



# **Commercialising National Identity:**

**A Critical Examination of New Zealand's America's Cup  
Campaigns of 1987, 1992 and 1995.**

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of Master of Arts (Communication Studies).**

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## **Attestation of Authorship**

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I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or other institution of higher learning, except where due acknowledgement is made in the acknowledgements.

**Bryn Evans**

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## Abstract

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This thesis analyses forms of New Zealand national identity constructed in conjunction with successive America's Cup campaigns in 1987, 1992 and 1995. It is argued that New Zealand national iconography was appropriated by government and corporate interests and utilised as a mechanism for corporate capital accumulation and legitimation.

The first New Zealand challenge was set against a background of neo-liberal policy reform initiated by the fourth Labour government in 1984. The comprehensive economic and social policy implementation had multiple negative effects for New Zealand's political economy. This thesis undertakes a comprehensive analysis of these effects and argues that the commitment to neo-liberalism resulted in both the means for a New Zealand America's Cup syndicate and the necessity for an event which could obscure New Zealand's economic decline. National identity was reformulated through America's Cup nationalism to incorporate the values of neo-liberalism.

As a result of the entrenchment of neo-liberal values, the needs of corporate interests and state enterprises to define citizens as consumers concluded in the commercialisation of culture. This thesis argues that the pursuit of effective corporate branding strategies led to the appropriation of symbols and images of national identity by corporate interests. The 1992 and 1995 America's Cup challenges represent the convergence of the discourses of sport, media and capitalism under the shared agenda of capital accumulation and legitimation. This convergence was structured around a commercialised conception of national identity which bore little relation to the social and economic reality experienced by many New Zealanders.

## Introduction

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In 1987, off the coast of Fremantle, Western Australia, a New Zealand syndicate challenged for yachting's biggest trophy, the America's Cup. The New Zealand yacht, KZ7, won 37 of 38 races in the challenger rounds, losing to Dennis Conner's Stars and Stripes in the challenger finals. Although campaign manager Michael Fay, skipper Chris Dickson and the returning New Zealand crew were not able to win the America's Cup, they captured the imagination of many New Zealanders. This was illustrated by the 'tumultuous welcome' they received at the welcome-home parade down Auckland's Queen Street (Unattributed 1987a: A1).

The promotional campaign, which started long before the New Zealand boats were built, portrayed the challenge as a sporting embodiment of New Zealand national identity. The participants represented qualities allegedly possessed by New Zealanders. The boats were a technological embodiment of Kiwi know-how. The success of the syndicate would lead to economic benefits to be shared by all.

However, the expressions of national identity articulated in the America's Cup campaign were often incommensurate with traditional conceptions of New Zealand-ness. America's Cup yachting was an elitist, essentially non-participatory sport, the preserve of millionaire entrepreneurs and industrialists. Greed, aggressiveness, and self-aggrandisement seemed to follow the America's Cup wherever it went. New Zealand, with a long-standing self-image of egalitarianism, social democracy and rural practicality seemed ill suited for a multi-million dollar yachting endeavour.

The timing of the KZ7 challenge, and the ideals it expressed, was no coincidence. The head of the syndicate, merchant banker Michael Fay, was part of a new breed of finance capitalists who were gaining economic power and political influence courtesy of the fourth

Labour government elected in 1984. This thesis argues that the expressions of national identity which followed the New Right policy agenda reflected the transformation of New Zealand's political economy.

This argument does not criticize the new constructions of national identity in the light of a golden age when New Zealand-ness stood for authenticity. Instead, traditional conceptions of national identity are depicted as a contestable ideological mechanism. By contrast, the expressions of New Zealand-ness associated with the America's Cup challenges emanated from the neo-liberal ideas which had gained ascendancy within government and business. At the same time, the application of these ideas was eroding New Zealand's productive industries and economic sovereignty.

*Commercialising National Identity: A Critical Examination of New Zealand's America's Cup Campaigns of 1987, 1992 and 1995*, draws upon critical political economy, historical narrative and textual analysis to examine America's Cup nationalism.

Chapter One delineates the theoretical approach which informs this investigation. More specifically, it looks at how national identity is constructed, culturally and ideologically. In this context, the intimate relationship between sport, mass media and national identity in late capitalist societies is discussed.

Chapter Two outlines constructions of New Zealand national identity up until the 1984 election. Key developments include the transformation from settler colony to independent nation-state, the adoption of Keynesian macroeconomic policies and the establishment of the welfare state. It is argued that the political economy of the nation incorporated particular understandings of citizenship. The role of sport and mass media in constructing this sense of New Zealand-ness is also considered.

In Chapter Three, the neo-liberal revolution which followed the election of the fourth Labour government in 1984 is examined. The central precepts of neo-liberalism are identified and related to the specific economic policies which were implemented by



Finance Minister Roger Douglas. The resulting share market boom and the associated rise of entrepreneurial nationalism are contrasted with the destruction wrought upon the productive economy.

Chapter Four profiles two of the new proprietors of wealth and power in New Zealand, Michael Fay and David Richwhite. Their success is measured against the emergence of the neo-liberal policy agenda. This chapter then critically analyses the 1987 America's Cup campaign spearheaded by Michael Fay. The nationalist hype associated with the marketing and media coverage of KZ7 is considered. Analysis of media texts concerning the event is conducted to establish the supposed features of New Zealand-ness. Finally, the national sentiments promoted through the 1987 America's Cup challenge are linked to the entrepreneurial nationalism of the share market boom.

Chapter Five continues the political economic analysis of New Zealand in the wake of neo-liberal policies. Of particular concern are the share market crash of October 1987, the government's privatisation programme and the ensuing influx of foreign investment. The increased prevalence of transnational capital and the nation's commitments to supra-national arrangements are equated with the loss of economic sovereignty.

The increasing commercialisation of culture is the subject of Chapter Six. Discussion centres upon corporate branding strategies which include the appropriation of national iconography. The commercialisation of the state broadcaster, TVNZ, is outlined to demonstrate how cultural commodification proliferated in the wake of neo-liberalism. Finally, the interconnection between sport, mass media and consumerism is considered.

Chapter Seven ties together critical political economy, historical analysis and textual analysis to critique the 1992 and 1995 America's Cup campaigns. It is argued that the agendas of television, advertisers and sport organisations converged to the point where a commercialised nationalism enveloped the country. Team New Zealand's victory in 1995 was subsequently portrayed as a vindication of the free-market policies instigated over the past 11 years.

# CHAPTER ONE: Theoretical Framework

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*'The political economy of communication is an area that will always be discomfoting to powerful interests in inegalitarian societies'*

(McChesney 2000: 112)

This chapter defines the parameters within which a critical investigation into constructions of New Zealand national identity focusing on the America's Cup campaigns in 1987, 1992 and 1995 will take place. In order to track the changes in dominant conceptions of national identity in New Zealand from pre- to post-1984 and beyond, an historical narrative has been combined with a critical political economy. Several concepts must be defined before proceeding. Firstly, this chapter will explain critical political economy and how it differs from mainstream economic theory. Secondly, the implications of applying such an approach to the study of national identity will be discussed. Thirdly, the nexus between sport, media and national identity will be considered. This will delineate the boundaries of this study and the issues that must be attended to throughout, as well as the pitfalls that ought to be avoided.

## 1.1 Critical Political Economy

The great explanatory strength of critical political economy lies in its 'ability to provide compelling accounts of economic structures and their effects on politics and ideology' (Meehan, Mosco et al. 1993: 105). In defining this approach, it is useful first of all to consider what critical political economy patently *isn't*: that is, economics. Political economy predates classical economics as an academic discipline. Vincent Mosco maintains that the classical political economy of Adam Smith and David Ricardo transformed, by the late nineteenth century, into the neoclassical approach to economics, and has since become known as simply 'economics' (Mosco 1996: 22). Under the influence of modernisation and the associated desire to produce scientific

models for all areas of study, the previously broad political economic field was distilled into models and equations concerning values and equilibrium. A move from studying concrete objects to concentrating on their abstract properties meant that economics became predominantly concerned with ‘determining the economic constants that constituted the stable underlying reality for a world undergoing massive transformation’ (Mosco 1996: 18). A major consequence of the emphasis on defining constants was that capitalist structures began to be perceived as a given, rather than manufactured, element of economic existence. Neoclassical economics, the dominant framework in academic institutions and the business sphere, is thus criticised by critical political economists on the following grounds: neoclassicism is too narrow in its focus, ignorant of historical and social context, obsessed with the operations of the market and oblivious to the public good. Furthermore, structural factors of ownership are viewed as given and neutral.

Critical political economy is founded on a somewhat different set of principles. The very fact that it describes itself as ‘critical’ connects it to various Marxist critiques of capitalism, but to equate it entirely with Marxism invokes (to some) an economic determinism that critical political economy goes to great lengths to avoid. Critical analysis must start from a broad view of the social order of which economic systems are but a part. Golding and Murdock (1996) argue that critical political economy differs from what they call ‘mainstream’ economics in four main respects.

Firstly, instead of considering economic life in a vacuum, the relationship between economic structures and political, social and cultural life is crucial to a complete social analysis. This requires factoring in issues such as social class, usually the preserve of sociology; the actions of governments, as studied by political science; as well as the analysis of markets, which is the mainstay of economics. This holistic focus invests scope in the discipline, and allows for careful consideration of the connections between otherwise discretely studied areas, expanding them all in the process. Thus, instead of focusing on the process of exchange in the market and defining ‘freedom’ as the freedom of consumer choice, critical political economists pay special attention to the organisation of property and production, in an attempt to understand how the control over the means of production affects social relations, especially relations of power. This does not mean critical political economy holds that all social relations can be reduced to

economic power; such economic determinism is simplistic and ignores the vast array of social, political and cultural interactions that take place constantly in every society and the power they have to constitute reality. Economic forces are important in that they provide the environment within which interactions take place, but they do not wholly determine social acts.

Secondly, critical political economy is historical – or, according to Mosco, has ‘traditionally given priority to understanding social change and historical transformation’ (Mosco 1996: 27). Baran and Sweezy contrast this approach with the neoclassical economic method: ‘Anti-historical to the core, present-day bourgeois economics scorns any effort to investigate the nature of the changes that are taking place or where they are leading’ (Mosco 1996: 7). Thus, critical analysis must consider social and economic conditions with an understanding that they are taking place in a specific historical context. This in turn leads to a greater ability to temporally contextualise relations, and a clearer understanding of the directions history has taken and is taking.

Thirdly, a central concern of political economy is the balance between capitalism and democracy, between private ownership and public intervention. In 1984, New Zealand underwent perhaps the most rapid and comprehensive change from a regulated to a free-market economy in the modern developed world. Critical political economy provides a uniquely suited methodology for analysing the cultural and normative consequences of this market reform.

Finally, critical political economy considers science and morality to be interconnected, arguing that judgements and conclusions cannot be drawn with reference only to technical data. Its recognition of moral philosophy is a key determinant in the approach taken by its proponents. In refusing to detach ethical concerns from critical analysis, it ‘goes beyond technical issues of efficiency to engage with basic moral questions of justice, equity and the public good’ (Golding and Murdock 1996: 14). This is a problematic position to maintain in post-enlightenment societies where science and morality are seen as fundamentally separate. A principal issue in the transition from political economy to economics was the latter’s contention that values are only relevant in terms of market choice, that the only value that has any real significance is the consumer’s preference for a given commodity. Adam Smith, however, took a moral

position in his economic theory: he saw markets as morally superior because they gave consumers a free choice between competing commodities and only the goods which provided satisfaction would survive. But even such a protagonist of capitalism as Smith recognised that private enterprise would not, by itself, fulfil all the needs of a good society (Golding and Murdock 1996: 18). He foresaw problems particularly in the sphere of cultural production.

## 1.2 A Critical Political Economy Approach to Nation-States and National Identity

A critical political economy of the nation state and the cultural phenomenon of national identity, then, must be prepared to consider each of the four aforementioned elements in order to assess the relationship between national identity and forms of social power. Accordingly, I have attempted to establish a perspective on national identity which is centrally concerned with asking three questions. Firstly, what economic forces have been involved in the construction and continuation of the ‘era of the nation-state’? Secondly, how do certain conceptions of national identity achieve cultural dominance in particular socio-politico-historical environments? And thirdly, how do particular incarnations of national identity work as ideologies?

The meaning of the term ‘ideology’ is ambiguous and difficult to pin down. Terry Eagleton has said that the most widely accepted definition of ideology is that it has to do with the ways in which meaning serves to legitimate the power of a dominant social group or class (Eagleton 1991: 5). There are two major problems which arise from such a definition. Firstly, not every instance of a statement which is deemed ideological stems from a dominant political power<sup>1</sup>. However, if one is to respond to this definitional difficulty by widening the scope of what can be classified as ideological to include all ideas associated with political action ‘risks broadening the concept of ideology to the point where it becomes politically toothless’ (Eagleton 1991: 6). For the term to remain useful, then, not *everything* can be said to be ideological.

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<sup>1</sup> For instance, the doctrine of socialism, or the beliefs of the suffragettes.

Secondly, defining ideology in this manner tends to lead to the conclusion that all utterances or discourses defined as ‘ideological’ are inherently false: consisting ‘simply of a collection of distorting perceptions of reality and empirically false propositions’ (Eagleton 1991: 18). This is akin to viewing ideology as a sort of ‘false consciousness’. There has, according to Eagleton, been plenty of opposition to this conception of ideology, with several main arguments posited to discredit this theory. The first is based on the argument that humankind is, in the majority, a rational species, and that as a result of this it is unlikely that vast numbers of people, across multiple historical periods, would maintain ideas and beliefs which did not contain an element of truth. Ideologies are, according to this position, built upon a genuine foundation which encodes ‘genuine needs and desires’ (Eagleton 1991: 18).

A second argument against classifying ideology as false consciousness is that many statements that may be commonly characterised as ideological are, empirically at least, *true*. However, statements with a true empirical meaning often have a force, an implied meaning, which means something completely different, and which is *not* true. For example, a newspaper headline may read ‘Maori spiritual claim may prevent housing development’. This claim may indeed be empirically true, but if this headline is produced by a neo-liberal-leaning publication with an interest in maintaining the freedom of industry to operate, the force of the statement may very well be that ‘Maori are typically obstructing progress’.

A third argument against false consciousness comes from Louis Althusser’s contention that the truth or falsity of representations of the world is irrelevant, as ideologies are less propositions about the world and more ‘a particular organisation of signifying practices which goes to constitute human beings as social subjects, and which produces the lived relations by which such subjects are connected to the dominant relations of production in a society’ (Eagleton 1991: 18). Ideology is, for Althusser, not so much a cognitive process as an unconscious relation between the individual and the social reality which shapes his or her perceptions of the world. Nonetheless, lived experiences *can* be true or false: as Eagleton points out, all lived relations tacitly involve beliefs and assumptions, and these beliefs and assumptions can be examined for truth or falsehood (Eagleton 1991: 21). It is certainly common for one to think back on life experiences and interpret them completely differently in hindsight.

In light of these questions of the accuracy of the aforementioned definition of ideology, I have chosen to subscribe to a more complex definition that addresses the issues that have been discussed. This definition has been suggested by Raymond Geuss, who describes it as a ‘pejorative’ definition of the concept. This definition classes ideology as ‘a set of values, meanings and beliefs which is to be viewed critically or negatively’ for any of these reasons:

*True or false, these beliefs are sustained by the (conscious or unconscious) motivation of propping up an oppressive form of power ... Alternatively, ideology may be viewed critically because the ideas and beliefs in question, whether true or not, discredibly or deceptively motivated or not, breed effects which help to legitimate an unjust form of power. Finally, ideology may be thought to be objectionable because it generates ideas which either because of their motivation or function or both are in fact false, in the sense of distorting or dissimulating social reality. (Eagleton 1991: 43)*

The concept of nation-state is an unarguably important one in modern society. The world is made up of nation-states. Although phenomena associated with globalisation have given rise to arguments that the nation-state is becoming increasingly irrelevant as a system of organisation, in the early twenty-first century the planet is still ordered by national boundaries – political, cultural and economic. Millions have given their lives in the name of their country. No other form of collective identity has yet developed which can instil comparable feelings of passion, of love, and of hatred, as can identification with one’s homeland. Nation-states are, however, more complicated to define than one may at first expect. In order to fully understand this concept, it helps to look at both of its components – ‘state’ and ‘nation’ – one by one first.

The liberal conception of the state as ‘quintessentially a structure exercising absolute power and authority in society’ is, according to Locke, based on the premise that that society and the state exist to protect the rights of the individual (Camilleri and Falk 1992: 18). Elie Kedourie describes the state as ‘a collection of individuals who live together the better to secure their own welfare, and it is the duty of rulers so to rule as to bring about ... the greatest welfare for the inhabitants of their territory’ (1993: 2). The legitimacy of the state is derived from the consent of its citizens, and such consent is

only given in return for the assurance of this protection of interest. The pursuit of the national interest is thus the recognised *raison d'être* for the state, and this is to be achieved through exercising political and economic sovereignty. The application of political sovereignty requires that the state hold absolute power over political authority within its territorial boundaries, power which stems from the collective will of the population (according to Hegelian idealism) or at the very least their general consent. Economic sovereignty, meanwhile, consists of the ability of the national government to 'control economic activities which take place within, or impact upon, the country' (Kelsey 1995: 368). Such facets include the country's currency flows, exchange rates, levels and sources of foreign debt, taxation, imports and exports, interest rates, money supply, labour costs, investment strategies, levels of state and foreign ownership, exploitation of natural resources, and the control of essential utilities. Citizens of a state are thereby encouraged to assume that through their means of political representation they will have the ultimate power of governance over the economic destiny of their country. As a state-centric conception of the world grew stronger it was legitimised by the creation of international organisations, such as the short-lived League of Nations and the United Nations (after World War II). The UN was based upon the membership of independent states, and a system of international relations based on the fundamental principles of sovereignty. The primary rule concerning international relations was that sovereign states could not allow other political entities to ascribe their own rules on its territory.

The state has, since the advent of capitalism, supplied the necessary structural system – the legal framework, the powers of coercive force, the network for transport and communications – within which capitalists can continue to pursue their primary objective, the accumulation of capital. Without the sanction of the state to ensure social stability, the enforcement of property rights, and above all a steady source of the primary resource of labour, capitalism, which usually consists of a distinction between the holders of economic power and the enforcers of political power, would have no capacity to function. Thus, 'capitalists ultimately depend on coercion by the state to underpin their economic powers and their hold on property' (Saad-Filho 2003: 127).



Although nation-states have achieved worldwide political dominance, the process of defining the characteristics necessary or sufficient to comprise a nation remains problematic:

*... I am driven to the conclusion that no "scientific definition" of the nation can be devised; yet the phenomenon has existed and exists. (Anderson 1991: 3)*

Nations, according to Habermas, 'were originally communities of shared descent, integrated geographically through settlements and neighbourhoods and geographically through their common language, customs and traditions; but they were not yet integrated politically through the organisational form of a state' (1998: 401). One's nationality, however, cannot be simply reduced down to a set of clear, objective criteria that all members of a given nation will possess. Some nations contain multiple ethnic groups; some have multiple official languages. Some ethnic groups are spread across more than one nation. The difficulties inherent in defining such a concept are illustrated primarily in the sociological argument between primordialists and modernists.

Primordialists such as Edward Shils and Clifford Geertz view nationality as something rooted in ancient history, pre-dating the material conditions of modern society. Hegel's conception of *Volksgeist*, a national culture which is the manifestation of a communal essence, considers the national identity to be a spirit of the people, related to the nation as a human mind relates to a human body. The national culture that we experience is, according to this premise, a manifestation of an underlying reality inherent in human nature. A theory borne of the Romantic Movement, nationalism railed against the Enlightenment appeal to reason, individuality, and human universality. Romanticism valued emotion over reason: reason is universal (what it deems valid is valid for all, at all times, in all places), while emotion is, in contrast, culturally specific, based on 'associations engendered and sustained by shared sentiment, shared by the members and *not* shared by the outsiders, the non-members' (Gellner 1998: 67). Humanity, according to Herder, perhaps the most significant Romantic-era promoter of nationalism, was composed not of atomised individuals who shared a common trait of universal reason which overshadowed and laid irrelevant their culturally specific traits, but of nations and cultures, whose essence and value lay precisely in their specificity (Gellner 1998: 68). The merit of humans lay in the qualities found in their respective culturally

distinguished communities. The dangers inherent in such a view – the next logical step may be an appreciation of not only cultural, but also *racial* purity – have linked the primordial position to xenophobia and cultural intolerance. Primordialism has also been largely theoretically discredited on the grounds of its inability to account for the diversity of characteristics of which specific cultures may or may not be comprised. The conception of a homogenous unit inside the nation, which can be distinguished from the ‘Other’ – the multitude of different cultural groups that comprise the rest of the world – by a common national culture, is plainly simplistic. The internal composition of the nation invariably includes many culturally divergent groups, and in many cases the practice of nation-building has included an attempt to assimilate the minority or immigrant cultures into that of the dominant group.

Modernists, on the other hand, consider the doctrine of nationalism to be a recent cultural phenomenon engendered by the combined social forces of industrialism, capitalism, bureaucracy, mass communications and secularisation (Smith 1995: 35). The principal fact supporting this position is that ‘culture and social organisation are universal and perennial. States and nationalisms are not’ (Gellner 1998: 5). Historians agree that the nation-state, along with its corresponding nationalist attachments, dates back, at the very earliest, to around the seventeenth century, but perhaps did not originate until the eighteenth century. Arguments that the nation-state is a ‘natural’ form of human organisation, then, are unfounded. The modernist argument is perhaps best represented by Benedict Anderson, who has suggested that the nation is ‘an imagined political community – and imagined as both inherently limited and sovereign’ (Anderson 1991: 6). Accepting the imaginary nature of the nation thrusts us into the realm of representations and reproductions, where the battle for control of the national imaginary rages. Discourses and systems of symbolic representation are thus fertile areas of study into the constitution of national identity, and the ideological work that is done by various identity constructions (Taylor and Weatherall 1995: 69).

Nationalism can therefore be described as the ideology which permits nation-states to exist, an ideology which is so widely held and taken for granted in modern society that a strong argument can be made for nationalism being ‘the most successful ideology in human history’ (Billig 1995: 24). The doctrine of nationalism holds that national identity is the paramount collective identity in human society, and as such the political

expression of that identity is the only legitimate foundation for centralised government. The nation-as-people should have their own nation-as-state, an idea which presupposes that there *are* such things as national peoples. National self-determination is thus *the* fundamental right of modern civilisation. The ideology of nationalism works to naturalise the existing system of national and international identification, so that to conceive of oneself as a citizen of a particular nation and therefore distinct from a foreigner is ‘normal’. If a nation is to claim its sovereignty in a world of nations, each of which contains a ‘national’ people, then the construction of a national identity that transcends the disparate members of the state is a primary concern. Nationalism must be collective; there must be a majority of citizens who share the definition of the national culture in order to maintain the state. Michael Billig asserts that ‘the battle for nationhood is a battle for hegemony, by which a part claims to speak for the whole nation and to represent the national essence’ (1995: 27). The struggle for the power to speak for the nation between different sub-cultures – classes, genders, ethnicities and religions, among others – within the national culture is ongoing; the idea that the nation speaks with a unified voice is, to put it bluntly, a ‘fiction’ (Billig 1995: 71). But the appearance of such a singular voice must be maintained; the concept of self-governance relies on the premise that the nation is a single agent which can achieve self-consciousness, and therefore form a coherent structure of policy (Pulkkinen 2001: 52). Nationalism is unarguably a powerfully emotive force – it has, on countless occasions, managed to engender such devotion that millions have sacrificed themselves for the sake of their country.

A critical political economy approach to nation-states must be sceptical of the liberal claim that a plurality of interests is being served, equally and justly, by the prevailing system. At the same time, it must not fall prey to the instrumentalism of ‘vulgar’ Marxist analyses that characterise the nation-state as a system of mass manipulation. The nation-state system is by no means entirely reducible to the imperatives of capitalism. To claim that people have no choice whether or not to identify themselves primarily as a citizen of their nation, over and above other possible identities, is to underestimate the individual’s capacity to actively participate in his or her own psychological processes. A shared national identity doesn’t necessarily preclude a heterogeneity of cultural identities from co-existing in the same state. Likewise, to claim that the bond forged between people in the name of their country is an unqualified

evil is vastly simplistic. Jurgen Habermas, for instance, argues that the growth of ‘popular national self-consciousness provided the cultural background against which “subjects” could become politically active “citizens”’, making possible for the first time ‘a relation of solidarity between persons who had previously been strangers to one another’ (1998: 402). However, the tendency of national identities to claim a non-existent homogeneity that reflects the beliefs and values of elites must not be overlooked. Any form of identification, like any form of power, involves ‘a relationship, a dynamic, and ... the relationship involves human agents struggling over resources and outcomes’ (Sugden and Tomlinson 2002: 6). This perception of power echoes Anthony Giddens’s structuration theory, which views structures not solely acting as barriers to action, but also facilitating certain forms of action: ‘Structure is not to be equated with constraint but is always both constraining and enabling’ (Giddens 1984: 25). The aim, then, is to analyse the *struggle* for identity, and to look at the part that various specific factors (in this case economic and social power and the institutions of sport and the media) play in determining its outcome.

We can see that national identity, far from being an immutable, concrete substance, is a (very powerful) form of cultural identity. In order to define the parameters within which to examine national identity, this thesis takes Raymond Williams’ ‘social’ definition of culture as a starting point. Williams says this definition of culture describes ‘a particular way of life, which expresses certain meanings and values not only in art and learning but also in institutions and ordinary behaviour’ (1961: 41). David Novitz argues that a ‘colligatory’ account of culture has come to dominate in anthropological spheres. According to W.H. Walsh, the term ‘culture’ is a collective noun which:

*is employed in a way which marks off groups of people by collecting together, or colligating, their characteristic and mutually dependent patterns of action and interaction, as well as the values, beliefs and knowledge which guide them.* (Novitz 1989: 280)

This definition of culture is useful because it can, by collecting together behaviour patterns, institutions, values, bodies of knowledge and systems of belief, determine the character of a particular culture, and attempt to explain and predict human behaviour and social change (Novitz 1989: 281-2). In addition, unlike *Volksgeist*, it is versatile enough to be applied to any peoples, whether ancient or modern, religious or secular,

sovereign or subject. But analysing culture also requires examining such facets of social life as ‘the organisation of production ... the structure of institutions which express or govern social relationships, the characteristic forms through which members of the society communicate’ (Williams 1961: 42). The colligatory concept of culture also provides a structural explanation of why cultural identity is such a contested sphere, and why hegemony is so effective in shaping that identity. Any attempt to define a culture must do so by collecting certain characteristic phenomena and bringing them together. The demarcation process which achieves this function consists of deciding which aspects of a particular culture to focus on, which to include, and which to exclude altogether. According to Novitz, collections always reflect the interests of the collector, and the gathering and organising of human phenomena to define culture is no exception. He cites the example of Pakeha demarcations of Maori culture ‘in ways which suit their own interests: either by ignoring its land-based nature and emphasising relative trivia – action songs and poi – or else by denigrating it and emphasising military exploits, massacres and cannibalism’ (Novitz 1989: 283). Any demarcation of culture, then, is subject to the inherent quandary that the beliefs or objectives of the demarcating group are likely to influence the features that are considered relevant in the demarcation process.

From a Marxist perspective, this structurally-influenced process is instrumental in the reproduction of class in capitalist societies. While Weberian thinkers believe that power and status are end results of relations of distribution, Marxists argue that both power and status are ultimately determined by the relations of production. In a capitalist system, production is based on the exploitation of the subordinate class by the bourgeoisie. If the system is to continue, this relationship must be continually reproduced; Marx believed that this reproduction was the task of the state and of ideology: power being secured through the state, and status through ideology. Both are thus viewed as mechanisms for the reproduction of the class system. The control of the means of production by the dominant economic interests does not, however, guarantee that the dominated class will submit to exploitation. Therefore, a dominant class is ‘compelled ... to represent its interest as the common interest of all the members of society ... it has to give its ideas the form of universality, and represent them as the only rational, universally valid ones’ (Marx and Engels 1998: 191). Again, one needs to avoid an overly deterministic interpretation of Marxism, such as instrumentalism, which tends to

regard this process of reproduction as straightforward ideological domination, with the values of the bourgeoisie being imposed as mass culture on a passive subordinate class. Gramsci's theory of hegemony goes some way towards providing a solution to this tendency by depicting the imposition of culture as a struggle not for domination but for the moral, cultural, intellectual and, thereby, political leadership over society (Bennett 1998: 220). Rather than imposition alone, the exercise of hegemony is also a negotiation between bourgeois and working class culture, a mechanism for conciliation between the classes which operates by making concessions to subordinates, while remaining ultimately committed to the interests of the ruling classes.

Thus, for states and national identities to perform their reproductive duties, it is imperative that they appear, to the public at large, to be unaffiliated to any class interest, to be operating on behalf of the general interest. For this appearance to foment, states and national identities must have a measure of actual autonomy from class. However, the actual autonomy and the apparent autonomy are two very different things. The state, therefore, must appear to be representative of the interests of all members of the community. And ideology must appear as a set of values held consensually by the citizens of the state – a truly national culture (Bedggood 1980: 47-8). Novitz argues that this national culture is, in reality, demarcated in most societies by the dominant members in line with their interests. The elites then attempt to foster this same perception in subordinate members through the media, religion, sports and education, achieving a hegemonic situation in which dominated classes consent to the dominant conception of national culture, which, according to Gramsci, 'is absolutely necessary for a stable government in capitalist societies, and it involves developing what Karl Marx has called 'false consciousness' among the dominated classes' (Novitz 1989: 284). Claudia Bell likewise argues that national identity is a politically motivated invention, comprised only of things that are in the interests of certain social groups, not taking into account people's different backgrounds and experiences, and 'fostering a fake unity expressed in terms like 'in the nation's interests'' (1996: 8-10). This conception is somewhat simplistic, as it doesn't take into account the real cultural foundations upon which the imagined national identity is based. As Terry Eagleton points out:

*... ruling ideologies can actively shape the wants and desires of those subjected to them; but they must also engage significantly with the wants and desires that*

*people already have, catching up genuine hopes and needs, reinflecting them in their own particular idiom, and feeding them back to their subjects in ways which render these ideologies plausible and attractive.* (Eagleton 1991: 14-15)

A more subtle view is that national identity is a site of cultural contestation by numerous social groups throughout the nation-state. Critical political economy argues that though this is the case, the power to define the social environment in which culture is constructed is consistently dominated by those groups that hold political, economic and cultural power in a given nation-state. A nation's identity is therefore inextricably entwined with its political economy.

### **1.3 Sport, Media and Nationalism**

Accepting the premise that national identity is not a fixed objective fact but a cultural product, a shifting terrain of ideological confrontation, places a great deal of importance on how the media participates in representing and constructing the nation. The geographical size and the population of nation-states means that understanding and identifying with nations based on personal experience alone is impossible. People in modern societies rely on media for a large proportion of their information. To misquote John Eldridge, television and newspaper representations are, for many people, the lens through which they view national identities (1997: 163). In order to justify why a critical political economy of the media is so important in the analysis of dominant constructions of national identity, it is helpful to take a look at the general set of theories regarding the importance of mass media in modern capitalist societies. In doing so, I will discuss where liberal, pluralist conceptions of the media and society coincide with those of critical Marxian theories, and where the two perspectives diverge.

Liberal and critical views both agree upon several key functions that the media is uniquely suited to performing. These roles ultimately rest upon the condition of legitimate authority. According to liberal democratic theory, the achievement of legitimate authority is achieved through the popular consent of the citizenry. Citizenship is regarded as universal, meaning all members of society must be able to participate fully in the discussions and decision-making processes which determine the policies of the state. Bagdikian speaks of the media's role in connecting the individual, whose

information is limited by his or her own experience, to ‘the unseen affairs of the community, the nation and the world’ – information which is essential if the citizen is to play any kind of active role in the affairs of the larger community (1992: 4). The media is thus seen as an essential means of providing ‘the broadest possible range of information, interpretation and debate on areas that involve political choices’ (Golding and Murdock 1996: 18). At the same time, communication cannot be restricted to a one-way flow. Opportunities for dissent and debate must be provided if representation is to be complete. The concept of the ‘public sphere’, as elaborated by Habermas (1989), provides a comprehensive description of this ideal mediated environment, a space where public affairs could be debated freely and rationally. Although Habermas’s historically defined ‘bourgeois public sphere’ was restricted to privileged male citizens, the conceptual framework provides a structure which could, if extended to include the diverse interests of society, result in a situation approximating the democratic ideal. To this end, according to Golding & Murdock, ‘This general idea of a communications system as a public cultural space that is open, diverse, and accessible, provides the basic yardstick against which critical political economy measures the performance of existing systems’ (1996: 18).

Liberal and critical theories differ, then, not in their conception of what constitutes the social duty of the media, but in how this end can best be achieved. Liberal theory concludes that since the free market offers the most efficient regulation of production and distribution of goods, and cultural products are goods, ‘like cheese’, subject to the laws of demand just like any other, then the market provides the best environment for the organisation of the media (Veljanovski 1990: 17). Because the market is comprised of freely competing firms, the survival of which is based upon their ability to attract and maintain customers, the wants and needs of consumers ultimately determine the nature of the goods the corporations will supply (Murdock 1982: 12). Public intervention thus ought to be minimised, as this distorts the operations of the market. The anti-interventionist view is strengthened by the liberal theory that the media should act as a ‘watchdog’, checking the power of the state, a view which dates back from the days when government was considered ‘the ‘seat’ of power and main source of oppression’ (Curran 2000: 121). In order for the media to operate effectively in this capacity, it is essential that they retain absolute independence from government – a condition that,



liberals argued, can only be achieved by ‘anchoring media to the free market’ (Curran 2000: 121).

