

# GLOBALISATION, SOVEREIGNTY AND THE TRANSFORMATION OF NEW ZEALAND FOREIGN POLICY

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# Globalisation, Sovereignty, and the Transformation of New Zealand Foreign Policy

## Working Paper 21/05

### Abstract

Structural changes in the global system have raised a big question mark over a traditional working principle of international relations, namely, state sovereignty. With the end of the Cold War and the subsequent break-up of the Soviet Union in 1991, the US has been left as the world's only superpower. As a result, the relative power of the US in the new international hierarchy has sharply increased, a trend that has prompted some observers to characterise the post-Cold War system as uni-polar. At the same time, the post-Cold War world has been subject to deepening globalisation, a process that is associated with the growth of international linkages and a reduction in the capacity of nation-states to act independently. Such radical changes in the international landscape, according a former United Nations Secretary General, Boutros Boutros Ghali, meant that the "time of absolute and exclusive national sovereignty has passed".<sup>1</sup>

This Working Paper analyses the impact of a fast changing global context on New Zealand foreign policy. Has globalisation affected the sovereignty of the New Zealand state? If so, what have been the consequences for the foreign policy interface between the New Zealand nation-state and its international environment? With this in mind, the Paper proceeds in five stages. First, we will attempt to delineate the concepts, sovereignty and globalisation. Second, three competing schools of thought in the sovereignty-globalisation debate are evaluated. Third, we will outline the evolution of New Zealand sovereignty and foreign policy before the age of globalisation. Fourth, the impact of globalisation over the last two decades is mapped out in terms of New Zealand's national identity, economic and political trends, security policy and diplomatic engagement. Finally, the Paper concludes by relating the New Zealand foreign policy experience to the wider debate on the relationship between sovereignty and globalisation.

The central argument that emerges is that while New Zealand foreign policy has been profoundly affected by the process of globalisation, this has not translated into a substantial erosion of the capacity of the sovereign state to act on the international stage. In fact, by challenging traditional symbols of power in the international system, such as geography and size, globalisation has created new possibilities for New Zealand to promote its core values and interests externally. At the risk of oversimplification, vigorous leadership, an acceptance of the essentials of economic liberalisation, and a strong commitment to multilateralism seem to be at the heart of New Zealand's efforts to maximise its external sovereignty. But if New Zealand policy-makers had made different choices and actively resisted globalisation, the outcome may well have been far less favourable for the country's foreign policy. However, there are signs that in the specific context of New Zealand-Australian defence relations, the Clark government has not fully adjusted to the security environment of a globalising world.

### About the Author

Robert G. Patman is an Associate Professor in the Department of Political Studies at the University of Otago. He is also Programme Director of the Master of International Studies programme. His research interests centre on international relations, Russian and US foreign policy and Africa. He is the author of *The Soviet Union in the Horn of Africa: the Diplomacy of Intervention and Disengagement* (Cambridge: Cambridge University Press, 1990) and editor of *New Zealand and Britain: A Special Relationship in Transition* (Palmerston North: Dunmore Press, 1997), *Security in a Post-Cold War World* (Basingstoke: Macmillan, 1999; New York: St Martin's Press, 1999), *Universal Human Rights?* (Basingstoke: Macmillan, 2000; New York: St Martin's Press, 2000); *Globalization and Conflict: National Security in a 'New' Strategic Era* (London: Routledge, forthcoming) and is co-editor (with Chris Rudd) of *Sovereignty under Siege? Globalization and New Zealand* (Aldershot: Ashgate, 2005). He is currently working on two books for publication. These are: *The Ethics of Foreign Policy* (Aldershot: Ashgate); and *The*

*Somali Syndrome, 9/11, and the Emerging Security Order.* In 2003, Dr Patman was a Fulbright Senior Scholar at the University of Delaware. He also provides regular contributions to the national and global media on international issues and events.

### **Comment from the Director, CSS:NZ**

Professor Patman's analysis and explanations about New Zealand's prevailing circumstances and shifting change, wrought by globalisation and other perplexing movements in world affairs, provide some rich material for reflection. Based on his research and observations, he offers some ideas that might well enhance New Zealand's sovereign interests. He also suggests a closer strategic engagement with Australia. His thoughts are a welcome addition to the contemporary dialogue of New Zealand's foreign policy and security posture.

*Peter Cozens  
Director, Centre for Strategic Studies*

## **The Conceptualisation of Sovereignty and Globalisation**

Sovereignty has often been regarded as the enabling concept of international relations. The treaty of Westphalia in 1648 marked the beginning of the contemporary doctrine of state sovereignty. This concept has internal and external dimensions, although the two may co-exist to different degrees.<sup>2</sup> Max Weber said a sovereign state was “an institution claiming to exercise a monopoly of legitimate force within a particular territory”.<sup>3</sup> In other words, a sovereign state is one that exercises supreme, legal, unqualified, and exclusive control over a designated territory and its population. At the same time, the sovereignty of a state requires recognition by other states through diplomatic relations and usually by membership of a comprehensive international organisation like the United Nations (UN).

The doctrine of sovereignty is based on the notion of formal equality between states and the principle of non-intervention in matters that are essentially seen as domestic affairs of a state. It should be added that there are close to 200 sovereign states at the beginning of the 21<sup>st</sup> century and they vary greatly in territorial size, natural resources, governing capacity and function, military capability, economic strength, size of population and so forth. It should be emphasised that the doctrine of state sovereignty reinforces the notion of international anarchy: the idea of a supreme authority within the state logically leads to a denial of the existence of a supra-sovereign above the state, except in those instances where the state explicitly confers authority on an international organisation.

In contrast, and despite a vast literature on the subject, it is much more difficult to give precise meaning to the term ‘globalisation’. It can be broadly defined as the intensification of interconnections between societies, institutions, cultures, and individuals on a worldwide basis. Globalisation implies “a shift in geography” whereby borders have become increasingly porous.<sup>4</sup> Amongst other things, the process of globalisation depicts a compression of time and space, shrinking distances through a dramatic reduction in the time taken, either physically or representationally, to cross them. As a result, the world seems a smaller place as issues of the environment, economics, politics and security intersect more deeply at more points.<sup>5</sup> Technologically driven revolutions in communications and production in the 1980s are often linked with the momentum of the globalisation process.

