments, and they were described as people who 'wanted to get up and running' and 'who were interested in making things work'. It was the Americans from MCI, however, who were seen as the 'real entrepreneurs'. In this regard, the prominent role the American recruits played in the key areas of finance, sales, and marketing is worthy of particular note. Those working for the company attribute the success of Clear to the new service ethos and work culture brought in by these overseas recruits. As one senior manager observed: 'The New Zealanders didn't develop it. It was the Americans that brought it...it's gone from the top down...pushed through the system' (Wylie 1994).

As the contracts of the North American managers expired, Clear began to recruit New Zealand replacements, partly in response to pressure from the New Zealand Department of Labour (Alan Williams pers. com.). Again, the company was adamant that Telecom NZ was not the preferred source for replacements. All positions were advertised externally and the new managerial and technical workforce came out of a wide range of different industries, including the computer industry, law, and food processing (Newton 1991). Support personnel were also recruited from a wide range of sources. Rather than searching for specific telecommunications skills, the intent was to employ people with the 'right attitude'. Customer service was the grounds on which Clear was to compete with Telecom NZ and to this end the company was explicit about their intention to hire people who were prepared to give as much as possible to the new company.

Associated with this recruitment pattern were explicit strategies to create an affinity between the worker and the company, thereby harnessing the aspirations of the individual to those of the enterprise. Key initiatives included a salary structure based on incentive schemes tied directly to the success of the firm. 'Team spirit' was also fostered through company sponsored events for employees and their families. Not surprisingly, Unions were not welcome in the new organization. While the Post Office Union attributed this to the 'viciously anti-union' approach of MCI, pointing out that this company had resisted unionization here and in the United States (Anderson 1994), the company itself had a different explanation. For management, the strategy of non-union recognition was also integrally linked to their stated intention of getting away from the 'public service mentality' and to create a 'different culture' in the company (Aldridge 1994).

Following the consolidation of Clear's labour force, it became apparent that the new worker was markedly gendered. While the initial start-up team was predominantly

comprised of men, by 1994 over half the positions in the company were occupied by women. This shift in the gender ratio reflected the growing importance of 'interactive service occupations' in which the presentation of self is an integral part of the production and sale of the service (Lash and Urry 1994:197-222). These occupations comprise the vast majority of positions in the largest divisions of the company; those of service, sales and marketing (see Table 6). Not surprisingly, given the new emphasis on customer care, and the historical constitution of caring as a feminine capacity, in these divisions fully 74% of the staff are women, in contrast to the more traditional telecommunications occupations found within the operations and networks division, which remain male dominated (87% men) (see Table 7).

Table 6: Employment Structure Clear Communications 1990 and 1994

Division	June 1990		August 1994	
	No.	%	No.	%
Service, Sales and Marketing	55	41	358.9	54
Finance	23	17	86	13
Information Systems	23	17	95.5	14
Senior Management	1	1	23	4
Operations and Networks	31	23	102	15
Total	133	100	665.4	100

Source: ATC 1990, Clear Communications 1994

Table 7: Gender Composition Clear Communications 1994

	Permanent Male	Female	Temporary Male	Female
CEO	2	0	0	0
Corporate Communications	2	2	0	0
Strategic Planning	3	0	0	0
Company Sec, Legal, and HR	2	9	0	0
External Relations	3	0	0	0
Finance	18	21	0	0
Information Systems	56	24	9	6.5
Engineering and Operations	81	12	8	1
Service, Sales, and Marketing	58	78	0	7
Residential Marketing	11	30	3	13.7
Billing	9	34	1	3
Customer Services	21	120	2	15.2
Totals	266	330	23	46.4

Source: Clear Communications Personnel Records 1994

Thus it was not in Telecom NZ, but rather in Clear Communications - the archetypal 'enterprise of the new economy' (Bolger, in NZH 18 June 1992) - that the new version of the worker was first consolidated. Employment relations within the company constitute a vivid example of how in the new political-economic environment; 'The world of work is re-conceptualized as a realm in which productivity is to be enhanced, quality assured, and innovation fostered through the active engagement of the self fulfilling impulses of the employee, through aligning the objectives of the organization with the desires of the self' (Rose 1992:154). Moreover, it is in this company that we find the first indications that there may be two different versions of the new worker. On the one hand there are a small

number of highly skilled managers and technical workers, who are aligned with the new economic relations, and who have open to them an international labour market. On the other hand the domestic work-force, which remains bounded by the nation-state, is oriented towards the consumer and largely comprised of women.

The 'Hard Bargain'

Following the establishment of Clear Communications, and the consolidation of the new version of the worker, employment relations within Telecom NZ were further altered. As was argued in the previous chapter, it was during this period that Telecom NZ entered into another round of restructuring in an attempt to deal with the constraints imposed by the Kiwi Share. There was considerable speculation that the company's new strategy would involve more redundancies. This speculation was to prove well founded. On 16 February 1993 Telecom NZ announced that it would lay off nearly 40% of remaining staff, with the intent of reducing staff numbers to 7,500 by March 1997. These figures represented a 70% decline in the total workforce of Telecom NZ since corporatization. This announcement was made in tandem with that of a record operating profit, and amid predictions that the planned job cuts would add another \$100 million a year to future profits (NZH 17 February 1993).

The significance of the 1993 announcement, above and beyond the pain of those affected by the job cuts, was another shift in the discourse about workers. This shift involved the rejection of the social aspects of this identity. The most obvious indicator of the new formulation was that, whereas previously workers had been referred to as employees or staff, in the new discourse workers were referred to as an operating cost. Moreover, the frame of reference for assessing the appropriate level of such costs was international. As Shirtcliffe (1993) explained to the PTTI following a formal complaint about the level of

redundancies; 'The marketplace is now so open it must be assumed that this will be the standard for the future. This assessment process indicates that Telecom would need to substantially reduce its costs and its number of employees over the next years if it is to remain competitive'.