Critical political economy, in contrast to liberal theory, begins by focusing not on the exchange of products in the marketplace but on how the economic and political conditions of production influence the characteristics of the media products available for consumption. McChesney defines the first dimension in a political economy of communications as consisting of an analysis of the relationship between media and the broader social structure of society (2000: 110). The critical approach, by considering the social totality, recognises that the products of the cultural industries *are not*, in fact, ‘like cheese’. By applying a broader theoretical analysis than liberalism to include not only the economic but also the symbolic aspects of culture, critical political economy is able to take into account the power media has to influence social perceptions of the world. The emphasis is placed on examining how ‘the making and taking of meaning is shaped at entry level by the structured asymmetries in social relations’ (Golding and Murdock: 14). While cultural meaning cannot be viewed as an immutable substance determined by producers and unquestioningly accepted by consumers, the fact that the structure of capital, and the distribution of property and wealth in capitalist societies, determines production has important effects on the symbolic content of the media industries (Murdock 1982: 27). McChesney’s second dimension for analysis consists of examining how ownership, revenue systems, and government policies affect media output. Thus, as Fred Inglis has pointed out, ‘unless we know how the colossal resources of the media and information industry are allocated and who controls this busy movement, we cannot understand why its form and contents are as they are’ (1990: 110). Golding and Murdock identify four historical processes central to a critical analysis of culture: the growth of media industries; the increasing extent to which transnational corporations dominate media output; the growing commodification of culture; and the changing nature of government intervention in media industries (1996: 16). All of these processes will need to be carefully considered in order to produce a comprehensive political economy of the media in New Zealand.

The critical political economy approach to the production of cultural goods, then, seeks to discover the shaping processes that may arise from the patterns of ownership and power which characterise the cultural industries. Chomsky and Herman’s ‘propaganda

model' of the media (1994) provides a description of the way such a shaping process may take place. The model is based on the correlated premises that the function of media is to 'amuse, entertain, and inform, and inculcate individuals with the values, beliefs and codes of behaviour that will integrate them into the institutional structures of larger society' and that 'In a world of concentrated wealth and major conflicts of class interest, to fulfil this role requires systematic propaganda' (Chomsky and Herman 1994: 1). Domination of the content of the media by moneyed and powerful interests is realized through the systematic filtering of potential news stories which effectively dichotomises news content, selecting news fit to print, marginalizing dissent, and allowing 'the government and dominant private interests to get their messages across to the public' (Chomsky and Herman 1994: 2). This process occurs through the operation of five 'news filters': firstly, the size, owner wealth, and profit orientation of the dominant mass-media firms; secondly, advertising as the primary income source of the mass media; thirdly, the reliance of the media on information provided by government and business; fourthly, "flak" as a means of disciplining the media; and fifthly, "anticommunism" as a national religion and control mechanism.

Golding and Murdock argue that the propaganda model, by arguing that the powerful are able to decide what will be seen and heard and thus construct popular opinion, is flawed in its instrumentalism (1996: 15). It overlooks the constraints inherent in the structures within which owners, advertisers and political personnel must operate. Murdock advocates a combination of the "action" approach – analysis of the way owners and controllers influence the policies of communications corporations to further their own interests and ideologies – and the "structural" approach – the recognition of the rules of the general economic system, which inevitably requires profits to be made in the face of pressures exerted by political and economic forces (which leads us towards Giddens's aforementioned structuration theory) (Murdock 1982: 7-8). Therefore, in producing a critical political economy of media production in New Zealand, I have endeavoured to concentrate not only on the motives behind the decisions of individual owners and managers of media corporations but also on the wider structures that constrain and facilitate the workings of the industry.

The choice to focus on the America's Cup as a site of identity construction (and contestation) is based on several key determinants. First and foremost, because 'sport

occupies an uncommonly prominent position' within the cultural sphere, it is a prime site of ideological contestation (Rowe 2004: 24). Although often fetishised as a leisure activity and thus characterised as providing great opportunity for the individual exercise of free choice, sport is in reality a cultural formation. Cultures embody rules of signification that give meaning to experiences, and are therefore fundamental sites of power struggles, because they provide an arena for reproducing or challenging existing social relations. Sport, because of its symbolic richness, has a unique capacity to present social relationships 'in a particularly striking, preferred way' (Hargreaves 1986: 19). John Hargreaves argues that although sport is not an ideological institution as such (because unlike political parties, journals and churches it does not provide over-arching structures of support and belief for the status quo, nor is it ideologically innocent), it can serve an ideological function in specific conditions.

Secondly, governments invest heavily in sport, attesting to its potential in contributing to the construction of the national imaginary. In countries divided by ethnicity, class and other differences in identification, there are few opportunities for citizens to develop a strong sense of collective consciousness (Rowe 2004: 22). Joseph Maguire argues that sport is well-placed to contribute to the process of identity-construction due to popular perception that specific sports are seen to embody all the qualities of national character. The nationhood of countries is often, therefore, 'viewed as indivisible from the fortunes of the national teams of specific sports' (Maguire 1999: 178). Sport not only works as a common site of identification, it also, in the early days of industrialisation, instilled moral values essential to the efficient working of a capitalist society. Hargreaves provides evidence of this by showing how sports served to aid the development of bourgeois hegemony in Britain in the latter part of the nineteenth century.

In the case of a rapidly industrialising Britain, the value of inculcating the working class with the 'bourgeois virtues' of a consuming work ethic, time discipline, frugality, sobriety, respect for constituted authority and the pursuit of individual self-interest was immense. The cultural nature of the pursuit of this objective was marked by the move towards forming organisations whose duty was to control the free-time activities of the lower orders. Organised sports, however, developed initially not to integrate the members of different classes, but in the public schools as a means of culturally integrating the young males of the dominant classes – the older, landed gentry and the

rising bourgeoisie. A 'cult of athleticism' became predominant in the latter half of the nineteenth century, and was instrumental in the ideological indoctrination of these youths in several ways:

*It fed into the growing concern about the health and fitness of the nation for national defence; it met the growing demand among dominant groups for a form of leisure activity which was complimentary to work; and above all it was a way of disciplining or 'normalising' the male youth of the dominant social classes to take their place in the modern social order. (Hargreaves 1986: 71)*

The result was a culture emphasising acceptance of authority and loyalty to the group that anathematised the philosophically lauded belief in the individual exercise of reason. The period between 1880 and 1914 saw increasing class confrontation. The move towards democracy meant that the consent of the working classes needed to be secured, and this was achieved through social integration. At the same time, sports became a firm part of working-class culture, largely as a result of a 'sustained and variegated effort ...by a section of the dominant class to adapt, extend and deploy athleticist technology as part of a programme of class conciliation and control' (Hargreaves 1986: 58). Although working-class people were often able to resist these attempts at control, the lack of socialist alternatives to bourgeois culture and the cultural fragmentation of the class meant that the dominant groups, unified in a hegemonic bloc, were able to mount a far more successful cultural challenge (Hargreaves 1986: 85). This historical picture of the ideological power of sports provides some idea of what a critical political economy of the role of sport in the construction of national identity in modern society needs to consider.

Thirdly, the close relationship of sport to capitalism in the age of mass media means that the nexus where the three forces (the logic of capitalism and the institutions of commercial sport and commercial media) meet is a key factor in the process of cultural commodification. Sport in late capitalism has undergone a thorough transformation from its nineteenth century origins of participatory amateurism. In this era of multi-million dollar athlete salaries and endorsement deals, with fees for television coverage of global spectacles such as the Olympic Games approaching *billions* of dollars, it has become difficult to regard sport as distinct from the global capitalist order. The commercialisation process has resulted in a situation where sport now operates under

the logic of capital accumulation. In this sense, sport, like most cultural forms, has increasingly become a commodified product. The process of commodification has meant that sport has become a key strategic industry for both national governments' ideological purposes and big business's profit-making imperative. This process, and the effects it has had on the specific characteristics of national identity which have come to dominate in New Zealand, will be considered in depth later in this thesis.

The specific choice of the America's Cup campaigns over alternative sporting events as a subject for analysis rests on two aspects unique to this particular sporting event in the particular socio-historical conditions of the period under consideration. The first aspect is the extent to which America's Cup yachting, and the cultural values and way of life which it espoused, differed from the reality of life for the vast majority of New Zealanders living in a country committed to neo-liberal political reform. And the second is the unique political economy of the America's Cup event itself – the socio-economic changes in New Zealand that provided the means for a New Zealand 12-Metre yacht, and what those changes meant for the citizens of the country.

If sport can be viewed as a potential force for socialisation, then the ways that powerful interests in society have employed sport in the interests of fashioning a sense of 'New Zealand-ness' can provide a fruitful area of research. Again, to view this use of sport as a form of political manipulation imposed by elites is overly instrumentalist, and is both simplistic and patronising (Blain, Boyle et al. 1993: 14). Identities are always contested, interpretations are never pre-determined. However, the structures of power and ownership involved in the production of media sporting events have an important effect on determining the symbolic constructions of identity that will prevail through what Lawrence Wenner has coined the term 'mediasport' – the cultural fusing of sport and communications (Wenner 1998: xiii). The boundaries between sports and mass media have, according to Rowe, 'blurred sometimes to the point of near invisibility', so that one is now unthinkable without the other (Rowe 2004: 12). Use of this term thus acknowledges that sport is, for many people, more often experienced through a socially constructed mediated experience rather than something they participate in or experience directly (McGregor 2000: 189).

Thus, a detailed critical political economy of the America's Cup campaigns between 1987 and 1995, and the media coverage of these campaigns, which investigates such issues as participation, organisational structure, ownership and control, and commodification, helps provide an understanding of the type of national construction work that these campaigns performed. In addition, in order to contextualise the America's Cup campaigns in terms of sport-oriented constructions of national identity, I have produced a brief political economy of rugby in the pre-1984 period.

Analyses of how the mass media construct national identity need to provide evidence that the consequences of media power and ownership show up in cultural products. This objective necessitates an analysis of media output. McChesney argues that the uniqueness of critical political economy in media studies is its emphasis on two dimensions – media production and society – in relation to textual output (2000: 110). Golding and Murdock assert that textual analysis, rather than being secondary, is central to critical political economy:

*... it allows us to trace detailed connections between the financing and organisation of cultural production and changes in the field of public discourse and representation in a non-reducible way ...* (Golding and Murdock 1996: 25)

Various comparisons have been made by theorists between the critical political economy approach to research and other research methods, notably quantitative behavioural social science, cultural studies, and media economics. These comparisons impress the importance of the political economy approach when considering an issue of such scope as that of cultural production. Social science research, since the early "effects" studies in the United States, recognised as pioneering communication research, has by and large taken a quantitative and empirical approach to studying the effects of the media on audiences, and has such has tended to emphasise the pluralist nature of media content<sup>2</sup>. This method of research focuses on an extremely narrow aspect of the

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<sup>2</sup> The original 'hypodermic needle' theory of media effects, mainly proposed by European theorists, was eventually supplanted by a more circumspect view that media had in fact little real impact on its audiences. This conclusion was reached through what Stuart Hall calls the 'mainstream' approach: a more empirical form of research that drew much of its methodology from American behavioural science. This branch of science held that if the media had the effects that European theorists claimed, these would show up as empirically observable changes in individuals' behaviour. At the same time, analysis was based upon the assumption of a pluralist society with a predetermined set of norms based on a prevailing broadly-based consensus. Media messages were produced to fit into this consensus; decisions were made from a set of choices which reflected the range of beliefs and values which society had agreed were

cultural industry, namely the effects on audiences of the consumption of media texts, altogether ignoring both the content of the texts themselves and the structures responsible for their production. In this respect, behavioural social sciences accepted the structures of capitalist society as a given, and held the position that equality was eminently achievable under such conditions. It is little wonder then that social sciences research held such a dominant position among media research disciplines, given that its findings were ideal fodder for a commercial media industry to use to claim the harmlessness of its products.

Earlier variants of cultural studies inspired by the work of Raymond Williams shared with critical political economy a Marxist perspective of society in terms of the emphasis on divergent class experiences and the exercise of power through ideological texts<sup>3</sup>. As John Storey explains, cultural studies began with the assumptions that capitalist industrialist societies were unequally divided along class (and other) lines, and that culture was one of the principal sites where these divisions were established and contested. The cultural realm was regarded as a terrain of continual struggle over meaning ‘in which subordinate groups attempt to resist the imposition of meanings which bear the interests of dominant groups’ (Storey 1998: xii). Nicholas Garnham argues that the work of Williams and his contemporaries, which focused on revalidating working class culture as a form of expression opposed to the dominant elite culture, was meaningful politically because of its self-image as ‘an oppositional, broadly socialist political movement which saw the cultural struggle as part of a wider political struggle to change capitalist social relations in favour of this working class’ (Garnham 1998: 601).

More recent forms of cultural studies, however, have tended to move towards a postmodern model of interpretation that places an overwhelming amount of importance

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legitimate. So, any effects media had on people’s perceptions were merely to shift opinions within the plurality of viewpoints shared by society as a whole; the media were reinforcing ideas which had already achieved wide consensus, and any points of view which existed outside this consensus were dismissed as anomic. (Hall 1992: 57-62)

<sup>3</sup> Stuart Hall has argued that the ‘critical’ phase in media research evolved with the recognition that the differentiation between the beliefs and values which fit into the prevailing consensus and those considered ‘deviant’ was not a natural distinction, but the result of a social process of consensus construction. This realisation opened up questions about how consensus was constructed and in whose interests it operated. Media could no longer be defended as expressing an already-established consensus, because it was centrally involved in consensus construction. (Hall 1992: 62-65)

on cultural consumption as opposed to cultural production<sup>4</sup>. Angela McRobbie argues that this shift was largely based upon a desire to separate from critical political economy's tendency towards reductionism and economism. Cultural studies thus diverged in a direction 'against the base and superstructure metaphor, and ... the notion of false consciousness' (Garnham 1998: 601). John Fiske's 'active audience' work, as an example of this school of cultural studies thought, proposes that the construction of meaning of a text by an audience is paramount, and therefore focuses on research in two areas: the analysis of cultural texts; and the way different audiences interpret the texts<sup>5</sup>. The problem for critics of this form of cultural studies is that it has moved to an extreme, uncritically celebrating popular culture: 'by focusing on consumption and reception and on the moment of interpretation, cultural studies has exaggerated the freedoms of consumption and everyday life' (Garnham 1998: 604). Fiske's model of 'top-down power opposed by bottom-up power...offers an analysis of the way the cultural industries work that has little or nothing to say about how they actually operate as industries, and how their economic organisation impinges on the production of content and meaning' (Golding and Murdock 1996: 13).

A critical political economy of content and consumption, then, opposes the idea that the audiences can consume texts in their 'raw' state. Cultural consumption always occurs in an environment contextualised by socio-economic structures. Elite social groups have the power to determine 'which meanings circulate and which do not, which stories are told and about what, which arguments are given prominence and what cultural resources are made available and to whom' (Garnham 1998: 604). Critical political economy argues that it is ineffective to study cultural practices and their political effectiveness 'without focusing attention on how the resources for cultural practice, both material and symbolic, are made available in structurally determined ways through the institutions and circuits of commodified cultural production, distribution, and consumption' (Garnham 1998: 611).

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<sup>4</sup> Stuart Hall's description of the process of 'articulation' played a large part in this transition. Hall argued that the meaning of cultural texts and practices was not determined by its form; meaning always resulted from an act of 'articulation' – the expression of meaning in a specific context. Different meanings could therefore be ascribed to the same text. (Storey 1998: xii-xiv)

<sup>5</sup> This approach does have its merits: the self-determination afforded to consumers, seen 'as a powerful counter to the simpler notion of 'effects' and the dismissive techniques of [reading] pop culture as trivial and manipulative...is clearly a gain'. (Golding and Murdock 1996: 13)



Forms of discourse used in media texts vary depending on the ‘cultural form’ of the text that they belong to, for instance whether the discourse is part of a news bulletin, an advertisement, a sitcom, and so on. The cultural form used is crucial in structuring the discourse of the text – it ‘has a major impact on what can be said and shown, by whom, and from what point of view’ (Golding and Murdock 1996: 24). If cultural forms regulate media discourse, then the task of a critical political economy of consumption is to examine the way that the structural forces of cultural production favour particular cultural forms over others, and then what discourses the favoured cultural forms allow to exist. This will help to illustrate which values and belief systems these accepted discourses promote and which they obscure. The analysis of this discursive process is essential to an understanding of the power relationships involved in the reproduction of the nation.

The methodological framework for my discourse analysis is based upon an abbreviated version of Siegfried Jager’s ‘Little toolbox for constructing discourse analyses’ (Jager 2001: 52-6). According to Jager, a useful starting point for untangling the complex net of societal discourse is to examine a particular ‘discourse strand’ – the collection of discursive events on a particular theme. Strands are comprised of ‘discourse fragments’, individual texts or parts of texts dealing with a certain theme. Thus, my analysis will compare two synchronic cuts – from 1987 and 1995 – of national identity discourse associated with the New Zealand America’s Cup campaigns. As the 1992 and 1995 campaigns shared an almost identical organizational and promotional structure, and material from 1995 is much more abundantly available, I have chosen to analyse and compare texts from the 1987 and 1995 campaigns.

I refer throughout my discourse analysis to specific linguistic and rhetorical techniques for constructing national identity suggested by Thomas Ricento (2003: 617). In discussing the construction of American national identity, Ricento argues that there is no *real* identity which can be distinguished from various discursively constructed representations: ‘The imaginary complex of ideas that is America is constructed and conveyed in discourse; the distinction between a symbolic and real America ... is illusory’ (Ricento 2003: 612-3). He describes a number of rhetorical strategies uncovered during analysis of the discursive construction of American national identity. The first group, ‘constructive strategies’, consists of attempts to establish and maintain a

certain national identity through unification, cohesivisation, justification of the social status quo, and the suppression or backgrounding of intra-national difference. The second group, 'strategies of transformation', seek to transform an already-established national identity into a new identity. My discourse analysis is an attempt to locate these strategies in the selected texts, and to describe the linguistic processes through which these strategies are employed. In my analysis, however, constructions of national identity are set against a rapidly changing political economy and a burgeoning ideology of neo-liberal entrepreneurism.

The task at hand, therefore, is to employ the methodology of critical political economy to determine the structures of economic and social power in New Zealand across various periods in the nation's history. In addition, I shall undertake a critical political economy of the media at these different periods, and contextualise the discourses of national identity constructed with the New Zealand America's Cup challenges between 1987 and 1995. I hope to show that prevailing perceptions of New Zealand's national identity at different times were transformed to mirror elite philosophies and interests.

## CHAPTER TWO: Egalitarian Mythology

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This chapter considers the features of the prevailing national identity that developed in New Zealand from colonial settlement until the 1984 election, including specific analysis of sport and the media. From the findings regarding the structures of power and ownership in the country, the connections between the stereotypical characterisations of New Zealanders and the beliefs and values of the ruling class will be discussed. This historical content has been included in order to contextualise the dramatic events which took place in and after 1984 and the effects these events had on New Zealanders' perceptions of their collective identity. This will, in turn, provide the historical context for explaining the national significance of New Zealand's America's Cup campaigns in 1987, 1992 and 1995.

### **2.1 Political Economy and National Identity in New Zealand: Colonial Settlement**

New Zealand's economic and political history is inseparable from the material conditions through which the country developed. The fact that the nation began as a British colony has shaped all aspects of its existence. The political, legal and educational systems were instigated with an eye to the Motherland, and the economic structure which determined what would be produced, where it would be sold, and how it would be financed was shaped in concordance with New Zealand's colonial status (Jesson 1987: 13). In *Behind the Mirror Glass*, Bruce Jesson charts the major phases in the course of New Zealand's economic development. The first phase extended through the greater part of the nineteenth century, when most of New Zealand's economic activity consisted of wool growing with the addition of 'scavenger' industries: gold, timber, whaling and sealing. The second phase began in around the 1880s and 1890s, with the pastoral economy extending into the production of lamb and butter, and the consequential growth into being a major food producer for Britain. The third phase

occurs from the 1930s and 1940s with the beginnings of a manufacturing sector (Jesson 1987: 29).

As the first provincial settlements developed, markets of national scale became increasingly desirable for entrepreneurs wishing to expand their business operations. The Vogel Administration abolished the provinces in 1876 in the interest of developing a national economy. The Government's policies during this period consisted of two main goals. The first of these was to advance the development of New Zealand as a capitalist society. This was facilitated by the sponsorship of immigrants who would be willing and able workers, and through construction of a national communications network. The Immigration and Public Works Act 1870 marked the state's commitment to constructing a nationwide railway system, and the Public Works Department would eventually also become responsible for the construction of harbour works, public buildings and roads. The second goal was to provision goods and services which the market had so far failed to provide. This objective led to the state's opening of such edifices as the Post Office Savings Bank in 1867, a Public Trust Office in 1872, and the State Fire Office in 1903.

Economically, almost all of New Zealand's revenue came from foreign exchange receipts earned by exporting agricultural products. The percentage of New Zealand exports destined for Britain reached over 70 per cent in the 1870s and, declined slightly in the 1880s, then rose again to around 75 per cent, aided by the introduction of refrigerated shipping, not diminishing until the Second World War (Maitra 1997: 23). The connection with Britain was not one-way; as well as providing a source of cheap food, the colony also developed as a market for British manufactured goods. The lack of a manufacturing base meant that New Zealand was heavily dependent on imported manufactured products.

Government throughout the 1870s and 1880s was dominated by an oligarchy of property owning gentry with ties to England. The 'long depression' of 1879-1896 saw falling wages and rising unemployment, and the evolution of two political parties, Conservatives and Liberals, respectively representing two classes, rich and poor. Large numbers of workers from the Vogel immigrations were now out of work, and were eyeing the monopolised farmland which was consolidated in the hands of a few wealthy

owners. This environment saw the election of the Liberal Government in 1891, and the introduction of legislation which, among other things, provided for compulsory conciliation and arbitration between employees and employers, and introduced a pension scheme (Rudd 1993: 227). However, these were really the only concessions made in the area of social welfare, with little else forthcoming before 1935. At the time of the election of the First Labour Government, the New Zealand Welfare State was 'not a particularly impressive edifice' (Rudd 1993: 227). The most revolutionary measure introduced by the Liberals was the closer settlement of land. Refrigeration had made farming for meat more viable, and this could be performed on smaller sections of land than the huge tracts required for wool runs. In 1891, just 584 people owned seven million of the twelve and a half million acres of privately-owned freehold land in New Zealand (Sinclair 2000: 165). By 1912, the Liberal Government had bought 520,000 hectares from private owners, and settled 7000 farmers and their families on the land (King 2003: 269). The Liberals supported state intervention on the grounds that private enterprise in New Zealand was weak, but they weren't socialists as such. Most<sup>1</sup> were not unhappy with the concept of 'social hierarchy', but wanted to remove barriers to social mobility and open the way for upward movement of the 'hard working and morally worthy' (King 2003: 259).

The Liberal Government was crucial to the shaping of a sense of national identity. The 'working man's paradise', with its high standard of living and lack of established gentry, stimulated an illusion of classlessness which has persisted as the 'egalitarian myth'. Bob Consedine has described this ideology as 'the most fundamental and persistent myth about our society, deeply embedded in the Pakeha psyche' (Consedine 1989: 172). The associated assertions that everyone had the equal opportunity to succeed, and that real poverty didn't exist in New Zealand, were also historically resilient. These ideas, according to Sinclair, had elements of truth – although there were classes in the sense of rich and poor, there was little of the form or trappings of the English class system (Sinclair 2000: 98). A frontier mindset of rugged individualism, and a conception of the natural environment as a pastoral utopia, combined to add to the belief that the opportunities for success were there for anyone with a strong back and a keen mind. Over the same period, the close relationship between government and

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<sup>1</sup> With the exception of William Pember Reeves.

business was forged, and the state's commitment to the goal of economic advancement was initiated. In 1907, New Zealand became a Dominion, and the sense of an identity independent from Britain began to register among the public. That this change in status occurred during the period of Liberal reform meant that many New Zealanders came to regard their country as a sort of social laboratory. All were encouraged to feel proud of the advances that had been made. New Zealand was understood to be committed to equality and unity. Of course, this rhetorical equality and unity did not recognise Maori culture, and among the newly settled population, land and capital were unevenly distributed.

The worldwide depression that set in during the late 1920s was mainly experienced in New Zealand through a major 40 per cent drop in export prices. Government revenue fell by approximately half, and the response of the panicked United Government was to try and balance the budget above all else, which meant huge reductions in spending. Wages were cut, with minimum rates abolished; pensions were cut; and spending on public works was greatly diminished. Although unemployment reached 80,000, the government wouldn't provide an unemployment benefit, but did create work-schemes in an effort to help keep food on the table for those worst off. After rioting in major centres, many feared full-fledged anarchy, and the government imposed the Public Safety and Conservation Act 1932, which gave the police oppressive rights of detainment. The conservative members of parliament introduced few real measures to revive the economy, but the establishment of the Reserve Bank of New Zealand, a partly private, partly public funded venture, was intended to help banks pool their reserves. However, it wasn't until the world economy began to prosper again after 1935 that the country would recover. This was too late for the Coalition Government, which was ousted in the next election.

## **2.2 Political Economy and National Identity 1935 – 1970s: Egalitarian Myths**

In 1935, New Zealand's first Labour government swept into power, and a legislative programme unprecedented in the Dominion's short history unfolded. Labour's victory reflected the shifting geographical makeup of New Zealand's population, with urban

wage and salary workers now outnumbering rural landowners and small business owners. Labour's objective was to ensure that in future no New Zealander would go hungry, be without work, or receive insufficient healthcare or education. The first policy steps were pragmatic, and based on a need to kick-start the economy (Easton 1997: 35). There was not initially a conscious commitment to an economic philosophy, and intellectual politics had never been an overriding characteristic of New Zealand government. However, the international economic profession had begun to accept the ideas of John Keynes, and these underpinned the policies of the Labour Government. It is therefore worthwhile taking a brief look at this theoretical foundation.

Keynesian macroeconomics provided an explanation for the market failure of capitalist economies, and also prescribed policies that could remedy these failures without completely overturning the market system (Bertram 1993: 28-9). By the 1940s a synthesis of neoclassical and Keynesian economics had become the orthodoxy within the economics profession. Broadly speaking, Keynesian theory contrasts with neoclassical macroeconomics in its conception of the factors determining the employment and output of an economy. The neoclassical approach holds that the economy's output and employment are determined entirely by supply conditions – that is, by the utilisation of all the factors of production in the most profitable activities (Bertram 1993: 29). Say's Law decrees that the act of production simultaneously creates income and purchasing power, which in turn creates demand, and therefore employment (Snowdon, Vane et al. 1994: 52). Thus, aggregate supply and aggregate demand are assumed to counterbalance; the natural state of the market without any interference is one of optimal functioning.

Keynes argued, however, that the determining factor in output and employment is not supply but demand, and that the operation of the labour market alone cannot guarantee full employment, because an economy's price level is not free to adjust without restriction as neo-classicism maintained. It is, in contrast, constrained by the 'institutional realities of modern capitalism', so that an essential condition for Say's Law to work is missing (Bertram 1993: 29). Therefore the Great Depression, according to Keynes, 'was attributed to a fall in aggregate effective demand followed by a downward spiral (the [reverse] multiplier effect) to an equilibrium state of low output and high unemployment' (Bertram 1993: 29).

Markets therefore cannot operate at maximum efficiency without intervention, and Keynes provided a plan for macroeconomic action, which many governments adopted. Keynes maintained that the stimulation of demand could directly influence economic output. Keynesian macroeconomics, then, provided an economic rationale for the welfare state, and for the nationalisation of industry, both of which would become a defining characteristic of the New Zealand political economy from the 1930s.

As mentioned, however, there was no strong tradition of theoretical rationalisation in New Zealand politics; practical requirements always came first. In the 1930s, chief among these was to ensure that the depression would not be repeated. The Social Security Act of 1938 was the cornerstone of the Labour welfare state – it gave the country a virtually free health system and included benefits for the elderly, widows, orphans, children, invalids, miners, the sick and the unemployed. Numerous other pieces of social democratic legislation were put in place between 1935 and 1940. Secondary education was made free, industrial arbitration was restored, and union membership made compulsory. A minimum wage capable of supporting a family with three children was introduced. A state housing programme was launched. And a renewed public works scheme, which helped to soak up the residual numbers of unemployed, was instigated. Government spending would continue to grow every year – by 1980, government expenditure exceeded 40 per cent of GDP.

In order to increase the flagging reserves of foreign exchange, Labour in 1938 implemented a system of import licensing and exchange controls. From this point on imports would require permission to be brought into the country, export receipts were required to be paid into the New Zealand banking system, and foreign exchange could only be purchased by authorised people. These measures reflected the government's view that the country's economic growth would be determined primarily by its agricultural exports. Imports of equipment or crude materials for manufactures could easily obtain licenses; permission to bring in finished products was strictly limited. Labour supplemented the import controls with the development of manufacturing industries, with the goal of reducing New Zealand's dependency on other nations for manufactured goods and consumables Rudd (1997: 240-1). Public works and housing stimulated the manufacture of building supplies. The next 40 years would see



developments in areas such as sawmilling, pulp- and paper- making, steel, aluminium smelting and oil refining. Many of these industries were either owned by foreign companies or by the state, meaning that private New Zealand business was often confined to a smaller, family-business scale.

The New Zealand export sector was mainly composed of agricultural products, at least until the wool price crash of 1966. W. B. Sutch described New Zealand's export situation, where a few different commodities were sold to a few markets, as a 'monoculture' (Easton 1994: 13). As late as 1965, 92 per cent of New Zealand's exports were pastoral, and 45 per cent of these went to Britain (Easton 1994: 13). The government had long recognised the importance of the farming sector to New Zealand's economic growth, and had guaranteed dairy and wool prices to farmers since the late 1930s. The banking and financial industry was also regulated by government, and wages and prices were subject to stabilisation measures. The approach of the Labour government and successive administrations showed recognition of the need to redistribute wealth; this did not, however, go as far as a commitment to the redistribution of the means of production, which remained in the hands of a few.

The overall economic trend of the years between 1935 and 1974 appears to have been one of relative prosperity and high wages brought about by a strong market for New Zealand agricultural exports, (although commodity prices did begin to decline from the mid 1960s). The period saw sustained economic growth (averaging 4.5 per cent per annum), high profits, low unemployment (never exceeding 1 per cent of the workforce before 1973), and favourable terms of trade (Rudd 1997: 243). This prosperity in turn provided the necessary conditions for the development of a welfare state, and justified the continued use of government intervention in the economy.

The relatively high standard of living experienced in New Zealand by most meant that the years between 1935 and 1974 were the apex of the myth of egalitarianism. High commodity prices resulted in high wages, and the welfare regime contributed to the belief that the rewards of a productive agricultural industry were spread equally throughout society:

*Over many generations, this popular myth effectively hid inequalities. An illusion of equality, and an official belief system that supported it, persuaded the population that there was one popular goal: support for one's country. (Bell 1996: 12)*

The welfare regime was, however, not entirely egalitarian. It can also be viewed as having created inequalities 'between workers in different occupations, between unionised and non-unionised workers, between owner-occupiers and state-house tenants, and between males and females' (Rudd 1997: 244). Nonetheless, the income from taxation generated by high levels of employment meant that there was enough money to fund the minimal amount of income support needed in a highly employed society, and to provide for education and health. It could, therefore, be argued that the New Zealand welfare state functioned satisfactorily until the unemployment that hit the country in the mid-1970s (Easton 1997a: 273).

The egalitarian myth belied the fact that New Zealand business was dominated by a small group of elites. This 'Limited Circle' had its origins in the colonial period, and was comprised of several families, such as the Blundells, Riddifords, Ormonds, Aclands, and Elworthys, who had begun as landowners and then extended their investments into industry. This circle was organised around Thomas Russell, founder of the Bank of New Zealand. The closed, exclusive reality of New Zealand business was a stark contrast to the popular conception of opportunity and equality. Jesson points out that it has usually been the case in New Zealand that new business enterprises have been financed by established interests, and thus wealth begets more wealth. By the 1970s, after public companies had replaced the private firms run by families, directorships were still dictated by nepotism. Connections from the limited circle still existed in the urban centres, where 'a web of interlocking directorates covered most of the private economy and amounted to a self-perpetuating elite' (Jesson 1999: 110-1).

Not only was business insular, but business and government had also become even more intertwined than during the colonial period. An example was the close working relationship between James Fletcher, a wealthy construction company owner, and the Labour government. Fletcher and Labour shared goals of increased industrialisation, and during the Second World War Fletcher 'was appointed Commissioner of Defence Construction, answerable only to the Prime Minister, and with complete authority over

the construction industry' (Jesson 1987: 36). Fletchers would end up becoming extraordinarily successful in the industrialisation of the times, and by the 1980s had over a hundred subsidiaries.