## **The Sovereignty-Globalisation Debate**

The interaction between the concept of state sovereignty and the process of globalisation has generated a lively debate. Theoretically, there appears to be a certain tension between the two elements. On the face of it, the primacy of the state-centric international structure does not sit comfortably with the fact that globalisation helps facilitate a multi-centric world of transnational actors, ranging from multinational corporations to terrorist groups. The proliferation of these non-state actors would seem directly or indirectly to affect the capacity of the sovereign state to serve as a single and autonomous political authority within a territory. Furthermore, because globalisation is blurring the traditional-external distinction of the sovereign state, the pressures for regulating the expanding reach of the international arena with new rules of behaviour are increasing.<sup>6</sup> But any appreciable extension of the rule of law beyond the domain of the state promises to moderate the anarchy of the international arena, and thus directly encroach on the ability of the sovereign state to act internally or externally in an autonomous and authoritative fashion.

If there is a connection between sovereignty and globalisation, a major issue remains: what is the precise nature of this relationship? Three major schools of thought have emerged on this issue. First, there is one known as the hyperglobalist approach. Scholars such as Kenichi Ohmae, Susan Strange, and Martin Albrow could be described as hyperglobalisers.<sup>7</sup> According to this perspective, the growing interconnectedness of national economies through globalisation negates the significance of territorial boundaries and paves the way for the demise of the sovereign nation-state.<sup>8</sup> The hyperglobalists contend that one of the crucial effects of globalisation has been to reduce the space for states to manage national macro-economic policy. With the creation of a single global market, it is argued that globalisation effectively denationalises the economies of sovereign states through the establishment of transnational networks of production, trade and finance. In this borderless economy, national governments are said to have little option, but to sustain a policy mix that is consistent with

the requirements of global capital and international competitiveness. The underlying thesis here is that the rise of multinational corporations (MNCs) as international actors and the emergence of new mechanisms for global governance such as the World Trade Organisation (WTO) are symptomatic of a new world order in which the sovereign state is becoming marginalised.<sup>9</sup> Such a perspective, however, seems to assume that the notion of state sovereignty is a static one and that the effects of globalisation are experienced evenly by all states.

Second, another school of thought has been called the sceptics. Scholars such as Paul Hirst and Grahame Thompson, Stephen Krasner, and Robert Gilpin are sceptics who believe that little has changed in the international arena.<sup>10</sup> Rejecting the hyperglobalist position as politically naïve, the sceptics argue that the impact of globalisation on the sovereign state is much exaggerated. In this view, the state is not the victim of this process, but its main architect.<sup>11</sup> Sceptics emphasise that sovereign states play a central role in the regulation and active promotion of cross border economic links. Key state actors such as the US are said to have played a leadership role in spearheading the globalisation process. The US and other like-minded states, for example, continue to negotiate the global regulation of multilateral trade agreements and have driven the emergence of supranational organisations like the WTO.<sup>12</sup> The sovereign state is also deemed to be the sole institution tasked with the responsibility for establishing the pre-conditions for economic activity: political stability, the rule of law, education and training, and infrastructure are among the elements that play a part here.<sup>13</sup> As a consequence, it is argued that transnational players like MNCs need capable states and a stable state system to function successfully. Indeed, many MNCs remain largely “nationally embedded” and still look to sovereign states for regulating their activities through policies and rules.<sup>14</sup> So the sceptics maintain the sovereignty of the state has not been substantially diminished by globalisation. Such a view, however, rests on some contestable premises. These include the conviction that contemporary levels of interconnectedness are not unprecedented, sovereign states retain as much power internationally as they had in the past, and the most powerful states still control the process of globalisation.

The third school of thought is a middle ground position between the hyperglobalists and sceptics. It has been labelled the transformationalist view. Scholarly exponents of this position include Anthony Giddens, James Rosenau and John Ruggie.<sup>15</sup> It rejects the tendency to juxtapose state sovereignty and globalisation. According to this perspective, the state is neither automatically diminished by globalisation nor unaffected by it. Rather, the role of the sovereign state in the international system is being redefined by globalisation because states themselves recognise that the power, authority, and functions of government must be transformed in response to the growing interconnectedness of the world.<sup>16</sup> This school argues sovereignty is a dynamic concept that, since its introduction, had evolved from a royal form into a more popular manifestation. Viewed in this way, the increase of multilateral agreements in the period of globalisation does not symbolise the decline of state sovereignty. States may choose to enter into multilateral agreements because they pragmatically recognise that they are increasingly confronted by ‘problems without passports’ that cannot be solved on a purely national basis. But countries may differ as to how they perceive problems and opportunities produced by globalisation and it cannot be assumed that there will be a convergence towards a common response.

How does New Zealand fit into this debate on the relationship between sovereignty and globalisation? What has been the impact of globalisation on New Zealand’s foreign policy? Has it reflected a steady leakage of New Zealand sovereignty to supra-national groups? Or has New Zealand’s foreign policy continued to be largely shaped by the competitive system of sovereign states? Alternatively, has globalisation generated a new foreign policy context by transforming the nature of the sovereign state in New Zealand?

### **Sovereignty and New Zealand Foreign Policy in the Pre-Globalisation Era**

A starting point for understanding the evolution of New Zealand’s foreign policy is its domestic context. What sort of country is New Zealand? It is a relatively small and quite isolated settler society. Geographically, New Zealand is about 1,250 miles (2,012 kilometres) southeast of Australia and consists of two main islands and a number of smaller, outlying islands. The

country has a population of around 4 million people, and is dominated by two cultural groups: New Zealanders of Caucasian descent, and Polynesian Maori.<sup>17</sup> According to Maori oral history, Maori arrived in New Zealand about 800 years ago.