In this discursive formation the new political technologies took center stage. Once measures of customer service and labour productivity were quantified they could be used not only as a measure of internal performance, but also as a point of comparison against other telecommunications companies both nationally and internationally. As a part of the preparation for the new round of restructuring, Telecom NZ had undertaken such a review exercise, and had benchmarked activities within the company against both international and local practice. With efficiency understood in terms of labour productivity, measured as employees per line, it was inevitable that increasing efficiency would be understood as involving fewer workers doing more work. Even the business media seemed startled by the extent to which the company seemed prepared to go; 'Telecom is set to be amongst the highest in the world at 220, it might be sacrificing future earnings by damaging service, stressing out employees, losing trained personnel, constraining growth and producing a time bomb of inefficiency' (NBR 19 February 1993).

The announcement of the new round of layoffs was accompanied by a new hard-line approach with the union. In 1992, following an ongoing decline in membership due in large part to the earlier round of redundancies, the Post Office Union had merged with the Electrical, Electronics Workers Union to become the Communications and Energy Workers Union (CEWU). The new Union commenced contract negotiations for 1993 late in February, very shortly after the job loss announcements. Telecom NZ absolutely refused to negotiate on the level of redundancies, although they did make a formal commitment to

consult with the Union over their restructuring plans. This commitment was only honored, however, after the CEWU successfully sought an Employment Court injunction in August. Even then, legal experts remained openly pessimistic about the ability of the CEWU to make any difference to Telecom's new approach, suggesting that there was little that could be done to avoid either this round of layoffs or future cuts (Reuters 1 September 1993).

The following year saw the first significant attempt by Telecom NZ to alter the conditions of the collective contract. In a proposal presented to the CEWU the company sought three sets of concessions. Firstly, they proposed to split the existing national contract into four new collective contracts, based on the restructured business units, and to remove a further 300-400 people from the collective contract. They also proposed that the National Faults Center contract be separate from the rest of the National Operations group. The second set of concessions involved changes to work conditions including a reduction in penal rates, changes in work hours, and the removal of a large number of allowances. Finally, the proposal sought to remove the CEWU as a party to the collective contract. The argument was that the union 'sat between Telecom and its employees' (see CEWU 1994).

This proposal marked a significant departure from existing practice within the sector. Indeed, Telecom NZ's management had initially opposed the introduction of the Employment Contracts Act, claiming that the company had in effect an enterprise bargain, and that there were considerable benefits in negotiating with a single union. However, with the consolidation of competition their position shifted dramatically. From management's point of view the new hard-line approach was an attempt to address the effects of competition in a context where the consumer had become the hegemonic political-economic identity. They argued that they needed to be able to offer round the clock service in order to be able to compete with Clear. Consumer demand was mobilized to justify

these changes; customers were portrayed as demanding service 7 days a week, 24 hours a day, and the company argued it could not afford to provide such services at current pay rates. The Union, on the other hand, saw the new approach as an attempt by the company to break its power, which in turn would allow serious erosion of wages and conditions for telecommunications workers. Significantly, given the argument made in the previous chapter, media reaction to the strike was to accuse both management and the union of compromising consumer interests.

Contract negotiations in 1994 were bitter. They were marked by the first ever nation-wide strike of telecommunications workers, and one of the largest stoppages in New Zealand's recent history. After six years of restructuring the majority of those workers who wanted to take redundancy and leave the company had already gone. In this context it was not surprising that the union membership voted 87% in favor of strike action against the company, 'a very high percentage from this group of normally conservative workers' (Anderson 1994). Notably, those who remained from the Post Office days constituted the main basis of support for the strike, in particular operator services and the remaining blue collar workers. As one ex-Telecom NZ employee explained; 'It was the people who did the dirty work who really stuck together; the toll operators, linesmen, and all the manual workers. They were ready to listen and not afraid to fight for their rights' (Croft 1994).

There was considerable public support for the strike - in part because of the portrayal of Telecom NZ as an American-owned company exploiting New Zealand workers. Steve Maharey (1994), Opposition spokesperson for Labour and Employment, captured this sentiment in his press releases; 'It is absolutely clear to us that the path Telecom is headed down is to eventually have maximum flexibility of their workers' conditions, individual

contracts for staff, all in an attempt to increase their already generous profits for their American masters'.

The strike was also closely monitored by international actors. The CEWU had established formal links with their American counterparts, the Communications Workers of America, and the two unions held an International Solidarity Day on 17 March 1994. They also developed a code of conduct for multinational telecommunications firms, subsequently presented to the managements of Telecom NZ, Bell Atlantic, and Ameritech. Reputedly, management in Bell Atlantic and Ameritech were 'stunned and shocked' that US and NZ workers had taken such a step in standing together (CEWU 1994a). The PTTI also backed the CEWU, and wrote formal letters of complaint to Bill Birch, then Minister of Employment, and Telecom NZ. In their letter to Birch they pointed out that the government had not abided by the OECD Guidelines for MNCs, and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (PTTI 1993). Birch's response, however, was simply that the government could not intervene in the decisions of a private company.

Despite the flurry of bad publicity, Telecom NZ continued to take an aggressive attitude to the contract negotiations. They argued that they were providing 'generous compensation' to buy the changes they needed. They also claimed that they continued to pay well relative to comparable employers; in one interview they suggested Telecom NZ paid 10-30% above the market average (Litt 1994). Certainly the Union's negotiating team found that usual bargaining points such as cost of living, profit levels, and productivity were defined as irrelevant. Market forces prevailed; the company was only prepared to increase wages if there was a staff retention problem (Crowley 1994).

After eight weeks of intense negotiations, a compromise was reached. On the first two sets of issues the Union was able to make some headway. Only three collective contracts (covering the Telecom Operations Group, Telecom Mobile, and Telecom Directories) were signed, and wages and conditions were largely preserved. On the third issue they lost. No longer did the Union remain as a party to the collective contract. Shortly afterwards, the new company policy was announced. Telecom NZ was to 'progressively pursue the development of individual employment relations with our staff' (NZH 5 December 1995).

As the company explained in their Annual Report:

No longer should broad employment terms and conditions determine how Telecom operates: customer focus must, instead, shape our work practices...We believe that putting manager-staff relations on a more individual basis is the best course for ensuring all employees have sustainable and rewarding jobs (Telecom NZ 1994:6).