Culturally, New Zealand had developed into a socially cohesive but intolerant nation, where conformity was the only real means of social acceptance. Sutch believed the monocultural nature of the country's international relations had engendered a 'cultural backwater' where few exciting developments were to be found in the arts, literature, science or intellectual life generally (Easton 1994: 13). The socially repressive nature of society meant that groups who were in the minority at the time, such as working women and homosexuals, were often treated harshly. Certainly, the amount of time New Zealand had existed as a British colony, along with the persistent inflow of predominantly British immigrants, and the role Britain continued to play as the prime recipient of imports and provider of exports, meant that New Zealanders had retained a sense of imperialism, or at best a 'double patriotism', which led to a continued acceptance 'that New Zealand's place in the world was defined and determined by its historical and colonial relationship with Britain' (King 2003: 366). During the late 1930s and 1940s however a self-conscious search for independent identity evolved. Some prose writers and poets, such as R. A. K. Mason, Allen Curnow, A. R. D. Fairburn, and Frank Sargeson, had been involved in the advance movement to establish a 'settler nationalism' since the 1930s – Fairburn described New Zealanders as:

*Sprouting like bulbs in the warm darkness, putting out  
white shoots under the wet sack of Empire* (Fairburn quoted in McLean 2003: 184)

This growing sense of national independence from Britain in literature, which had its popular counterpart in sporting nationalism, was a stark contrast to the earlier theme of uncritical commitment to British interests, and was enhanced in strength by the growth of national industrial development and the government commitment to full employment and universal standards of living. The 'insulationist' policies instigated by the first Labour Government had largely remained in place, and had engendered a sense of independent national identity.

### 2.3 Political Economy and National Identity 1970s – 1984: Cracks in the Facade

That the New Zealand economy remained susceptible to external events became glaringly obvious again in 1973. Britain joined the European Community, and access to the primary destination for New Zealand exports became more limited from this point on – Britain was the destination of 53 per cent of New Zealand's exports in 1960, 36 per cent in 1970, and 9 per cent in 1980 (Jesson 1987: 56). Soon afterwards, New Zealand began to reel from the effects of the 1973-74 international oil shocks. In addition, commodity prices began a long-term decline, leading import prices to rise relative to export prices and the terms of trade to fall (Jesson 1987: 4). These events seemed to affect New Zealand to a proportionally higher degree than many other countries. This was due primarily to the composition of the national economy. On the export side, New Zealand was traditionally heavily dependent on sending a small range of agricultural goods to Britain. At the same time, even after years of import substitution policies, New Zealand still imported a comparatively high proportion of capital and manufactured goods. These factors combined to produce a downward spiral, and the 'golden weather' was over. Subsequently, the country 'suffered from economic stagnation, mass unemployment, recurrent and growing balance of payment deficits, increasing public and private indebtedness, declining real incomes for a large majority of the population, high inflation during the 1970s, and high levels of strike activity from 1968 to 1991' (Roper 2001: 545). The extent of the stagnation is clear when New Zealand's economic performance over the period is compared to that of other countries – in 1950, New Zealand's GDP per capita was 26 per cent above the OECD average; by 1990, it was 27 per cent below average (Roper 2001: 5).

In 1975, The National Party regained office after three years of Labour Party rule, with Robert Muldoon as Prime Minister and Minister of Finance. The subsequent decade has become synonymous with Muldoon's attempts to control the sinking economy through direct intervention, most notably with a range of export subsidies and tax breaks, the 'Think Big' energy production schemes and the later price / wage / interest rates freeze. Muldoon sought to hold together a society which was being threatened by world economic trends. The domestic economy was slumping and New Zealand's terms of trade were falling. On top of this, the pressures of the global money market were beginning to be felt. The previous 40 years of economic growth in New Zealand had

developed a demand amongst large companies for quantities of capital to invest that could only be sourced offshore. Internationally, a global finance industry had developed to service the needs of multinational corporations, and there was increasing pressure from this industry for the government to remove restrictions on access to New Zealand finance markets.

Initially, Muldoon's policies for stimulating the economy consisted of allowing foreign capital to invest in New Zealand merchant banks, and abolishing controls on interest rates. Jesson argues that with these policy changes Muldoon paved the first, tentative steps towards the large-scale commercialisation of the 1980s. During this period, New Zealand developed its own unofficial money market, which allowed a network of contacts to grow between finance companies and major corporations, a network which would be instrumental in the spread of free-market principles amongst the business community. The finance industry became a money-spinner as business and investors reduced their tax bill by investing in industries that the government had intervened to make tax-free, such as kiwifruit, deer and goats. Along with the new overseas corporations were a few New Zealand ones including Securitibank, where Michael Fay and David Richwhite would cut their teeth. As Bruce Jesson observed: 'there were easy pickings to be made as everyone conspired against the taxman, and it became the basis of the wealth of firms such as Fay Richwhite' (Roper 2001: 112). Along with the wealth came a new business and social ethos dedicated solely to finance, with its university business courses and 'soulless and high-spending hedonism' (Jesson 1987: 12) that would forever change the culture of New Zealand.

The 'Think Big' projects were Muldoon's attempt to end New Zealand's dependence on foreign oil supplies, which had been exaggerated by the oil shocks, and to provide employment through subsidised work schemes. The National Government hoped that their combined work schemes would create 410,000 jobs (Unattributed 2000). 'Think Big' suffered an ignominious defeat, however, when oil prices crashed and the economic feasibility of the schemes was irreparably damaged. They had provided a large number of jobs, but at the cost of high inflation levels and a rapidly increasing public debt. The schemes also probably slowed New Zealand's economic development in other areas, by using up billions of dollars of investment capital which could have been put into other projects. This evidence was often used later by New Right

spokesmen to illustrate the supposed adverse effects of government intervention in the economy.

Muldoon observed that the tax breaks and abolition of interest rate controls were not reducing inflation. In desperation, Muldoon in 1982 instigated a freeze on wages, prices and interest rates and closed the tax loopholes. Unfortunately for citizens, and also ultimately for Muldoon, 'the wage freeze worked but overseas prices continued to soar and many prices rose' (Delahunty 1999).

Muldoon's approach represented the apogee of the conservative, interventionist style of government, and many people would, by the end of his leadership, favour a complete shift in the method of government. Specifically, 'Muldoon addressed the difficulties with state intervention, but this began to draw together a hitherto divided business sector', a unity which would culminate in the formation of the New Zealand Business Roundtable in 1980 (Vowles and Roper 1997: 109-10). The approach favoured by business elites, whom Muldoon had 'antagonised... by abolishing their tax breaks and bringing in the freeze', and by increasing numbers of Treasury officials, was becoming more and more one of market liberalisation (Jesson 1999: 114-5).

Treasury, at this point (1982), was comprised of two main factions representing two different economic approaches – Traditional Keynesianism and Traditional Monetarism. Traditional Monetarism was in a way a return to the neoclassical economics of earlier days. Classified in terms of their place on the political spectrum, forms of Keynesianism are usually placed on the 'left' (meaning those who emphasise the individual as a social animal, with social obligations), while Monetarism is generally slotted in on the 'right' (meaning those who see the individuality of man as more central) (Easton 1997: 36). The groundswell of Traditional Monetarist thought began in the 1960s, and in the 1970s provided a new explanation and solution to the problem of stagflation. Milton Friedman suggested that people, over time, adjusted to live with any prevailing level of inflation, so demand stimulation would not hold unemployment down permanently. To Friedman, the only durable solution for unemployment was to restrict the growth of the money supply (Bertram 1993: 34).

This was an about-face in explaining the causes for the problems which had wracked many economies, especially New Zealand's, over the previous decade. Friedman's theory placed a large amount of emphasis on the importance of controlling the money supply and on the negative consequences that were likely to follow government intervention. Therefore, not only the current stagflation but also the Great Depression itself was attributable to 'a failure of government policy, rather than a failure of effective demand under free market conditions' (Roper 2001: 545). Government intervention would only exacerbate any economic problems, so it should therefore be limited to increasing the money supply at a non-inflationary rate. As the prestige enjoyed by Monetarist macroeconomics worldwide increased, the support for this position inside Treasury matched it. Muldoon's price and wage freeze, in defiance of Treasury's advice, signalled that both Traditional Keynesians and Traditional Monetarists had lost the battle to reduce inflation and had little or no sway within government. Muldoon was now directly at odds with both Treasury and the Reserve Bank, and the officials within these departments would help to ensure that the New Right would be strongly supported from inside the next government.

Socially, the period from the late 1960s on into the 1970s and early 1980s was the most turbulent time since the Depression. The worsening economy and rising levels of unemployment and inflation meant that the economic divisions inherent in industrial capitalist societies and the underlying tendencies towards concentration of capital which had remained hidden for so long throughout the times of prosperity began to show.

During this economic and political turbulence, New Zealand was experiencing a cultural revolution of sorts. The growth of television meant New Zealanders were less isolated than before from worldwide cultural movements and events. This easier access to the ideas of the world, compounded by the increased convenience of international travel with jet transport, meant that the range of ideas, opinions and beliefs to be found multiplied. Art and literature production and appreciation became more prevalent. People began to experiment with drugs, and the availability of oral contraception led to increased sexual freedom. The abolition of six o'clock closing of pubs in 1967 meant alcohol could be consumed in more sophisticated social environments. The liberalising effects of these developments on the nation were tangible, and increased public antipathy towards Muldoon's conservative authoritarianism. Social liberals joined the

economic liberals whom Muldoon had alienated with his market interventions. New Zealand's identity was being contested from above and below, and the 'crisis of hegemony' was becoming impossible to ignore.

#### **2.4 Constructing National Identity: Mass Media and Sport Pre-1984**

Wayne Hope has argued that from about the 1880s, a 'triangulated field of social forces' consisting of New Zealand-ness, mass communication and the game of rugby arose together (Hope 2002: 235). Geoff Fougere agrees as regards the importance of rugby in constructing a sense of nation: 'before there was a well-defined national market in New Zealand, or even a very effective national state, rugby tied together the collection of localities and provinces into a national body' (Fougere 1989: 113). Although the historical consideration of sport in the case of New Zealand national identity tends to concentrate on rugby, as the game has been a locus of national identification since the late nineteenth century, this analysis should not be restricted to the most prevalent sporting example. The development of media outlets and sporting organisations in New Zealand occurred almost conterminously with the establishment of a New Zealand national identity. The argument that New Zealand's emerging identity was influenced by the cultural institutions of sport and mass media is upheld by an analysis of the structures of these institutions. The key characteristics that were emphasised as defining New Zealand-ness are readily apparent when closely examining sport and mass media in this country.

Firstly, according to historian Jock Phillips, as New Zealand first began to develop a sense of itself as an entity and not just a scattered collection of provincial settlements, the perspective of those in England was crucial in determining how New Zealanders imagined their identity (1984: 96). Finlay Macdonald claims that the first signs of New Zealand nationalism became evident in the effort to stake a claim as a part of the Empire by sending soldiers to fight in the Boer War in 1899 (Macdonald 1996: 20). Phillips argues that the image of the 1905 All Blacks who toured Great Britain presented in newspapers and books closely resembled the image that had been portrayed of the troopers who fought in South Africa, and that comparisons were frequently made (Phillips 1984: 90). The New Zealanders were seen as superior physically – strong,



hardy and courageous, and having a high level of endurance. They were also described in the British press as having a great deal of initiative, and the ability to adapt under pressure. In addition, they were taciturn and humble, and showed a level of comradeship that was absent in the more socially-stratified British armed forces. These qualities were all seen as being a result of the pioneering origins of the New Zealanders (Phillips 1984: 85-6, 91).

The features lauded by the British in their descriptions of New Zealand heroes overseas came to be seen by people in this country as combining to form the stereotypical male, the 'gentleman pioneer, the natural aristocrat of the backblocks' (Phillips 1984: 93). Many of the reports found in New Zealand papers regarding the All Blacks came from English sources, and was thus seen to be high praise (Phillips 1984: 96). Reading match reports describing the All Blacks' heroics on the field came to be popular ritual. As T. P. McLean noted: 'each Sunday morning... half the males in town... went to the post office where... the scores of the match were put up' (McLean quoted in Macdonald 1996: 25). The fact that even the ways in which New Zealand was viewed as distinct from Britain were largely defined by British observers illustrates the tentativeness with which New Zealand began to progress towards independent national identity.

Secondly, the prevailing perception that New Zealand was culturally homogenous as a nation has direct links with the structure of the early newspaper and broadcasting industries. This belief included the notion that Maori had been, or were in the process of being, assimilated into 'New Zealand' culture – that is, elite Pakeha culture. Papers published in New Zealand first appeared in rural towns, only servicing small areas because the lack of roads and rail lines made distribution across large distances impracticable. The first major dailies began to emerge as the products of wealthy families. In the forty years before the development of the telegraph and the formation of the United Press Association, the press in New Zealand would develop as the voice of an elite minority of wealthy landowners. Partisan journalism and agitation towards political ends would be the defining features of this period, as the press became, in the absence of a centralised government, the forum for political discussion. Self-government was achieved in 1852, in large part due to the campaigning of wealthy newspaper owners who desired the increased opportunities for the accumulation of land that would arise after the removal of the Crown from business transactions. The people

who gained political power in the new government were by and large the same people who owned and edited the newspapers. The political discussion in which the publications had engaged meant not that New Zealand had an early tradition of rigorous investigation and diverse expression, but that there was disagreement between the early authorities who governed the country and a collection of landed elites who wanted the freedom to buy cheap land unhindered by the British government.

The isolation of settlements meant that identification on a national scale was almost non-existent in these early days: people tended to identify themselves as members of a regional community. The press was in the vanguard of the development of an interregional identity that overcame the provincial mentality dominating the colony. The ‘emerging upper-class’, comprised of the small selection of men who held pre-eminent social status by virtue of their wealth and control of land and commerce, was the first New Zealand social class to develop this national understanding, and its interests constituted the majority of views expressed in newspapers (Day 1990: 5). The development of an ordered, national marketplace was of primary concern to the business leaders of the new country, and this would require a national network of roads, bridges, railways and telegraph lines to facilitate trade. Julius Vogel, Premier from 1873-75, was responsible for launching the country on its most formidable phase of development, instigating assisted immigration to New Zealand in order to build 1800 km of railway, 4000 km of telegraph lines, and roads and public buildings (King 2003: 227-8). He had also founded the *Otago Daily Times*, New Zealand’s first daily newspaper, in 1861, and used it to further his political ambitions. The connection between Vogel’s desire for colonial advancement and his espousal of political views in his newspaper was by no means unique, but can be seen as a sort of paradigm for the early New Zealand media.

The crucial event in the formative stages of the New Zealand press was the formation of the United Press Association (UPA – later to become the NZPA) in 1880. Once telegraph lines had been erected and a trans-Tasman cable laid, the UPA drew all of New Zealand’s sizeable papers together in a commercial agreement which would spell the end of partisan journalism and the beginning of the newspaper industry as a lucrative money-spinner. The commercialisation process ended political advocacy through the unifying interests of profitability, and transformed newspapers into ‘dry

annals of record' (Hope 1996: 14). The agreement forged by the UPA meant that only one paper in each region would have access to the latest telegraphically-received international news, effectively eliminating the viability of operating a competing publication. The huge influx of immigrants from the Vogel era meant New Zealand had a large enough population of literate workers to sustain a popular working-class press, but the established publications acted to crush the new voices. The *Otago Daily Times* dropped its price from 3d to 1d to kill off its popular rival, the *Morning Herald*, and subsequently restored its price. The *New Zealand Herald* managed to persuade forty of its biggest advertisers to only advertise with the *Herald*, and succeeded in dismantling its rival the *Southern Cross* (Butterworth 1989: 144). The monopoly that resulted in New Zealand meant that the country was deprived of an alternative perspective to that of established business interests. The newspaper proprietors also began to share national news through the UPA, which meant that were the first site of emergent national identity:

*newspapers had a national cohesion and a distinctive national character well before analogous processes of nationalism occurred in other aspects of New Zealand life. (Day 1990: 6)*

Although the telegraph had succeeded in uniting the settlements of New Zealand in a way previously impossible, the seizure of the technology by newspaper monopolies resulted in a homogeneity of information informed by the values and beliefs of elites.

The construction of a perceived homogenous New Zealand culture can be viewed as a manifestation of the 'civilising' process that government and business alike deemed essential if the country was to develop into an industrial capital society. Central to the beliefs of early newspaper editors and owners was the idea that journalism was a necessary voice of civilisation in an uncivilised society. The paternalistic mode of address typifying media output was intended to suppress any disruption to the development of a profitable capitalist system in the colony which, owing to its small population and still fragile economy, could not afford the presence of alternative expression or behaviour. Conformity became the norm and newspaper owners stressed that 'investigation or even the mildest deviation were unacceptable' (Butterworth 1989: 145). Of course, this created an environment devoid of citizen voices – 'worker and Maori concerns were conspicuously absent and consistently denigrated in what remains

an industry dedicated to the advancement of the interests of the ruling elite' (Butterworth 1989: 146). There was certainly no strong tradition of critical comment in New Zealand journalism. After 1900, as individual proprietors and politicians began to be replaced by newspaper corporations, the UPA was relied on more heavily for news copy. Prime Ministerial statements were typically reproduced with minimal commentary (Hope 1996: 15).

The environment of newspaper ownership and defining characteristics of newspaper journalism described above remained remarkably consistent until the 1980s. The NZPA rules of subscription were not modified until 1980. The most important industry development was the replacement of family shareholdings by news firms, and the subsequent concentration of ownership – by 1980, 31 of the 33 daily newspapers were owned by major news conglomerates (Hope 1996: 19-20). The conservative values of the family monopolies, however, continued to provide the moral foundation for editorial content until the increasing popularity of television in the 1970s forced the papers to respond with increasing tabloid sensationalism and investigative content (Hope 1996: 20).

From 1914, amateur radio broadcasters had begun operating independently. The Broadcasting Act of 1923 placed restrictions on these users in the interests of protecting the public morality. The Government assumed responsibility as the protector of civic virtues and legislation prohibited advertising and invested the Minister of Posts and Telegraph with the authority to censor material that was 'not conducive to the public interest' (Butterworth 1989: 147). State and private ownership was an ongoing issue until 1935, when the Savage-led Labour Government came into office. At that point, the 22 privately-run 'B' stations, still prohibited from advertising, were struggling to exist on license fees and reflected in many ways the diversity of the population by broadcasting local content and flavour. They were, however, subject to heavy government censorship. The Labour Government placed broadcasting under state ownership and direct ministerial control, with one commercial and one non-commercial service. Instead of censoring ideas, the government could now broadcast material in line with party policy: the Labour Government felt ill-treated by the conservative press and now had a counter-balancing instrument.

The belief that mass communications had a duty to protect the nation was applied to legitimate the subjective broadcasting of information, and therefore to reinforce ‘the (new) political orthodoxy and the suppression of dissonance’ (Butterworth 1989: 149). The constraints under which radio journalism operated did little to stimulate a tradition of investigative reportage that did not exist in the newspapers; criticism of political matters was non-existent. The quelling of diversity and disagreement meant that radio did little to encourage the development of a national consciousness that wasn’t state-defined.

Sport likewise played an essential part in this ‘civilising’ process. Jan Cameron and Bob Gidlow argue that while organised sporting activities were entertaining and often health-promoting, ‘these activities were also intended to act as sources of instruction about appropriate moral, familial, religious and work behaviour’ (Cameron and Gidlow 1998: 128). Jock Phillips similarly claims that the forms of recreation which developed in New Zealand served to acclimatize men ‘to accept the disciplines of work, family and military service which capitalism and imperialism imposed on them’ (Watson 1998: 20).

Recreation in frontier New Zealand was a far cry from this model of behavioural instruction. The forms of recreation were largely structured by several facts. Firstly, the majority of the population consisted of young single males. Secondly, the nature of work in the prevalent extractive industries was physically demanding. Thirdly, the population was to a large extent isolated and transient (Watson 1998: 17). Typical forms of recreation included alcohol consumption, hunting, singing, dancing and frequenting prostitutes and contests of individual strength such as boxing, wrestling and foot races (Watson 1998: 17-8). The outdoors was generally viewed less as a potential site of recreation to be made the most of, than a threatening and dangerous environment to be endured and survived. Outdoor recreation was, during the frontier period, mainly restricted to wealthy landowners, and was ‘probably viewed by the masses as unnecessary, strange, and an inappropriate use of time’ (Cameron and Gidlow 1998: 123).

James Watson (Watson 1998: 20) argues that as New Zealand developed into a ‘settled’ society in the late nineteenth century, characterised by less transience, dominance of the

Pakeha settler population, and the increase of nuclear families and community networks, the role of recreation as a part of the ‘civilising’ process began to take develop. This role increased as industrialised production and urbanisation created a demand for a disciplined workforce. The reckless lifestyle of the frontier was denigrated as being too disruptive by government and business. Organised team sports began to claim a dominant portion of New Zealanders’ leisure time, becoming ‘a central fact of New Zealand life’ (Fougere 1989: 110). Rugby was the principal form of team participation, but over the next half-century, children of all ages would partake in an increasing range of team and individual codes, including netball, cricket, hockey, tennis, softball, basketball, athletics, swimming and more. During this period, according to Phillips, rugby and physical education became compulsory activities in schools, and Boy Scouts and Cadets programmes were established:

*Young New Zealand males found themselves inevitably dressing up in uniforms and learning the values of physical toughness, bravery and teamwork. At school, at home, in the pages of the press, New Zealand males were fed one diet.* (Phillips 1984: 94)

Thirdly, and most importantly, the institutional structure of rugby was crucial in establishing and maintaining the egalitarian myth, the strongest of all prevailing conceptions of New Zealand identity. This myth was enhanced by the symbolism associated with sport in New Zealand – of participating in healthy, active pastimes, engaging with the great outdoors, and taking advantage of rural settings. This ‘great outdoors’ attitude linked the egalitarian myth to a concomitant ideology that New Zealand was a land of opportunity, and success in this natural environment was available to anyone willing to ‘have a go’. The achievements of New Zealand athletes in international competition seemed to maintain the myth that New Zealand’s social and environmental way of life created physically gifted individuals. These achievements were made most notably, but by no means exclusively, by the All Blacks. In addition, New Zealand’s Olympic athletes such as runners Jack Lovelock, Peter Snell and Murray Halberg won gold medals between 1936 and 1960. Edmund Hillary became the first man to scale Mount Everest in 1953. The idea that New Zealand punched well above its weight in international sporting competition was a critical part of the nation’s self-image. William Pember Reeves, New Zealand’s High Commissioner in London at the time of the 1905 All Black tour, explained that the well built, athletic rugby players

were beneficiaries of the ‘vaster opportunities’ available in the colony, citing a list of contributing reasons – shorter working hours, a high standard of living, universal education, protection for women and children – ‘the standard emigration propaganda’ (Macdonald 1996: 25; Phillips 1984: 90-1).

The development of rugby in New Zealand began with what appeared to be benign intentions, as a game that would fit perfectly with the rough, wild-frontier environment of the colony. Fougere argues that from the late nineteenth century until as recently as 1981 rugby served as a symbol of social relationships which provided New Zealanders with a self-image that emphasised qualities many found distinctive and admirable (Fougere 1989: 111). Rugby experienced a high level of participation throughout the community. Transplanted from England by wealthy public school old boys arriving in the colony, rugby quickly developed features which distinguished the game in New Zealand from the old boy establishment in Great Britain (Hope 2002: 237). Rugby teams in New Zealand formed rapidly from the 1870s in cities, towns and villages across the country, and were composed of players from all social classes, both Maori and European. The filtering-down cultural process from elites to working classes that characterised the growth of organised sport in Britain was far less visible in New Zealand, and this probably helped to support the perceived egalitarian nature of the country. These teams helped to forge local identification amongst players and supporters, and the classlessness and ethnic inclusiveness of their composition combined with the egalitarian rather than hierarchical team structure to make rugby a vehicle for unifying individuals towards a common cause. Phillips claims that rugby, like war, was idealised as a classless arena whose participants ‘were presented as egalitarian bands of brothers’ (Phillips 1984: 102).

The organisational composition of rugby was based on a bottom-up structure, with loyalties being forged at smaller provincial levels and then being submerged into larger orders of unity. At the club level, social, racial and religious differences were reflected, but then submerged when the various clubs in a locality combined to form one provincial team. Likewise, local and regional differences were submerged in the national interest when the national team formed: ‘the loyalties and sentiments of otherwise disparate and dispersed social actors were forged into an expression of national unity whose embodiment was the All Blacks’ (Perry 1989: 124). The main

achievement of rugby in constructing a particular vision of national identity, then, was the ‘symbolic uniting of men over and against all of the differences of background, occupation, education, income, experience and beliefs that otherwise divide them’ (Fougere 1989: 116).

The ideology of an open society in which one’s social and economic standing is determined by merit was also given weight by the social mobility of gifted athletes. The myth that ambitious, hard-working and talented individuals could achieve his or her deserved status and rewards was perpetuated by the fact that, in the rugby world, this really was the case. This stimulated the belief that society was more open to change than it really is, that anyone could reach the top (Blain, Boyle et al. 1993: 50). The myth of New Zealand’s classless, racially harmonious society was corroborated by our national game. Hope’s analysis of rugby’s history focuses on the conflicting interpretations of the ideologically constructed myths. The idea that colonial and Maori rugby were progressing in unison with New Zealand’s evolution from colony to nation ascribes a sense of purpose underlying the nation’s development which is more fiction than fact; and varying interpretations exist over such issues as amateurism versus professionalism and the determination of authentic national representation. Thus, an assertion of the unifying power of rugby relies on an interpretation, a demarcation, which supports an elite view by including certain historical evidence while leaving out unsuitable details.

The increasing economic and social disparities that were becoming apparent in 1970s New Zealand had their parallels in the institutions of media and sport. The 1960s saw the introduction of television to New Zealand operated by the state-controlled but semi-independent New Zealand Broadcasting Corporation. Television provided New Zealanders with an opportunity to experience the world from which they had been so thoroughly isolated up until that point. Television developed into the focus point of the nation’s culture at a time when social rifts in New Zealand had reached a point at which they could no longer continue to be swept under the rug. As the Springbok conflicts, anti-Vietnam protests and the growing Maori rights movements gained momentum, the nation was glued to the television screen where they could witness the events unfold, and also view current-affairs programmes which began to feature a willingness to confront authority. The movements challenged the homogenous myth that had prevailed up to that point, and the television coverage forced the public to confront the conflicts in



society that they had been able for the most part to ignore. Television's imperative to entertain, however, meant that titillation and sensationalism tend to dominate the presentation of news. The logic of television dictates that complex issues be simplified down to emotive soundbites, and although the change to what Joe Atkinson calls 'tabloid democracy' wasn't fully experienced until after the deregulation of New Zealand broadcasting in 1989, the process began with television news broadcasts.

Up until the second half of the twentieth century, New Zealand society had remained sufficiently homogenous, or the cultural diversity had lain sufficiently dormant, that rugby had been able to serve as a symbol which both reflected and helped maintain the perceived unity of the nation. The extent to which our social divisions had grown was illustrated by the 1981 South African rugby team's tour to New Zealand, and the massive demonstrations that accompanied it. Although there had been controversy surrounding the decisions to play the Springboks since the 1960s, violent clashes between rugby supporters and anti-apartheid demonstrators in 1981 polarised the nation, and the presumption of cultural homogeneity that rugby had helped to construct and maintain was shattered. The greater divergence of values, incomes, occupations and ethnicities in New Zealand meant that 'the symbolic bridging of divisions between men, the amount of diversity that [had] to be incorporated and reconciled through rugby [had] increased enormously' (Fougere 1989: 118). As the country continued to transform further, rugby would become increasingly less relevant in the construction of New Zealand's cultural identity and exist progressively more as one of the many sporting codes providing representations of New Zealand.

Mass media and sport in New Zealand helped to entrench a national identity defined by elites since colonial times. The myth of homogeneity and egalitarianism was maintained until the 1970s, when social differentiation became too great for the effective maintenance of this premise. At this point, a crisis of identification occurred in the country because, as there was no deep-seated national culture stemming from historical beliefs or shared ethnicity, citizens had little to bond them but the sport and media-constructed myth that was now being rent apart. New Zealand has been described as a nation committed to capitalism but concerned with the social effects of the free-market. The capitalist system engendered a tension between the socially lauded values of decency, fairness, equity and order and the market values of consumerism, free

enterprise, materialism and individualism (Butterworth 1989: 156). Historically this disparity had been addressed with the attempt to compromise through arbitration, welfare and protectionism, but as these were reduced in scale due to economic shifts, the need for the media to maintain the myth increased.

Elite ideology had traditionally converged from the wealthy landowners on one side and the state on the other through mass media and sport to form a particular construction of the nation which suited dominant interests and at the same time appealed to the masses. It provided a picture of a just nation, populated by superior human physical specimens, where everyone had an equal opportunity and there was little or no animosity between citizens. One can see how this ideology would engage with the hopes and desires, wants and needs of the nation's citizenry. However, once the illusory nature of these myths began to become apparent, there was very little else in the way of a national culture to unite citizens. The features selected by the state, elite businessmen and British observers to represent the national culture of New Zealand had become too obviously contrived and could no longer be legitimised. That New Zealand was a homogenous, harmonious society could no longer be maintained using the paternalism and ignorance of diversity that had served the purpose up until this point – the realities of life, experienced by a growing majority through their everyday experience and the images they saw on television, were a startling contrast to this.

## **CHAPTER THREE: The Neo-Liberal Revolution**

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In 1984, with the election of the fourth Labour Government and the appointment of Roger Douglas as Minister of Finance, the New Zealand economy would be transformed from 'a bastion of welfare interventionism' into 'a liberal reformer's paradise' (Kelsey 1994: 185). The changes can be partly attributed to the economic stagnation, mass unemployment, unfavourable terms of trade and declining real incomes that afflicted New Zealand from the mid-1970s. These factors provided the necessity for change, but they did not predetermine the direction or the extent of the policy overhaul that would occur. The adoption of neo-liberalism as a policy-making paradigm was a global phenomenon but was also influenced by the prevailing market fundamentalism within Treasury, the Reserve Bank and the New Zealand business community. This chapter traces the ascendancy of these policy precepts, and the subsequent shift in economic and political power within New Zealand.

### **3.1 Neo-Liberal Political Philosophy and Neo-Classical Economics**

The idea that underpins neo-liberal or New Right economic theory (even after enormous technical advances in the science of economics) is still Adam Smith's 'invisible hand'. Smith believed that competition and wise laws would channel the selfish aims of producers and thus avoid chaos in the marketplace. This assertion that from selfish aims would arise the welfare of all has been a fundamental element of the liberal argument. According to MacEwan, 'The neo-liberal ideology is ...held together by the belief in the legitimacy of markets ...as existing outside of society and outside history' (MacEwan 1999: 11). The two ideas which form the crux of the liberal argument – that individual freedom is morally right and virtuous, and that 'within a framework of settled law pursuit of self-interest does not lead to disorder' – underpin the supposition that free markets are legitimate (Green 1987: 29). The corollary is that government must be limited to minimise the harm it can do to individuals.

The main propositions of contemporary neo-liberalism are as follows. Firstly, government intervention in the market is ineffectual at best and destructive at worst. Secondly, all alternatives to markets are deeply flawed. Thirdly, government failure is more prevalent than market failure. And therefore, fourthly, government intervention is unjust (Levitas 1986: 38). The emergence of Monetarism, the most well-known of all neo-liberal ideas, has been attributed to the breakdown of the Bretton Woods system which fixed exchange rates through the US dollar's linkage to the gold standard (Levitas 1986: 28). By 1972, faced with increasing liberalisation of world trade and rising national debt, the United States abandoned the fixed dollar and floated their currency. Most major currencies followed suit shortly afterwards. Fixed exchange rates had provided an important monetary control on national governments, since excessive expansion of the money supply would create inflation and thus a trade deficit. Under floating exchange rates, this control no longer existed. Instead, all governments committed to an open world economy favoured Monetarist policies in order to control inflation (Levitas 1986: 33-4).

The control of inflation, as opposed to the reduction of unemployment, became the main concern of governments during this period. From a Keynesian perspective, aggregate demand was central to the functioning of the economy; the quantity of money in circulation was, in comparison, of negligible importance. Conversely, Monetarists maintained that inflation was the defining problem, and that, in effect, 'the only policy governments needed to have was a policy for controlling the money supply' (Levitas 1986: 35). Increasing overall demand could not alter employment and economic growth, and thus the Keynesian tactic of stimulating demand was flawed; it would only serve to increase inflation.

Austrian philosopher and economist F. A. Hayek gave ideological weight to Friedman's macroeconomic reasoning. Hayek argued very strongly against the exercise of coercive power over others. In this regard the attempt to redistribute wealth within an economy was seen as a threat to individual liberty. According to Hayek, the welfare state is unmerited because it shows 'a willingness to use the coercive apparatus of the state ... to adjust directly the material positions of particular persons and groups in accordance with the government's preferences' (Green 1987: 117). Redistribution to assist those

individuals who are at the bottom of the heap forces those who have successfully participated in the market to contribute to the support of those who have been either unsuccessful in their attempts to do so, or who have made no effort to engage in socially useful market exchanges (Morrow 2001: 525). In contrast, the interactions in the open marketplace result in the development of independent, responsible and virtuous individuals (Morrow 2001: 528).

### 3.2 The New Zealand Experience

During 1983, shadow Finance Minister Roger Douglas had, with the help of Labour MPs, several leading businessmen, and a Treasury official, designed an economic policy package which he presented to his party's policy council. The ensuing confrontation between the Labour MPs who defended welfare capitalism and the converts to neo-liberalism was still unresolved at the time of Muldoon's announcement of a snap election in June 1984. News that Douglas would devalue the dollar by 20 per cent if Labour were to win was known in business circles several weeks before the election took place. The finance community, predicting a Labour win, responded by speculating heavily against the dollar, buying overseas cash and exhausting the government's foreign exchange reserves. The economic instability meant the newly elected government had to act quickly, but hadn't had time to prepare a budget. According to then Prime Minister David Lange, during the post-election turbulence Roger Douglas was the only MP who had thought through the economic issues and had an economic policy, so it was this that Cabinet fell back upon (Kelsey 1995: 30).