European settlement of New Zealand during the 19<sup>th</sup> century led to the Treaty of Waitangi in 1840 between representatives of the British Crown and Maori chiefs. The pact formed the basis of the British annexation of New Zealand, but conflicting land claims gave rise to the 'New Zealand Wars'. The British colony of New Zealand became a self-governing dominion in 1907 and in 1947 obtained the status of a fully independent, sovereign state.

The size of the New Zealand economy remains quite small. The Gross Domestic Product (GDP) is estimated to be NZ\$85.34 billion (2003), and the economy is based largely on agriculture.<sup>18</sup> The main exports are currently wool, food and dairy products, wood and paper products. Natural resources include natural gas, oil, iron ore, sand, coal, timber, hydropower, gold, and limestone. Not surprisingly, the military capabilities of New Zealand are decidedly limited. The country has a small, but well-trained army of 10,000 soldiers.

New Zealand is a democratic society that is based on political and legal traditions derived from the Westminster parliamentary model of governance. The Cabinet is the formal foreign policy decision-making body, consisting of the senior ministers of the governing party or coalition. Unless a foreign policy decision requires the ratification of a treaty or the enactment of legislation, the Cabinet can largely bypass Parliament in the decision-making process. While the Prime Minister and the relevant ministers for foreign affairs may choose to consult with interested parties such as business, academic, interest groups or the wider public, they are under no obligation, in institutional terms, to do so in what appears to be a centralized model of foreign policy decision-making. And, as might be expected, polling evidence indicates that the New Zealand public remains much less focused on foreign than on domestic policy

Moreover, New Zealand government ministers are heavily dependent on the advice of public officials, in this case the Ministry of Foreign Affairs and Trade (MFAT), in the making of foreign policy. Although organisations such as the New Zealand Institute of International Affairs (NZIIA), the Centre of Strategic Studies: New Zealand (CSS:NZ) in Wellington, and the annual University of Otago Foreign Policy School have enhanced the level of foreign policy debate, they are too small and too few in number to seriously contest MFAT's dominance as the main source of advice for government on foreign policy.<sup>19</sup>

Nevertheless, New Zealand has some quite distinctive national features that may counteract the lack of institutional pluralism in the foreign policy making process. For one thing, the intimacy and transparency of the New Zealand political system means that public opinion is potentially a far more potent factor in the shaping of foreign policy than is normally the case in larger democracies. In addition, New Zealand has developed some quite distinctive national characteristics not typically associated with a small state. These include a set of values commonly described as 'the No. 8 wire mentality' or 'Kiwi ingenuity' - an ability to improvise and innovate within the constraints imposed by limited resources and the vast physical distance from its political and economic centre of gravity in Britain.

In many ways, New Zealand's experience as a colony defied conventional interpretations of hegemony. It demonstrated considerable autonomy in a number of areas. It was the world's first country to give women the right to vote (1893); adopted old-age pensions (1898); introduced a 40-hour workweek and unemployment and health insurance (1938); and socialised medicine (1941). Meanwhile, New Zealand citizens often enjoyed a higher standard of living than their British counterparts. By 1953, New Zealand was ranked as the third richest country in the world in terms of per-capita GDP.<sup>20</sup>

Nevertheless, New Zealand's strong sense of political identification with Britain slowed the emergence of a fully independent New Zealand foreign policy. New Zealand had supported the UK militarily in both world wars. But the pattern of New Zealand's external relations began to change significantly after 1945. Three factors generated a much more independent sense of national interest. First, there was a gradual realisation that Britain was no longer in a position to defend New Zealand in military terms. Doubts had surfaced with the British defeat in Singapore in 1942. In 1944, New Zealand and Australia signed their first major

bilateral agreement without Britain when they concluded a mutual defence pact in Canberra.<sup>21</sup> The ANZAC Treaty, as it was known, provided for cooperation in the South Pacific and progressively expanded as the two allies fought together in wars in Korea, Malaya, and Vietnam.

Second, international pressures stemming from the Cold War propelled both New Zealand and Australia into a strategic alignment with the US. In 1951, New Zealand, Australia, and the US signed the ANZUS Treaty. Over the next thirty years, the US displaced Britain as the principal strategic partner of the ANZAC countries as the former colonial power retreated to Europe following the Suez Crisis of 1956 and the 1968 decision to withdraw the British Royal Navy from stations 'East of Suez'.<sup>22</sup> New Zealand contributed troops to the American-led efforts to contain communism in Korea, 1950-53, and South Vietnam, 1964-75.

Third, New Zealand had to deal with the consequences of Britain joining the European Union (then EEC, the European Economic Community) in January 1973. This move had been foreshadowed by Britain's unsuccessful EEC application in 1961. Forewarned, New Zealand was able, with British support, to negotiate a special access agreement with the Community for its farm produce when Britain obtained full membership.<sup>23</sup> In these new and challenging circumstances, New Zealand developed new markets and trade links, notably in Australia, the US and Japan.

Taken together, these factors marked the beginning of a New Zealand perspective that was increasingly centred in Wellington rather than London. Thus, in the pre-globalisation era, New Zealand manifested some, though by no means all, of the characteristics commonly associated with the foreign policy of an independent small state. The scholarly literature suggests that two of the typical characteristics of small states are an internationalist orientation, consisting of keen participation in international and regional organisations, and a moral emphasis in external policy.<sup>24</sup> Certainly, New Zealand's strong support for the UN and multilateralism, in general, was consistent with this pattern.

However, when viewed in the regional context of the South Pacific, New Zealand appeared to be a relatively significant power in its own right. As well as retaining the status of an administrative trustee power, and having constitutional responsibilities towards the Cook Islands, Niue and Tokelau, New Zealand was also notable for its distinctive colonial experience, the absence of any direct security threat to its territory, and the fledgling nature of its independent foreign policy.

## **New Global Context**

By the early 1980s, New Zealand's consciousness as a sovereign state had matured and deepened. Wellington still had close links with Britain, but the nature of this linkage had been significantly changed. New Zealand had intellectually moved from a world-view that was rooted in London to one that was increasingly centred in Wellington. This development intersected with the emergence of the complex, multifaceted, and contested globalisation process. Four areas of New Zealand's foreign policy were significantly re-shaped.