In late 1995 the CEWU went into liquidation with liabilities of NZ\$1.137 million. The decision to voluntarily liquidate the Union was triggered by the combined effects of a cash crisis and a continuing fall in membership. Despite the efforts of the Engineers Union to sign up those Telecom NZ workers previously covered by the CEWU, less than year later only thirty percent of Telecom NZ employees remained in collective contracts. In this regard, claims that Telecom NZ is taking advantage of the collapse of the CEWU to actively deunionise its workforce appear warranted. Certainly, any understanding of the Union as being in a social partnership with the company had been fundamentally undermined. In its place was a new understanding based on the assumption that the cost of labour, like any other resource, should be determined by the market.

The New Workers

The new hard line approach to workers and the Union reflected attempts to reconstitute Telecom NZ as a flexible and entrepreneurial company able to compete in the new environment. Central to this new ambition were strategies to get rid of public service conditions and expectations, including unions, benefits, and job security. Most immediately, the result was a major reduction in the number of workers within the company (Table 8).

Table 8: Telecom NZ Staff Numbers 1987-1995

	Total	% Change	Lines per Worker
Apr. 1987	24,500	-2	60
Apr. 1988	21,560	-12	70
Apr. 1989	19,000	-12	90
Apr. 1990	16,000	-16	100
Apr. 1991	14,900	-7	118
Apr. 1992	13,562	-9	130
Apr. 1993	12,338	-9	142
Apr. 1994	9,257	-25	202
Apr. 1995	8,303	-11	244

Source: Anderson 1992 and Telecom NZ Annual Reports

Significantly, given the argument made in the previous chapter, these redundancies have been confined to the national operating company. Indeed, if the figures for the new venture companies are separated out, the overall decline in numbers is even more pronounced. Between 1992 and 1995, for example, while the overall numbers working within Telecom NZ declined by 39%, in national operations the number of workers decreased by 45%. In

the new venture companies, on the other hand, there was an increase of 9.5% during the same period (Table 9).

Table 9: Staff Numbers - National Operations 1992-1995

	1992	1993	1994	1995
Operations	12,183	10,788	7,872	6,785
Other	1, 379	1,550	1,385	1,523
Total	13,562	12,338	9,257	8,308

Source: Telecom NZ Annual Reports

My point is not that Telecom NZ treats its employees badly. Rather it is to demonstrate that the consolidation of the consumer as the hegemonic social identity had the consequence of marginalizing the political claims of workers. The following quote encapsulates the new approach:

One public criticism of Telecom is its seemingly endless shedding of staff....Early in 1993 when the company announced plans to reduce staff by another 5000, people began to wonder about the merits of privatization in a company like Telecom. Was it a monstrous multinational sacrificing people for profits? But it should be remembered who is the ultimate winner in such a company's drive for profits: the consumer. Profits are not possible unless the company is providing goods and services at a standard and price the customer wants. People will not make toll calls through the company that hires the most people. They will make them through the company that gives the best deal, that is, charges the least (Coddington 1993:112).

While the overall result of the 'desocialization' of the worker has been to reduce personnel costs for the company, there are also increasing trends towards labour force polarization. Telecom NZ's workforce is now split between high level managerial and technical workers

who are able to command good salaries, and lower level workers who have seen considerable pressure on wages and conditions. Gross cost per employee had risen from \$38,072 in March 1990 to \$49,452 in 1994 (NBR 31 March 1995). These gross figures, however, are sharply skewed by disparities amongst different labour force groups. Deane, for example, received a salary package worth about \$1.2 million during 1995, making him one of only three New Zealand company directors earning over \$1 million (Dominion 19 July 1996). The maximum rate of pay for service operators, in contrast, was only \$23,228. Telecom's rationale is clear. In defending the pay packages of senior executives, Shirtcliffe explained that; 'all Telecom pay rates were based on the simple principle of paying enough to retain staff and develop their talent. The company (had) worked out a market related compensation for the skills it was employing' (Dominion 19 July 1996).

Associated with these trends towards labour force polarization is the recruitment of new, private sector, non-unionized workers. While these new workers were first identified within Clear Communications, they are now found across the sector as a whole. In particular demand are highly skilled workers who have combined business and technical expertise. As greater emphasis was placed on sales and marketing, this was reflected in a greater number of managers coming in with general business degrees rather than electronic engineering degrees (NZ Computer Scene 1993:41). As a personnel consultant explained; 'In 1987/88 the technical skills were all important - the engineers. Then it shifted to the sales person, and then to the accountant. Now they want someone who can do all three' (Hooper 1994).

One consequence of this demand has been an increased tendency to recruit internationally for senior positions. From earlier discussions it will be apparent that international companies often import upper management. By the mid-1990s there was a trend towards

the use of personnel agencies with international connections to recruit for the next level down - particularly for those with skills in areas such as software engineering. While the absolute numbers remain small, the new patterns are apparent. While many of these appointments involve expatriate New Zealanders who have chosen to return home, there are also increasing numbers of non-New Zealanders. The hope is that recruits may be attracted by the lifestyle New Zealand offers, even though currently salaries in New Zealand remain lower than those for comparable jobs in North America. It is this version of the new worker I have described elsewhere as the 'new boys' (Larner 1996)

The second version of the new worker is found in customer service occupations. By 1994 customer services, including Operator Services, Residential Sales and Support, and National Faults, was the biggest single area within Telecom. The tendency to employ young white women in these areas was so marked that in 1994 the CEWU formally complained to the company about their recruitment processes. Telecom NZ responded by acknowledging that while men were under-represented in these areas relative to Telecom NZ as a whole, 'the type of tasks performed by these businesses could readily explain the differences' (Davis 1994)³⁶. Thus it would appear that hiring decisions for these areas are premised on the assumption that women work better with customers than men.

In a context where employment relations are understood to be governed by the market, the implications of Telecom NZ's new hiring policies are obvious. As a Union official explained:

³⁶ He pointed out that within Telecom as a whole males account for 64% of the population. Residential Sales and Support and Faults have 54% and 15% of male employees respectively (all permanent employees including part-time but excluding casuals).