The circumstances surrounding the election allowed Douglas, along with his offsidiers David Caygill<sup>1</sup> and Richard Prebble<sup>2</sup>, to effectively take control not only of economic policy but increasingly social policy as well. The Labour government became the vehicle for a programme which was strongly advocated by free-market enthusiasts within Cabinet and Government departments (despite misgivings from party members and the electorate). The changes that eventuated were carried out in a 'lightning strike' in order to neutralise resistance from interest groups. This meant that public sentiment

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<sup>1</sup> Minister of Trade and Industry.

<sup>2</sup> Associate Minister of Finance.

had to be ignored in the short term, as did reflection and introspection (Easton 1997: 80-1). In Prebble's words: 'You have to put politics aside. What's needed is a sensible pragmatic approach that puts the good of the country first... and focuses on good sound economic management' (Kelsey 1995: 35).

The Labour finance ministers were provided with crucial support from Treasury and the Reserve Bank in implementing neo-liberal policies. By 1984 a strong body of thought had consolidated within Treasury and the Reserve Bank in favour of economic deregulation, exchange rate flexibility and tight monetary policy. These principles did not appear publicly in writing until Treasury's post-1984 election briefings to the incoming Labour Government. The briefings, entitled '*Economic Management*', asserted that a more market approach to economic policy and an abandonment of direct controls were required to 'tackle the underlying causes of our economic malaise' (Treasury 1984: 106). The briefings also advocated the removal of interest rate controls, a substantial programme of asset sales to reduce government deficit, lower real wages and increased flexibility in the labour market, tighter targeting and less direct government provision of services in social policy, and in the public sector, reform of state-owned enterprises along private sector lines (Bertram 1993: 43-4). The Treasury briefing, rather than Labour Party policy, was the blueprint for the Government's economic policy (Kelsey 1995: 50).

Treasury and the Reserve Bank had gained unprecedented power within Government. This group of economic fundamentalists had close links to the New Zealand business community; once the changes had occurred there was an exodus of Treasury staff to the private sector finance industry<sup>3</sup> (Jesson 1987: 130). The lines between economic and political power were becoming increasingly blurred<sup>4</sup>. The corporate sector was providing a base of powerful advisors to collaborate with government in the initiation of

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<sup>3</sup> Rob Cameron, for example, left Treasury to join Fay, Richwhite. (Legat 1991: 62)

<sup>4</sup> For example: in 1984, Roderick Deane was the deputy governor of the Reserve Bank, and a vital intellectual contributor to the economic policy debate. In 1986 he moved on to the State Services Commission to administer the corporatisation of the state sector. He would then become chief executive officer of the corporatised Electricorp, before taking up the chief executive role of the newly privatised Telecom in 1992. Deane was also a long time member of the Business Roundtable. Roger Kerr, the director of 'Economics II', the Treasury think-tank that was responsible for formulating *Economic Management*, left Treasury in 1986 to become the director of the Business Roundtable. Kerr was subsequently appointed by the Labour Government to the board of Electricorp alongside Deane by the Labour government.

change. Kelsey attests to the importance of key private sector actors, industry organisations and business lobby groups to the revolution's success: their 'economic interests ...made them the first line of defence against any suggestions of retreat' (Kelsey 1995: 73). According to Jesson, this situation 'signified a shift in the balance of political power toward the business community, with key businessmen becoming politically influential' (Jesson 1987: 128). The private sector's influence on politics was embodied in the personage of Sir Ron Trotter, managing director of Fletcher Challenge until his retirement in 1987. Trotter served as the chief advisor to Labour's economic summit conference in 1984, and served on the Reserve Bank board from 1986-88. He was chairman of the Telecom board from 1987 until Deane took over in 1990, and was also chair of the Business Roundtable during this period.

The Business Roundtable was a lobby group comprised of chief executives of large corporations, founded, in its own words, 'on the belief that a healthy, dynamic business sector and open and competitive markets are fundamental to the achievement of a prosperous economy and fair society' (NZBR). It began in the late 1970s, grew as the Labour government took power, and became far more politically active in 1986 following the appointment of Kerr as executive director, who proceeded to transform the organisation from a 'low key lobby-group' into a 'strident organisation of the libertarian Right' (Jesson 1987: 131). The organisation consistently argued for fiscal restraint, market liberalisation, trade liberalisation, reductions in social spending, corporatisation and privatisation, anti-union industrial relations reform, and substantially privatised education and health systems (Roper 1993a: 161). The alliance that had developed between top businessmen, Treasury and Reserve Bank staff, and the Labour troika of Douglas, Prebble and Caygill was evidenced by the small, elite group of business leaders who were increasingly taking control of public services. At one point under Labour almost half of the State Owned Enterprise directors were members of the Business Roundtable (Kelsey 1995: 76). Nicola Legat observed in *Metro* that 'those who shared Douglas's free-market, less-government reforming zeal were those who got the plum jobs as government advisors and then as directors of the new state-owned enterprises' (Legat 1991: 61).

### 3.2.1 Market Liberalisation

The policy 'blitzkrieg' which followed the 1984 election centred on five 'fundamentals': liberalisation of domestic markets and trade; reduction of the size and scope of the state; monetary policy, driven by an overriding goal of price stability; labour market deregulation and deunionisation of the workforce; and fiscal restraint, through broadening the taxation base and cutting state spending and social support (Kelsey 1995: 85). The jargon that often accompanies talk of economic policy can be ill defined or misleading, so clarification of the catch phrases is useful. According to Easton,

*Liberalisation is the opening of markets to competition, replacing such interventions as barriers to entry, price controls, licenses and restrictions on some activities, compulsion on others. It may also include the removal of advantages, disadvantages, subsidies and taxes which discriminate between firms, or different related markets. Liberalisation involves increasing the use of the competitive market as a means of regulating the economy, perhaps because it is judged the most effective means of dealing with a particular problem. (Easton 1997a: 13-4)*

Within a week of the election, interest rate controls had been abolished. By December 1984, restrictions on foreign exchange transactions on the current account had been abandoned. By March 1985, the New Zealand exchange rate had been floated and the financial sector had been entirely deregulated. The deregulation was a logical precursor to the subsequent commercialisation of the country's various state-owned businesses, allowing the market to operate in its purer form and create a clean slate for the later steps of commercialisation and privatisation.

The reforms were so quick and broad, Jesson was already claiming in 1986 that 'New Zealand now has the least regulated financial sector in the OECD and the work of the first three Labour governments has been undone' (Jesson 1986: 32). The key changes were the deregulation of the finance and other key factor markets; the liberalisation of trade; and the opening of the market to foreign direct investment. The deregulation of factor markets (apart from finance), consisting of industries such as energy and transportation, involved the removal of most market entry restrictions, price controls, regulatory monopolies and operating restrictions. Trade liberalisation centred on



removing protections enjoyed by the import substitution sector. These protections included tariffs, import licenses, capital controls and fixed exchange rates. The elimination of these restrictions, combined with a reduction in agricultural and industrial subsidies and the removal of export assistance measures, noticeably decreased the effective rate of assistance to the manufacturing sector and to New Zealand agricultural producers. The tight regulations on the inward and outward flows of international capital traditionally enforced by New Zealand were almost completely removed. It became easier for foreign-owned companies to establish themselves in NZ, and to repatriate profits earned in New Zealand offshore. Consequently, foreign direct investment in New Zealand became virtually free of any restrictions (Bollard 1991: 9-10; Bollard 1993: 6-10).

The deregulation of the finance markets in 1984-85 consisted of, in addition to the abolition of interest rate and exchange rate controls: the removal of market entry restrictions, operating limitations, price controls and regulatory monopolies; the abolition of credit growth guidelines and official export guarantees; the deregulation of banking by removing separate requirements for trustee banks, building societies, finance houses, stockbrokers and trading banks; and the removal of ownership restrictions as well as more traditional formal financial controls such as reserve ratio requirements. These changes meant that, effectively, entry to the banking industry became 'open to all comers who can convince the Reserve Bank of their ability to operate a financial institution prudently' (Bollard 1993: 7-8).

The financial system is a crucial element of the capitalist macroeconomy because it provides a payment mechanism within which the rest of the economy can conduct the exchange of goods and services. Companies or individuals that need capital to increase production can borrow that capital from companies or individuals who have surplus which they are willing to invest to make a profit. The two main functions of the financial sector are therefore to provide for the efficient transmission of funds between financial sectors, and to produce the appropriate signals which will allow potential transactors to make correct decisions about present or future borrowing or lending (Hunn, Mayes et al. 1989: 28). The 'signal' referred to here is the interest rate. A higher interest rate will convince more agents to save rather than spend, but will at the same time reduce the number of agents willing to borrow for a particular project. Supply of

and demand for investment capital works continually to regulate the rate of interest. With the fixed exchange rate system in New Zealand prior to 1985, interest rates and exchange rates were set by Government. Once the exchange rate was floated in March 1985 and the controls on interest rates removed, the value of the New Zealand dollar and the level of interest were controlled by market forces.

### 3.2.2 Commercialisation

Commercialisation in this context refers to ‘the application of business (or commercial) principles to the public sector (or a particular public sector activity)’ (Easton 1997: 25-6). Once the economy had been liberalised to allow the market to function in a (comparatively) unfettered way, the reformers turned their attention from the private sector to state owned assets. Considering that government expenditure was responsible for about 40 per cent of GDP, the attention it received was understandable (Deane 1989: 116).

The pragmatic arguments for public sector reform were based on characteristics that distinguish government-run organisations from private firms. Roderick Deane emphasised the confusion which arose from the mixture of commercial, social, regulatory and policy advisory functions faced by many government agencies as well as the lack of competitively neutral conditions with respect to these organisations, which often received tax breaks and preferential or monopoly rights. He also pointed out the excessive layers of management and centralised rules and regulations which resulted in inflexible departments (Deane 1989: 117). The practical arguments for commercialisation were, then, based on the same philosophies as those for the economic deregulation; the economy was performing poorly in an interventionist environment and the change to market policies would improve performance. The State Owned Enterprise Act 1986, and the subsequent creation of nine state-owned enterprises (SOEs) in 1987, formalised the government’s commitment to commercial values. The SOEs were required to concentrate on commercial objectives and to perform as successful businesses in a neutral environment free of regulatory advantages (Deane 1989: 118).

The first nine SOEs – land, forestry, electricity, telecommunications, coal, airways, post office bank, post office and government property services – would be added to over the next four years by ‘almost every state activity that conceivably had a commercial potential’: works, railways, roading, ports, government computing, radio, television and meteorological services (Kelsey 1993: 30). In terms of their commercial goals, the SOEs were for the most part successful – ‘the improvements to productive efficiency have had a marked effect on NZ society through redundancies, lower prices to consumers and businesses and the introduction of new products and services’ (Scott-Kennel 1997: 114). Telecom, the biggest success-story, earned the government \$977.6 million in 1989-90 (Kelsey 1993: 31).

Before Labour’s electoral victory in 1984, the public sector was in general viewed as ‘inefficient, privileged, self-perpetuating and in need of a good shake-up’ (Kelsey 1993: 31). Even Wolfgang Rosenberg, one of the staunchest critics of neo-liberal policy, conceded that ‘by making state enterprises not only competitive, but superior to private organisations, the people of New Zealand could benefit greatly’ (Rosenberg 1987: 20). However, the fact that efficiency needed to be improved does not necessarily mean that commercial efficiency must be the only measure of organisational success. At the theoretical level, the shift to using commercial criteria to evaluate policy decisions shows how much of a foothold the neo-liberal agenda had gained. According to neo-classical economics, if every participant in the economy acts in their own interests, the entire economy benefits. This view holds that under a state-owned system, optimal functioning can’t occur: ‘public ownership leaves a substantial area of economic activity free from the system of private property rights and may thus impair the mechanisms described above’ (Deane 1989: 120). Easton argues that the re-evaluation of the goals of SOEs went too far. Both the market mechanism introduced and the previously employed bureaucratic systems were originally conceived as practical means to a higher end, but when applied by the Labour Government:

*...the commercialisation strategy was not simply a practical application. It was enthusiastically applied to situations which economic analysis by itself could not justify. Indeed, commercialisation seemed to become an end in itself. Its justification was ideological. (Easton 1997: 33)*

### 3.3 The Share Market Boom and Ascendant Entrepreneurial Nationalism

As a consequence of the adoption of a neo-liberal policy agenda, economic and political power in New Zealand was transferred from a small group of people to an even smaller group. A collection of businessmen managed to snatch control of a large proportion of the nation's assets, and achieve dominance over its policy direction. Jesson argues that not only was the number of elites reduced, the traditional business oligarchy was replaced by a new breed of financial entrepreneur (1987: 7). The companies which had long dominated New Zealand's business community, such as Fletchers, New Zealand Insurance and Wilson and Horton, run by conservative, socially uniform business families, were being taken over by corporate raiders with names like Brierley Investments, Chase Corporation and Equiticorp. These companies weren't involved in productive industries; they made money by buying out other companies and either making them more efficient or stripping their assets and selling them off. Up until the 1970s the financial sector in New Zealand remained unsophisticated due to the government's insular economic policies, and the productive and service sectors shaped the economy. Less than 20 years later, the directors of fledgling financial corporations wielded a major proportion of the country's economic and political power. How did this situation arise?

Muldoon had helped to kindle the growth of an unofficial money market by allowing foreign participation in New Zealand-owned merchant banks in 1971. The financial infrastructure that subsequently developed, linking finance companies and major corporations, continued to grow in stature with the removal of interest rate controls in 1976, and made a lot of money for investors who used the import substitution tax incentives as a means of tax avoidance. When Muldoon closed the loopholes and instigated the freeze, the financial community was antagonised, and its members were impelled to lobby for free-market policies. At the same time, corporate takeovers and mergers had begun to occur more frequently in the New Zealand stock exchange, partly as a result of the weak economy. Corporate raiders such as Brierley Investments began to take advantage of a fairly common situation in which the share prices of a company were low relative to the value of the company's assets. The raider would then either rid the company of 'dead wood' in the form of assets or personnel to improve the company's efficiency, or dismantle the company, selling all of its assets and often

making huge profits in the process. The earliest signs of the ‘speculative fever’ that would continue to gather steam until the share market crash in November 1987 were becoming evident. The takeovers and acquisitions began the inexorable concentration of economic and political power that would eventually have a powerful effect on the intellectual and cultural life of the country. A few individuals would have control over an increasing proportion of the nation’s assets.

Financial deregulation spawned a new class of wealth and power in the form of the financial services industry. Between 1985 and 1988, jobs in the finance and business services sector grew by 21 per cent. Jesson attributes a large part of the reason for New Zealand’s economic reforms to the change in the composition of the holders of wealth and power inside the New Zealand business community towards a new breed of ‘younger men with accountancy and business qualifications, with access to international finance, and who are imbued with aggressive and acquisitive ambitions’ (Jesson 1987: 83). The spate of takeovers and mergers within the New Zealand share market resulted in an even smaller group of businessmen controlling the corporate sector of New Zealand, and that group was heavily represented by the heads of investment companies and corporate raiders, who had substantial access to international finance.

The complete deregulation of the financial markets opened the floodgates to international capital. Concurrently, the Reserve Bank shifted to a policy of pure monetarism. The sole target of the government’s monetary policy became confining annual inflation to between 0-2 per cent, a commitment formalised in the Reserve Bank Act 1989 (Bollard 1993: 8). Monetary policy, with its focus on curtailing inflation, meant that interest rates in New Zealand were allowed to rise, and became very high in comparison to the global average. This situation attracted foreign investors, who began pouring in money from overseas in pursuit of profits from interest, money that then flowed through the banking system into the share and property markets. The deregulation of the finance markets also meant that banks were given a sudden freedom to create credit money, and became eager to offer massive amounts of credit to take advantage of the favourable interest rates. Stevan Eldrid-Grigg wrote that the Bank of New Zealand was ‘almost maniacally lending millionaires massive sums, with little security’ (Eldred-Grigg 1996: 197). Much of this credit was likewise used to finance

speculation in the share market and the property market (Dalziel and Lattimore 2001: 51). The combination of foreign and local speculative investment caused share prices to rise spectacularly, and the stock market boomed. The speculative situation that resulted from the deregulation, Jesson argues, is one that has occurred many times historically in capitalist economies. Money was often borrowed by investment companies to buy and sell shares and property, thus further inflating the values of the shares and property, which then provided the security for further borrowing. The rising prices created the illusion that the investment companies were earning huge profits, and this meant that they could sell more shares in order to keep the process going (Jesson 1999: 116-7).

The availability of cheap money in huge quantities from overseas and local investors at a time of low levels of economic growth provided an enormous temptation for young businessmen inspired by the success of firms like Brierley Investments. The ease with which newly formed investment firms could borrow swags of cash was extraordinary. This money could be invested in existing firms and turned into vast fortunes, without the need to manufacture a single thing. Landcorp's Oliver Newland wrote that 'Any entrepreneur could make a fortune, no matter how far-fetched. The frenzied market lapped up the good and the bad alike' (Eldred-Grigg 1996: 203). The new investment firms – Brierley Investments, Chase Corporation and Equiticorp – led the way in the share market's dramatic post-deregulation boom. By the end of 1986 the value of shares traded had risen by 157 per cent on the previous year, to over \$4,800 million (Grant 1997: 281). The market capitalisation of all listed companies had increased over the same period by 142 per cent, from \$17,574 million to \$42,436 million (Grant 1997: 295). The financiers became an integral part of the business community – as evidenced by the induction of Allan Hawkins of Equiticorp, Peter Francis of the Chase Corporation, and David Richwhite of Fay, Richwhite into the Business Roundtable. By August 1987, investment companies accounted for eight of the top twenty listed companies in New Zealand, ranked by market capitalisation (Roper 1987: 3).

An offshoot of the success of the investment firms was the incredible growth experienced by property development companies. The new finance companies wanted to look the part in gleaming towers of steel and mirror glass, and inevitably law accountancy firms, brokers and bankers followed suit. In March 1986, the *National Business Review* reported that more commercial office floors had been built in

Auckland over the prior 18 months than in the previous 100 years (Byrnes 1986: 33). Another publication mentioned in February 1987 that Auckland and Wellington's skylines had 'changed so much recently that someone coming back from a two year overseas stint might question they are in the same country' (Watt 1987: 24). Affluent new companies were willing to pay top-dollar for premises, and a new generation of high-flying property developers were reaping the benefits. Companies such as Chase and Mainzeal were showing colossal growth, and instead of waiting for investors to finance their projects, the availability of credit meant they could borrow the funds themselves. In September 1986, the *National Business Review* declared that the property sector had become the 'darling' of the share market, and that over the past year three of the five top performing shares in New Zealand had been property companies (Byrnes 1986a: 49).

Commercial property and finance were the sectors fuelling the bull market, creating fame and fortune for the new group of entrepreneurs. As the sums of money made grew, the individuals at the helm of the most successful of the corporate raiders and property developers received greater media attention. The charismatic new entrepreneurs were, according to Jesson, glamorised by an adulatory and uncritical press enthralled by their success. Figures such as Alan Hawkins of Equiticorp, Colin Reynolds of Chase, Bruce Judge of Ariadne, Bob Jones of Robt. Jones Investments and Craig Heatley of Rainbow Corporation were heroes of the business pages and glossy investment magazines. All made *Personal Investment's* Richest People in New Zealand list in December 1986 (Greenwood, Myers et al. 1986/1987: 22-32). By the height of the stock market boom, the most prominent of the entrepreneurs had managed to amass vast personal fortunes<sup>5</sup>.

The corporate raiders became known as the swashbuckling buccaneers of New Zealand business, and the media generally attributed their achievements to their outstanding individual characteristics. *Better Business* pronounced the rise of the merchant banker:

*There's a new breed of banker flourishing in the fertile dust stirred up by Labour's free marketers. The merchant banker – thinks on his feet, plays to win. A sort of 'dead-eye dick' of the trading table'. In his world of knife-edge*

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<sup>5</sup> The estimated personal worth of some of the financial entrepreneurs as of mid-1987: Chase Corporation's Colin Reynolds: \$450 million; Equiticorp's Allan Hawkins: \$117 million; Brierley Investments' Ron Brierley: \$260 million; Robert Jones: \$155 million. (Roper 1987: 3-4)

*decisions, huge risks, massive returns, there is room only, it seems, for the quick and the dead... or the young, fit and socially mobile.* (Raea 1986: 6)

Investment newsletter *The Headliner* declared that Craig Heatley was the ‘best ‘pure’ entrepreneur in the group’, showing opportunism, initiative and deal-making abilities, while Chase exhibited ‘the best combination of entrepreneurial talent and strategic planning’ (Unattributed 1987b: 5). *New Zealand Financial Review* reported that investment companies were ‘seeing their efforts rewarded with instant share market respectability’, while the *National Business Review* advised investors to stick with the high flyers ‘if they have a taste for risk combined with potential high capital gains and eventual earnings return’ (Hall 1985: 3; O’Brien 1985: 24).

By April 1986, the 17 listed investment / finance companies made up 37.3 per cent of the market’s total capitalisation, and shareholders were attending company AGMs to pat the directors on the back (O’Brien 1986: 40). Upon attending the Equiticorp AGM in August 1986, Mike Wilson was able to report in the *NBR* that Allan Hawkins was ‘now more than just a financial wizard. He is a performer who can whip up enthusiasm among shareholder converts’. The AGM ‘had everything – drama, tension, laughs, surprises, glamour, and even a shootout between the hero and a ‘bad guy’ from out of town’, and ‘for the shareholders there was the assurance that they would all be a lot richer the next day’ (Wilson 1986: 43).

The business press celebrated the glamorous new rich and went into raptures over their conspicuous style of spending. *Personal Investment’s* ‘Rich List’ claimed to provide ‘a fascinating glimpse of how wealth has been accumulated by New Zealand’s richest people’ (Greenwood, Myers et al. 1986/1987: 22). *Better Business* asserted that ‘the top tier of New Zealand’s deregulated economy has made a heap of money in a short time’ and that the captains of industry had seen their command usurped by ‘the swashbucklers of the share market and the big wheels of the investment companies’ who were intent on living the *Miami Vice* lifestyle (Hawkes 1987: 8). Among other things, demand for big-ticket boats, Rolex watches, luxury cars and high-end properties had increased enormously. This new elite displayed their wealth in an ostentatious fashion unfamiliar to New Zealanders. Eldred-Grigg describes Goldcorp’s Ray Smith proudly listing his possessions: ‘a house on the North Shore worth \$1.5 million, the latest Bentley worth



\$350,000, a new Ferrari 328 worth \$200,000, a new Audi Quattro Turbo worth \$120,000, half shares in an Agusta twin turbine helicopter worth \$2 million, a cruiser called *Spartacus* worth \$500,000, a ski chalet in Ohakune, an art collection worth \$150,000, shares in Goldcorp Holdings valued at \$36 million' (Eldred-Grigg 1996: 210).

As predators of the investment world received more media attention, the public at large began to catch the speculative fever. A mood of euphoria took hold as overseas investment continued to gush into the country and there seemed no limit to the speculative profits. Free-market hype had taken hold of the nation. By mid 1987, over 41 per cent of the adult population of the country owned shares, with many new investors mortgaging their houses at huge rates of interest and cashing up their superannuation to finance their investments (Grant 1997: 284, 328). Newcomers, according to Eldred-Grigg, 'rushed recklessly into the capitalist marketplace, often with tiny sums of cash as their stake, swelling swiftly into millions of notional wealth' (Eldred-Grigg 1996: 203).

The intoxicating rush of quick, speculative money left few unaffected. Hawkins recounted a public feeding frenzy for shares upon Equiticorp's share float in June 1984: people 'came at us panting, yelling, waving their cheques in the air, lusting for a piece of the best company prospect around' (McLauchlan 1989: 10). The *National Business Review* described the share market euphoria as 'a once in a lifetime boom which is generating mountains of paper and some huge profits' (Wilson 1986a: 38). Jesson, on the other hand, saw it as 'the culmination of the political and economic convulsion of the eighties, the triumph of the acquisitive and individualistic ethos that has flourished in the economic conditions created by Rogernomics' (Jesson 1987: 172). New Zealand's middle class had been infected with the avariciousness and greed that accompanied the neo-liberal celebration of self-interest, and any non-commercial values had fallen by the wayside in the pursuit of capital gains. The quest for extreme personal wealth had, in the minds of a large section of the public, replaced the commitment to equality.

The adulation of financiers along with the popular sentiments of share market euphoria came together in an expression of entrepreneurial nationalism with the expansion of

New Zealand corporations into foreign share markets<sup>6</sup>. The adoring press recounted exploits of New Zealand corporate raiders raising New Zealand's profile abroad and creating the opportunity for far vaster capital gains for shareholders than were available in New Zealand. The attempts of investment companies to pursue riches offshore were depicted in the media as a patriotic quest in the interests of all New Zealanders. Stories such as *Personal Investment's* article entitled 'High-fliers swoop on foreign prey' contained the requisite adulation and jingoism:

*As the stock market continues to ply ever upwards, New Zealand's corporate dynamos are spreading their wings onto the world stage. Not satisfied with the quality and breadth of the local pickings, many of the new breed of entrepreneurs are being forced to look offshore to maintain their company's [sic] growth and, more importantly, returns to their shareholders. In doing so they offer personal investors the chance to follow their home-spun heroes into overseas stock markets that have previously been avoided because of their unfamiliarity. But these markets also carry the potential for much greater rewards. (Rebase 1986: 24)*

The article went on to say that the performance of New Zealand companies in Australia had been nothing short of astounding, a bonanza for investors, and that Brierley and his mates had done well for their faithful followers. Listed New Zealand companies in Australia in 1986 included Brierley Investments, Chase Corporation, Feltex New Zealand, Fletcher Challenge and Robt. Jones Investments. Australian companies run by expatriate New Zealanders included Goodman Fielder (Pat Goodman), Industrial Equity Limited (Ron Brierley), Ariadne Australia (Bruce Judge) and Equiticorp Tasman (Allan Hawkins). By late 1986, a new wave of overseas investment was moving into Britain, and the National Business Review was gushing with national pride:

*The wild colonial boys are on the loose in London. In the past 4 weeks, the British have discovered that New Zealanders want to do more in this country than sup amber fluids and thrash the locals at cricket. For they, like the Aussies, seem dead keen to take over the place – lock, stock and Watney's red barrel. (Wilson 1986b: 57)*

Not only had 'the antipodean upstarts from Chase proved London's brokers and merchant bankers wrong', but Rainbow Corporation, Industrial Equity Limited, Fay

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<sup>6</sup> Robert Jones Investments and Chase Corporation bought companies in Australia and the United States; Renouf Corporation and Fay, Richwhite set up offices in London; Brierley Investments 'became a global company with investments in Europe, America and Asia'. (Eldred-Grigg 1996: 206)

Richwhite, Ariadne and Equiticorp had joined the charge and proven the mettle of Kiwi entrepreneurs (Wilson 1986b: 57). Business writers saw the offshore investments as the beginning of a new phase in the country's corporate history. The corporate raiders were hailed as inspirational role models for the new breed of New Zealander. They had risen from obscurity to millionaire status, achieved the dream, and paved the way 'for others keen to follow in their dollar-studded footsteps' (Hilsgen 1987: 15).

### **3.4 The Erosion of the 'National Interest'**

The collective imagining of vast, easy wealth was in sharp contrast to the reality of the reforms' effects. Jesson argues that a lasting legacy of the financial deregulation and subsequent ascendancy of finance capital was the permanent destruction of a large sector of New Zealand's productive economy. While speculative finance created huge fortunes for some, the shift in focus from buying and selling products to buying and selling companies diverted resources away from productive activity and thus restricted economic growth. Many manufacturers of appliances and commodities, such as Fisher & Paykel, the Fletchers, food manufacturers Sanford and publishing family the Hortons 'strove to rein in the policymakers of Labour' (Eldred-Grigg 1996: 200). The 'vandalism' done to productive companies by corporate raiders every time a takeover occurred – stripping the company of assets and cash, harming the company's long-term development – was something the productive base of the economy was never able to recover from (Jesson 1999: 52, 105, 123). New Zealand was comprehensively changed from a productive economic structure to one based on finance and speculation, and the damage that was being done was effectively covered up by the booming share market. PDL Electronics' Sir Robertson Stewart wrote that the Labour Government 'keeps on pursuing policies which result in the virtual cessation of all industrial activity in New Zealand' (Eldred-Grigg 1996: 200). The undermining of nationally owned productive firms was virtually ignored in the atmosphere of greed-driven free-market hysteria.

The capital with which the new investment companies were able to finance their takeovers, acquisitions, mergers and speculations didn't come from thin air. Huge volumes of private foreign funds were needed. The quantity of New Zealand's overseas debt (public and private) soared from around \$15 billion in 1984 to \$27 billion in 1985,

and then skyrocketed to \$45 billion in 1987. As a proportion of GDP, New Zealand's total overseas debt had been about 4 per cent in 1974; by 1987, that figure had swollen to around 84 per cent (Rosenberg 1987b: 6). This meant that an ever-increasing amount of the wealth created in New Zealand had to be sent overseas to service the interest and pay profits on foreign-owned company stocks – in 1985, the cost of foreign payments had already exceeded \$1.6 billion (Rosenberg 1985: 8). By 1987, the payments were so excessive that they could not be covered by earnings and the only way they could be financed was by short-term borrowing. In order to attract investment from abroad, New Zealand interest rates needed to remain substantially higher than the international average. These interest rates reached astronomical proportions, increasing the damage done to the productive sector – manufacturers did not want to borrow funds to invest in research and development at such exorbitant rates. At the same time, the amount of money being borrowed from overseas caused the exchange rate to soar and exports suffered correspondingly, a painful blow to a country so dependent on export revenue. Farmers were among the hardest hit, especially considering almost all of their traditional government subsidies and price guarantees had been removed.

Not only did deregulation lead to increasing foreign debt, but it also induced the flight of New Zealand capital abroad. The mainstream media's uncritical support of New Zealand corporations acquiring overseas companies and performing on international share markets ignored the destructive nature of capital flight. Brierley's, Chase Corporation, Equiticorp and Fletcher Challenge invested money overseas which could have been used to provide jobs and economic growth in New Zealand. At the same time, the lack of foreign exchange reserves in the country meant that transfers of New Zealand capital abroad had to be financed by yet more borrowing. Rosenberg estimated that of the \$25 billion in international debt incurred between 1984 and 1987, capital flight accounted for around \$8 billion (Rosenberg 1987a: 16).

The increasing ownership of New Zealand's economy by foreign investors began to raise questions regarding the country's economic autonomy. Of the top 20 companies in New Zealand in 1987, ten were subsidiaries of overseas transnationals (Rosenberg 1988: 6). The increasing proportion of foreign owned stock in New Zealand would be a continuing trend over the next decade. The liberalisation measures of 1984 would eventually place New Zealand's economic policy at the whim of transnational capital.

In 1987 the disintegration of economic sovereignty was at an early stage. Multinationals had not yet gained the level of direct control over the nation that they would achieve in the future. However, the business community as a whole, and the financial sector in particular, had managed to wrest a large proportion of political power away from the people of New Zealand.

The increasing power of corporate and financial elites was mirrored by a corresponding demise in the breadth and scope of the welfare state. As we have seen, neo-liberal philosophy viewed the welfare state as an inhibitor of individual freedom and liberty. The extent to which the welfare state ethos had been instilled in the identity of New Zealanders over generations meant that dismantling it would be a difficult task. The foundations for change were laid with the extension of free-market principles and commercial values from the industry sector to the social services sector. While Treasury still recognised the responsibility of the State to provide assistance to the most disadvantaged members of society, this responsibility had become qualified. The goal was now to be achieved through the mechanisms of the market, with the state's responsibility being limited to providing a minimal safety net. The erosion of the welfare state was 'piecemeal' between 1987 and 1990, but, according to Kelsey, a theoretical change had occurred such that 'the structures were in place whereby a change of government, or of political strategy, could see it virtually decimated overnight' (Kelsey, 1993: 82).

Major changes to social policy would come during the fourth Labour Government's second term. From 1984-1987, Douglas's chief concern was broadening and flattening the income tax base and increasing the proportion of revenue from indirect taxation. In October 1986, the government introduced a goods and services tax at a rate of 10 per cent. In April 1987, income tax rates were flattened, reduced from five steps to three, set at 15, 30, and 48 per cent. In the second term, GST would be increased to 12.5 per cent and income tax restructured to just two steps, 24 and 33 per cent. The effect of tax reform and the beginnings of state sector restructuring through commercialisation would be to erode the tradition of universal welfarism in favour of a needs-based system. In terms of changes to real incomes, average and below-average earners were hit hardest. Between 1982 and 1988, effective average tax rates including GST for couples on average earnings with two dependants increased from 18.7 to 24.1 per cent,

while average tax rates for similar couples on three times the average income declined from 40.3 to 34.9 per cent (Kelsey 1995: 211). Bob Consedine argued that the advent of GST served to formalise ‘the massive redistribution of wealth to the rich which is taking place under Labour’ (Consedine 1987: 2).