### ***National Identity***

During the last two and half decades, New Zealand has been redefining itself and how it relates to the external world. Extraordinary changes in New Zealand challenge the old view, once held, that it is a 'small corner of England out in the Pacific'.<sup>25</sup> Above all, there has been some recognition of the special constitutional and cultural position of Maori people (expressed in the Treaty of Waitangi in terms of *rangatiratanga* [dominion] and *kawanatanga* [government]).

New Zealand now has two official languages: English and Maori. Concepts from Maori culture have also been extended into law, policy and social institutions. And there has been a general acceptance of the idea of compensation for lands unjustly taken or purchased and for the recognition of rights conferred under the Treaty of Waitangi to the Maori people.<sup>26</sup> In 1995, there was even a formal apology from Queen Elizabeth II for the previous actions of the Crown. Then, in March 2004, New Zealand's first dedicated Maori Television station was launched.<sup>27</sup>



It should be emphasised that globalisation is an important driver in the revival of indigenous rights and culture of New Zealand. While access to symbols of globalisation, such as the Internet, remains uneven, particularly in rural New Zealand, this technology has, in the words of one observer, provided 'unprecedented opportunities' for Maori to project its language and culture, nationally and internationally.<sup>28</sup> But the forces of globalisation have also eroded the social position of Maori.

Between 1986 and 1996, New Zealand moved from being a fairly egalitarian society to becoming one of the more unequal ones behind the US and Italy. The growth of social inequality impacted more on Maori than Pakeha. The redistribution of income and the decline of the welfare state, in terms of subsidised state housing and accessible medical care, contributed to this.<sup>29</sup>

It should be added that new social divisions were linked to a programme of radical economic change undertaken by the Fourth Labour government in 1984. Amongst other things, New Zealand quickly deregulated its economy, abolished all subsidies for farmers, stripped away its tariff and import control barriers, and privatised many of its state companies. This economic liberalisation was paralleled by significant cutbacks in social provision and by labour market deregulation.

A new sense of national identity has been further affected by the many new links New Zealand is building to other parts of the Pacific and the Asia-Pacific region. These ties have been forged mainly for economic and diplomatic purposes. Languages for this region are now being taught in New Zealand schools. Many students from Asia-Pacific locales are studying in New Zealand universities. New Zealand is a leading member of the Pacific Islands Forum and a foundation member of APEC. However, the deepening of links to Asia and the Pacific have involved major changes in migration flows to and from New Zealand.

In addition, people-to-people contacts between New Zealand and the rest of the world have rapidly expanded. The declining cost of international travel, a steady increase in international telephone traffic, and startling advances in communications technology such as the Internet, made geography less of an obstacle than previously. In 2002, the number of tourists visiting New Zealand during a twelve-month period exceeded the two million mark for the first time. This came only a decade after New Zealand had first recorded a million visitors in a year.<sup>30</sup>

### *Economic and Political Trends*

Despite its small size, New Zealand is a country with global economic interests. As noted above, New Zealand in the 1980s began to liberalise and reform its economy.

As part of this process, New Zealand signed a series of agreements with Australia in 1983 known as Closer Economic Relations (CER). This is arguably one of the most comprehensive trade agreements in existence. It covers free trade in most goods, market harmonisation in services and capital, mutual recognition of many standards and the creation of an open labour market.<sup>31</sup>

CER has substantially benefited both countries. Trade between Australian and New Zealand, for example, has increased by over 400 per cent since 1983.<sup>32</sup> Australia is now New Zealand's biggest export market, taking at least 21 per cent of its exports and New Zealand is currently the third largest market for Australian exports. Australia has also become New Zealand's primary source of investment capital, with Australian companies owning many of the key institutions in major sections of the New Zealand economy, such as banking and the mass media.

But globalisation has dramatically expanded the range of international opportunities for the New Zealand economy far beyond the CER market of around 24 million people. Today, New Zealand trades with more than 100 countries and is widely regarded as having one of the most open economies amongst the OECD countries. A 2005 World Bank survey ranks New Zealand top of a list of 155 economies for ease of doing business.<sup>33</sup> At the same time, New Zealand was ranked in 2004 by an international non-government organisation, Transparency International (TI), as second only to Finland in terms of clean and honest governance in a survey of 146 countries.

Moreover, New Zealand was one of the chief beneficiaries of the 1994 GATT Uruguay round which began to liberalise trade in agriculture. It also has a lot to gain from further liberalisation of trade in agriculture that was provisionally agreed at Geneva as part of the Doha Round of world trade talks in August 2004. According to the Labour Minister for Trade Negotiations, Jim Sutton, a successful completion of the Doha Round could be worth something "in the order of NZ\$1 billion a year"<sup>34</sup> to the New Zealand dairy industry alone.

While the WTO is reviled by some observers for weakening the sovereignty of the nation-state, there is little evidence to support this proposition with respect to New Zealand. Consider, for instance, the new rules that the WTO introduced for settling trade disputes between states. Far from weakening New Zealand's national sovereignty, these rules have in a sense actually enhanced it by levelling the playing field for small, less powerful trading nations. The WTO disputes resolution mechanism is binding and sets parameters for a country to pursue a trade dispute against another over a trade problem. That allows the dispute to be sealed off from the rest of the bilateral relationship.

Since the mid-1990s, New Zealand governments have been involved as a principal complainant in six WTO disputes. These disputes were with Hungary over export subsidies in respect of agricultural products; the EU over measures affecting butter products; India over quantitative restrictions on imports of agricultural, textile and industrial products; Canada over measures affecting the importation of milk and the export of dairy products; the US over safeguard measures on imports of fresh, chilled and frozen lamb from New Zealand; and definitive safeguard measures on imports of certain steel products.<sup>35</sup> In each case, New Zealand governments have successfully resolved the dispute in their favour without significantly damaging relations with any of the parties involved. For a small state like New Zealand, these outcomes represent a significant boost for its external sovereignty.