The women being employed have customer service skills. They're all from a mold - warm friendly exterior, 'yes we can help you, have a good day'. When all you really need is someone who can smile and say have a nice day, your labour market is really commodity stuff. And while there is high unemployment you don't have to pay them a lot of money. If they don't like it they can shove off and you just pull another one in (Crowley 1994).

Indeed, one official expressed fears that without Union support Operator Services had the potential to become a 'supermarket industry' characterized not only by poor wages and conditions, but also high turnover and the use of large numbers of temporary workers.

What has disappeared almost completely is the blue collar labour force. Of the labour force transferred to Telecom NZ in 1987 approximately 65% were technical or manual workers. These occupations were overwhelmingly male dominated. For example, only 12 out of the 796 Engineers and Associate Engineers employed by the Post Office were women. Likewise the Construction and Maintenance division included 5848 men and 64 women (Post Office 1986). Not surprisingly then, the process of transforming the company from a technically oriented organization to one based on sales, marketing, and profitability has disproportionately affected men. Moreover, many of these workers were likely to be Maori or Pacific Island men, labour force groups who have been particularly disadvantaged by declining opportunities for manual jobs over the last decade³⁷ (see Brosnan and Rea 1992, Lerner 1996).

Thus the reorientation of the firm towards the consumer has lead to new distinctions between workers, following from the part of the Telecom NZ they work in and the nature

³⁷ In 1991 25% of Plant and Machinery and 33% of Elementary workers within the telecommunications sector were 'non-European' (Department of Statistics 1991).

of their employment contract. Those serving domestic markets have absorbed the major costs of restructuring, as workers have been forced to shift their orientation from public service to private profit (Batt 1995). This has resulted in the de-unionization of positions that would have been once covered by the union, and an increase in jobs not readily unionized. The new non-unionized jobs are filled by two distinct groups of workers; hybrid managerial-professional workers and lower level customer service workers. These workers, however, whatever their level of seniority, are company focused, multi-skilled, and flexible. Moreover, their wages and conditions are governed by the market. As such, they represent the consolidation of a new understanding of the identity worker.

Conclusion

Most immediately the labour force restructuring in the New Zealand telecommunications industry would appear to present a classic example of how deregulation and privatization have allowed multinational corporations to 'super-exploit' a national labour force. The argument made in this chapter, however, suggests that changes in ownership, in and of themselves, can not account for the high level of job loss within this industry. Nor can they explain the extraordinary marginalization of the political claims of labour. Indeed I would argue that analyzing the restructuring of this industry in terms of a dichotomy between international capital and a national labour force may well obscure more than is revealed.

Rather the key to understanding this process lies in exploring shifts in the meaning of the identity of worker. I have shown that with the consolidation of the new political-economic environment the identity of the worker has come to play a new role. It is this identity that constitutes the link between individual, enterprise, and macro-economic success. Moreover, this new worker is closely aligned to the enterprising self of neo-liberalism; an

image of a worker 'each seeking to maximize its own advantage in a competitive environment, taking risks, striving to do better, calculating what would best advance its own interests' (Miller and Rose 1995:455).

I have stressed that the emergence of the new version of the worker was not straightforward. Rather it was the outcome of a complex and contradictory process involving both discursive shifts and new political technologies. Correspondingly, there was not a sharp break between the old and the new. Moreover, I have emphasized that there are two distinct versions of the new worker in the telecommunications sector. On the one hand there are the 'new boys'; highly skilled managerial and technical workers who operate in an internationalized labour market. On the other hand, there is a feminized version of this identity, closely associated with the new customer service occupations that now numerically dominate the domestic labour force. In this regard it is possible to understand how political rationalities and governmental practices, while not explicitly gendered, work to refashion gender relations into new forms.

Chapter Seven: The Politics of Location

Introduction

This thesis is a 'situated knowledge' (Haraway 1991) in which contemporary forms of political-economic change have been analysed through an examination of the 'New Zealand experiment' focused on the telecommunications industry. My theoretical starting point was the locatedness of political-economic concepts and categories. I have argued that the events of the last twelve years are associated with the transformation of the economy, state, and society, and the relationships between them. More specifically, I have shown that three interrelated sets of changes began to cohere in the 1990s: 1) a new understanding of economic relations and a new imagined geography; 2) a new form of governance involving new versions of both state and market; and 3) new versions of the political-economic identities consumer and worker. Drawing from neo-Marxist narratives of globalization and restructuring, and feminist and post-structuralist accounts of discourse and identity, this thesis has explored the contested processes through which these new configurations emerged.

In this developing this analysis I considerably enhance existing accounts of the 'New Zealand experiment'. Much of the debate over globalization and restructuring in New Zealand has rested on the assumption that economy, state, and society are autonomous and pre-existing categories. Moreover, in these analyses emphasis has been on socio-structural transformations and changes in meaning and identity, if considered at all, have generally been seen as an effect of these more fundamental transformations. In contrast, I trace how new forms of economic, political, and social life have emerged out of complex and contradictory processes involving the reconstitution of discourses, institutions, and identities. Through this analysis of shifts in political-economic concepts and categories, I

have been able develop a detailed account of **how** the dramatic changes of the last twelve years came about.

In this, the concluding chapter of the thesis, I briefly reflect on the implications of the analysis developed herein. Following an overview of the findings of the thesis, I identify two sets of theoretical issues that are worthy of further attention. I then turn my attention to the political implications of this thesis. In a discussion that emphasizes the 'performativity' of theoretical representations, I examine the political implications of theorizing political-economic phenomenon as multiple, contingent, and inherently contradictory. My argument is that this approach opens up new conceptual spaces for the analysis of political-economic processes, policies, and programmes, and so may help in the imagining of progressive interventions in a qualitatively new context.

Towards a Post-structuralist Political Economy

My ambition, and the point of departure for this thesis, was to develop an account of contemporary political-economic transformations in which the ubiquity of global capital was challenged. I argued in Chapter One that theoretical discourses premised on disembodied economic forces and global homogenization inadvertently reinscribe the very configurations they aspire to contest. Globalization is represented as a coherent and monolithic process - the most recent manifestation of capital's attempts to create the conditions for greater rates of accumulation - and the diversity and heterogeneity of political-economic phenomena are interpreted as concrete manifestations of this underlying dynamic. In contrast, I made a claim for theorizing the processes we give the short hand label 'globalization' as an assemblage of multiple and diverse relations of power with disparate points of origin. My intellectual task, therefore, was to delineate these processes;

exploring the contestations over discourses, practices, and identities out of which new political-economic configurations emerged.