Critics have produced a raft of statistics to argue that neo-liberal policies have increased the gap in income between rich and poor. Apart from increasing unemployment and changes in taxation rules, the astronomical interest rates resulting from the deregulations meant that wage earners and people with debt suffered, while incomes of property or capital owners continued to rise. In terms of real income, between 1984 and 1988, the average income of the bottom decile (the average of the 10 per cent of households receiving the lowest incomes) fell 5.8 per cent, from \$17,000 to \$16,016 per annum, and the middle (fifth) decile fell by 7.2 per cent, from \$32,789 to \$30,419; in contrast, the top decile saw their income rise by an astonishing 32 per cent, from \$79,476 to \$104,888 (Dalziel and Lattimore 2001: 30-1). John Deeks wrote that ‘each year since 1984 between 54 per cent and 59 per cent of NZ’s total market income has gone to the richest 20 per cent of the population’ (Deeks 2001: 548-9). Meanwhile, according to Kelsey, by 1996 one in five New Zealanders, including one in three children, were living in poverty – more than double the number in 1988 (Kelsey 2002: 40).

### **3.5 Egalitarianism Vs. ‘Naked Self-Interest’**

The public adulation and mimicry of finance capitalists and the identification with the beliefs and values that they embodied were a departure from the traditional imaginings of New Zealand-ness. The period which reached its apex between the 1984 deregulations and the stockmarket crash in October 1987 can be viewed as a time of intense ideological struggle to define the nation’s identity. This struggle was contested primarily between traditional egalitarian-welfarist based conceptions of New Zealand and the neo-liberal-led philosophy of individual freedom, which was epitomised by the self-aggrandizing, acquisitive merchant bankers. This ideological tangle was precipitated by two correlated phenomena. On the one hand, there had been a shift at the business and political level in favour of neo-liberal theory, which deplored welfarism

and the restrictions of a state-dominated economy<sup>7</sup>. On the other, the traditional homogenous conception of New Zealand was being eroded throughout the nation from the bottom up by the real-life experiences of modern-day Kiwis. The oppressive leadership of the Muldoon years had created a groundswell of rebellion amongst the New Zealand public. Life in New Zealand was now recognised as increasingly diverse through advances in technology such as television, the increasing availability of exotic overseas goods under relaxed import laws, and the growing prominence of social movements such as feminist groups and Maori activists. Meanwhile, the prolonged recession had increased people's awareness of diversity at the economic level. It was more obvious than ever before that New Zealand was populated by people of heterogenous ethnicity, gender, class, and cultural belief.

The entrepreneurial nationalism that arose out of the neo-liberal policy reforms differed from the traditionally perceived ideas of New Zealand-ness in several major ways. Firstly, the idea of cultural homogeneity was the antithesis of neo-liberalism's reverence of individualism. The marketplace was said to provide a plurality of choices, from which each individual could choose in order to express his or her personality. The only idea that needed be universal in the new open society was that the free market provided the best opportunities for everyone. Diversity was to be encouraged, especially in the form of consumption.

Secondly, the neo-liberal trust in the 'invisible hand' meant a fundamental belief in the advantageousness of acquisitive individualism. This conviction was at direct odds with New Zealand's social democratic history of (at least on the surface) redistributing wealth in order to ensure that everyone was receiving a share of the nation's revenue. The accumulation and flaunting of possessions became the dominant symbol of success; greed, aggressiveness and competitiveness, to a large extent, replaced generosity, responsibility and citizenship as virtues. In this environment, even the *ideal* of egalitarianism was portrayed as an antiquity. It may have been acceptable in the sheltered, cosseted days of old, but in the new free market it was survival of the fittest, and to each his just rewards.

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<sup>7</sup> Sir Robert Jones, for instance, believed the New Zealand state, 'the softening easy route excesses of idealistic welfarism', had turned the working class into 'moronic, slobbering self-perpetuating masses'. (Eldred-Grigg 1996: 197)

Thirdly, the ideology of merit-based success that had traditionally resonated with New Zealanders remained, but was modified to reflect neo-liberal values. Hard work and intelligence were still regarded as the basis of achievement, but there was a change in the idealized character. The stereotypical Kiwi male had, for the best part of a century, been portrayed as a taciturn and humble team-based hard worker, at times ‘pathologically modest’, who rejected individual glory in favour of mateship and love for the country (Phillips 1984: 94). The new breed of ‘skiting and flashy money-men’ eschewed the humility of old (Eldred-Grigg 1996: 207). The contrast was stark.

The ideological purpose behind attempting to infuse the values of the new rich throughout the nation at large as a new conception of New Zealand-ness had, as I see it, two main reasons. Firstly, the people (mostly men) who were now in charge of the political and economic destiny of the nation were drastically different from the stereotypical New Zealand male. The entrepreneurs who benefited most from the reforms were corporate raiders, not low-key farmers and manufacturers. As J. R. Davies pointed out,

*Rich, high-flying mega-capitalists have historically never been popular in New Zealand colonial, new world society. How ... difficult, then, for people like Ron Brierley and Hugh Fletcher whose mega profits come from their activities on the non-productive sharemarket, to gain public acceptance as political masters of New Zealand's destiny. (Davies 1987: 8)*

If the deregulated environment which had brought with it the opportunities for wealth and power craved by the new rich was to be maintained, it was essential that the public bought into the financiers’ ideals (Davies 1987: 8). The new elite had not forgotten already the lessons learned during the Muldoon years, and were aware of the fickle nature of political leadership. Social unrest, the ousting of the Labour Party and the consequential return to a regulated market still loomed as a possibility. It was essential for the new financial leaders to build a positive, prominent and popular public image of themselves that would lend legitimacy to their control of the economy.

Secondly, many people were becoming far worse off financially as a result of the economic reforms. It was impossible to justify the economic direction the country was



taking by conjuring up the old welfarist ideology. Indeed, the neo-liberal revolution can be viewed as having *destroyed* much of the foundation that the egalitarian myth was based upon. The productive sector, especially, was being summarily dismantled. The concept of ‘national interest’ thus had to be modified in order to legitimise the reforms and their effects. Patriotism and national pride were applied to actions of the high flyers of the corporate world, and their acts of greed and self-interest were glorified in a manner that equated them with New Zealand’s historical heroes of rugby and war. At a time when the stagnancy of Muldoonism was still fresh in the minds of most New Zealanders, the glamour and excitement embodied in the moneymen resonated with many people. People wanted to believe that easy money was just a smart investment away, and the hype instilled the public with a new imagined set of qualities that defined what it meant to be a New Zealander.

## **CHAPTER FOUR: Corporate Raiders and the America's Cup**

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It was during these turbulent times of vast fortunes for some, growing poverty for others, and a struggle for dominance over an ambiguous sense of national identity that New Zealand's first America's Cup campaign was embarked upon. The KZ7 campaign was a product of this environment: a large quantity of wealth had been concentrated in the hands of a few, who were committed to the individualistic values of neo-liberalism. America's Cup yachting, with its glamorous history, massive budgets and high-tech racing machines, neatly symbolised these values in a sporting endeavour which succeeded in capturing the nation's imagination. The campaign was managed and underwritten by merchant banker Michael Fay. Fay and his business partner David Richwhite in many ways embodied the ethos of the new rich in New Zealand. This chapter looks at the rise of Fay, Richwhite and its success in relation to the neo-liberal market reforms. It then considers the 1987 campaign itself, and why America's Cup yachting became achieved such popularity with New Zealanders. Finally, this chapter seeks to establish the links between KZ7 nationalism and entrepreneurial nationalism.

### **4.1 The Rise of Michael Fay and David Richwhite**

Michael Fay was hired by Securitibank, one of New Zealand's earliest stand-alone merchant banks, in 1972, after graduating university with a law degree. Merchant banks are in the business of financing business deals; they don't lend their own money, but match lenders with borrowers for a cut. Although Fay knew very little about banking, John Russell, head of Securitibank, was looking for 'young thrusters' to take on the conservative old boys' banking network (Corbett and Legat 1992: 52). The outspoken and obstreperous Fay was fired in 1974 after suggesting that the company's management be replaced (Mannion 1987: 37). He began his own merchant banking company, where David Richwhite, a colleague from Securitibank, soon joined him.

Securitibank collapsed in 1976, and for some time afterwards the 'young upstarts' of Fay, Richwhite were virtually the only merchant bankers in the country (Corbett and Legat 1992: 53).

Michael Fay and David Richwhite were both millionaires before 1980, making their first millions in the days of Muldoon's interventionist economic policies (Mannion 1987: 28). High taxes and exorbitant inflation had provided those shrewd enough to find loopholes in the system with ample opportunities to generate wealth. There was a booming industry in tax avoidance, with those earning high incomes desperate to beat the top tax rate of 66 cents in the dollar. To do this, Fay, Richwhite matched investors who needed to show costs to the tax department with an investment which would show up as a loss; investors could then claim tax write-offs. So-called smart-money schemes meant that even in a stagnant economy there was money to be made, especially in industries earmarked by Muldoon as subsidised industries such as kiwifruit and deer farming. Towards the end of the 1970s New Zealand's film industry began to emerge, and Fay, Richwhite became involved in financing filmmaking. Jesson described the investment in New Zealand filmmaking as an 'extreme case of the smart-money industry' and 'a tax rip-off of astonishing proportions' (Jesson 1987: 110). Fay, Richwhite became involved in financing John Barnett's feature film *Beyond Reasonable Doubt* in 1979, along with Bruce Judge, Bob Jones and Brierley Investments. By 1984, when easing tax burdens through film investment had become big business, Fay, Richwhite were in an excellent position to take advantage. When Barnett was ready to film *Footrot Flats*, Fay, Richwhite drafted the prospectus and raised \$5 million in ten days. Fay also made a fortune investing in bloodstock, beginning in 1981 when the tax concessions to owners were so generous that investors in stallions could write off 93 per cent of the original price of their investment in four years. In the next four years Fay put together more than \$40 million worth of bloodstock investments (Corbett and Legat 1992: 54). Fay, Richwhite also benefited from the Muldoon administration's attempts to regulate the economy by forcing down interest rates. They bought millions of dollars in government stock at a fixed interest rate and waited for the rates to fall, which then made it the most attractive investment around, and then sold it off at a substantial profit. Said Richwhite: 'It was an absolute gift to a money market dealer. You cleaned up' (Eldred-Grigg 1996: 191).

Michael Fay was living a glamorous life in the late 1970s and early 1980s, driving a Porsche, travelling first class, throwing lavish parties at his restaurant and nightclub Club Mirage. Fay and Richwhite had bought their own private island, Great Mercury, in 1981. By 1984, they had a corporate aircraft and a private helicopter. In 1987, the company built a new corporate headquarters on Queen Street, one metre shorter than Auckland's tallest building at the time. Laden with granite and marble, the building set new records for rents, and included private offices / apartments for Fay and Richwhite on the 28<sup>th</sup> floor (Byrnes 1987a: 14). The corporate culture mirrored Fay's style and personality. The Fay, Richwhite dress code matched Fay's yuppie taste in clothing – 'Italian suits, silk ties, penny loafer shoes with tassels, silk socks, hair just so' (Corbett and Legat 1992: 60). There was a distinct understanding of who was 'the right type of person' to work for the company (Mannion 1987: 28). Employees were expected to quickly assimilate to the company culture of aggressive competition, high performance and total commitment to and immersion in the business. Long hours and great pressure to perform were par for the course at Fay, Richwhite, and employees would be 'flicked off' the moment performance fell. Above all, money meant more than anything else. The love of money, and of making money, permeated the organisation and provided the source of both the immense pressure and the vast rewards. Richwhite described the firm as 'an umbrella that caters for people who have similar aspirations, objectives, and ambitions ... these probably revolve around having fun, achieving, making money' (Haas and Watt 1987: 14). 'Prime-ministerial salaries' and a lavish lifestyle akin to that of their directors were attainable by Fay, Richwhite executives (Mannion 1987: 28). To earn such benefits, however, much was expected – 'commitment, drive, energy, the ability to identify with the company's ambitions and work long, efficient hours' (Gooding 1987: 9).

If the days of Muldoon's intervention in the market were good to Fay, Richwhite, the era of deregulation was 'a godsend, a gift from Heaven' (Morrison, Cubis et al. 1990: 139). When the Labour Government took office, deregulated the finance markets and passed on a large portion of its foreign exchange dealings to the private sector ('very, very sensible', according to Fay), Fay, Richwhite were in a prime position to capitalise (Mannion 1987: 38). They were in the right industry at the right time. Fay and Richwhite were, like many of the Lange Labour administration, young, ambitious free-market disciples, and the two groups got along with each other. As interest rates

skyrocketed under the monetarist regime, Fay, Richwhite were at the forefront of enabling foreign investors to become involved in the action. At the beginning of the Labour's term the merchant bankers held the entire market for Eurokiwis, the investment package for foreigners wanting to buy New Zealand dollar paper (Corbett and Legat 1992: 54). In November 1985, the *National Business Review* reported on a capital-raising exercise to fund Capital Markets Limited, Fay, Richwhite's publicly listed company. With the listing of this holding, Fay, Richwhite became 'New Zealand's most visible player in the international capital market – particularly in the Euro-kiwi dollar market and especially since the Labour government made our market among the least regulated' (Berryman 1985: 1).

The high interest rates meant that New Zealand corporations were looking overseas to borrow funds more cheaply. Fay, Richwhite could both supply and fuel the demand for overseas capital. When the government, under the auspices of their commercialisation programme, instructed state-owned enterprises that they would need to gain funds from the private sector, Fay, Richwhite helped organise the new matching service that evolved. The merchant bankers were able to borrow huge quantities of money from overseas investors under the name of a state-owned enterprise, which gave them an interest rate lower than they could achieve otherwise. The capital could then be lent in New Zealand at lower than market interest rates, giving the government a profit and Fay, Richwhite a healthy cut. In 1985, the merchant bankers raised over \$1000 million in debt and equity finance for 'many leading New Zealand operations and government organisations' (O'Meagher 1986: 28).

Fay, Richwhite were on a roll. By 1986 the company had over 100 employees in its Auckland head office and in Wellington, Sydney and London branches (O'Meagher 1986: 28). In November of that year, Fay, Richwhite acquired the London-based Australian bond dealing team of Credit Suisse First Boston; as a result their new London office would, according to the *National Business Review*, almost instantaneously become one of the largest Australasian bond dealers in London (Steel 1986: 63). Becoming a player on the international scene and gaining access to the blue-chip dollars had always been high on Fay's agenda. He had long ago realized the need to promote himself well if he were to succeed. Soon after the 1984 election, the Labour Government held an economic summit, to which they invited the captains of industry,

the industrialists, the unions and the business interest groups. Fay took the opportunity to create a name for himself and his company, 'assiduously introducing himself to the country's key financial players' (Mannion 1987: 30). Fay, Richwhite had been, until this point, relatively unknown outside of Auckland. Realizing the need to get inside the Government's inner circle Fay hired Peter Debreceeny, a former political journalist, as his public relations assistant. Debreceeny inserted himself into the centre of the summit's operations, assisting with the release of news dispatches, reacquainting with old colleagues and introducing himself to Parliamentary press officers, speech writers and heads of ministries. The summit was a resounding success for Fay's image:

*Fay's career as a merchant banker was never more quickly advanced than by his 1984 entry into New Zealand's power elite at the newly elected Labour government's economic summit. At that summit Fay was superb. Not too pushy and not too showy, but very helpful and very articulate. He was seen and he was heard. More importantly he was listened to, and he was liked. He was accepted by the high-ranking Cabinet Ministers as a friend of the Government and by corporate chiefs as an equal. (Morrison, Cubis et al. 1990: 235)*

Fay had sprung into the big league. Fay's biographers echoed the sentiments of many in the business community when they described him as 'the archetype of the significant movers and shakers in the business world at whom Rogernomics is aimed, the new breed of entrepreneurs who are leading New Zealand's recovery from international skid row to tentative confidence' (Morrison, Cubis et al. 1990: 256). Fay's entrepreneurial flair, his public relations savvy and his competitiveness were his defining characteristics, and made him, in the eyes of leaders such as Don Brash, an inspiration 'to the New Zealander believing that New Zealand is not just an isolated country in the bottom of the South Pacific, but that he can go out and do anything' (Morrison, Cubis et al. 1990: 258). Fay had become wealthy and influential enough that he was one of the few people in New Zealand who could command a challenge for yachting's biggest prize.

## **4.2 The 1987 New Zealand America's Cup Campaign**

The America's Cup was first contested in 1851, and even then involved wealthy private interests competing for the honour of their respective nations. John Cox Stevens, the

founder of the New York Yacht Club who had made his immense wealth in steam vessels, commissioned the schooner *America* with the intention of showing off the supremacy of American shipbuilding. The yacht sailed to England, where it beat the pride of the Royal Yacht Squadron to win a 100 guinea cup. When Stevens died in 1857, he left the Cup to the New York Yacht Club, establishing it as 'perpetually a Challenge Cup for friendly competition between foreign countries' (Sefton 1987: 22). Over the next hundred and twenty-five years, the Cup was challenged for and defended by some of the world's wealthiest and most powerful men – Sir Thomas Lipton, J. Pierpont Morgan, Harold S. Vanderbilt, Sir Tom Sopwith and Sir Frank Packer (Unattributed 1986: 4). During this period it remained in the New York Yacht Club, considered all but unattainable and therefore increasingly desirable by would-be challengers. The costs of challenging and defending grew as technologies advanced and campaigners hired skilled crews to sail for them. Eventually, the quantities of money required became too exorbitant for even the very rich to foot on their own, and challenging became a commercial operation. Some of the most prominent names in international business became inextricably involved: Disney Corporation, Coca-Cola, Cadillac, Newsweek, BHP, Amway Corporation, MCI Telecommunications, Fiat, Alitalia, Kis France, Gucci, Canadian Pacific Airlines, BP, Hewlett-Packard and Kodak (Unattributed 1986: 5). The corporate involvement necessarily incurred increasing marketing hype. The businesses and businessmen investing in the Cup obviously needed to justify their involvement by emphasising how important it was to win the cup, and the promotion of the event succeeded in building up its magnitude. It wasn't until 1983 that the America's Cup was uprooted from its long-term residence in New York. The Alan Bond-financed *Australia II*, with its Ben Lexcen-designed winged keel, succeeded in wresting the Cup from the Americans and relocating it in Perth, Western Australia. Bond scheduled a defence for 1987 in Fremantle.

Offshore yacht racing had been growing in popularity in New Zealand since the late 1960s. In New Zealand's first forays into international offshore racing, *Rainbow II* won the Sydney-Hobart Classic in 1967, and then the One Ton Cup in 1969. New Zealand boatbuilders and yachtsmen were keen to show that *Rainbow II* wasn't an anomaly, and New Zealand 'launched an assault on the Ton Cups through the 1970s that was as amazing in its diversity as it was in its success' (Sefton 1987: 72). Between 1969 and 1979, New Zealand yachts and crews won the One Ton Cup three times, the Half Ton

Cup three times and the Quarter Ton Cup twice. Two New Zealand yachts were entered in the 1981-82 Whitbread Round the World race. And New Zealand yachtsmen won two gold medals at the 1984 Olympic Games in Los Angeles. The country's yachting prowess was confirmed by these results, but the America's Cup, which had developed into 12-metre yachting's Holy Grail, was considered too rich a pot for this country's resources (Unattributed 1986d: 26). The estimated \$1 million raised in support of the Ceramco New Zealand Whitbread campaign had been the most money ever amassed for a racing yacht in New Zealand, and was only a fraction of what would be required for an America's Cup campaign. *Australia II's* win, however, provided hope for three reasons: Australia had managed to beat the wealthiest, most technologically-advanced nation in the world on their home turf, meaning that the Cup's air of unattainability had been shattered; the proximity of Fremantle provided a convenient location for a New Zealand challenge; and the massive media coverage of the races in Newport, combined with the 'Keelgate' controversy, gave yachting in general and the America's Cup in particular a greatly enhanced public profile. Plenty of enthusiastic talk began to circle throughout New Zealand's yachting community. Yet the yachting establishment remained convinced that a challenge was unfeasible, that such a tiny country could never find enough money. As Sir Tom Clark of Ceramco said:

*I knew we had the skippers, the crew, the sails, the designers, everything we needed to win the cup except the money ... I talked to a lot of people about the idea and really we reached a consensus that it was impossible. (Unattributed 1986d: 26)*

Two days before the deadline for entries into the 1987 America's Cup, the commodore of the Royal New Zealand Yacht Squadron (RNZYS), Rob Green, was quoted in the Auckland press as saying there would be no New Zealand challenge. However, when the Royal Perth Yacht Club announced the 22 potential challengers who had each paid a \$16,000 entry fee, New Zealand was on the list. The deposit had been paid by Marcel Fachler, a Belgian-born, Sydney-based diamond dealer turned futures operator who, recognising the New Zealand futures market was about to be deregulated, decided to expand his Glauber Group to New Zealand. Fachler was looking for favourable publicity and saw an involvement in a New Zealand America's Cup challenge as an ideal marketing move. Aussie Malcolm, a National Party Cabinet Minister and former public relations man, told Fachler to go ahead with the challenge. Recognising the



paramount importance of marketing and promotion, Malcolm recommended the services of a fellow squadron member, PR consultant Cedric Allan. After Malcolm lost his Cabinet status in the 1984 election, Fachler brought him on as project director. A few days later, Fachler removed himself from the challenge after learning that his business empire was about to collapse following an investigation in Australia.

At this point, Malcolm formed the New Zealand AC Challenge Trust, to provide the challenge with a legal structure. The trustee was named Cup Challenge Ltd., for which the shareholders were Sir Ronald Scott, chairman of the challenge; Rob Green; Don Brooke, a marine architect and a rear admiral with the RNZYS; Warwick Peacock, the treasurer of the RNZYS; Cedric Allan; and Aussie Malcolm. At this point, money was the primary issue. The estimated budget for a challenge was between \$5 million and \$7 million, and the financial commitments were becoming unbearable. Working out of Fachler's Auckland office, Malcolm visited 'hundreds of captains of industry' but was only receiving vague commitments for small sums (O'Meagher 1986: 26).

The syndicate received their first real backer when Healing Industries agreed to contribute \$500,000 over a period of time. This money was, however, little more than a stopgap, and the bills continued to mount. Designer Ron Holland was making headway with the boat, but couldn't go any further without a major backer. Malcolm, deciding they needed someone to underwrite the challenge, first approached Ron Brierley, who politely refused him. Holland then brought the subject up with Fay, with whom he was involved in a special partnership. Fay thought about it for three months, and at the end of 1984 decided that 'yes, it was on, it was a possibility' (Unattributed 1986d: 35). Fay, Richwhite at this point contributed \$200,000 to the challenge to keep it going while they conducted their own studies into the feasibility of challenging. Fundamental to making this decision was a detailed cost-benefit analysis. Richwhite has said that when the merchant bank was founded, he and Fay agreed that their goal was to reach the kind of results in their lifetimes that other banking organisations took several generations to achieve. Marketing was determined as an essential part of the operation, and sport was earmarked as a potential marketing vehicle (Haas and Watt 1987: 14). Fay would not agree to invest in such an expensive exercise unless he knew that the benefits for Fay, Richwhite would be great. The research done before Fay, Richwhite committed to the

challenge convinced Fay that such a pursuit would be worthwhile. In terms of promotion, the campaign ended up as a huge success. As Richwhite explained:

*... the benefit to Fay, Richwhite in terms of cost benefit analysis, if we can call it that, has been fantastic. If you went out there to market an organisation or promote it, and spent 25, 50 or 100 million dollars doing so, you might get your name out there – but you would not get credibility with it. With the America's Cup, we've got our name in the market ... which is primarily New Zealand and Australia. We also started feeding it out into the greater international market place, the UK, Europe and the States. (Haas and Watt 1987: 14)*

America's Cup yachting and millionaires have always been intertwined, and Fay recognised the potential to promote his company's name amongst the international financiers and corporate directors involved with the contest. In 1986, Cedric Allan attested to the results of Fay's management of the campaign even at that early stage:

*Michael Fay is now known in international yachting and business circles as a whiz-kid, a moneyman, an out-front able administrator – the whiz-kid from New Zealand. (O'Meagher 1986: 34)*

Along with gaining entry into the world's leading banking circles, Fay, Richwhite capitalised directly on their newfound fame with the floating of Capital Markets. Fay and Richwhite's shares going into the float were worth 25 cents each, but would skyrocket in value as investors banked on the soaring Fay, Richwhite name and the America's Cup euphoria. At their peak, the day after KZ7 defeated French Kiss in the challenger semi-final, those 25-cent shares had risen to \$8.60 apiece. In twelve months Fay and Richwhite had each seen their personal wealth increase, on this one deal, by over \$300 million (Mannion 1987: 30).

Towards the end of March 1985, Fay, Richwhite agreed to underwrite and provide management resources for the New Zealand challenge, along with a commitment to cover half of the challenge budget should that be necessary (Robyns and Tapsell 1985: 24). In return, the merchant bankers would receive complete control of the challenge and the rights to defend the Cup if successful. The shareholders of Cup Challenge Ltd. had to agree to give their shares to the banker, and the original committee was disbanded, replaced by a new one comprised of Fay, RNZYS commodore Jack Alison, Sir Tom Clark and car dealer Neville Crichton. Aussie Malcolm's position as project

director was cancelled almost immediately. Some members of the squadron and the committee were understandably miffed at being pushed aside so completely, but recognised that without Fay, there would be no hope of success. As Don Brooke said later, 'without the expertise Michael Fay is providing I'd have to say the challenge probably would have collapsed' (Unattributed 1986d: 35). Fay, Richwhite had saved the challenge from an untimely demise, and the involvement of New Zealand's leading merchant bank lent a powerful air of credibility to the challenge.

The company developed a three-tier sponsorship structure, with a major naming-rights sponsor, companies that had a direct link with the industry and could provide sponsorship in kind, and other companies which would contribute cash. The state-owned Bank of New Zealand, as major sponsor, committed to raising a minimum of \$3 million from the public through its branch network, and provided around \$2 million in terms of resources. Healing industries increased their contribution to \$1 million, much of it consisting of laboratory services and boat-building materials. Freightways provided unlimited transport on land for the yachts, and Jebsons Line contributed \$1 million worth of shipping to and from Fremantle. Motor Holdings provided \$500,000 cash and Lion Corporation contributed over \$1 million through sales of Steinlager. ICL provided computer systems and Air New Zealand provided air transport to Perth. A long list of minor sponsors and suppliers rounded out the supporters' list. With the sponsorships completed, the 'cup machine' turned its concentration to 'building a vast tide of nationalistic fervour – and cash – in the New Zealand community' (Unattributed 1986b: 43).

### **4.3 Promoting the BNZ Challenge**

From the point at which Fay decided to commit himself and his company to challenging for the 1987 America's Cup, a massive, carefully considered publicity campaign was put together ostensibly to gather public support for the challenge. In my view, there were two objectives involved. Firstly, the campaign needed to raise public interest in the America's Cup to a level sufficient to convince sponsors that their investment was worthwhile. Secondly, and more importantly, the campaign functioned to help

legitimise the place of the new breed of financial high-flyers at the top of New Zealand's national economy.

In examining the relationship between advertising and ideology, Andrew Wernick (Wernick 1991: 43) looks at the way in which advertising images infuse the promoted product with cultural and psychological appeal. The purpose of this procedure is not only to present the object of desire as a 'cultural symbol charged with social significance', but also to induce the subjects at whom the advertisement is targeted to adopt a particular socio-cultural identity. In order to do this, promotional campaigns first attempt to infuse the product with a culturally significant symbolic meaning. This is difficult when, as in the America's Cup promotional campaign, the market aimed at is large and socially diverse. Considering that the campaign was aimed at an entire country, a country with a diversity of beliefs, values and opinions, it is clear that an inclusive message that would not alienate any constituency was needed. The solution was 'to appeal over the heads of the combatants and beyond their incompatibilities to whatever, nevertheless, can be expected to unite them all ... their lowest common ideological denominator' (Wernick 1991: 43). While the economic underpinnings of New Zealand national identity had reached a crisis point, the idea of patriotism still retained a powerful resonance. Alluding to 'the interests of the country' was a relatively risk-free concept with a great deal of symbolic power.

The advertising campaign implemented by Fay and his promotional team attempted to convince the country that what was essentially a millionaire's yacht race was in fact a unified national effort, an expression of the collective will of the nation. Typical of the campaign's promotional angle was this Michael Fay's comment to the New Zealand Herald:

*"But please," he requests, "don't make this sound like a Fay, Richwhite challenge. I'm not Alan Bond and the BNZ is not the NYYC. This is a people thing, for the people of New Zealand and nobody else. (Gray 1986: 1)*

The link between the America's Cup challenge and New Zealand nationalism was completed with the claim made by 'Fay and his backers' that winning the America's Cup would mean a 'three billion dollar bonanza' for the people of New Zealand (Pardon 1986: 21). The message that the hosting an America's Cup defence would encourage

wealth into the country to the benefit of all was widely disseminated. Fay made a public announcement in September 1985, which included much of this rhetoric:

*We don't consider this to be just a yachting challenge. This is a major national undertaking which could have far-reaching benefits for NZ as a nation. It must be obvious to everyone, whether they are interested in yachting or not, that the AC is a fantastic promotional opportunity for the country that holds it. That's why Fay, Richwhite is involved. We want to help bring what really is a large industry – the AC and all that it entails – to NZ with all of its direct and indirect benefits. (Sefton 1987: 96)*

New Zealand's most prominent advertising, public relations and sports marketing companies were hired to handle the campaign. The BNZ had Colenso, then New Zealand's leading television advertiser, as well as Consultus, the country's leading public relations firm, and they co-operated with Eagle Marketing, a sports promotion company, and Fay, Richwhite's own promotional team. Strategies for selling the America's Cup were debated, and several key initiatives were agreed upon. The most important in terms of targeting nationalistic sentiment was the BNZ television commercial which contained a re-worded version of a traditional New Zealand folk song, *Pokarekareana*. The song was entitled *Sailing Away*, and was performed by a massed choir which included New Zealand entertainers, sportspeople and television personalities. The lyrics celebrated the idea of national unity. *Sailing Away* would go on to be released as a record, selling over 60,000 copies to become at that time the biggest-selling single in New Zealand's history. The spectacular success of the song was supplemented by a nationwide roadshow, which was intended to spread the KZ7 euphoria from Auckland to the rest of the country. A supporter's club was established with a barrage of publicity based around a blunt and manipulative advertising theme – 'If you count yourself as a real Kiwi ... you'll join the challenge' (O'Meagher 1986: 31). The club was promoted through the BNZ's branch network and had picked up 30,000 members within the first three months of its launch. Aside from the major promotions, a flood of advertising was placed in all media by the BNZ, Steinlager, Freightways and Subaru.

#### 4.4 Public Relations and Media Coverage of the 1987 America's Cup

The advertising campaign was augmented by a public relations assault with the complicity of New Zealand's mass media outlets. Noam Chomsky and Ed Herman argue that an exceedingly high proportion of news stories are sourced from government and large corporate bureaucracies. There are several reasons for this. News organisations have deadlines and schedules that must be met, and organised sources of information tend to provide a steady flow of news material. Corporations and government departments are generally regarded as being credible sources on account of their status prestige, and institutional magnitude along with the financial resources at their disposal. This means that official sources can deliver services to make news organisations' operations easier. For example, they are able to provide journalists with facilities in which to gather, and advance copies of speeches and reports; they can schedule frequent, carefully organised press conferences at convenient times and locations; and they distribute pre-written stories free of charge and copyright restrictions (Chomsky and Herman 1994: 22; Eldridge 1997: 115). In this regard, 'Public relations is about what you want people to know but also about what you do not want them to know' (Eldridge 1997: 117). Recognising that powerful interests and the mass media to a certain extent share a symbiotic, mutually dependent relationship, powerful interests can also exploit personal relationships that develop between news sources and news organisations. The media may feel obligated to carry certain stories and may be reluctant to criticise sources with whom they have developed a close relationship. At the same time, radical or critical sources may be avoided so as not to offend primary sources.

When asked how Consultus approached the selling of the challenge to New Zealand, then-director Ian Fraser replied, 'The cynical answer is that you spend lots of money. By throwing money at a problem you can manipulate opinion so that people who don't give a bugger suddenly have a passionate opinion' (O'Meagher 1986: 30). The PR campaign was implemented in order to control the content of stories printed in the media regarding the New Zealand challenge. This process of news management was accomplished through promoting the information that Fay, Richwhite wanted to appear in the media and by effectively censoring the material they wanted kept out. If the

appeal to nationalism were to be successful, it was essential that the mass media endorse the patriotic nature of the campaign.

The PR hype machine began working well before the boats were completed. Bruce Kohn of Consultus and Fay, Richwhite's PR department began sending copious amounts of press releases to newspapers and magazines: 'We put a whole series of backgrounders out, filed every bit of hard news we could find. The advantage of this was that it presented a useful file for subsequent features and news stories' (O'Meagher 1986: 32). In the early days, the syndicate set out to build up a favourable impression and 'create an air of openness and cooperation with the news media' (Unattributed 1986b: 38). Fay made himself available extensively to reporters, and reporters were allowed complete access to the prototype yachts KZ3 and KZ5. By the time KZ7 was launched, hysteria had set in, and impartial media coverage was almost non-existent:

*Coverage of both the parade and launch showed just how fully the media were prepared to endorse and support the New Zealand America's Cup campaign ... when hundreds of people on the street becomes thousands in the newspapers and on radio, neutral coverage has gone. (O'Meagher 1986: 24)*

Once national attention was fixated on the America's Cup, and the syndicate had moved their base to Perth, 'Life was made incredibly difficult for the journalists in Fremantle' (Corbett 1987: 110). Many media representatives were indebted to Fay, Richwhite, the BNZ, or Lion Corporation for subsidising in part or in full their airfares to Perth and their accommodation and expenses while they were there. The free trips were, according to O'Meagher, successful in obtaining very positive press for the campaign. David Pardon, former editor of *Sea Spray* magazine, wrote to *Metro* asking if, given this fact, it was 'any wonder we received a daily dose of fawning jingoism and hysterical public relations?' (Corbett 1987: 110). Debreceeny was Fay's media liaison throughout the campaign in Fremantle. When journalists arrived in Perth, Debreceeny briefed them on the 'rules' – they were not allowed on the tender boat, they were not to interview members of the crew, they were not allowed into the crew compound, and if they wanted anything they had to go through Debreceeny and no one else (Corbett 1987: 111). If reporters wanted to stay in Fremantle and have any access whatsoever to the team, they had to obey. Some journalists accepted Fay's demand to check stories before they were printed in return for more access. The lack of criticism of or dissent throughout the

1987 campaign attests to the success of the America's Cup PR campaign. Aside from a few notable exceptions<sup>1</sup> the bulk of stories published in New Zealand print media were glowingly positive regarding the challenge. Articles expounding upon the potential benefits to New Zealand's economy abounded – not only in business and management periodicals but also in daily newspapers and current affairs magazines<sup>2</sup>.