Not surprisingly, both of the major political parties in New Zealand have, with differing degrees of emphasis, identified trade liberalisation as a key foreign policy objective. The decision of the Labour/Alliance government to raise income tax in 1999 and its refusal to match Australia's reduction of the corporate tax rate to 30 per cent were criticised by the National party as undermining New Zealand's competitiveness as a location for foreign investment. On the other hand, since taking office in 1999, Labour has signed free trade agreements with Hong Kong and Singapore, and commenced trilateral Closer Economic Partnership (CEP) negotiations with Chile and Singapore in early 2003. It is also negotiating free trade agreements with China and Thailand, and agreed to participate, beginning from November 2004, in negotiations for an ASEAN-CER free-trade pact.<sup>36</sup>

In addition, the Clark government remains keen to conclude a free trade agreement with the US, especially after Australia moved outside the CER framework to pursue this type of arrangement with Washington. Amongst other things, the Australian move seemed to reflect some frustration in the Howard government with the defence policy of the New Zealand government and an unwillingness to compartmentalise trade and security concerns. Nevertheless, the present Labour-led government in New Zealand believes bilateral and regional free trade measures are complementary to the broader goal of securing multilateral agreement on trade liberalisation. By 2009, the Clark government has set itself the goal of having no tariffs higher than 10 per cent.

New Zealand governments, whether led by National or Labour, have also demonstrated a continuing international commitment to promote human rights. As one of the founding members of the UN, New Zealand strongly advocated the inclusion of human rights in the UN Charter, and was closely involved in the drafting of the Universal Declaration of Human Rights in 1948. But this commitment has, if anything, deepened with the global upsurge of intra-state conflict and the expansion of the human rights agenda in New Zealand. Since the beginning of the groundbreaking attempt to improve relations between Maori and Pakeha through the Treaty settlement process, New Zealand governments have become conscious that they have a distinctive contribution to make internationally in the fields of ethnic conflict and indigenous rights. For example, the country has played an active role in the drafting of the UN's Rights of Indigenous Peoples treaty.

But such efforts could be complicated by domestic political divisions over the Clark government's attempt to reconcile Pakeha and Maori aspirations in the Foreshore and Seabed

legislation of 2004. By asserting that the foreshore is in the public domain, the Clark government encountered significant opposition from members of the Maori community who fear that existing Maori customary titles will be over-ridden by this legislation.<sup>37</sup> Such opposition led to birth of a new political party-the Maori Party.

It should be added that economic and social restructuring in New Zealand has also been accompanied by political reforms. Many of these involved introducing New Public Management practices into the running of the core public sector service. Of major political significance was the change in the electoral system in 1993 from a first-past-the-post system to a form of proportional representation (called 'mixed member proportional' or MMP and very similar to the one used in Germany). The consequences of MMP have been to end single-party government and usher in a series of multiparty coalition governments, more often than not minority ones. The number of parties represented in Parliament has doubled and there have been modest increases in the number of women, Maori, and Asian MPs sitting in the legislature. Other changes could be in the offing. According to a former Prime Minister, Jim Bolger, and some other political observers, New Zealand is likely to become a full-blown republic within the next two decades.

### *Security Policy*

Even during the early stages of globalisation, New Zealand demonstrated it was prepared to adopt a distinctive approach to security matters. In 1984, the Fourth Labour government expressed its determination to make New Zealand 'nuclear free'. The policy included prohibiting port entry by any ships either under nuclear power or carrying nuclear weapons. This new policy brought New Zealand into direct confrontation with the world's most powerful country, the US. In January 1985, David Lange's government denied a US request for a visit by the *USS Buchanan*. That decision ultimately led the US to suspend its security obligation to New Zealand under the 1951 ANZUS Treaty and in practice to exclude New Zealand from ANZUS and from military and naval exercises, and also to limit the exchange of strategic information with New Zealand. Thereafter, the US described New Zealand as a friend, but not an ally.<sup>38</sup>

It was a political breach that has yet to be fully mended. Today, twenty-one years on, the non-nuclear defence policy has not only survived, but also obtained the status of a core national interest. In fact, the consistently high level of support for this policy has been something of a surprise for both its critics and its most ardent supporters. Critics charged that a small state like New Zealand could find relative security only by enlisting the protection of a larger state's power. The nuclear age, it was argued, had not fundamentally changed this logic. Thus, many commentators expected the rupture of the ANZUS alliance by definition to expose and endanger New Zealand's political interests. However, supporters maintained that New Zealand's nuclear-free stance was a powerful symbol of the country's global support for nuclear disarmament, and a demonstration of its firm opposition to nuclear weapons proliferation in South Pacific region in particular. The working assumption here was that ideas and norms do matter at the international level, and a small country like New Zealand could make a positive difference through its own actions to the global security situation.

Certainly, since the late 1980s, a broad political consensus within New Zealand has helped to sustain its non-nuclear security policy. While the National Party, first under the leadership of Jim Bolger, and more recently, under the leadership of Don Brash, have flirted with the idea of amending the non-nuclear policy, it has backed off when it became apparent that there was little popular support for this change. Why has the non-nuclear strategy proved so resilient? After all, there was little evidence of majority support for the nuclear-free policy at the time when Prime Minister Lange made his decision to turn away the *USS Buchanan*.