In the first two substantive chapters of the thesis, the analysis focused at the national level in order to explore the impetus for, and specificity of, new forms of globalized economic relations. In Chapter Two I discuss the state sector restructuring programme initiated by the fourth Labour government (1984-90). I argue that the decision to open the domestic economy to global capital was not decided on prior to this reform programme. Rather, it was the changing logic of Labour's political rationality, reshaped through and against governmental programmes and practices, that led them to a point where the sale of SOEs to large trans-national corporations was understood to be the best way to achieve their goals. Thus globalization was not the inevitable response of a small nation-state to a new economic order, rather it was a strategy that emerged out of contested governmental processes.

In 1990, following the election of a National government, this strategy began to cohere and shape a new configuration of economic relations. In Chapter Three I identified the characteristics of this new configuration, showing that the economy is no longer understood as coterminous with the nation-state. Through an analysis of three policy areas - social policy, foreign investment, and migration - I show that economic relations are now discursively and materially constituted as a 'space of flows'. There is also a distinctive imagined geography to this new economic understanding. Rather than Britain's farm, or even a self-contained national economy, New Zealand is now represented as a node in the networks comprising the 'imagined geography' of the Pacific Rim. It is in this regard that economic relations are constituted as 'globalized' in the mid-1990s.

In the remainder of the analysis I turned my attention to the telecommunications industry as an exemplar of the political-economic changes associated with the 'New Zealand experiment'. In the three chapters that followed I explored how new versions of key political-economic categories - state, market, consumer, worker - emerged. I began from the premise that there was no necessary and/or direct relationship between a particular form of capitalism, institutional arrangements, and political-economic identities. Moreover, rather than seeing political-economic institutions and identities as fixed and stable entities, I understood them as the effect of contingent assemblages of diverse relations of power. It was the construction - and contestation - of new forms of political-economic institutions and identities, through both discourse and practice, that was the focus in the chapters that followed.

I began this discussion in Chapter Four with an analysis of 'market governance'. In exploring the emergence of this new form of governance I traced the transformation of the state from a welfare state to a competition state, and the market from a form of economic organization premised on the national economy, to a sectoral entity articulated into the flows and networks of the Pacific Rim. I stressed that market governance is not about the 'rolling back of the state' and the emergence of 'free markets', rather it is about the emergence of new forms of rule that, in turn, have shaped the form and function of state and market. Moreover I emphasized that rather than a uni-linear transformation, this reconfiguration of state and market had unanticipated outcomes, and was characterized by a faltering historical trajectory.

In Chapter Five I traced the emergence of the consumer as the hegemonic political-economic identity in the telecommunications industry. Through an analysis of the organizational restructuring, I showed how two different versions of the consumer have

jostled for position in the telecommunications industry. In the first the consumer is an inclusive identity, encompassing all New Zealanders, and thus is premised on the social as a singular space. The second is based on a more exclusive version of the consumer, that reflecting the interests of business and major users. In this latter version the legacy of the social is found in a new form - the social as community. It was with this analysis that it became possible to understand how it was that the deregulation and privatization of telecommunications could be constituted as being in the best interests of New Zealanders, despite the obvious benefits of these processes for business.

In Chapter Six I examined the consolidation of a new version of the identity 'worker'. In post-war rationalities it was the identity of the worker that linked the economic and the social in the context of a nationally bounded territory. My claim was that this identity now constitutes the link between individual, enterprise, and international competitiveness. Consequently the emergence of a new version of the worker in the telecommunications sector has involved the reconstitution of employment as an economic activity, and that the social dimensions of labour have been attenuated. One implication of this new understanding was that, in contrast to earlier understandings, both men and women are now the focus of new 'opportunities and incentives' to participate in paid work. That said, I demonstrated that there are two different versions of the new worker, gendered masculine and feminine respectively.

Throughout the thesis I concentrated on developing an analysis that recognized the locatedness of political-economic concepts and categories, and explored how new understandings are created through and against contested and contradictory processes. In this way I have been able demonstrate that the processes associated with globalization and restructuring are invested in particular economic formations, political ends, and social

identities, but in a way that avoids economic fundamentalism and emphasizes the multifaceted nature of the processes involved. Hence my claim that these are qualitatively new times for the institutions of capitalism and forms of social life **and** that new forms of analysis are needed. It is this later point I wish to briefly revisit in the remaining discussion.

Theoretical Implications

On one level the specific claims made in this thesis support more general assertions. There is a growing consensus that the political-economic changes captured under the label globalization are associated with the emergence of new state forms. The tenets of this new understanding are captured, for example, in the debates around the 'hollowing out' of the state in advanced capitalist societies (Jessop 1995). It is also widely acknowledged that the categories of both consumer and worker play fundamentally different roles in these 'new times'. In the case of the consumer, this shift is reflected in the burgeoning interest in the topic of consumption in the social sciences (see Miller 1995 for an overview). The worker has also been the subject of considerable attention, as the monocultural masculine model once central to the analyses of the Left has been challenged by a proliferation of labour process studies influenced by feminist and anti-racist theorizing.

The originality of this thesis lies in the way in which it theorizes these shifts. The thesis is embedded in an analytical tradition that questions the taken-for-granted nature of concepts and categories, and centers the contested processes by which certain representations of political, economic, and social life become dominant. Thus rather than assuming a general and/or determining relationship between forms of capitalism, institutional arrangements, and particular political-economic identities, I have shown how new versions of political-economic concepts and categories emerge out of multiple processes. Methodologically, I

have understood these processes as involving contestations over discourses, practices, and identities. Thus through an engagement with the detail of the 'New Zealand experiment', the thesis makes both a theoretical and substantive contribution to an emergent post-structuralist political-economy.