Advertisements cannot, according to Wernick, simply rely on infusing a commodity with a wider significance. Advertisers must also ensure that the values that the product endorses correspond with the values of the targeted consumer. Therefore, symbolic advertising must affirm a socially recognisable code of values. If the promotion appeals to values which are strong and stable, then positively coded symbols abound, and allusion is sufficient to instil cultural significance. If the myth to which the advertisement appeals is problematic, then 'its ideological equivalent can always be manufactured from the conventional elements of the fractured code which are themselves still resonant and entrenched' (Wernick 1991: 39). Therefore, in constructing the promotional campaign, the marketers assembled a pastiche of resonant symbols from the national culture in order to define a specific quality of New Zealand-ness which matched the commercial strategy of the America's Cup challenge. Media, by and large, uncritically accepted this interpretation. Patriotism and commitment to the country were aligned with the characteristics of entrepreneurial nationalism – wealth, aggressiveness, competitiveness, ruthlessness, self-promotion, organisational skills and high technology. This demonstrated Wernick's claim that the construction of new semiological systems 'can, to a degree, be ideologically creative' (1991:43). The 1987 America's Cup campaign, then, expounded upon the ideological work that had already begun during the share market boom and the rise of the financiers. It emphasised the same set of values, played on the idea of the patriotism, and provided enough of a link to traditional New Zealand-ness to resonate with the public.

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<sup>1</sup> Some examples: O'Meagher, S. (1986); Corbett, J. (1987); Allan, J. (1988).

<sup>2</sup> Some examples include: Robyns, S. and S. Tapsell (1985); Unattributed (1986); Unattributed (1986a); Pardon, D. (1986); Pardon, D. (1986a); Eagles, J. (1986) (1986a); Parker S. (1986); Clement, S. (1986); Scott, M. (1987); Miller, R. (1987); Miller, C. (1987).



#### 4.5 Textual Analysis

In order to assess how neo-liberal precepts held by those with social and economic power at the time of the 1987 America's Cup campaign were expressed discursively in constructions of the national, it is important to analyse media texts associated with this event. As such, I have chosen to analyse three texts: the campaign song *Sailing Away*; an article from the *NZ Listener*; and a story from the *Auckland Star*. This sample in no way claims to be representative of the full range of media coverage produced surrounding the campaign; they have been chosen in part because of the poignant examples of discursive construction they contain. In this respect, the texts are illustrative of the preferred forms of discourse that held cultural legitimacy at the time of the event. Full versions of texts two and three can be found in Appendix I; the full version of text one is analysed below.

##### **Text 1: *Sailing Away* (Potts, Sutherland et al. 1986)**

The first of my sample of texts is *Sailing Away*, the song that featured on BNZ Challenge commercials for the 1987 campaign and went on to become a best-selling single on CBS records. I have chosen to analyse this particular text because of its centrality to the marketing campaign. The commercial success of the single means that, as an expression of nationalistic sentiment, it was consumed by the public of New Zealand on an unprecedented scale. *Sailing Away* was based upon *Pokarekare Ana*, a love song in Maori probably composed in a group process circa 1912-1917. Maori soldiers performed the song before they departed for Europe, and it was first published as a piano music score in 1926 (Archer). The *Sailing Away* version was commissioned by the BNZ, and written by Charlie Sutherland and Len Potts from Colenso. It was sung by a massed choir, labelled on the single as 'All of Us', which includes New Zealand 'celebrities' such as Dave Dobbyn, Annie Crummer, Billy T. James and Barry Crump, backed up by the New Zealand Maori Chorale and pupils from a nearby primary school. None of the participants received payment for their performances, and all of the proceeds went to the challenge.

I begin my discourse analysis by examining the genres that this song traverses. Paltridge (2002: 116) suggests that genres are culturally specific, and have particular purposes. *Sailing Away* has a unique structure in that it splices two rather different genres together. It begins with a woman singing the first verse of the original *Pokarekare Ana*. This verse locates the new song in a relationship with the composition's original genre, that of a Maori folk song. In doing so, it instils the new version with values associated with Maori waiata. According to the Dictionary of New Zealand biography, one of the composers of the original song, Paraire Tomoana, organised a song and dance group in 1917 to raise money for the Maori Soldiers' Fund. The members of the group 'would prepare songs for soldiers' camps, for those at home, for battlegrounds, for work and for mourning' (Ballara and Huata 2003). *Sailing Away* thus attempts to affiliate itself with a tradition of emotive songs that express the fears and sentiments of a people in challenging times. In the modern context, there is a thematic bond formed with Maori through use of a cultural artefact and the expressions of Te Reo Maori. This was an effort to surmount cultural and racial boundaries.

Once the song begins its first English verse, genres are switched. The format for the song – well-known people each singing a line, with a collective chorus – had become immensely popular in the 1980s with Band-Aid's *Do They Know It's Christmas?* (1984) and USA for Africa's *We Are The World* (1985). Both songs were philanthropic projects for which artists were willing to donate their time and talents. The producers of *Sailing Away* sought to locate the song in this canon, while drawing upon New Zealand community-based fundraising projects such as Telethon. The Telethons that aired in the late 1970s and 1980s were extremely popular, and, according to Nick Perry, projected cultural integration during a period when social divisions and cultural heterogeneity were becoming more visible throughout the country. At this time, society was showing signs of disturbance at the consequences of capitalism, and Telethon worked to assuage people's animosity towards new values:

*Telethon engaged with pre-existing differences in sentiment, cultural practices and location, prised them loose from their origins, translated them into the homologous language of money and then redistributed them in a symbolic celebration of market values and a cultural construction of national unity.* (Perry 1994: 19)

*Sailing Away's* generic montage, then, drew upon participatory themes to construct an illusion of open participation in the America's Cup, an event which was, in reality, closed to all but the representatives of corporate capital. I now turn to an analysis of the propositional structure of the text. The first verse illustrates the thematic base for the song, the rhetorical strategies of unification and transformation:

*Here we come and we are sailing  
Here we come we're on our way  
In a boat just called 'New Zealand'  
We're together that's our way*

The use of the collective pronoun 'we' is ambiguous here. On the one hand, as the song was originally created as a commercial for the BNZ challenge, 'we' can be interpreted to mean those directly involved with the challenge. On the other hand, as the words are being sung by famous New Zealanders with no official relationship with the syndicate or the BNZ, 'we' can be interpreted as a synecdoche<sup>3</sup> referring to 'New Zealanders'. 'We' is the agent in the active clause 'we are sailing'; thus it is implied that it is not only the syndicate's crew on the yacht but, metaphorically, the entire country. 'We're together that's our way' implies that 'our' way is unique, and contrasts with other America's Cup syndicates, and therefore other nations, who perhaps don't strive together for a common good in quite the fashion that we do. The rhetorical strategy of avoidance is employed; omitted is, of course, the exclusive nature of America's Cup yachting and the information that the entire crew was white and male. Perspective switches from the first to the third person for the second verse, implying that a more objective eye is being cast on the event:

*One people on the water  
One people on the land  
It's New Zealand all together  
Kiwis working hand in hand*

The metonymic<sup>4</sup> use of 'One people' presupposes a populist multiculturalism, inferring that the version of national culture expressed through the America's Cup contest can speak for the diverse interests of the population. 'Working hand in hand' foregrounds

<sup>3</sup> A figure of speech in which a part is substituted for a whole or a whole for a part.

<sup>4</sup> Metonymy is a figure of speech in which one thing is replaced by another associated with it.

the concept of participation and assigns agency, or power, to the population of the country. The use of the idiom 'hand in hand' lends an informal air to the passage. This line not only evokes images of community participation, but also utilises a rhetorical strategy of perpetuation by connecting the event to a myth-historical idea of good, honest manual labour. Traditional New Zealand examples of this might include helping out to build a town hall, or to fence a neighbour's paddock. While the first two verses specifically speak only of participation, merely *implying* that winning is the ultimate goal, the third verse expressly links national pride and worth to the outcome of the America's Cup yacht race:

*And our pride is in New Zealand  
And our pride is in the race  
We're together as one people  
In the challenge that we face*

In the process, the traditional selfless, participatory 'Kiwi', the virtue of national pride 'in the challenge that we face', and the values of finance capitalism (competitiveness, aggressiveness) intermingle. Symbolic and discursive national identity construction takes place at this nexus. By linking the old and established with the new and ascendant, and assigning a false agency to all New Zealanders in the attempt to secure the America's Cup, a hybrid national identity is constructed within the frame set by its masters.

**Text 2: *Hardest deal in town*** (Miller 1987a)

The second of my 1986/87 campaign texts is an article from *NZ Listener*, a weekly current affairs and entertainment magazine. As the story is too lengthy to cover in its entirety, I have analyzed selected extracts. The article appeared during the challenger series, when KZ7 was performing well and there was a possibility that the team could win the America's Cup. Its generic category is current affairs/feature, and as such it is more in-depth than a straight news story but less probing than an investigative article. The thematic basis of the article is an explanation by Michael Fay of why he became involved in the America's Cup. It is structured similarly to an informal interview, with an introduction by the journalist followed by large sections of dialogue from Fay,

interspersed with short questions posed by the journalist. The questions are posed in a friendly, conversational manner, and are non-confrontational. This format renders Fay in relation to the audience as accessible, a regular person – while at the same time providing him with the agency to express his interpretation of the America's Cup campaign without interruption or contradiction. This story represents the type of rhetoric typically delivered by Fay regarding the campaign. The opening paragraph introduces Fay and the central topic of the interview:

*In the comfortable VIP room of BNZ Challenge House, H. Michael Fay made himself comfortable on a thickly cushioned couch. Taking off his glasses and picking up a glass of mineral water, Fay crossed his legs and settled into a reflective discussion on why he had ventured in the high dollar, high risk, high return potentials of the America's Cup.*

The reader is provided with a glimpse of the thematic basis of the story – America's Cup yachting as a business venture. This piece is representative of an entire body of articles expressing this theme, in which the superficial coating of sports discourse surrounding the America's Cup is surrendered to the discourse of business, with priority given to the market, profits and performance. The link between sports and business is effectively normalized by such coverage, and any possible negative sentiments produced by this link are typically neutralized by reference to 'the national interest'. In terms of lexical choice, the most noticeable feature of the opening paragraph is the use of several words which express the values of late 1980s financier culture. Fay is located in the 'comfortable VIP room', and is 'comfortable' on a 'thickly cushioned couch', where he drinks 'mineral water' and 'crossed his legs' – very bourgeois body language. The opulence is palpable. Propositional structure consistently provides Fay with agency – he is the subject of every verb in the paragraph. He settled into discussion regarding why he ventured in the Cup. Fay is characterized as the responsible actor in the process. The last sentence presupposes that the America's Cup has, along with high risk, the potential for high return. This argument was consistently utilized to establish the validity of the national interest claim; presupposing its truth helps to implicitly construct this claim as fact. The narrative is then turned over to Fay, who proceeds to explain why he initially became involved with the America's Cup challenge:

*"We're absolutely fanatical about yachting. I think there's up to 500,000 boats in New Zealand for a population of three-and-a-half million. So we've got the*

*biggest boating population per capita in the world. New Zealand is two big islands so we all live by the coast and we all go sailing.”*

In this section, Fay employs the rhetorical strategies of unification, justification and avoidance to portray a category of New Zealanders as the entire nation. The collective pronoun ‘we’ is used several times as a synecdoche replacing ‘New Zealanders’ to imply that the sentiments expressed apply to anyone who considers him/herself a New Zealander. Agency is also accorded to ‘we’, giving the constructed nation a sense of creative participation in its own construction. The sentence ‘New Zealand is two big islands so we all live by the coast and we all go sailing’ skilfully uses the co-ordinating conjunction ‘so’ to construct an assertion which seems logical and plausible. This effectively works to justify the social status quo by providing a rationale for the strategy of unification. In addition, the number of boats in New Zealand is used to imply that recreational yachting and the high-tech, billionaire sport of America’s Cup racing are one and the same thing. At the same time, intra-national differences are backgrounded – we plainly do not all live by the coast, nor go sailing. Fay continues:

*“... I got interested enough and convinced enough to do a detailed feasibility study for the first three months of 1985 ... At the end of March we decided we could do it and took it over lock, stock and barrel.”*

Fay’s lexical choices here indicate the business values which pervaded discourse about the America’s Cup. That Fay became ‘interested enough and convinced enough’ implies that he felt that money could be made, and this implication is confirmed with the mention of a ‘feasibility study’, a phrase that evokes the beginnings of a business endeavour far more than it does that of a sporting mission. Taking over ‘lock, stock and barrel’ continues this theme, alluding to the practice of corporate raiding and implying an aggressive take-over akin to the practices of the high-flying investment companies. The America’s Cup is therefore presented as a business opportunity to be tackled in the same manner as a corporate takeover. Fay is then asked why the America’s Cup syndicate has been so successful. He replies:

*“I don’t approach this as a yacht race. I approach this with exactly the same standard of responsibility, professionalism and ethics as a major business transaction. To me it’s a deal.”*

In this extract the lexical expression of business norms is continued in more explicit form. Business transactions are favourably characterized through the presupposition that high standards of responsibility, professionalism and ethics are the norm. Not only are yacht racing and business deals being equated with one another, but they are then both praised as being morally irreproachable. In response to the interviewer's question about what it feels like to be 'up against syndicates backed by the largest financial and technical resources in the world', Fay responds:

*"There's a David and Goliath aspect to New Zealand and these (foreign) campaigns. And I think we've proved our point already."*

This extract contains Fay's key thematic point – that the America's Cup challenge represents New Zealand industry taking on the world and outperforming it. The David and Goliath allusion provides emotive imagery, conjuring up a raft of underdog, 'little-guy-makes-good' connotations. In the process, the New Zealand challenge is contrasted favourably with the other yachting syndicates. The implication is that the foreign campaigns financed by wealthy billionaires are less deserving of the win than 'David', with its courageous truly national America's Cup team. Rhetorically, this passage is central to the unifying process. The America's Cup challenge is connected to the desire to achieve recognition on a world stage; this desire is related to the notion that New Zealand is perceived as a provincial backwater. Fay taps into this sentiment expertly. Fay is next asked what he was looking to gain by challenging for the Cup. He replies:

*"What we came here for is to win the America's Cup industry, to get this marketing opportunity, the jobs, the capital investment, the tourism to New Zealand."*

The values of finance capitalism come to the fore in this extract. Where traditional sporting discourses emphasized athletic prowess, honour in competition, and the achievement of victory on the field of play, Fay's emphasizes the virtues of capitalism. Consequently, the values of finance culture infiltrate the traditional cultures of sport. This is the point where business and sport become one; and where national interest is used to legitimize the new connection. Presupposed benefits – the marketing opportunity, jobs, capital investment and tourism – are cited to legitimise the business-sport relationship as an enhancement for the country. New Zealand is again evoked

through synecdoche to imply that everybody in the country benefits from the business side of the America's Cup. Fay continues:

*"I have no intention of putting my name alongside Alan Bond's and saying 'I did it' because I didn't, this is a team effort, this is a New Zealand effort."*

This final extract concludes the rhetorical strategies of unification and justification. By characterizing the challenge as a "New Zealand" effort, Fay manages to project his values, the values of finance capitalism, onto the public at large. Thus, the nation is portrayed as having a homogenous set of beliefs, and those beliefs are legitimized by their universalism. New Zealand, characterized by the participatory nature of its America's Cup syndicate, is positively contrasted with Australia, characterized by billionaire Alan Bond who, it is implied, challenged for the cup with his eyes on individual glory.

**Text 3: *Queen St stops for cup heroes* (Unattributed 1987a)**

My third text for the 1986/87 campaign appeared on the front page of the *Auckland Star* on February 12, 1987. This marked the welcome-home parade thrown in Auckland for the KZ7 team. The parade featured a cavalcade of silver Mercedes-Benz cars carrying the team up Queen Street, with Fay and Dickson in a Bentley. This story, with the accompanying photo of the parade, took up two thirds of the front page. Again due to the length I will consider specific extracts. Generically, the story appears as a straight news article, and thus it is imbued with the assumed news values of objectivity and factuality. I have analysed this text as it is typical of newspaper reports concerning the welcome home parade which appeared throughout the nation's major papers<sup>5</sup>. The headline is succeeded by the following subheading:

*You may have lost but we still love you, Auckland told the KZ7 team today.*

<sup>5</sup> Similar stories include: 'All the nice (record) crowds love a sailor' (Unattributed 1987c); 'KZ7 team sails swell of pride' (Van Dongen 1987); 'Auckland welcomes KZ7 team' (NZPA 1987); 'Auckland welcomes yachting heroes' (NZPA 1987a); 'The voyage home' (Miller 1987b).



Metonymy is employed in this sentence to represent the people who attended the parade as 'Auckland'. In addition, the sentiments expressed (we love you even though you lost) are projected onto everybody who attended the parade, and consequently all of 'Auckland'. 'Auckland' is invested with agency, making the attributed action (telling the KZ7 team that they love them) appear an intentional deed. Rhetorically, there is a shift from the emphasis found in earlier stories on winning as the only measure of success. The team is now lauded for its heart and effort, which is important in that it helps to justify the hype previously created around the event. The body of the story then begins with the following paragraphs:

*The America's Cup was the only thing missing as the city welcomed home, with cascades of streamers and cheers, the sailors who carried home New Zealand's hopes.*

*Its absence did not matter to the thousands who flooded Queen St to give their heroes a tumultuous welcome.*

*They wanted to say thank you to the team that brought pride in New Zealand's achievements into every home.*

The people who attended the parade are referred to metonymically, this time as 'the city', which is the agent welcoming home the team. It appears that the 'cascades of streamers' are a spontaneous action on the part of the people, instead of being orchestrated in advance. Lexically, value-laden terms metaphorically illustrate the team as a victorious group of soldiers – the KZ7 team are emotively rendered as 'the sailors who carried home New Zealand's hopes'; 'thousands flooded' the city to 'give their heroes a tumultuous welcome'. The achievements of the America's Cup team are described as 'New Zealand's achievements'. While implying through synecdoche that all New Zealanders participated in the yachting, this sentence also alludes to other occasions of national achievement on an international stage. The concept that international success is the most telling measure of accomplishment is presupposed; in this way, the activities of corporate raiders overseas are also alluded to and legitimized. The rhetorical strategies of unification and justification are employed in the next extract to validate the construction of national identity which had occurred throughout the America's Cup campaign:

*Many spectators defied crowd control to dash up to the cars as they passed and offer flowers to their heroes.*

*Even window cleaners signaled their own special welcome with banners that echoed the feelings of all – “Good on you, KZ7.”*

The actions of some of the crowd show the authentic nature of support for the America's Cup. Some even defied 'crowd control' in order to gain access to the yachtsmen; the emotion felt by the supporters is shown to be so 'real' that the constraints of bureaucracy are no match for it. The adverb 'even' makes window cleaners appear as a very unlikely group to be showing their support, yet they are participating all the same, and in the process echoing 'the feelings of all'. Support is portrayed as universal. The next sentence implies that the America's Cup appealed to 'the family'.

*Whole families decked out in KZ7 gear cheered, threw flowers and streamers and held banners proclaiming “Kiwis can fly” and “We're proud of you, boys.” The police adopted a low-key approach. Many joined in the fun by waving KZ7 flags and throwing streamers.*

The concept of 'the family' is often associated with a presupposed ethical standard. Any action that is performed in the interests of 'the family' is thus presupposed to be a good thing. Further implied meanings are evoked when 'the family' is mentioned: acquiescence to the ethical norms of society (nuclear families with two parents of different sex, etc), children's welfare, safety and security. The description of 'whole families decked out in KZ7 gear' rhetorically draws upon these existing ideas and associates them with support of the KZ7 syndicate. Thus, 'KZ7' and 'family' are seen to converge. The second sentence performs a similar function, replacing 'the family' with 'the police' as the identifying frame of reference. Stereotypical values associated with the police include bravery, honesty, responsibility, and sternness (although there are also negatives such as brutality or corruption). 'The police' in this extract (a synecdoche – the police at the parade are represented by a phrase that usually stands for the entire police force) defy these stereotypes by taking 'a low-key approach'. They join in the fun by waving KZ7 flags and throwing streamers. The implication is that the event is so momentous, with such a unifying purpose, that even strictly defined social roles are secondary to the celebration at hand. The policemen's identity as 'police' ranks behind their loyalty to New Zealand and KZ7.

## 4.6 Summary

The rhetorical patterns and themes found these texts reflect the social forces that prevailed at the time. A brief summary of these follows. In 1987, the America's Cup was presented as an event that all New Zealanders were behind. The challenge apparently reflected the nation's love for yachting and sporting verve. The image of popular participation was foregrounded and the event appeared to unify otherwise divergent social groups. There was an attempt to associate the America's Cup with recognisable New Zealand cultural histories and stereotypes, and to transform these existing qualities into new imaginings based upon neo-liberal values. In the preceding texts, the America's Cup was discursively equated with a business venture. The merging of sport and business was a relatively new concept at the time, and this is shown by the need to convince the nation that the two spheres were compatible. In addition, attempts were made to maximise national unity by emphasising distinctions between New Zealanders and foreigners. Accounts of overwhelming support for the team from a diverse range of New Zealanders also feature, as do attempts to downplay the exclusive nature of the sport. Finally, there is emphasis placed on the importance of international competitiveness as a measure of success. These features show the necessity for media constructions of the campaign to portray the America's Cup as a participatory, popular event which brings to the fore the culturally specific skills of New Zealanders, and at the same time illustrates the need to popularize ideas of economic internationalisation.

At this point, the divergence between the way the 1987 America's Cup challenge was promoted and the political economic developments in New Zealand over the previous three years becomes apparent. The liberalisation measures implemented by the Labour Government had caused serious damage to the productive sector of New Zealand's economy. New Zealand's foreign debt had increased dramatically. Companies had increased investments abroad, restricting economic growth in New Zealand. Foreign multinationals had acquired an increasing proportion of New Zealand assets. Unemployment had risen, and effective tax rates had increased for those on average or lower earnings. The gap between rich and poor had substantially increased. The traditional New Zealand welfare state no longer existed in its recognisable form. For many entrepreneurs and businesses, the reforms had been extraordinarily lucrative.

Financiers had managed to establish a firm foothold in the political system, and had exploited the opportunities of the reforms for great capital gain. For most of the country's workers, however, times had become tougher.

The idea of New Zealand-ness associated with the America's Cup challenge and the high-flying entrepreneurs of the share market boom was in stark contrast to the political economic reality experienced by the majority of New Zealanders. The new national identity reflected the values and beliefs of a few individuals who were capitalising on the reforms at the expense of the nation. Self-interest, acquisitive individualism, aggressiveness, ruthlessness, efficiency – these were the qualities that were battling for legitimacy against the traditional egalitarianism which had defined New Zealand for most of its citizens for so long. The marketers behind the America's Cup recognised the deep-seated beliefs of New Zealanders, and attempted to associate neo-liberal values with these traditional ones. Hence the argument that the America's Cup would be beneficial for the country at large, and the apparent opportunities for public participation. Given the size of the KZ7 welcome-home parade, it would appear that this ideology was successful in engaging with the existing values of many New Zealanders.

## **CHAPTER FIVE: Relinquishing Economic Sovereignty**

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In the period from the 1984 election to the 1987 America's Cup, the economic, political and social landscape of New Zealand drastically changed. A new elite of financiers had emerged as the chief beneficiaries of Labour's economic liberalisation measures and these entrepreneurs had ridden the share market boom to national celebrity status. In conjunction with this, a new sense of what it meant to be a New Zealander, imbued with the beliefs and values held by the proponents of the neo-liberal agenda, had taken hold of the nation. This new conception of national identity, which emphasised the selfsame qualities exhibited by the most prominent corporate raiders, effectively covered up the destruction which was being wreaked on the country's long-standing economic foundations. The commitment to commercial values also meant that public outcry over the rising inequalities throughout the nation was neutralised.

The economic reforms were, however, far from over. Even the shock of the worst share market crash in national history would not prevent the Labour Government from continuing its revolution. The next stage would be the privatisation of a large number of state assets. This chapter looks at the privatisation process and its effects in terms of national economic sovereignty. In addition, other associated constraints to sovereignty which became issues in the 1990s including the influence of transnational corporations and New Zealand's involvement in supranational arrangements such as the World Trade Organisation will be discussed. This erosion of economic sovereignty contrasted with the promotion of national values in America's Cup publicity campaigns.

### **5.1 The Share Market Crash**

In October 1987, the speculative euphoria that had followed the financial market liberalisation measures of the fourth Labour government abruptly ended. On Monday the 19<sup>th</sup>, Wall Street stocks fell 22.6 per cent, but New Zealand's Barclay's Index only

dropped 4.3 per cent. Many investors believed the worst had been avoided. The next day, however, was ‘a massacre’ (Grant 1997: 307). The Barclay’s Index fell by 14.7 per cent, and the total value of the market contracted by \$9.9 billion. The speculative bubble had finally burst, as many had long predicted. Over the next three weeks, the Index fell by 37.4 per cent. By the end of the year, the total value of market capitalisation had fallen from a high of \$50.02 billion to \$24.2 billion. Many other countries experienced a crash comparable to that of New Zealand’s share market at the same time – Australia’s share values fell by 41.6 per cent over the same three weeks, London’s by 28.4 per cent, Tokyo’s by 18.3 per cent, and New York’s by 15.4 per cent (Grant 1997: 314). However, the effects would be longer lasting in New Zealand.

The crash derived from inflated speculative investment in non-productive entrepreneurial and investment corporations. This view is bolstered by the fact that the bear run was largely confined to the property and finance sector – Bank of New Zealand, Brierley’s, Robert Jones, Chase Corporation, NZI, Renouf Corporation, Judge Corporation and Equiticorp, to name a few. At the time of the collapse this sector accounted for about 60 per cent of the Barclay’s Index (Grant 1997: 308). Many of these companies were entirely dependent on illusory paper profits and after the crash they didn’t have the assets to cover their huge interest payments. Renouf Corporation shares fell by more than 90 per cent; Judge Corporation shares fell from \$9.10 to 52 cents by 11 November. Speculative finance companies had gained near complete control of the nation’s capital, and this meant that the effects of the crash were felt for a longer period in New Zealand than in comparable economies. In January 1991, the market’s capitalisation reached its lowest point at \$14.5 billion dollars (Grant 1997: 308). The proportion of companies de-listed from the stock exchange, unable to meet their debts, was extraordinary; a decade later they still hadn’t returned. In October 1987, the share market included 288 listed companies; in October 1997, there were 122 (Jesson 1999: 125).

Insolvent companies, bankrupt investors and creditors unable to recoup their loans combined to plunge the nation into a long-term recession. The commercial property boom died out as quickly as it had begun, adding to unemployment levels. Damage to the productive sector of the economy was increasingly felt, as industries were unable to generate economic growth. Nonetheless, Douglas stayed firm, confident due to

Labour's re-election earlier in 1987. Party turbulence would follow over the next few years as Treasury officials and New Right Cabinet Ministers turned their attention to social policy. Douglas's December 1987 economic package, which included a flat income tax rate and extreme changes to social support, was far too radical for Lange to stomach and was subsequently renounced (Kelsey 1995: 36). Prebble was dismissed from the Cabinet in November 1988 and Douglas forced to resign the next month. Both were subsequently reinstated, and Lange eventually resigned. Jim Anderton left the party in protest and established a competing party, NewLabour.

By 1990, Labour had alienated much of its traditional constituency with its reform programme. A great number of its wealthy backers, sensing that the party was backpedalling, shifted their support to National. Labour was ousted in the 1990 election, and National's Ruth Richardson became the Minister of Finance. The National Party provided a more sympathetic base for free-market convictions, although support for Richardson from her colleagues was not unanimous. At any rate, National had re-evaluated its traditional conservative principles to embrace the new orthodoxy of free-market economics. The reforms continued along neo-liberal lines, uninhibited by the change in government in October 1990.

Neo-liberal policies of the 1980s concentrated economic power into the hands of corporations and finance capitalists. During the 1990s, such power became further concentrated, and was, in addition, actively ceded to agents outside the jurisdiction of the New Zealand state. Relevant trends included: the increasing market dominance of foreign direct investment (especially in areas previously state-owned and controlled); the growing influence of transnational corporations; and the mounting free trade and investment obligations to supranational organisations such as the World Trade Organisation. These three phenomena can be classed under the broad heading of globalisation. Globalisation is a complex and contested concept, and definitions vary depending on perspective. A basic conceptual definition of globalisation is simply that it is the process of increasing interconnectedness of political, economic, cultural and social processes. Critical analyses of globalisation, however, argue that it is the latest stage in capitalist expansion and focus on the international impact of neo-liberal policy agendas. Global free market capitalism has been described as 'the highest and most advanced stage of capitalist imperialism facilitated by transnational capital for the

intensification of capitalist expansion throughout the world' (Berberoglu 2003: 2). The challenge to sovereignty affected by globalisation thus refers to the erosion of the state's capacity to implement nationally directed economic and social policies.

## 5.2 Privatisation and Foreign Investment

Foreign investment was the first area to be substantially deregulated during the Labour Government's first term. The liberalised environment and the high interest rates resulting from pure monetarist policy attracted foreign investors. Over the next decade, the value of foreign investment funds in New Zealand and the country's dependence on foreign funds increased radically. Bill Rosenberg provides some enlightening statistics in this regard. According to estimates by the United Nations Conference on Trade and Development (UNCTAD), foreign investment stock in New Zealand rose from \$2.3 billion in 1980 to \$29.7 billion in 1994. Even allowing for the increase in the size of the New Zealand economy as measured by GDP, foreign investment stock increased by 324 per cent. Rosenberg compares the ratio of foreign investment stock to GDP in New Zealand with that of other countries. In 1995, New Zealand's foreign investment stock had reached 46.7 per cent of its GDP. In comparison, the highest ratios for developed countries in the late 1980s were Australia and the Netherlands at 22.2 per cent, and Canada at 20.5 per cent. Even most developing countries, excluding Singapore at 91.7 per cent and Zimbabwe at 58.3 per cent, had lower ratios than New Zealand (Rosenberg 1997: 29-31). By 1995, gross foreign investment in New Zealand totalled \$97 billion and over half of the top 200 companies were overseas owned (Jesson 1999: 184). All of the top ten companies by turnover (excluding four co-operatives, statutory marketing boards and state-owned enterprises) had between 30 and 100 per cent overseas ownership (Kelsey 1995: 106).

The share market crash was a primary cause of the increased foreign ownership of formerly New Zealand companies. Many companies had become insolvent due to huge unpaid debts; at the same time, the exchange rate dropped, meaning New Zealand stocks were relatively cheap for foreign investors. Insolvency meant that there was very little local capital with which to buy failed companies. Consequently, a large number of corporations were bought at bargain prices by foreign investors. The spate of takeovers



by corporate raiders had put the future of long-standing New Zealand firms into the hands of speculative investors, and when the raiders went under, many of the established companies fell with them. Equiticorp, for example, had taken over Feltex, New Zealand Steel and Yates, and all three were bought by overseas investors after Equiticorp collapsed (Jesson 1999: 124). By 1998, foreign investors held 60 per cent of the share market's total value, compared to 17 per cent in 1985 (Kelsey 1999a: 150). Foreign direct investment (ownership of companies) increased by nearly 500 per cent between 1989 and 2001, from \$9.7 billion to \$49.3 billion (Horton 2002). Little of the investment had been 'greenfield' investment<sup>1</sup>. Less than a quarter of the dollar value of investments between 1985 and 1995 had been greenfield activity. The remaining 76 per cent had been spent on taking over or acquiring existing companies (Rosenberg 1997: 59). Rosenberg's analysis led him to declare that New Zealand was 'exceptionally dependent on foreign investment and its economy is correspondingly dominated by it' (Rosenberg 1997: 31).

Overseas corporations had come to dominate many key industries. As of 1995, areas such as flour production and bread baking, brewing, computer supplies, telecommunications, petrol and new motor vehicle supply, rail transport and newspaper circulation were all controlled by foreign-owned companies (Rosenberg 1997: 45-6). US-owned International Paper had acquired a majority stake in New Zealand's biggest forestry company Carter Holt Harvey – which earned them a \$325 million dollar profit for the 1993-94 financial year. Particularly subject to overseas capital was the finance sector – 20 of the top 30 companies, including all seven of the major banks and all but one of the top ten insurance companies, were overseas owned (Rosenberg 1997: 47).

The privatisation of New Zealand state-owned assets began in December 1988, when Douglas announced an economic package to effectuate the repayment of approximately \$14 billion of government debt (Jesson 1999: 161). Over the next eight years, a huge number of state-owned enterprises would be sold off, including Landcorp, Forestry Corporation, Telecom NZ Ltd, BNZ, Post Office Savings Bank, NZ Rail, NZ Steel, State Insurance, Works Corporation, Air New Zealand, Bank of New Zealand, NZ Liquid Fuel Investment, Maui Gas and Synfuel Stocks and the Shipping Corporation.