In many ways, the policy became a symbolic expression of national resolve to forge a distinctive foreign policy in the face of strong opposition from the Reagan administration. It should be added that David Lange's political leadership was crucial during this confrontation. If he initially saw the non-nuclear approach in part as a pragmatic political trade-off within the ruling Labour Party for the adoption of "Rogernomics", his forceful and articulate advocacy of a nuclear-free New Zealand once in government helped to construct a David-and-Goliath-style confrontation with the Reagan administration in the mid-1980s, an outcome that quickly increased domestic support for anti-nuclearism in New Zealand.<sup>39</sup>

For the first decade or so of the post-Cold War era, the ANZUS rupture did not seem to affect the capacity of New Zealand to work co-operatively with Australia and the US in the security realm. Wellington backed the US-led coalition against Saddam Hussein in the Persian Gulf War of 1990-91; the US-UN humanitarian intervention in Somalia, 1992-93; and worked closely together with Australia to achieve a peace settlement in Bougainville in 1998. Furthermore, New Zealand's forces served under Australian command in East Timor as part of INTERFET and close cooperation between both military forces has continued under UNTAET. According to the former Deputy Secretary of the Australian Defence Department, New Zealand's very rapid and professional commitment to support INTERFET made 'a massive impression' in Canberra.<sup>40</sup> New Zealand has also been a strong supporter of the Australian-led multinational force, the Regional Assistance Mission to the Solomon Islands (Ramsi), which intervened in July 2003 to restore law and order at the behest of the Solomon Islands government in the South Pacific.<sup>41</sup>

Nevertheless, the absence of the discipline of working together within the ANZUS framework has helped to generate different strategic outlooks between non-nuclear New Zealand, on the one hand, and Australia and the US on the other. These differences of strategic perspective clearly surfaced with the election of the Labour/Alliance coalition in 1999.

From the beginning of her period in office, Prime Minister Helen Clark made it clear that she did not regard New Zealand and Australia as a 'single strategic entity'.<sup>42</sup> In May 2000, the Clark Labour government abandoned the option negotiated by the previous National government to acquire 28 F-16 fighter planes from the US on the grounds that the F-16s were too expensive for a country of New Zealand's size and military capability.

Twelve months later, the government completed its review of New Zealand's defence strategy. Citing 'an incredibly benign strategic environment', three major defence decisions were made: New Zealand's air combat and strike capability would be abandoned; the navy would be restricted to two frigates and some basic transport and coastal patrol vessels; and the army would receive the bulk of government expenditure, some NZ\$700 million to provide it with high-tech communications equipment and about 100 new Armoured Personnel Carriers (APCs).<sup>43</sup>

The Clark government argued it had opted for 'depth' rather than 'breadth' in its defence policy. In particular, it maintained that these changes were intended to provide New Zealand with a modern defence force that could contribute more effectively to international peacekeeping operations. Few would dispute New Zealand's commitment to this cause. In 2003, New Zealand ranked first in financial and personnel support for UN peacekeeping operations (relative to size of its population and GDP),<sup>44</sup> with over 800 military personnel serving in 13 UN-authorized peace support or humanitarian missions, including the Middle East, Kosovo, Sierra Leone and Mozambique.

While New Zealand peacekeepers certainly needed the new military equipment, controversy continues over whether these extra resources necessitated the downgrading of the country's air force and naval capabilities. It has been argued that the intra-state conflicts in the new global era often require a mix of military capabilities, including air power, from contributors to international peacekeeping operations. If the Clark government deployed its new LAV3 vehicles in a peacekeeping operation, it would have to depend entirely on other nations to provide the air cover that such deployments require.<sup>45</sup> Such a situation, according to critics like the Defence Spokesperson of the New Zealand First Party, Ron Mark, constitutes a substantial erosion of the country's sovereign capacity to protect its security interests. Furthermore, Mark charged that the sale of the Royal New Zealand Air Force's (RNZAF) Skyhawk strike jets and Aermacchi jet trainers to an American company for \$NZ155 million in September 2005 usurped any decision on new defence policies by a potential new government in New Zealand.<sup>46</sup> He added that the Clark government had no electoral mandate to scrap New Zealand air combat capability in the first place.

The new New Zealand approach to defence has angered and alarmed the Howard government in Australia and to a lesser extent, the Bush administration in America. By presiding over what is seen as a serious degradation of New Zealand's military capabilities, it was argued that the Clark government may have jeopardised Wellington's future ability to contribute to ANZAC alliance military operations.<sup>47</sup> With the perceived decline in New

Zealand military power projection capabilities, many Australians could not believe that New Zealand, the twentieth richest country in the world, was simply not prepared to assume a fairer burden for the common defence.

Some Australian media commentators have described the New Zealand government's defence policy as the 'bludger's option'. While the Howard government has been more publicly restrained in its comments, it did make it clear there would be 'domestic and international consequences' flowing from New Zealand's new defence policy.<sup>48</sup> In 2004, the Howard government expressed its displeasure by signing a free-trade agreement with the Bush administration that excluded New Zealand, despite the longstanding CER relationship between the two countries.

If the Clark government has paid an economic price for failing to fully align defence and trade with Australia and the US, it probably calculated that Wellington's capacity to take an independent stance on key international issues, such as nuclear weapons, should not be traded for hypothetical economic or political benefits. The Clark government does not equate globalisation with automatic deference to the US, Britain, and Australia in the areas of security or foreign policy.

### *Diplomatic Engagement*

In the era of globalisation, New Zealand governments have continued to uphold the notion of a rules-based international order and to firmly support the UN as the embodiment of the multilateral process. Successive governments have responded to globalisation in a way that has reinforced multilateralism. For small states, globalisation has effectively widened the playing field at the international level in that it facilitates greater participation in global forums and has created fresh possibilities to build new constituencies and coalitions in support of core national goals.

Faced with a new global context, New Zealand governments have generally reacted with a 'can do' approach to diplomacy which rejects the traditional realist view that international influence is dependent on the possession of power or access to it.<sup>49</sup> Indeed, New Zealand has continued to show a presence on the international stage that is out of all proportion to its size. Despite lacking significant economic, military and political leverage, New Zealand has claimed a number of high-profile diplomatic positions. It cannot be ruled out that the refusal of the Lange government to abandon its non-nuclear stance in the face of US pressure helped to build new networks of support. In 1993, New Zealand acceded for a third time to one of the non-permanent seats on the UN Security Council;<sup>50</sup> Don McKinnon, former New Zealand Foreign Minister, was subsequently appointed to the position of Secretary General of the Commonwealth; and former New Zealand Prime Minister, Mike Moore, won a three-year 'split' as Director General of the WTO.<sup>51</sup>

The New Zealand approach to multilateralism in the era of globalisation can be distinguished from that of old allies like Britain and Australia. These countries have tended to behave as if the post-Cold War international system was unipolar, and that globalisation was almost by definition centred on the US, the world's only superpower. According to this view, accessing the benefits of globalisation largely depends on achieving close relations with Washington.