The advantage of such an analysis is that, while making a claim for the distinctiveness of the contemporary forms of economic, political, and social life, it becomes possible to move past the either/or debates in which either nothing has changed or everything has changed. The emergence of new forms of political-economic relations does not simply involve the imposition of a new understanding on top of the old. There is never a clean break - rather the old gets rearticulated and reforged into the new. Correspondingly the transformation of a polity involves the complex linking of various domains of practice, is ongoingly contested, and the result is not a foregone conclusion. It is this emphasis on analyzing the process, rather than predicting the outcome, that allows me to address the question of **how** political-economic change occurs.

That said, in my attempts to link the more 'structuralist' discussions of political economy with themes of discourse and identity more often associated with post-structuralism and feminism, some loose ends remain. Firstly, in this attempt to analyze the processes associated with globalization through the lens of post-structuralism, I initiated a dialogue between the literatures on globalization and governmentality. My intent was not to develop a theoretical synthesis. Rather it was a methodological approach that I took from the governmentality literature - a thematic that allowed me to conceptualize the process of globalization as one that can be 'cut up and decomposed so it can be seen as put together contingently out of heterogeneous elements each having their own conditions of possibility' (Barry, Osborne, and Rose 1996:5).

There are, however, broader issues that emerge as a result of this analytical eclecticism. For, as yet, the governmentality literature has not paid a great deal of attention to specific programmes and policies (for a notable exception see Miller and O'Leary 1994). This is particularly the case *vis-à-vis* their theorizations of neo-liberalism in which the emphasis has been on broad governmental themes rather than particular projects. Yet it is obvious that without such analyses those working within this analytic run the risk of precisely the problem they wish to avoid - that of producing generalized accounts of historical epochs. In this regard the conjuncture of the global and local that informs analyses of globalization could well provide precisely the kind of analytical focus the governmentality literature needs. While this theoretical argument is not developed herein, it will be clear that it has emerged as an implicit claim of the thesis and, as such, is worthy of further attention.

Secondly, this thesis emphasizes the importance of accounts of identity formation in analyses of globalization and restructuring. Rather than seeing shifts in identity as a response to more fundamental transformations, this thesis demonstrates that identity formation, or more specifically attempts to shape and reshape forms of subjectivity, is a central component of political-economic processes. Moreover, I stress that it is not simply ideological categories that situate members of a social group in a particular process, and prescribes certain identities for them (Barry, Osborne, and Rose 1996:10-11). Rather I develop a more active account of new political-economic identities emerging from a constellation of social, political, and economic forces (Larner 1997). I would argue that with such an analysis it is possible to understand more about how discursive formations link up with identity formation without determining the form or defining the logic of the outcome.

I do not, however, explore the processes by which 'real' men and women make sense of new political-economic identities. Such a project would involve exploring how identities function as 'the point of suture, between on the one hand the discourses and practices which attempt to 'interpellate', speak to us or hail us into place as the social subjects of particular discourses, and on the other hand the processes which produce subjectivities, which construct us as subjects which can be 'spoken''(Hall 1996:5-6). It will be clear that in this project my attention is on the former rather than the later. Indeed it is precisely for this reason that I have found the distinction between governmental self-formation and ethical self-formation useful, and have stressed that I am concerned with the processes by which new relationships are established between forms of governance and those who are governed.

This is not to suggest that the broader project is not feasible. Indeed, James (1992) provides the beginnings of the detail that would be required to develop a fuller account of changes in political-economic identities in the 1990s. He identifies not only a long history of individualism in New Zealand, but also argues that by the early 1980s increasing ethnic heterogeneity, feminism, and a cultural shift amongst the emergent elites (caricatured as the 'gimme' generation') were reflected in a new receptivity to discourses about individual freedom and difference which, in turn, contributed to new forms of self formation (see also Dean 1994, Rose and Miller 1992). However, recent feminist and post-structuralist theorizations suggest that a fuller engagement with this question might well require an engagement with psychoanalysis - an engagement that does not currently fall within my intellectual purview (see, for example, Butler 1993, Hall 1996).

Political Implications

Finally, I wish to reflect on the political implications of the analysis developed herein. At various points I have suggested that this thesis constitutes an intervention in the debates over how possible futures for New Zealand might be imagined in the 1990s. I have claimed that the strength of the analysis presented is that it identifies the processes associated with political-economic change as inherently contradictory, and so opens up the possibility to understand them as the site of multiple political struggles. Yet for many, both inside and outside New Zealand, my insistence on emphasizing the complexity and conjunctural aspects of the 'New Zealand experiment' will be misplaced. Would it not be more useful to emphasize the economic and political hegemony of the 'New Right', the undemocratic nature of the reform programme, and economic and social devastation that ensued? Indeed, this is how I myself have previously portrayed this period in New Zealand's recent history (Lamer 1996).

Let me begin this concluding section by stressing that in this thesis I have taken seriously the post-structuralist challenge to knowledge. Post-structuralist analyses point to the 'performativity' of theories - the way in which theories shape what comes to count as reality, rather than there being an external reality that different theories compete to describe. It is in this context that I have become wary of analyses that constitute totalizing and monolithic accounts of political-economic change. Indeed, it could be argued that most analyses of the 'New Zealand experiment' take the form of a 'globalization script' (Gibson-Graham 1996) in which New Zealanders - Maori, workers, and women in particular - are portrayed as the hapless victims of global capital and its local agents.

In her discussion of the 'globalization script', Gibson-Graham (1996:145) explains how, if we proclaim this formation as a 'reality', we invite particular outcomes. Through our

intellectual endeavors globalization is reconstituted as an inexorable economic process in which the power of capital is reasserted over people and places, and the political possibilities for 'resistance' or 'alternatives' are found only in the efforts of oppositional social movements (see, for a recent Canadian example, Teeple 1995). In New Zealand such analyses lead to a particularly pessimistic scenario, given the relative acquiescence of most New Zealanders to the reforms of the 1980s and 1990s. If, however, globalization is theorized as a multiplicity of processes that are inherently contested and contradictory, we can identify a range of responses, some of which play into the 'globalization script', and others that don't (Gibson-Graham 1996:133). Certainly, we are able to be much less pessimistic about identifying possibilities for interventions.