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<sup>1</sup> Investment in new business that creates jobs and economic growth.

The extent of foreign involvement in the process was considerable, and inevitable given the recessionary nature of the local economy at the time. By 1998, around 39 assets had been sold for about \$19 billion. More than \$7 billion worth had been bought by foreign interests (Scott-Kennel 1997: 120). State railways and Telecom went into American hands; Australians bought most of the banks; Australian mining firm BHP bought New Zealand Steel; state forests were bought by American, Chinese, Japanese and Malaysian companies (Kelsey 1999a: 178).

For neo-liberals, privatisation was preferable to public ownership. Private-property rights, along with the threats of takeover or insolvency inherent in a deregulated marketplace, lead to a far more efficient use of resources. According to Jim Anderton, however, those who favoured privatisation were focused on a narrow range of economic objectives at the expense of other goals such as economic security, social justice and equity (Anderton 1988: 13). This theoretical position is reflected in Kelsey's view of the actual events:

*Between 1987 and 1990 the Labour government sold off many of the state's most important assets and income earners ... A purely economic value had been placed on these resources. Their social, environmental and cultural functions had been cast aside in the quest for ideological purity and short-term fiscal gains. (Kelsey 1993: 58)*

Even the efficiency argument was contestable. A study in 1986 concluded that there did not seem to be anything intrinsically superior about performance under private ownership. There were both efficient and inefficient public enterprises, and efficient and inefficient private enterprises (Anderton 1988: 13). Critics have suggested that the privatisation campaign was executed as quickly as possible with blatant disregard for popular opposition (Kelsey 1995: 129).

The controversial sale of the Bank of New Zealand was pushed ahead when some \$600 million worth of bad-debt write-offs, mostly stemming from the failure of corporations to which the bank had made huge loans during the share market boom, was discovered. The BNZ's loss for the year to March 31, 1989 was \$648.8 million (Kelsey 1995: 135). The government had been looking to part with some of its 84 per cent ownership of the bank for some time, in the face of a great deal of public criticism. The government had

previously turned down an offer from Brierley Investments for \$1.45 per share; Fay, Richwhite secured its 29.5 per cent shareholding for just 70 cents a share in a private purchasing arrangement. All previous privatisations had been conducted in public. Muldoon accused the government of maintaining an excessively close relationship with people from Fay, Richwhite, which influenced the purchase (Morrison, Cubis, et al. 1990: 240). Criticism centred on both the purchase price and the fact that the government had effectively ceded control of the country's biggest trading bank to one private firm. The bank was completely sold by the National government in 1992 to the National Australia Bank for \$850 million dollars. Within the next two years, the bank's after-tax profit trebled (Kelsey 1995: 135).

Telecom, the state-owned national telecommunications company, was sold in 1990 for \$4.25 billion to a consortium made up of American corporations Bell Atlantic and Ameritech (45 per cent each), Michael Fay and David Richwhite (5 per cent), and other New Zealand investors (Hyde 1991: 55, 62). The company had been corporatised in 1987; in 1988 it recorded profits of \$64 million. In 1990, Telecom returned a \$257 million profit to the New Zealand government (Scott-Kennel 1997: 114). In 1995, after privatisation and approximately 6,300 redundancies, net profits rose to \$620 million. By 1997, the company had paid its shareholders back \$5.1 billion in cash (Jesson 1999: 172). Profits that could have been going to the state and its citizens were now being funnelled to corporate owners and repatriated overseas. The Telecom sale was the most dramatic component of a privatisation process that shifted a huge section of the nation's wealth from the citizens of the country to private, often foreign, interests. Heavily involved in the process and making a fortune from providing their services were a group of merchant bankers and consultants who advised the government on potential privatisations, provided brokerage services when sales went through and then maintained a business relationship with the privatised corporations. In some situations the bankers also bought the corporations they were advising on, as was the case with Fay, Richwhite (Kelsey 1999a: 179). Fay, Richwhite, or its public company Capital Markets, was involved as advisors and/or purchasers in the privatisations of Telecom, the Development Finance Corporation, Housing Corporation mortgages, the Government Printing Office, TranzRail and the Bank of New Zealand. It usually took around four per cent of the purchase price as a fee. Fay, Richwhite was paid an estimated \$21 million for representing Bell Atlantic and Ameritech in the sale of

Telecom (Hyde 1991: 62). The merchant bankers were also allowed to purchase 5 per cent of the company for their troubles.

Throughout the 1990s, the concentration of ownership and foreign influence that characterised the New Zealand economy was reflected in the print media industry. By 2001 two transnationals, Independent Newspapers Ltd (INL) and Wilson and Horton, accounted for 81.9 per cent of New Zealand's daily provincial newspaper circulation and 92.8 per cent of the daily metropolitan circulation, along with most of the country's magazines and an increasing proportion of its broadcasting (Rosenberg 2002: 59).

INL was over 45 per cent owned and thus controlled by Rupert Murdoch's global media empire News Limited and 76 per cent overseas owned in total. In all, according to Rosenberg, INL published about 70 per cent of the country's newspapers, magazines and sporting publications and also owned major magazine distributors Gordon & Gotch (Rosenberg 2002: 60, 66). Wilson and Horton was, by 1998, entirely owned by Independent Newspapers Plc (INP), controlled by the O'Reilly family, which was headed by Tony O'Reilly, former CEO of H.J. Heinz and Company. In addition to the *New Zealand Herald*, New Zealand's largest-circulation daily (27 per cent of circulation), Wilson and Horton owned nine provincial newspapers, a plethora of community newspapers and many large-circulation magazines<sup>2</sup> (Rosenberg 2002: 67). In 1996 New Zealand Radio Network Ltd, equally owned by Wilson & Horton, Australian Provincial Newspapers (over 42 per cent INP owned) and Clear Channel Communications purchased the commercial stations of the previously state-owned Radio New Zealand. Radio Network Ltd later bought the Prospect radio network, giving them control of approximately 60 per cent of radio advertising revenue in the country (Kelsey 1999a: 196; Rosenberg 2003). In 2000, the country's second-largest radio network in the country, RadioWorks, was taken over by CanWest Global Communications Corporation, the biggest private television broadcaster in Canada, which also part-owns the Ten Network in Australia and which already held several commercial stations.

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<sup>2</sup> Including the *New Zealand Listener* and *New Zealand Woman's Weekly*.

The growth of foreign investment in New Zealand meant that the nation's chronic balance of payments deficit was only made worse. Despite a decade of public asset sales and takeovers of New Zealand firms by foreign companies, total public and private debt increased from \$16 billion in 1984 to \$123 billion in 2002, meaning that foreign debt was greater than New Zealand's entire Gross Domestic Product (Horton 2002). The costs of servicing foreign investment – repatriating profits to overseas countries and paying interest on loans<sup>3</sup> – played a large part in the debt's increase. New Zealand became more reliant on further foreign investment, either in the form of overseas borrowing or more direct investment, to balance the current account.

Because of this dependence, New Zealand governments of the 1990s were required to consider the interests of foreign investors before those of its citizens. The threat of 'capital flight' was a very real constraint on the policy-making abilities of government. Consider, for example, the Labour government's hasty abandonment of coalition talks with the Alliance after the first MMP election in 1996. Clark explained in her 'State of the Nation' address: 'International credit-rating agencies knew that the election of a Labour government in New Zealand would not affect the nation's credit rating one iota. They knew Labour would be both socially and economically responsible' (Rosenberg 1996: 3). The pressures on governments to instigate policies that would be approved of by investors left few options. Decisions began to be made less in the national interest and more in the multinationals' interest. 'What is left (as we have experienced) is a hollow democracy in which the important choices have already been made' (Rosenberg 1996: 3).

### 5.3 Transnational Corporations

Gigantic transnational enterprises are symbolic of contemporary globalisation, and were the chief beneficiaries of the neo-liberal revolution. Deregulation of trade, the liberalisation of international finance markets and the privatisation of publicly controlled companies have allowed multinational corporations to expand. Some of the statistics are astounding, and serve to illustrate the tremendous economic power wielded

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<sup>3</sup> Known as the 'invisibles' sector of trade.

by the world's biggest firms. As of 1997, Shell, Exxon, Ford, IBM, Toyota, BP, Mobil and General Electric all had annual sales in excess of the GDP of all but 35 nations. Combined, the world's top 300 multinational companies controlled more than 25 per cent of the productive wealth of the entire planet (Garnett 1997: 46-7). Their level of employment was, however, phenomenally disproportionate – they provided jobs for about 1 per cent of the world's global workforce (Horton 2002). In New Zealand, although foreign-owned firms made up as much as 65 per cent of the sharemarket, they provided only around 18 per cent of total employment (Horton 2002). Transnational corporations reaped massive profits from their involvement in New Zealand. Companies included Wisconsin Rail, Carter Holt Harvey, Telecom, and Fletcher Challenge. In the 1993/94 financial year, seven transnationals between them announced profits in New Zealand of \$1 billion (Unattributed 1994: 4). Between 1995 and 1998, transnationals made \$10.6 billion in profits; only 6 per cent of this was reinvested in New Zealand (Horton 2002). Telecom alone made \$1.5 billion between 1991 and 1995; an average of 70 per cent of that was paid in dividends, mostly to overseas shareholders (Unattributed 1994: 4).

Such economic power carries with it a large measure of political influence. There are several primary issues here. Firstly, there is the worryingly unregulated environment in which they operate. Many corporations have become 'virtually immune' to government monitoring and influence due to their global nature and consequent lack of a firm national base (Garnett 1997: 46). Correspondingly, national regulations such as taxes do not seem to apply to some corporations. Rupert Murdoch's News Corp, for instance, in 1997/1998 paid just A\$325 million in corporate taxes worldwide on profits of A\$5.4 billion dollars. The company had paid no taxes in Britain since 1987 on an accumulated profit of £1.4 billion (Kelsey 1999a: 170). Horton cites a 2001 US report which revealed that transnationals operating in the US may have avoided paying up to US\$45 billion in federal income taxes per year through such methods as transfer pricing, where firms set their own prices for intra-firm transactions (Horton 2002).

The second concern is the lack of any kind of social obligation recognised by transnational corporations. Their purposes are to achieve profits on capital, increase market share and ultimately earn money for their shareholders, and these priorities are reflected in their business decisions. The consequences of those imperatives for

workers, communities, nation-states and the environment are often of little concern. Corporate public relations, especially the rhetoric of social responsibility, obscures this fact.

Thirdly, such companies exert pressure on national governments, meaning that policy decisions affecting people's lives often reflect big business agendas. The global reach of multinationals means they can, according to William Greider, 'effortlessly shift production from nation to nation, maximising profit by continually adjusting the sources of output to capitalise on numerous shifting variables: demand, price, currency, values, politics' (Greider 1997: 51). Systems of production have become more decentralised, and the global financial system less regulated, allowing transnationals to shift production to places where they can pay low wages without facing union opposition or environmental regulations. Consequently, multinational corporations can make regulatory and policy demands on host states. The 1993 UNCTAD report observed 'because transnational corporations are internationalising activities spanning national boundaries, they encroach on areas over which sovereignty and responsibility have traditionally been reserved for national governments' (Rosenberg 1997: 210). Kelsey points out that in the 1980s and 1990s, transnationals put increasing amounts of pressure on New Zealand governments to liberalise laws on taxation, resource management, labour, product standards, competition and foreign investment (Kelsey 1999a: 171-2). The effects of this pressure must not be underestimated. According to UNCTAD figures for 1999, of 140 changes in countries' foreign investment policies, 131 involved the relaxation of existing restrictions (Horton 2002). For Greider, this further diminishes the leverage held by governments, communities and workforces (Greider 1997: 51). Even if foreign companies do have to comply with domestic laws and regulations, these are composed with the interests of foreign corporations and investors in mind (Rosenberg 1997: 209).

In New Zealand, a prime example of this was the National government's Employment Contracts Act 1991 (ECA), which gave 'all employers free reign to reduce wages and working conditions to 'internationally competitive' rates' (Rosenberg 1996: 5). Under Labour, the labour market had remained largely regulated, and the ECA was designed to bring industrial relations into line with other neo-liberal policies. Kelsey argues that the two goals of the ECA legislation were to reduce wages, mainly through attacking penal

rates and special allowances, and to break the unions, through the active discouragement of collective contracts and the removal of employers' legal requirements to negotiate collective agreements (Kelsey 1995: 182). Both goals were substantively achieved – between May and August 1992 average weekly earnings fell by \$15, and union membership as a percentage of the total employed dropped from 45 per cent in 1989 to 23.4 per cent in 1994 (Kelsey 1995: 184).

The commitment to providing cheap labour necessitated a corresponding reduction in social security benefits in order to maintain a sizeable gap between wage levels and the unemployment benefit. Correspondingly, the monetarist regime of fiscal austerity called for sizeable cuts in government spending to reduce the government deficit and this required the National government to pare back benefits. Measures instigated by the government included a cut in the single adult rate for the unemployment benefit of almost \$14 per week; cuts in the domestic purposes benefit for single parents of 9 to 16 per cent; cuts in subsidies for doctors' visits and prescription charges; an increase from 20 to 25 years in the age for which youth rates benefits applied. The stand-down period for which those voluntarily unemployed would have to wait for their benefit was increased from six weeks to six months. At the same time, user charges were levied for such social services as education (voluntary donations at primary and secondary schools, fees at tertiary institutions) and hospital services, while market rentals were applied to state housing. Meanwhile, the top tax rate had again been reduced in 1988, from 48 per cent to 33 per cent, and the Goods and Services Tax was increased to 12.5 per cent in 1989<sup>4</sup>.

The labour reforms and benefit cuts did not have the predicted effect on unemployment figures. The number of registered unemployed in New Zealand rose from 3.8 per cent in 1985 to a high of 11.1 per cent in 1992, although the official number dropped back to 6.3 per cent by 1995. The number of jobless<sup>5</sup> in 1994 was still 209,700 (Kelsey 1995:

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<sup>4</sup> Between 1982 and 1996, all those earning less than 2.5 times the average income had an increase in their total tax burden, but the increase was greatest for those earning the least. For those making .75 of the average income, total tax including GST increased by 6.1 per cent, while at twice the average income the increase was just 1.9 per cent. At thrice the average income, tax actually decreased by 5.8 per cent (Stephens 1996: 37-38).

<sup>5</sup> Includes official unemployed as well as those without a job and wanting one but not actively seeking work owing to lack of skills, the wrong age, the right work unavailable in their area or looking only in the newspaper. (Kelsey 1995: 260)



260-1). The Employment Contracts Act, rising structural unemployment and welfare cuts all coalesced to increase the level of poverty<sup>6</sup> and the gap in wealth distribution in New Zealand.

Easton recorded that between 1989/90 and 1991/2 the number of people living at a standard below that recommended by the 1972 Royal Commission on Social Security increased by about 35 per cent (Easton 1997a: 252). By 1992/93, about 16.3 per cent of New Zealanders were living in poverty (Kelsey 1995: 274). The most affected group was solo parents, with some 40 per cent of their children living in poverty for at least one year (Stephens, Frater et al. 2000: 27, 30). While benefits and wage rates for unskilled workers were declining, salaries for managers, highly skilled staff and corporate executives rose. This was reflected by the fact that New Zealand experienced the greatest growth in income inequality among OECD countries between 1980 and 1994 (Stephens 1996: 29). By September 1993, the top 20 per cent of households in the country received almost half of the nation's gross income, compared to 35 per cent in the late 1970s (Kelsey 1995: 258). The reforms had resulted in destitution and dependence for many, while creating opportunities for vast wealth for a very few.

#### **5.4 The GATT and the WTO**

The General Agreement on Tariffs and Trade (GATT) was part of a United States initiative after World War II to reinstate a system of international economic relations. Signed in 1947, the agreement was originally designed to facilitate a system of international trading based on free market principles. Previously, international trade had been principally conducted through bilateral trade agreements and treaties. The economic orthodoxy of most nations at the time was towards Keynesian stimulation of demand through import substitution, manufacturing and agricultural incentives and import tariffs. Over the first six rounds of its existence, the GATT encouraged countries to eliminate or reduce import tariffs. By the Tokyo round in the 1970s, tariffs had been

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<sup>6</sup> Recognising the subjective nature of poverty measurement, Stephens et al regard poverty 'in terms of deprivation rather than destitution: it is relative to the standards of living in the community – an ability to function in society, rather than survival' (Stephens, Frater et al. 2000: 2).

substantially reduced in most countries and negotiations shifted focus to other 'protectionist' barriers to trade, such as industry subsidisation.

Three fundamental rules were established under GATT. The first was 'most favoured nation' status. Under this principle, each member nation of the GATT had to provide the same tariff conditions to all of the GATT member nations. The second was that trade protection for domestic firms should only be given through customs tariffs rather than other measures such as quotas or health regulations. Finally, the 'national treatment' clause decreed that any imported product should be treated in the same way as a domestically made product<sup>7</sup>.

The Uruguay Round (1986-1994) was a watershed for GATT in several ways. The agreement was expanded to cover agriculture, and the New Zealand government argued that this would provide great economic benefits to the country. However, the New Zealand Institute for Economic Research concluded that the government had overstated the benefits, and that annual growth as a result of GATT would only comprise approximately 0.7 per cent of GDP (Rosenberg 1994: 7). Far more important to the lives of New Zealanders was the expansion of the agreement to cover services (GATS); a boost to the interests of transnational corporations. Service-based industries such as banking and finance, telecommunications, broadcasting, tourism, education and construction were areas of huge corporate growth. The GATS agreement gave national treatment status to foreign firms in service industries, and banned restrictions on foreign investment in services. However, the agreement allowed each member country to choose to which services the national treatment agreement would apply. In line with its neo-liberal philosophies, New Zealand committed itself to a greater degree than most other countries. National treatment rights were guaranteed in telecommunications, banking, professional services, tourism, audio-visual services, construction, transport and private education at primary, secondary and tertiary levels (Kelsey 1999a: 260). This effectively meant that many social services could be entirely commercialised, and government intervention prevented. Similarly, another GATS restriction held that domestic regulations must not be 'more burdensome than necessary'. Non-commercial

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<sup>7</sup> National treatment was later expanded to mean that foreign corporations must be treated identically to domestic firms.

concerns were entirely subordinated to the logic of global trade. Citizens' rights and entitlements had, in many ways, been severely restricted.

The World Trade Organisation (WTO) was formed in 1995 as a more formal and powerful successor to the GATT, and is now 'the primary vehicle for insulating free trade from social pressures and locking in commitments to trade liberalisation' (Kelsey 1999a: 239). The inception of the WTO brought with it the power to approve sanctions on member nations and an even bigger threat to sovereignty. Agreements made within the WTO are binding, and if the organisation determines a national law is restraining 'free trade', it has on occasion the power to overthrow such laws. For example, through the WTO the United States government, on behalf of the meatpacking and beef industries, compelled European Union companies to accept US beef containing growth hormones despite the EU's efforts to bar such meat (Unattributed 2001). The WTO claims to serve the interests of 'free trade', but in a world economy where 60 per cent of trade is conducted through transnational corporations, the WTO is really an expression of those corporate interests.

The anti-democratic and unaccountable nature of the WTO is reflected in its corporate-style negotiating and decision-making processes. WTO deliberations are conducted by elites behind closed doors, and formal documentation is released only after decisions have been made, if ever (Kelsey 1999a: 247). The concealed nature of negotiations means that parliament has very limited opportunity to debate commitments and changes to legislation under the agreements. Dissent is incredibly difficult because critics are often unaware of the exact details of treaties until after they have been signed. In addition, the commitments made by both the Labour and National governments in the name of New Zealand citizens typically bind the country to the free-trade regime permanently. Such agreements, claims Kelsey, 'are explicitly intended to restrict the policy choices of future governments' (Kelsey 1999a: 40). The trade protections for industry and barriers on foreign investment and ownership removed after 1984 cannot, in effect, ever be rebuilt without incurring severe penalties from the WTO.

If free market imperatives are antithetical to the retention of the nation-state's economic sovereignty, why did the New Zealand government endorse these imperatives? In general, it can be argued that the bourgeois interests which the state serves to protect

are, today, represented by transnational corporations and global finance. The logic of the market, embodied in neo-classical economics, is to subordinate 'the national interest' and democratic process to the pursuit of efficiency and profit. In this context, the concept of nationally constituted economic sovereignty cannot be guaranteed in practice. If relatively autonomous national economies are overruled by profit maximising internationalism, then this will promote outcomes which will 'reduce the nation's material wellbeing' (Haworth 1997: 240). Historically, global capitalism has allowed no more than what Nigel Haworth describes as a 'constrained sovereignty' (1997: 240), an autonomy that only extends far enough that it will not interfere with internationalisation. During the 1980s and 1990s in New Zealand, however, even 'constrained sovereignty' could not be guaranteed. Instead, as I have outlined, economic sovereignty was relinquished. New Zealand's economic policy decisions were determined as much in the centres of global finance as in New Zealand.

## CHAPTER SIX: Commercialising National Identity

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Although the culture of consumption had been recognised as a feature of capitalist societies<sup>1</sup>, the ascendancy of neo-liberalism and the subsequent commercialisation of institutional structures deepened the process of cultural commodification. In this regard, Wayne Hope and Rosser Johnson have suggested that ‘New Zealand is arguably the world’s most commercially saturated society’ (Hope and Johnson 2001: 127). This chapter outlines the commercialisation of social life in New Zealand and argues that corporate branding strategies have appropriated the iconography of national identity for the purposes of capital accumulation. This appropriation contrasts with, yet obscures, the declining national constitution of New Zealand’s economy. This chapter also examines the commercialisation of the nation’s major broadcaster, TVNZ, one of the ‘family of five’ sponsors for the 1992 and 1995 America’s Cup challenges. TVNZ’s commercialisation was a critical development because the broadcaster served as a conduit for the growing commercialisation of social life and the corporate appropriation of ‘brand New Zealand’.

### 6.1 The Ascendant Consumer Culture and Corporate Branding Strategies

In analysing capitalist commodity production, Marx distinguished between the categories of use-value and exchange-value. Use-value is defined by a commodity’s ability to satisfy a human want. Exchange-value accrues when a commodity is exchanged for another commodity, usually money. While consumers are directly concerned with use-value, capitalists benefit from the difference between the exchange-value received for a product, and the labour costs involved in its production<sup>2</sup>. Use-

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<sup>1</sup> Theodore Adorno, for example, had, after his arrival in the USA in 1938, ‘observed the extent to which commodity production pervaded culture and how the new culture of consumption was colonizing everyday life’. (Kellner 1994: 73).

<sup>2</sup> This difference is denoted by the term ‘surplus-value’.

value, however, remains vital to capitalism because the utility of a commodity to a consumer largely determines product sales.

Capital's long-term existence is dependent upon a continually existing market for commodities. As Lovell notes, 'the market for commodities is too important for capitalism to be left to consumer whim' (Lovell 1998: 481). Capitalist producers are therefore centrally concerned with stimulating consumer wants which can only be satiated by manufactured commodities. As Hope and Johnson observe, this stimulation 'requires the inculcation of consumer lifestyles and the promotion of affluence as a societal accomplishment' (Hope and Johnson 2001: 129). Inculcation cannot be achieved simply through the manipulation of passive consumers; commodities must still have a use-value which resonates with consumer wants. But, it must be acknowledged that wants are not freely formed ideas; they are 'systematically, socially produced, and their production is not independent of the dominant mode of production of the society in which they occur' (Lovell 1998: 481).

The problem of matching cycles of wants with manufactured commodities was partly resolved by the construction of a consumer culture. If culture is 'ordinary'<sup>3</sup>, then a consumer culture exists when consumption infiltrates all of our social interactions and our decision-making processes. Capitalism requires both a market for its products and a working-class willing to provide the labour for production; consumer culture is a vital ingredient in the construction and reproduction of both elements. If individuals come to be defined, and define *themselves*, primarily as consumers, then the needs of capitalism are fulfilled. Advertising is the primary industry involved in persuading wage and salary earners to purchase consumer goods. A deeper strategy of advertising was to commercialise the patterns and interactions of everyday life. If cultural practices are successfully interweaved with capitalist commodities it becomes difficult to imagine one without the other.

Naomi Klein details how in the late eighties and early nineties there was a shift in corporate focus away from commodities themselves and towards the idea that

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<sup>3</sup> Raymond Williams' 'social' definition of culture as 'a particular way of life, whether of people, a period or a group' was crucial to the acceptance of culture as a concept including not only 'high art', or a process of aesthetic, spiritual and intellectual development, but also popular culture – the culture of everyday life. (Storey 1998: xi)

‘successful corporations must primarily produce brands, as opposed to products’ (Klein 2000: 3, 17-19). Companies such as Nike and Coca-Cola vastly increased their advertising budgets<sup>4</sup> in order to establish their brands as household names. In the eyes of branding specialists, a corporate brand was not just a logo or an ad campaign. A brand was

*the product of the millions of experiences a company creates – with employees, vendors, investors, reporters, communities, and customers – and the emotional feelings these groups develop as a result.* (Gregory 2003: 3)

Corporate branding strategies rapidly progressed from the relatively straightforward practice of saturating the market with brand names and logos. The new objective was to establish a common bond between people’s lived experiences and their recognition of corporate brands. According to Buchholz and Wordemann, brands need to address five ‘portals’ in the consumer’s mind (Buchholz and Wördemann 2000: 9-12). Two of these ‘portals’ relate to the conventional use-value of the products; consumers prefer a given brand because it offers a compelling benefit, and because it represents a logical, practical choice. The remaining three are, however, more culturally oriented. The ‘norms and values portal’ defines a relationship between a brand and a consumer’s moral values. Consumers therefore prefer selected brands because purchasing them can resolve some inner conflict – assuaging feelings of guilt, for example, or satisfying pride. The ‘identity and self expression portal’ connects a brand to a character or identity desired by the consumer. Finally, the ‘emotions or love portal’ suggests that consumers choose a particular product or service because they love the brand.

Saatchi & Saatchi worldwide CEO Kevin Roberts declares on his website that in a world full of branded products, where people suffer from information overload, ‘brands have run out of juice’ (Roberts 2003). Brands have become ubiquitous, and people have become desensitised to mere brand/experience associations. The ‘future beyond brands’ devised by Saatchi & Saatchi is what Roberts calls ‘Lovemarks’:

*Lovemarks reach your heart as well as your mind, creating an intimate, emotional connection that you just can’t live without. Ever.* (Roberts 2003)

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<sup>4</sup> Nike spent just over US\$100 million on advertising in 1989; it spent almost US\$300 million in 1993. (Klein 2000: 21)

Lovemarks are established when products are infused with ‘mystery, sensuality and intimacy’. The product thus becomes far more than its use-value; it engages the senses to resonate with human emotions and touches ‘directly on the personal aspirations and inspirations of consumers’. The ultimate goal of a Lovemark is to inspire ‘loyalty beyond reason’. This illustrates the cultural turn in branding practice. Imagery and ideas are appropriated from the hosting culture and then disseminated as a part of the brand. The objective was no longer merely to sponsor culture, but to become part of cultural experience:

*branding was not just a matter of adding value to a product. It was about thirstily soaking up cultural ideas and iconography that their brands could reflect by projecting these ideas and images back on the culture as “extensions” of their brands. (Klein 2000: 31)*

For Hope and Johnson, the most striking example of this process is found in the commercial appropriation of national identity and national history (Hope and Johnson 2001: 138). Advertising campaigns which rely on establishing a link between products and a sense of New Zealand-ness have existed for some time<sup>5</sup>. One of the most prominent of these comprised a series of Toyota advertisements for utility vehicles featuring bushworker, author and Kiwi icon Barry Crump. Crump embodied the stereotypical New Zealand ‘Good Keen Man’<sup>6</sup> including ‘his travails, endurance, honesty, humour, homeliness’ (Turner 2004: 94). The advertisements were often set in locations easily recognisable as rural New Zealand, featuring green rolling hills, bush, sheep and dirt roads. The soundtrack featured country music artist John Grennell singing *Welcome to our World*.

Under modern branding strategies merely connecting the product with national imagery is inadequate. The most successful advertisements, claims Steven Turner, ‘superimpose or supplant existing popular memory with a memory of adverts’ (Turner 2004: 95). Long-running advertising campaigns such as Toyota’s Crump series construct a shared

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<sup>5</sup> For example, food producer Wattie’s (bought by international food giant Heinz in 1993) featured ‘interviews’ with the mothers of some famous New Zealanders, including All Black Sean Fitzpatrick and television current affairs host Paul Holmes. McDonald’s’ advertisement for their ‘Kiwiburger’ was based around a song which included a number of New Zealand place names and depicted typical New Zealand landscapes. Lion Nathan’s 1995-97 ‘Blood Brothers’ series advertising Lion Red beer showed three cheeky rural lads on a night out in the big city.

<sup>6</sup> The title of Crump’s 1960 novel.



memory amongst viewers, a history associating place, identity and product. The objective is to recreate a processed, mediated history, not only connected with advertisements but indistinguishable from them. The presence of other advertisements portraying similar expressions of New Zealandness<sup>7</sup> is crucial to the success of this project (Turner 2004: 94). The collective history and culture of the nation are commodified and reformatted, and then sold back to the nation's consumers. The ultimate, for Roberts, is to establish New Zealand as a Lovemark – so that it is 'owned, held, wanted by consumers, users and citizens' (Roberts 2000: 10). The New Zealand story becomes simultaneously a shared history and a marketing tool.

It can be argued that the paradigm underlying social life is now that of consumption and that every interaction involving communication is an opportunity to encourage people to consume more. Andrew Wernick echoes these sentiments when he claims that 'the range of cultural phenomena which ... serve to communicate a promotional message has become ... virtually co-extensive with our produced symbolic world' (Wernick 2000: 301). This development resulted from the global spread of neo-liberal policies. Klein writes that 'the project of transforming culture into little more than a collection of brand-extensions-in-waiting would not have been possible without the deregulation and privatisation policies of the past three decades' (Klein 2000: 32). Government spending was cut back, and public institutions such as schools and broadcasters became increasingly reliant on private backers to augment their operating budgets. Don Slater argues that under the ascendant neo-liberal political orthodoxy, consumer choice was portrayed as the template for all social relations, and that the exercise of that choice was equated with civic freedom (Slater 2000: 178). Self-interested, acquisitive individualism comprised the ideology of consumerism and this ideology was mass marketed to the general population and niche marketed to selected demographic groups. According to Steven Miles, this generated a collective understanding of consumerism as a democratic, freedom-enhancing culture (Miles 1998: 10). By allowing consumers to express their preferences through the market-place, this culture would ultimately guarantee 'a level playing field' to all participants in the economic system. In this respect, Jim McGuigan argues that the concept of the 'sovereign consumer' is the

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<sup>7</sup> In the case of the New Zealand male in the Crump vein, Turner refers to Mainland cheese, Vogels bread and Speight's beer commercials (Turner 2004: 94). The intrepid, adventurous spirit possessed by Sir Edmund Hillary was harnessed by Sanitarium to sell Weet-Bix breakfast cereal.

ideological lynchpin of neo-classical economics; a perfect rational consumer whose *modus operandi* is to 'maximise marginal utility in consumption choices' (McGuigan 2000: 296-7). Each member of the populace can express their beliefs and desires through 'free' economic choice; they are thus ultimately liberated through consumption.

There are problems with equating consumer sovereignty with general notions of citizenship. Firstly, any expression of value or belief outside the individual exercise of purchasing power in the marketplace is irrelevant and extraneous to the consumer-oriented system. The shallowness of a culture which has embraced market value as the paramount and universal measure of worth has been described by Latouche as 'a spiritually empty and immoral society where money is all and the soul is degraded in a constant cycle of selfishness and manipulation' (Latouche quoted in Miles 1998: 150). This summation is similar to Jesson's observation that the neo-liberal revolution in New Zealand brought with it a corresponding cultural shift towards selfishness and acquisitiveness at the expense of community values.

Secondly, there is an inherent 'paradox of consumerism' (Miles 1998: 32). While consumerism is assumed to provide an unsurpassed level of personal freedom, the ideology of consumption maintains a dominant order that is based on exploitation and, ultimately, the constraint of individual liberty. The claim that we are all equally sovereign consumers leads to what McGuigan defines as a 'false equalisation' (McGuigan 2000: 297). If sovereignty is based on one's ability to consume, then those without access to the resources required to take part in such a society are effectively excluded from taking part. The outcome is a social order which, as maintained by Bauman, offers freedom to increasing numbers of people at the expense of the masses who are oppressed and disenfranchised by their exclusion (Bauman quoted in Miles 1998: 151). In addition, it can be argued that even those who have the resources to express themselves through consumption, and do so creatively and with originality, are only able to function within the parameters defined by consumer capitalism. By contributing to a system of consumption they maintain the existing relationship of production to labour.

Products of the culture industries are often perceived by consumers as a means of escape from the everyday rigours of life in an exploitative system. On the contrary, late

capitalist economies have, argues Michael Real, 'shifted away from material goods and direct services and towards control of information and images' (Real 2001: 175). The ensuing capital penetration into cultural production has transformed cultural products into valuable commodities (Lovell 1998: 476). Commodified<sup>8</sup> cultural products thus now share features with all commodities produced under capitalism. That is, their production utilizes paid labour, the output of which is privately appropriated and sold for a profit (Schiller 1989: 31). Thus, when people consume mass mediated cultural events, they are, to a certain extent, strengthening the very institutions through which their own exploitation is accomplished. Of course, it is simplistic to see consumption as merely a form of social interaction dominated by those who control the means of production; the social act of consuming occurs through a negotiated, contested process of choice between producers and consumers. People draw upon and select certain aspects of a product whilst rejecting others. However, the close alignment between business culture, media culture and consumer culture mean that consumption draws primarily from bourgeois tradition. Hargreaves classifies this tradition as centrally concerned with individual autonomy and a self-oriented consciousness, as opposed to collective concerns (whereby collective forms of consumption may help resolve social problems (Hargreaves 1986: 133).