These differences in global perspective have had consequences for both the style and substance of New Zealand's international engagement. In terms of presentation, New Zealand governments tend to be more forthright in supporting multilateral initiatives than some of its allies and friends. For example, Wellington's strong public support for the 1997 Ottawa Treaty banning anti-personnel landmines, the recent establishment of the International Criminal Court (ICC), and the 2004 ruling by the International Court of Justice (ICJ) concerning the illegal status of Israel's new security barrier largely coincided with the positions of Britain and Australia on these issues, countries which favour a 'quiet diplomacy' style on those issues where they disagree with Washington.

With regard to the substance of foreign policy, New Zealand found itself at odds with the Bush administration and its allies on several major issues. One concerns the Kyoto Protocol on climate change, which seeks to place international limits on global warming. Shortly after taking office, President George W. Bush announced that the US was withdrawing from the

Kyoto agreement, citing fears for the effect it would have on the US economy. Australia almost immediately followed America's lead. The Australian Environment Minister, Senator Robert Hill, said the Kyoto agreement was 'dead' without the US's agreement. But New Zealand disagreed and made it clear that it intended to stick by the Kyoto Protocol.<sup>52</sup>

Another issue concerns President Bush's decision to proceed with a National Missile Defense (NMD) system. This system is intended to protect the US and its allies from ballistic missile attacks from 'rogue' states such as North Korea and Iran. The Labour Foreign Minister, Phil Goff, roundly condemned the concept. Citing concerns of China and Russia, Goff said a missile screen would not necessarily protect the US or anyone else from terrorist acts, and 'risks undermining the current network of nuclear arms control and disarmament treaties'.<sup>53</sup> In contrast, the Blair and Howard governments have expressed support for the NMD scheme, and also a willingness to participate in its implementation.

Despite New Zealand's strong commitment to multilateral ideals, its performance in the area of development aid seems to be at odds with these aspirations. New Zealand currently spends just 0.27 per cent of gross national income (GNI) - a figure well below the target level of 0.7 per cent of GNI set by the United Nations in 1970. Proportionately the New Zealand aid programme falls below that offered by most OECD countries, including Australia.

### *New Zealand and the 'War on Terror'*

A similar mix of realism and idealism can be discerned in the Clark government's response to the post-September 11 environment. It has made a substantial but measured contribution to the US-led war on terror. The attacks on New York and Washington DC by al Qaeda, a transnational terrorist network, were a manifestation of the darker side of globalisation and became a powerful symbol in the debate over the term. For some observers, September 11 was a gruesome vindication of the argument that globalisation had widened the gap between the haves and the have-nots, and in doing so created resentment that exploded with the destruction of one of the most famous icons of Western capitalism. For others, the message was entirely opposite, and the solution was not less globalisation but more.<sup>54</sup>

The Clark government adopted a middle-ground position in this debate. It supported President Bush's campaign to hunt down the al-Qaeda terrorist network and extend globalisation, but stressed that this effort must address causes of terrorism such as poverty and poor governance. In concrete terms, New Zealand's support included the deployment of an SAS unit and an air force Hercules aircraft to Afghanistan; the use of an ANZAC frigate, *HMNZS Te Kaha*, an Orion surveillance aircraft and 242 navy and airforce personnel in a Canadian-led force patrolling the Arabian Sea and the Gulf of Oman; the allocation of NZ\$30 million over three years to boost New Zealand's domestic counter-terrorism measures in police, customs, immigration, intelligence, and defence areas;<sup>55</sup> and the passing of the Terrorism Suppression Act to conform with UN Security Council resolutions to tighten legislative measures against funding, harbouring or otherwise assisting terrorist groups. The anti-terrorist legislation had the support of all parties in Parliament, except the Greens. Keith Locke, the Foreign Affairs spokesperson for the Green Party, warned that the bill's provisions undermined individual liberty and threatened lawful protests.

However, the Clark government's support for the 'war on terror' did not include backing a preventive US-led invasion of Iraq in March 2003. The New Zealand Prime Minister stated her government could not support the use of force to disable Iraq's alleged possession of weapons of mass destruction without the explicit authorisation of the UN Security Council. Here, the Clark government parted company with two traditional allies, Australia and Britain, and drew some domestic criticism for indulging in a frivolous moral exercise that compromised New Zealand's national interests. According to the government's critics, the terrorist bomb blasts in Bali in October 2002, killing 3 New Zealanders and 190 Australians, and the apparent reluctance of the Bush administration to negotiate a free trade deal with New Zealand, confirmed that the Clark government was not doing enough in the 'war on terror'.

But the New Zealand Prime Minister was unmoved by such criticism. She argued that an unauthorised attack on Iraq undermined the rule of law and played into the hands of terrorist groups like al-Qaeda. The precarious security situation in Iraq after the formal

cessation of hostilities in May 2003 presumably reinforces Helen Clark's conviction that the UN cannot be bypassed when dealing with problems like international terrorism. Besides, she also argued that New Zealand was pulling its weight in the global struggle against terrorism. Speaking before an Australian audience, Prime Minister Clark argued that in terms of 'per capita, we've probably made one of the highest contributions [in the world] to the military effort against terrorism'.<sup>56</sup>

## Conclusion

In the last 25 years, New Zealand foreign policy has undergone a period of substantial transformation. The advent of intensified globalisation in the early 1980s coincided with profound changes in New Zealand's national identity and how it views its sovereign role in the world. Sweeping deregulation of the economy and an ambitious attempt to improve relations between Maori and Pakeha through the Crown's recognition of indigenous rights has been accompanied by reinvigorated New Zealand support for international human rights, multilateral institutions, and the expansion of free trade. At the same time, New Zealand has moved towards closer relations with the Asia-Pacific Rim and adopted a non-nuclear security policy at the cost of downgrading a strategic alliance with the US into a close friendship only.