In developing these more nuanced accounts, anti-essentialist theorizations of concepts and categories are critical. For it is through the use of such theorizations that 'the received fixedness and inevitability of the present is destabilized, shown as just sufficiently fragile to let in a little glimpse of freedom - as a practice of difference - through its fractures' (Barry, Osborne, and Rose 1996:5). As has been demonstrated in the thesis, analytical emphasis can be placed on the unexpected outcomes, failures, and contested forms, thereby emphasizing the fragility of political-economic processes. Indeed, in the case of New Zealand it could be argued that it was only retrospectively that the reforms of the 1980s could be constituted as having some sort of overall coherence. This makes explicit the point that the 'New Zealand experiment' is indeed experimental - a theme worth stressing in a context where New Zealand is being presented as an exemplary model by many governments, including those in Canada.

Obviously, however, there are also some uncomfortable political questions that arise from such an approach. Firstly, it disturbs the political logics of Left and Right within which

judgment is easy, in that one is either for or against globalization. Rather, the political imperative of intellectual work becomes that of grasping more fully the complexity of the present conjuncture, and in that way providing a more informed choice for political strategy (Gordon 1991:46). No prior judgments can be made about, for example, the respective benefits of state rule *vis-à-vis* market rule. As Hindess (1994:239) perceptively observes:

The problem we now face is not simply that conditions have changed and consequently that the democratic project must be adapted to economic conditions. It is also that a certain kind of image of the national economy is central to the social democratic dream itself, and indeed to the programmes of many of social democracy's mainstream political opponents.

In this context it is crucial to explore whether there are progressive versions of new political-economic institutions and identities. Daly (1991), for example, suggests that there is nothing essentially capitalist about the market, and also points to progressive versions of new types of consumption based identities. The question I am raising is that if the state does not govern the economic affairs of national society, can neo-liberalism (as a governmentality rather than a political philosophy) be used for social democratic purposes?

Secondly, anti-essentialist analyses also problematize the possibility of deriving the political orientation of a social subject from a fixed identity (Daly 1991:88). In turn, this has consequences for political strategy. The trap is that of the 'two sides of the same coin' - that in our critiques we also constitute consumers and workers as mutually exclusive identities that can be played off against each other. In contrast, I would emphasize the importance of theorizing political-economic identities as open sites of potential contest and, correspondingly, as both provisional and contingent (Butler 1990). This requires careful consideration of 'the ways in which these identities are under permanent threat of

subversion by different articulations, other discourses, and are continually having to be redefined and renegotiated' (Daly 1991:93).

This is not to suggest that the vision of a universe made up of active consumers participating openly and freely in the self-regulating market should not be contested. Obviously, such a vision is a 'god trick' (Haraway 1991), premised on the consumer as a universalizing identity, and ignoring multiple forms of social inequality. It is, however, to suggest that with an anti-essentialist understanding of the consumer it becomes possible to look for the disjunctures in this identity - moments when contradictions can be made apparent. In this context it is useful to recall the attempts of the Post Office Union to mobilize the identity of the consumer in their attempt to preserve universality. Another starting point for such an analysis might be found in the fact that one of the few indications of an active public response to the 1993 layoffs in Telecom NZ involved reports from Clear that they had been inundated with new customers.

In short, I am making a political claim for closer engagement with new economic, political, and social configurations, rather than dismissing them as the exclusive possession of the 'New Right'. As Janine Brodie (1996a:9) observes, feminists and other critical social scientists have tended to focus on the 'falling apart', rather than the 'building up again', of restructuring. She points out that an analysis that focuses on the new discourses, institutions, and identities does not suggest that we have no choice but to adjust to the new conceptual order. It does, however, mean recognizing the profound nature of the changes we are witnessing - the qualitatively new forms of economic, political, and social life, the reconstitution of political-economic identities, and ultimately, the changing objects of our political struggles (Brodie 1996a:9-10).

Conclusion

My aim is not to develop universalizing theory - to develop an account that is applicable to all contemporary experiences of political-economic change. Rather it is to insist on 'contested representations within what are putatively singular or common cultures' (Yeatman 1994:30). Correspondingly, I have theorized the 'New Zealand experiment' as involving multiple, contested, and contradictory processes, rather than reflecting in any direct way either a shift in policy frameworks, or increasing linkages between the New Zealand economy and the international economy. In developing such an account it becomes possible to contest the economism that pervades all too many neo-Marxist, as well as mainstream, accounts of globalization and restructuring.

Let me conclude, however, by making explicit one final point. While I would argue against a universalising and/or unilinear account of political-economic change, I also want to avoid an analytical logic of complete contingency. As such, this thesis belongs with 'weak versions' of post-structuralism, in which concepts and categories are situated in relation to a specific context. I am unwilling to move beyond such a position for the same reason as in earlier work I have been loathe to fully embrace post-structuralist conceptions of identity in which identity can never be fully grasped and therefore can not be used as the basis for political mobilization (Larner 1995). As Donna Haraway (1991:187) reflects:

We...don't want to theorize the world, much less act in it, in terms of Global Systems, but we do need an earth-wide network of connections, including the ability to partially translate knowledges among very different - and power differentiated communities. We need the power of modern critical theories of how meanings and bodies get made, not in order to deny meaning and bodies, but in order to live in meanings and bodies that have a chance for the future.

As her comments suggest, there is a crucial political difference between an analysis that attempts to make visible the complexity and contradictions of the multiple and contested processes we give the short-hand label globalization, and one that suggests that these processes have no coherence at all.

Appendix One: Methodology

The political-economic changes explored in this thesis have major implications for not only what kinds of research are done in New Zealand, but also who is able to do research. In this appendix I briefly reflect on the research process behind this thesis, not only to make transparent the methods used in this study, but also to discuss some of the implications for social science research more generally. As such, this appendix constitutes both a methodological discussion and a brief reflection on the social relations of the research process.

This thesis has drawn data from a wide range of primary sources, including policy documents, newspaper articles, interviews, and census data, together with a reinterpretation of secondary materials concerned with the 'New Zealand experiment'. The bulk of the empirical material was gathered during an eight month research trip to New Zealand during 1994. More recent material was provided by Iain Wood of the New Zealand High Commission in Ottawa, and by friends and family in New Zealand. In this regard, Jennifer De Heer and Don Kerr deserve special mention.