On the basis of the evidence presented here, there is little or no support for the hyperglobalist claim that globalisation has emasculated the capacity of the New Zealand sovereign state to act on the international stage. In the pre-globalisation era, it was clear there was never a time when New Zealand was able to project unfettered external sovereignty. For much of its existence, New Zealand foreign policy has been constrained by its geographical isolation, a close political identification with Britain or simply the realities of a hierarchical international order. Therefore, New Zealand foreign policy-makers have tended to treat the advent of globalisation as simply a new element to be navigated rather than a fundamental threat to the state *per se*. Moreover, the foreign policy activities of New Zealand governments during the age of globalisation has increased rather than diminished.

At the same time, this assessment provides little empirical support for the sceptics' claim that the sovereign state - and its foreign policy - remains the driving force behind the globalisation process. New Zealand has witnessed, like many other states, the blurring of the distinction between 'foreign' and 'domestic' issues that is so central to the Westphalian state. The main engine of this process is technology. It is technical changes and new efficiencies of scale and communication that have made state-centred solutions to problems, such as trade, security, global warming, the spread of infectious diseases or the rise of transnational crime, relatively inefficient, and prompted the proliferation of links across borders as well as the emergence of significant non-state actors. For a small state like New Zealand, globalisation has significantly multiplied the benefits of multilateral co-operation.

In contrast, the New Zealand foreign policy in the age of globalisation substantially bolsters the credibility of the transformationalist school of thought. This perspective maintains that the foreign policy of the sovereign state is being re-defined by globalisation because states themselves increasingly recognise they are confronted by new global forces beyond their ability to control. Certainly, successive New Zealand governments seemed to have framed foreign policy on the assumption that the relationship between state sovereignty and globalisation is a two-way street. At the risk of oversimplification, the combination of an acceptance of the essentials of economic liberalisation and a strong commitment to multilateralism seem to have provided New Zealand decision-makers with some latitude in the making of foreign policy. Far from being overwhelmed by globalisation, the New Zealand state has successfully adapted to a radically new global context and, in the process, actually enhanced the projection of its sovereign interests on to the international stage. The adoption of a non-nuclear security policy, the elevation of New Zealand citizens to leadership positions in key international institutions, the successful utilisation of institutions like the WTO, and New Zealand's refusal to support the invasion of Iraq in 2003 by its traditional friends and allies, seem to confirm this point. Thus, while New Zealand sovereignty has been subject to the forces of globalisation, it has served as an agent of globalisation, for both self-interested and normative reasons.

However, while many observers agree that New Zealand's foreign policy has been generally effective in navigating a globalising world, some believe that it has been less successful in striking the right balance between preserving state autonomy and respecting the interests of friends and allies in the specific area of security. It is sometimes argued that New Zealand could substantially improve its relationship with the US by lifting the ban on nuclear-powered ships without sacrificing its nuclear free status. But there seems little public support for such a move in New Zealand, and any government that went down that path runs the risk of being punished at the polls. New Zealand's non-nuclear strategy continues to be seen by many Kiwis as a core national interest. In the circumstances, it will be politically difficult for any government in Wellington to take action that could be construed as a watering down of that policy, especially if it is seen as an attempt to placate American strategic interests.

On the other hand, it is hardly a core national interest for Washington to maintain a policy of neither confirming nor denying that its ships are carrying nuclear arms or nuclear powered when entering New Zealand waters. The Cold War has been over for 16 years, curbing the threat of nuclear proliferation is now a key international priority for Washington, and the US could follow the precedent of Britain and France in the mid-1990s and fully accept the requirements of New Zealand's anti-nuclear legislation. Such acceptance would not provoke the sort of domestic political crisis that New Zealand would surely experience if it made concessions on this issue. In other words, if we compare the scope for compromise that the US and New Zealand have on the non-nuclear issue, Washington has much more room for manoeuvre.

Critics of Helen Clark's 2001 defence restructuring which, amongst other things, abolished New Zealand's air combat strike force, also emphasise the negative impact that this policy has had on the Howard administration in Australia. While the Howard government has been measured in its public comments on Ms Clark's defence policy, there is a general concern in Canberra that Australia's neighbour has not been pulling its weight on defence. The 2004 Australian-US trade agreement, excluding New Zealand, apparently reflected this frustration. Further, it is argued that if Wellington continues to ignore Australian concerns on security, it will only do so at the cost of losing influence on other issues, like the idea of a currency union, that are favoured by the Labour-led government.

But defenders of Ms Clark's defence restructuring believe it was a courageous and a far-sighted recognition that small or medium size states must take account of the escalating costs of modern defence equipment when formulating policy. If resources are limited for spending on defence, it is contended that governments must make tough choices on prioritising these resources. The Clark government decided to concentrate its defence expenditure on improving the quality of the New Zealand army because it was regularly required to contribute to often high-profile international peacekeeping missions. By the same token, the Labour-led government withdrew funding of the air combat strike force because it was rarely used in operational terms and was very expensive to maintain. Thus, the Clark government opted for 'depth' rather than 'breadth' in its allocation of defence resources.

Nevertheless, on balance, there are grounds for believing that the transformation of New Zealand's foreign policy in the age of globalisation remains incomplete in the area of Trans-Tasman security relations. While New Zealand governments have consistently advocated the application of hard-headed multilateralism to global security challenges, the Clark government has tended to downgrade the common strategic interests of New Zealand and Australia. This almost unilateralist stance, epitomised by the radical 2001 defence restructuring programme, flies in the face of the close economic and political ties with Australia that the Labour-led government actively seeks to promote. There was no electoral mandate for Labour's new defence policy and there was no real defence debate on the proposed changes prior to their implementation in 2001. At the same time, there is little evidence that the Labour-led government engaged in much prior consultation with its closest ally about the shape of its new defence policy, despite the fact that Australia would be substantially affected by such changes. All this seemed to be based on the curious assumption that New Zealand's security policy could be somehow compartmentalised from other aspects of its interaction with a key-trading partner such as Australia. For a transformationalist state like New Zealand, the current approach to security relations with Australia remains something of an anomaly.



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## End Notes

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