During my research trip to New Zealand the first data sources to be explored were publicly available documentary forms of evidence. These included newspaper articles, industry reports, policy documents, select committee submissions, Hansard, and archival material, including the records of the Post Office, Post Office Union, and CEWU. A comprehensive survey of this data was greatly facilitated by the CEWU and TUANZ, both of whom provided access to their libraries. While at the time I understood these documents as providing predominantly background information, they were to subsequently prove a crucial means of identifying major analytical themes, and formed the basis for many of the

arguments made in this thesis.

Documentary sources were supplemented by statistical data purchased from the New Zealand Department of Statistics. Two data sets are used in this study; the first from the Census of Households and Dwellings 1991, and the second from the Business Directory 1987-1994. It was with exploration of these data sources that the implications of 'more market' for the research process were initially made manifest. Much of the data collected by the Department of Statistics is now available to researchers only on a 'user pays' basis. In my case I was fortunate to have the financial backing of the Geography Department at the University of Waikato. Obviously, however, researchers without such institutional support are significantly disadvantaged by such a policy. In particular, the use of large data sets by independent researchers is effectively precluded.

The implications of the privatization of data sources became more obvious when I began to explore other sources of data. As a government department the Post Office had been obliged to make public their employment profile in the form of the Post Office Index of Permanent Officers. Following corporatization, the compilation of this Index ceased. While the 1991 census data provided a snapshot picture of the employment structure of the industry, it rapidly became apparent that, despite my best efforts, it was going to be difficult to explore subsequent employment changes through quantitative data. The CEWU did not have access to comprehensive employment data, one of the reasons why my research received support from the Union's Research Officer, Neil Anderson. Even TESSO, the newly established industry training organization, was relying on anecdotal information to establish the size of its constituency.

Rather than carry out a large scale industry survey, an option precluded by both time and

resources, I decided to explore changes in the industry more generally, and the employment structure specifically, through interviews with key informants. Initially gaining access to such informants proved difficult. Unfortunately I had arrived back in New Zealand in the middle of the 1994 industrial action. While the strike confirmed the relevance of my research, it made access to Telecom NZ problematic in that there was an understandable sensitivity around labour force issues. My initial contact (via the CEWU) was with Telecom NZ's Employee Relations and Equity Advisor. Unfortunately his recent arrival (he had only been with the company for three months), together with a reluctance to make available complete data (the data he provided on Telecom NZ's labour force omitted all managerial employees), meant that this research avenue was of limited success.

Through a process of trial and error, I discovered that the best strategy was to write directly to the senior manager of the division, company, or organization I was interested in. In most cases these managers then filtered me down to the person they considered the most appropriate informant. In some instances this required submitting a list of interview topics in advance. Once the initial contact had been made, however, these interviews generated good results and additional company data was usually subsequently made available to me. The interviews took the form of open-ended, non-standardized discussions that were recorded and subsequently transcribed. Issues explored varied greatly, depending on the kinds of knowledge the informant represented.

In retrospect, this research process was to prove completely apposite for the thesis I was to subsequently write. Open-ended corporate interviews have been identified as a research method that is 'particularly appropriate in periods of economic and social change that challenge traditional analytical categories and theoretical principles' (Schoenberger 1991:180). My strategy of allowing the interviewee to provide their interpretation of events

in their area of expertise was to fortuitously coincide with my growing interest in discourse and meaning. Consequently information from the interviews has been used to supplement other data sources, as well as to inform the overall findings of the study.

Often, however, this research process involved negotiating complex social dynamics. One implication of this research strategy was that most often I was 'interviewing up'. As Linda McDowell (1992:213) has observed of corporate interviews, this placed me in the position of a 'suppliant requesting time and expertise from the powerful with little to offer in return'. This was in strong contrast to the last research process I had been involved in (see Lamer 1990). Two factors worked to my advantage. Firstly, I was both insider and outsider. As a New Zealander based in Canada, who had returned to New Zealand to undertake research, I was the object of some curiosity. Secondly, the fact that I was a Visiting Lecturer at the University of Waikato, not only a Ph.D. student, gave me credibility that might otherwise have been hard to generate³⁸. This was particularly important given that I was a young woman with a non-technical background, in some cases interviewing men many years my senior.

One disadvantage to this eclectic research process was that on my return to Canada I found myself overwhelmed by both the sheer quantity of material I had gathered, and the disparate nature of the data I needed to organize and analyze. After some time spent floundering around, and some useful insights from my committee members, I organized the data by chapter, and began to code the data according to a conceptual framework premised on political rationalities, technologies, and identities. The advantage of this approach was that I began to work through the empirical material in a way that was driven

³⁸ It also gave me access to institutional support, including letterhead, telephones, and FAX machines, that greatly facilitated the research process.

by my theoretical argument. Throughout the process of writing I have continued to move back and forth between theoretical and empirical material, together with cross referencing and triangulation of data sources in ensure rigor. In this way I have aspired to generate theoretical concepts and categories, not from a position of abstraction, but rather through a detailed engagement with a substantive empirical topic.

Interviewees

Tom Aldridge	Senior Manager, Government & Public Affairs, Clear Communications
Neil Anderson	Research Officer, Communication and Energy Workers Union
Paul Buckrell	Managing Director, Consultel
Angie Croft	ex-Telecom employee
Jo Crowley	President, CEWU
Bill Doak	Managing Director, Telenz
Paul Dougherty	Manager, International Business Development, Telecom NZ
Grant Forsyth,	Executive Director, TUANZ
Roger Herbert	Personnel Consultant, Andrews Partners
Jim Hooper	Personnel Consultant, Dougherty Pratt
Pat McCabe	Senior Advisor, Communications Division, Ministry of Commerce
Martin Perry	Institute for Social Research and Development
Alan Sherlock	Manager, Personnel Division, Rob Law Personnel Co
Eliza Smith	ex-Telecom employee
Andrew Steele	Employee Relation/Equity Advisor, Telecom NZ
Peter Vial	Export Consultant, TRADENZ
John Wylie	General Manager, Engineering and Operations, Clear Communications
Pat Walsh	Industrial Relations Institute, Victoria University of Wellington

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