## 6.2 The Commercialisation of TVNZ

Patrick Day details how New Zealand broadcasting was deregulated through the passing of legislation between 1998 and 1991 (2000: 388-94). The Broadcasting Amendment Act No.2 of November 1998 dissolved the existing entity responsible for management of state television and radio broadcasting and created two new state-owned enterprises, TVNZ Limited and RNZ Limited. The State Owned Enterprises Act 1986 was then also amended to include both new organisations. The Radiocommunications Act 1989 amended the laws governing the distribution of frequencies: they 'were to be regarded as commercial assets that could be sold or leased to the highest bidder' (Day 2000: 391). Finally, the Broadcasting Amendment Act 1991 removed all restrictions on foreign ownership of New Zealand broadcasting businesses.

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<sup>8</sup> The term commodification refers to the reduction of the value of an act or object to only its exchange value. (Real 1998: 21)

As the New Zealand airwaves were opened to foreign ownership and media cross-ownership, Television New Zealand underwent an overhaul of its traditional public service structure. The state broadcaster's directives were modified to reflect its new position in a contested television market. As a state owned enterprise, TVNZ was to be regarded in the same way as other SOEs; that is, it was expected to be as profitable and efficient as non-government businesses. The SOE was remarkably successful in its commercial goals, returning substantial profits to the government. In June 1996 TVNZ delivered a special capital payment of \$20 million to the government, on top of a \$30 million dividend three months earlier (Hutchison and Lealand 1996: 9).

In 1989, privately owned TV3 was allowed to go to air in competition with the state broadcasting network. The major backer was American network NBC, with a 14.9 per cent shareholding, the maximum allowed by the regulations at the time (Moran 1996: 169; Day 2000: 394). Pay-television operator Sky Network Television was also founded in 1989, in part by Rainbow Corporation's Craig Heatley. In this deregulated environment TVNZ was now competing with private television for advertising dollars and receiving a declining proportion of revenue from the Public Broadcasting Fee, which was abolished altogether by the National government in July 2000. This was compounded by TVNZ's profit-making obligation. In the battle for audience ratings, the state broadcaster brought in overseas consultants to address programme scheduling, news formats and marketing strategies. They sought the most popular shows from overseas, and secured the rights to New Zealand and international sports events (Spicer, Powell et al. 1996: 62). TV3, unprepared for this hard-line approach, suffered in the ratings and went into receivership in 1990, after losing almost \$50 million. The company was restructured after restrictions on foreign media ownership were removed in 1991, with CanWest purchasing a 20 per cent stake and Westpac Bank (Australia) increasing its shareholding to 48 per cent. Independent Newspapers Limited took a controlling shareholding of Sky in 1997, increasing its ownership to 66.25 per cent as of 2002 (Rosenberg 2002: 79).

TVNZ's former public-service broadcasting responsibilities – to 'reflect and develop the New Zealand identity and culture by obtaining, commissioning, and broadcasting a range of programmes which will cater in a balanced way for the varied interests of

different sections of the community' – were no longer enshrined in statute, but remained an obligation (Cocker 1996: 247). Alan Cocker argues that, faced with the two conflicting demands of profit maximisation and cultural development, in an environment in which no regulatory body existed to monitor TVNZ's public service responsibilities, 'it was never to be doubted which of them would prevail' (Cocker 1996: 247). Under neo-liberalism, commercial success was the only legitimate measurement of performance. Although New Zealand television had been at least partially commercially funded for some time, the progression to state-owned enterprise marked a paradigm shift. The idea of broadcasting as an essential provider of information, a site of debate and a forum for ideas was replaced by a market model which regarded television as a profitable enterprise. Other commentators maintained that TVNZ's commercialisation resulted in a situation which was 'unprecedented in the annals of public broadcasting'; New Zealand acquired 'a stateowned public broadcaster which was not required to behave like a public broadcaster, and indeed did not do so' (Norris, Pauling et al. 2003: 11).

Supporters of deregulated broadcasting argued that market driven broadcasting would provide a greater range of programming which would cater to the entire spectrum of consumer tastes. In this view, the ideals of 'choice, liberty, freedom from the State and politics, diversity and efficiency' could only be delivered by the market (Veljanovski 1990: 17). Thus, if some world-views are under-represented in or indeed missing altogether from popular media, this can be attributed to a lack of effective demand (Murdock 1982: 27). The New Zealand government apparently agreed. Minister of Broadcasting Maurice Williamson in 1991 claimed that the fact New Zealand viewers now had a choice of three nationwide television channels meant 'increased competition, and therefore quality, in the entertainment, information and advertising presented' (Cocker 1996: 238).

Critical analyses of commercial broadcasting tend emphasize the fact that broadcasters' primary form of revenue comes from advertisers rather than viewers and that this determines media content. As Andrews comments, 'audiences effectively become commodities sold by media outlets to advertisers' (2001: 136-7). Hope and Johnson provide an overview of the extent to which TVNZ was increasingly dependant on advertising revenue (Hope and Johnson 2001: 133-5). Total advertising expenditure

across all media increased from \$997 million in 1990 to \$1.4 billion in 1999. Television advertising received 34.3 per cent of this. The statutory maximum amount of advertising per hour was removed with broadcasting deregulation. In February 1989, TVNZ relaxed its rules regarding advertiser sponsorship of programmes. Consequently, sponsorship revenue doubled in 1992, and approached four per cent of total revenue for the channel. By 1999, there were nine prime-time programmes that included a sponsor's name in their title: *Arnotts Dreams Come True*, *Bayleys Home Front*, *Corbans Taste New Zealand*, *Firth Ground Force*, *Mitre 10 Changing Rooms*, *Mitre 10 Dream Home*, *Unichem Medical File*, *United Travel Getaway* and *Woolworths Ready*, *Steady Cook* (Johnson 2000a: A17). TVNZ also began scheduling both 'advertorials'<sup>9</sup> and 'infomercials'<sup>10</sup> regularly.

The logic of commercial broadcasting is to attract the largest possible audiences. In addition, as advertisers select their target markets, the most coveted viewers are those with a higher disposable income. Content is thus skewed towards proven, risk-free programming which is likely to appeal to the general mass and fit in with the 'consensual' forms of discourse dominant in society. Diversity and deviance are generally discouraged; established viewpoints and assumptions of the world are generally confirmed (Golding and Murdock 1996: 17). Curran observes that a market driven media system causes a reduction in the circulation of information; the restriction of participation in public discussion; and a simplification of information, which results in the undermining of intelligent and rational debate (Curran 2000: 128).

Accounts of the effects of broadcasting deregulation on Television New Zealand's programming substantiate the claims of critical media analysts. TVNZ's profit-making directive compelled the broadcaster to draw larger audience ratings. Cocker argues that this commitment to 'commercial television's body-count economics' resulted in changes in programming content (Cocker 1996: 252). His analysis suggests three areas in which content was altered to suit the new commercial paradigm: the diversity of programming on offer reduced; the quantity of commercial content increased; and the quantity and type of local programming was modified. The reduction in the range of programmes being screened reflected the need to pull mass audiences. In his study of

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<sup>9</sup> Paid 'editorial' segments within normal programmes. (Hope and Johnson 2001: 134)

<sup>10</sup> Programme-length advertisements.

media monopolisation, Ben Bagdikian maintains that the dynamics of advertising homogenise broadcast media content (Bagdikian 1992: 132-3). Broadcasting's technological nature means that once a signal is sent, the reproduction of that signal to any number of consumers costs the producer nothing. Because the initial production costs of programming and advertising are high, network television needs to disseminate its product to large numbers of viewers. Maximum advertising power is achieved, then, when broadcasters can capture a majority audience while offending or alienating as few members of that audience as possible. The market system, especially during prime-time, is unsuited to the distribution of minority-interest, esoteric or controversial programmes, which may result in low viewer ratings or create a viewer mood deemed unsuitable to advertisers' interests.

Instead, market-driven broadcasting has been shown to increase the proportion of 'uncontroversial, light and nonpolitical' programming (Bagdikian 1992: 133). Maximum audience numbers need to be secured from a broad base of consumers with diverse interests. At the same time, meeting the requirements of advertisers, rather than those of the audience, shaped the production of programming content. In the USA, an ABC network executive had observed that 'The network is paying affiliates to carry network commercials, not programs. What we are is a distribution system for Proctor and Gamble' (Bogart 1995: 108). Advertisers concluded that the ideal 'buying mood' was achieved when viewers were in a 'natural' state, a state which could be encouraged through the screening of 'bland and noncontroversial' programming (Bogart 1995: 99). The discourse of entertainment filtered through all areas of television production, usurping the place of information and discussion, and replacing diverse formats. News, current affairs and documentaries were not immune to the effects of commercialisation, and 'hybrid', trivialised forms of these genres appeared - 'tabloid' news, 'infotainment' current affairs and 'docudrama' (Cocker 1996: 290).

Shaun Brown, former head of current affairs at TVNZ, observes that although there had long been two objectives to news production – profit and public service – the balance shifted towards the former in the era after the Broadcasting Act (Brown 2002). The changes to TVNZ's news production were swift and extensive. Consultants were brought in from the USA to give advice on maximising audience retention. On *ONE*

*Network News*<sup>11</sup>, these consultants inspired changes in the news format focusing on branding and presentation: younger newsreaders; adjustments to lighting and music; camera shots to maximise intimacy; and scripted comments to make news anchors look more competent and authoritative (Atkinson 1994: 97). The subject matter and style of the news bulletins began to change. Consultancy catchphrases like ‘emotional accessibility’ and ‘user-friendliness’ began to take centre-stage in the newsroom, and serious news values regarding informing the public were overruled by populist tabloid themes – crime, villains and victims, disasters, entertainment (Atkinson 1994: 96-7).

*With the disreputable commercial imperative masquerading as “relevancy”, the role of the journalist moved progressively away from that of telling citizens what they needed to know, towards that of giving audiences what ratings seemed to show they wanted. (Atkinson 1994: 97-8)*

The obsession with ratings also influenced the type of local content which appeared on the nation’s screens. Although local programming hours increased, this was mainly due to an increase in available airtime with the arrival of TV3. The quantity of local content as a percentage of total television time remained fairly static – from 22 per cent in 1988 to 23 per cent in 1993 (Cocker 1996: 274). A 2003 study placed New Zealand ‘right at the [bottom] end of the international continuum’ in local content quantity (Norris, Pauling et al. 2003: 10). Such content was increasingly comprised of sports and entertainment programming (after deregulation, the number of hours of sport programming on the two TVNZ channels more than doubled). Simultaneously, the quantity of local drama and comedy, and of Maori programming, dropped (Cocker 1996: 276).

The capacity of mass media to reflect a variety of expressions of national culture was critically damaged by the homogenisation and commercialisation that occurred after deregulation<sup>12</sup>. Broadcasters’ programming choices reflected the corporate nature of the media industry. Diverse voices, especially those of minority interests, become less

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<sup>11</sup> Now *ONE News*.

<sup>12</sup> Norris, et al. concluded that ‘the achievement of social and cultural objectives requires intervention and regulation’ and that a broadcasting market left to pursue its own commercial imperatives is likely to undermine these objectives. (Norris, Pauling et al. 2003: 8)



frequent under such conditions<sup>13</sup>. The reality of broadcasting in New Zealand validated Conrad Lodziak's argument that 'television programmes, for the most part, are shaped by and reflect ideologies which serve the interests of dominant groups' (Lodziak 1987: 37).

Ultimately, the commercialisation of TVNZ meant that its operators were reliant on advertiser revenue. Strategically, TVNZ was increasingly concerned with returning a profit to its shareholders, the New Zealand Government. The national broadcaster's customers were its advertisers, and its commodity was audiences. Consequently, TVNZ had a vested interest in contributing to the construction of New Zealanders as consumers. The objectives of TVNZ and the advertising agencies it dealt with had converged. To this end, the broadcaster would become increasingly complicit in the branding of New Zealand and in the appropriation of national iconography to achieve commercial ends. As Perry claims, the political economy of New Zealand broadcasting was such that TVNZ's compulsion became 'at once to identify and *confirm* the society's pre-existing centre of cultural gravity (so as to maximise audiences) and yet nevertheless continually driven to *remake* that centre in a commodified form (so as to secure revenue)' (Perry 2004: 293). This outcome meant that reflecting the diversity of interests and cultures of New Zealanders was appropriate only when it did not conflict with the commercial agenda.

### 6.3 Sport, Media and Consumerism

In the late twentieth century, mediated sport has evolved into a commercial product, infused with the values of consumer culture. Sport can no longer be viewed as simply an ideological mechanism; it has become a product in its own right, to such an extent that it can be seen as a key source of wealth accumulation. Sport can make profits directly for owners of teams and leagues, or it can do so indirectly through creating a market for associated products (such as team clothing and sports equipment). Sport businesses also benefit from sponsorship and advertising, and by promoting other,

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<sup>13</sup> Tony Benn writes that Television, the main source of the information that underpins democracy and citizenship, is failing to serve people in a number of important ways – for example, through the brevity and oversimplification of arguments and the reporting of only established elite opinions. (Benn: 2002)

unrelated goods and services (Hargreaves 1986: 114). Thus, although sport's traditional link to society has been through regional and national affiliations, these have been superseded by the construction of sport as a product for mass consumption.

According to Michael Real, mediasport in late capitalist societies shares 'the institutionalised value system of television' – the supremacy of profit-seeking, sponsorship, expanded markets, commodification and competition (Real 1998: 16). The paradigms of television, and to a lesser extent those of radio and print media, have become comprehensively intertwined with sport. Sport, in the eyes of media organisations, is interesting only for the market advantages it can provide. Rupert Murdoch has confessed that News Corporation used sport as a 'battering ram' for entry into new markets worldwide (Douglas 1999). The potential for securing vast audiences through major sporting events has long been recognised by broadcasters, and it is the compulsion for expanding market share and maximal advertising revenues which has prioritised such events within programme schedules. What inevitably arises is a culture of promotion and marketing where sports products compete furiously for viewer ratings – and the windfalls of cash that follow. To secure these ends, broadcasters' promotional departments appeal to deep-seated loyalties and emotional attachments, while corporate advertisers similarly attempt to create links between pre-existing convictions and their consumer goods. Thus sporting nationalism has evolved as a crucial promotional tool for sports organisations, broadcasting networks and advertisers.

Corporate sponsorship of sport<sup>14</sup> 'exploded' after the 1984 Los Angeles Olympic Games. Peter Ueberroth, in response to government funding shortfalls, sold more than US\$400 million worth of sponsorship to corporate interests (Skinner and Rukavina 2003: xx). The growth in sports sponsorship from this point was rapid. In the 1980s, growth in sponsorship spending in the United States outstripped that of advertisement spending in traditional media by 2-to-1 (Barr 1993: 30). In New Zealand, corporations became eager to establish a connection between their brands and the nation's top sports teams, sporting events and sporting celebrities. DB Breweries<sup>15</sup>, under their DB Bitter beer brand, sponsored the Auckland Warriors, the New Zealand entry into the

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<sup>14</sup> 'Sponsorship is a business relationship between a provider of funds, resources and services and an individual, event or organisation which offers in return some rights and association that may be used for commercial advantage.' (Sleight 1989: 4)

<sup>15</sup> Majority owned by Singapore-based Asia Pacific Breweries Limited.

Australian rugby league competition. Telecom sponsored the All Blacks and had naming rights for the Super 12 rugby competition. Milo<sup>16</sup> had a long-standing sponsorship of the Silver Ferns<sup>17</sup>, and with Silver Fern Sandra Edge. The National Bank sponsored the Black Caps<sup>18</sup>. Air New Zealand had naming rights for the national provincial rugby competition (NPC). Sprite was the naming sponsor for the National Basketball League. McDonalds sponsored All Black Jonah Lomu. In 1997, Adidas and the New Zealand Rugby Football Union forged a five-year, \$130 million deal which would see the sportswear brand supply clothing and merchandise for the All Blacks (Hope 2002: 249). A majority of sponsorship, at least at the national level, came from foreign-owned multinationals. These corporations appropriated the emotions inspired amongst New Zealanders by national sporting representatives to sell their products. Advertisements linked brands through sport to the collective history of the nation. The nation became 'not so much a place as a Lovemark' (Turner 2004: 99).

Sport can thus be viewed as a pivot between brands and national identity. Commercially-driven television was the site where this relationship was consummated (Perry 2004: 295). Media/advertising/sport stimulates consumption through the systematic promotion of a commercialised national identity. This is not an identity imagined spontaneously by members of a nation on the basis of some shared cultural history (although it is imperative that commercialised identity reflects existing sentiments). Rather, the media/advertising/sport relation manipulates audiences from above. National identity, and the products associated with it through sport, are consumed from below. The stimulation of consumption is necessary for two reasons. The first is to maximise profits (for both advertisers and broadcasters) by encouraging citizens to identify as consumers with products which reflect a 'national culture'. The second is to legitimate the capitalist status quo by manufacturing a fictional unity that operates to obscure class, ethnic and gender inequalities. The dual goals of capital accumulation and legitimation are compatible, and can be achieved simultaneously through cultural production. As David Rowe writes:

*Sport not only produces audiences faithful to the media which are displaying it, but also is productive of other forms of loyalty, such as to products (as the*

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<sup>16</sup> A beverage made by Nestle.

<sup>17</sup> The New Zealand women's netball team.

<sup>18</sup> The New Zealand men's cricket team.

*sponsors of sports competition and the companies which heavily invest in sports-related advertising ... can attest) and also to city, state, county, region or nation (as emotion much prized by governments and much exploited by commerce). (Rowe 2004: 31)*

The end result, as exemplified in the 1992 and 1995 America's Cup coverage, is the popular equation of national culture with consumer culture. National identity becomes reduced to a homogenous, sanitised collection of symbols which coalesce with the symbols of consumerism. The state contributes to the commodification of sports by funding sports organisations and by contributing to sponsorship at the elite level (Hargreaves 1986: 218). Meanwhile, the dominant class interests involved in building a commercialised national identity are effectively obscured by the inclusive rhetoric that accompanies such campaigns. It is the synergistic promotion of sport by private business and state organisation that has allowed mediasport to perform its ideological function so effectively. The relative decline in state autonomy in terms of the macroeconomy has impelled governments to 'construct a semiotically potent cultural nation' (Rowe, McKay et al. 1998: 133). The effectiveness of the media-sports complex in performing this task is unmatched. This is, in part, due to sport's uniqueness as a cultural form; in spite of the audaciously commercial nature of mediasport in the late twentieth century, sport has managed to retain an air of cultural purity, although this façade has become increasingly difficult to maintain.

## **CHAPTER SEVEN: From Challenge to Victory: the 1992 and 1995 America's Cup Campaigns**

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The 1987 America's Cup campaign had shown corporations how the event could capture popular sentiment. As Nick Perry observed, the New Zealand challenge inspired the enthusiasm that had previously been confined to All Blacks rugby and extended this enthusiasm beyond rugby's traditional supporters (Perry 2004: 295). Advertisers recognised the opportunity to establish a definitive connection between their brand and the national culture, through sponsorship of teams and star performers. The deregulation of New Zealand broadcasting and the corporatisation of TVNZ provided the catalyst for the integration of corporate brands and national identity through sport. TVNZ strived to present national culture in a commercialised form to secure advertising and maintain its profit margins.

The converged agendas of television and advertising meant that TVNZ had to construct a discourse that could bring together the priorities of its primary form of revenue (advertising) and its primary means of securing audience ratings (sporting events) (Perry 2004: 293). The solution integrated sport and advertising through the rhetoric and images of nationalism. Such is poignantly illustrated by the 1992 and 1995 America's Cup campaigns. This chapter examines the sponsorship structure and promotion of the two campaigns. An analysis of texts associated with the 1995 campaign is then conducted show how national identity was commercially constituted. The relevant components of national identity are then compared with those which predominated in the 1987 texts.

## 7.1 The 1992 America's Cup Challenge: Convergent Agendas

The 1992 America's Cup was held in San Diego, California. Though Fay<sup>1</sup> maintained ultimate accountability for the New Zealand challenge, Peter Blake was recruited as campaign manager and became the public face of Team New Zealand. In the aftermath of the 1988 Big Boat challenge<sup>2</sup>, the rules for America's Cup racing were reviewed and amended, with a new 75-foot International America's Cup Class (IACC) of yacht replacing the 12-metre class. The IACC yachts were promoted as epitomizing cutting edge technology and space-age design. With the increased emphasis on design the investment required to build the yachts rose to approximately US\$4 million per vessel. The cost of mounting a challenge reached levels exorbitant even by America's Cup standards – Billionaire American Bill Koch spent \$70 million on hulls, masts, keels and sails (Rayner 1995: 90). The New Zealand challenge was estimated to come at a price tag of around \$45 million, more than double that of the 1987 campaign. Four yachts were built, and Fay relocated 140 people to San Diego for 18 months (Becht 2002: 17). The centrepiece of the campaign was the Bruce Farr-designed 'Red Sled', NZL-20, which was regarded as radical in its design even for the new class. The boat performed well throughout the challenger series and reached the final of the challengers' Louis Vuitton Cup. Controversy had already appeared over NZL-20's bowsprit, which other syndicates had argued was being used illegally, but deliberations by event officials had reached inconclusive decisions. Team New Zealand led the challengers' best-of-nine final series 4-1 when their Italian rivals Il Moro di Venezia launched a new protest. The jury ruled against NZL-20, and the result of the fifth race was overturned. Il Moro then took four straight races to win the challenger series.

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<sup>1</sup> Now 'Sir Michael'.

<sup>2</sup> After losing to Conner in 1987, Fay challenged the new America's Cup defenders, the San Diego Yacht Club. Using an interpretation of the Deed of Gift, Fay eschewed the traditional cycle of three to four years between regattas and the established 12-metre class yachts. KZ1, a towering 90-foot waterline monohull, was built for the challenge which was held just a year after the Fremantle regatta. The Americans defended the cup in a 60-foot catamaran, which predictably defeated KZ1 easily. Fay launched a protest against the San Diego Yacht Club on the grounds that the defence of the Cup was not a fair match under the Deed of Gift. A lengthy court battle ensued during which the New Zealand syndicate were briefly awarded the Cup. However, the Americans lodged an appeal, which they won, and the Cup was returned to San Diego in 1989. (Ansley 1988: 26-7; Kelly 1989: 21-25)

The escalating costs of cup competition required a more substantial source of funding than 1987, when Fay, Richwhite themselves, and the BNZ through public appeals, had provided the bulk of the capital. If Team New Zealand were to have a realistic chance of winning, the syndicate needed to secure major sponsorship. As late as 1991, a lack of finances led to doubts that the challenge would proceed. At this point, Television New Zealand entered the picture. The adoption of a commercial broadcasting model and the arrival of competition in the form of TV3 meant that TVNZ needed a ratings-booster which could draw audiences and therefore secure advertising dollars. The decision to link this objective with the upcoming America's Cup event was made by then TVNZ chief executive Julian Mounter. TVNZ's role in the sponsorship deal that ensued between Team New Zealand and the other 'family of five' Premier sponsors Steinlager (Lion Nathan), Toyota, Telecom and Enza (the Apple and Pear Marketing Board)<sup>3</sup>, was crucial to the syndicate's financial solvency.

According to TVNZ project director Stephen McElrea, the broadcaster and the syndicate organisers conferred, 'constructing and analysing a series of opportunities and quantifiable returns' before approaching any of the sponsors, who were subsequently presented with 'a predetermined package of opportunities' (Rudman 1992: 27). What they came up with was a \$54 million package covering the New Zealand challenges for both the 1992 America's Cup and the 1993/94 Whitbread Round the World race. The four Premier sponsors each agreed to commit \$4.5 million to the America's Cup campaign, \$3 million of which would go to Team New Zealand, and \$1.5 million towards advertising. In return, TVNZ would give each sponsor \$3 million worth of free advertising<sup>4</sup>. All in all, TVNZ would tie up 'more than \$50 million in advertising and sponsorship money ... not going into its print, radio and television rivals' pockets' (Rudman 1992: 27). In return, TVNZ had to commit to providing enough hours of cup-related coverage to keep the sponsors happy. McElrea states that promises were made to sponsors at the recruiting stage: 'We quantified exactly how many documentaries there would be, how many seconds exposure they would get on such and such a programme' (Rudman 1992: 27). The promise of cup hype and promotion was the key to securing the sponsorship. Joe Atkinson

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<sup>3</sup> Along with a score of minor sponsors including the BNZ, Hewlett Packard, the Lotteries Commission, Philips, Air New Zealand, Kodak and Cadbury Schweppes Hudson. (Blackburn 1992: 35)

<sup>4</sup> The same deal applied to a lesser extent for smaller sponsors.

commented that ‘without the guarantee of TV coverage and prime-time advertising exposure, the other major sponsors of Team New Zealand would not have been recruited’ (Atkinson 1995: 41).

TVNZ sought to promote the 1992 America’s Cup challenge as a manifestation of New Zealand national identity for two reasons. Firstly, in the words of TVNZ public relations manager Aline Sandilands, ‘As a State-Owned Enterprise, with a requirement to be profitable, we cannot operate at a loss’ (NZPA 1992: 23). In order to fulfil this requirement, the onus was on the broadcaster to achieve high ratings. Once TVNZ had made the decision to commit itself to a project as substantial as the America’s Cup, it was required to ensure that the investment was a commercially successful one. The most effective way to build and maintain public interest in the event was to focus on the New Zealand-ness of the crew, the yachts, and Sir Michael Fay.

Secondly, as a state-owned enterprise TVNZ still had public service responsibilities to meet, even if these had been effectively curbed. Linking their sponsorship of the America’s Cup to the emotive claims of ‘national interest’ would indicate that pursuit of the public good remained a core objective. This would minimise complaints about the extent of the cup coverage and the amount of money that corporate sponsors were diverting from the arts, health and education. At the challenge launch, Mounter enthusiastically declared that the broadcaster was helping ‘set this country on a new course’ by identifying ‘activities which were international, where we had the ability to match and perhaps defeat the best in the world – activities with which we could all identify and where success could restore our self-confidence and spirit’ (Madow 1991: 59). The 1987 America’s Cup challenge had revealed that the event could be an arena for the expression of national sentiment. Thus, TVNZ and its advertising agencies took on the task of portraying America’s Cup yachting, one of the least participatory and most exclusive sports imaginable, as an activity with which the entire nation could identify (Atkinson 1995: 41). Even though the 1987 challenge had mobilised popular support for the America’s Cup syndicate, the symbolic construction work which occurred during the 1992 campaign required an immense amount of marketing and promotion. National support for the America’s Cup needed to be galvanised.



To this end, TVNZ saturated its schedule with America's Cup-related programming. In early January, TVNZ sent 19 television crew to San Diego to join presenter Jane Dent, who had been based there since September 1991 (Unattributed 1992: 1). The broadcaster played a daily half-hour highlights show from January 25<sup>th</sup>. When the challenger series semifinals began at the end of March, TVNZ began playing live coverage. In addition, there was a weekly hour-long highlights show (Unattributed 1992: 1). TVNZ played 200 hours of America's Cup coverage during the 1992 event, more than any other broadcaster in the world – 55 hours more than even American cable network ESPN, which is dedicated entirely to sports (Blackburn 1992: 36). Brian Rudman wrote that the America's Cup was impossible to ignore 'unless you keep TV1 switched off, avoid using the BNZ, detour around Toyota dealerships and give up telephoning, Lotto, Steinlager and apples and pears'<sup>5</sup> (1992: 26).

Aside from the extraordinary amount of race coverage, TVNZ produced a magazine-style 'documentary' series entitled 'This Week in San Diego', which played weekly throughout the regatta. In addition, commercial breaks included numerous promotional spots focusing on the cup. 'Cup Legends' provided footage of, and information about, past America's Cup contests. There were 'Messages to New Zealand' from Sir Michael Fay, Peter Blake, and One World of Sport thanking the nation for its support. Fay's patriotic character was emphasised as he informed viewers in the wake of the defeat that 'we want New Zealand to hold its head very high as a result of this performance' (TV1 May 1992).

This public service aspect of TVNZ's involvement was intertwined with the profit-making objective. Furthering the public good by profiling successful New Zealanders such as the America's Cup syndicate was imbued with the logic of cultural commodification. The cost of providing such extensive coverage was, according to McElrea, 'far beyond what our normal budgets could cope with' (Rudman 1992: 27). Corporate sponsorship enabled TVNZ 'to fund a much higher level of production (of yachting coverage) than we normally would' (Blackburn 1992: 36). The corporate

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<sup>5</sup> The BNZ and Lotto were 'Gold Medal' sponsors, one level below the 'family of five' Premier sponsors. Gold Medal sponsors contributed \$750,000 to the syndicate and bought \$750,000 worth of TVNZ advertising, and received \$750,000 of free advertising.

sponsors who provided the extra funds for this coverage wanted to get their money's worth. By facilitating this, TVNZ blurred the lines between coverage and advertising. Brand logos of Premier sponsors were placed on the yacht's sails and hulls and the crew's clothing<sup>6</sup>. These sponsors were also admitted to a monthly 'council of war' with TVNZ to 'inquest the past month and review the next' (Rudman 1992: 26). The 'documentary' coverage associated with the event actually consisted of thinly veiled promotional material created to fulfil guarantees made to sponsors. Alan Cocker observed of the pseudo-documentary 'This Week in San Diego' that although the broadcaster described the programmes as documentaries, they were essentially advertising features on behalf of the sponsors (1996: 282). The documentary and its promotion were inextricably tied in with the sponsors through voice-overs, company logos and product placements.

The unifying power of nation-state iconography enhanced corporate brands. Barry Crump and Lloyd Scott, stars of the Toyota advertising campaign that had sought to construct a 'Toyota-ised' version of New Zealand-ness, appeared in America's Cup-themed Toyota television commercials singing *Side by Side*<sup>7</sup>. This was a central part of the car manufacturer's attempt to 'get away from the image of Toyota as a Japanese corporate established in New Zealand, by portraying itself as a Kiwi company building cars in New Zealand for New Zealanders' (Mandow 1991: 59). Toyota was forthright about its goals. Toyota New Zealand's head of corporate planning Alistair Davis stated that: 'These events offer people the chance to feel good about New Zealand, and about Toyota as part of New Zealand' (Blackburn 1992: 37).

Sport, business and national unity became interwoven through TVNZ's simultaneous playing of the roles of supporter, investor and journalist (Coney 1995: C6). Sandra Coney argued that in the interest of profits, TVNZ 'created an audience for an event to justify it and others' investment and to raise its ratings', and in doing so manipulated New Zealanders' hearts and minds (Coney 1995: C6). While this argument is somewhat simplistic, the end result was a corporate nationalism, a unifying bond forged around the pre-eminence of consumption. The purchase of

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<sup>6</sup> Changes in the rules governing the America's Cup meant that sponsors' names could, for the first time, appear on yachts and crew uniforms. For Steinlager sponsorship director Peter Scott, this was the most significant aspect of the 1992 challenge. (Mandow 1991: 59)

<sup>7</sup> The song from the Toyota advertising campaign was, like *Sailing Away* in 1987, released as a single.

sponsors' products became an expression of national pride. This contradicted the obvious fact that 'family of five' sponsors Toyota and Telecom were foreign-owned corporations. Corporate nationalism obscured the fact that foreign ownership was a prevalent feature of the New Zealand economy.

## **7.2 The 1995 America's Cup: Sporting Victory or Free Market Vindication?**

In 1995, Team New Zealand's 'Black Magic' won the America's Cup in San Diego, beating the defender, Team Dennis Conner's 'Stars & Stripes', five to nil. The sponsorship structure for Team New Zealand was a reprise of the 1992 system. Television New Zealand was again the centrepiece of the 'family of five' sponsors, along with Toyota, Steinlager, Enza, and Lotto (in place of Telecom). The broadcaster again provided free advertising to sponsors in return for their contributions. Michael Fay was no longer involved in funding or managing the syndicate, and Peter Blake had taken the mantle as head of Team New Zealand. However, the companies underwriting the challenge, Team New Zealand Ltd and Team New Zealand Trustee Ltd, still represented New Zealand's elite corporate interests; many of the individuals involved had been around during the 1992 challenge. The directors of Team New Zealand Ltd included Richard Green and John Lusk, partners at law firm Russell McVeigh McKenzie Bartleet and Co; and James Hoare, a chartered accountant with Fay, Richwhite. Green and Hoare were directors of New Zealand Challenge Ltd, the company formed for Fay's 1992 challenge (Legat 1996: 40). The organisational structure of the 1995 challenge did not depart from the pre-existing model of wealthy men organising and bankrolling the campaign.

The post-victory media coverage was vast and euphoric. The entire population of New Zealand, it seemed, was celebrating 'our day of magic' (Unattributed 1995: 1). If the media hype was to be believed, the country was in for an economic renaissance. According to Peter Blake, the America's Cup would precipitate an influx of at least \$1 billion (Rudman 1995: 38). Minister of Tourism John Banks pontificated that the 'spirit of togetherness' that it had engendered was a springboard from which New Zealanders could address their race relations challenges and difficulties (Fea 1995: 5).

Doyens of the free market triumphantly claimed the America's Cup win as proof positive that 'the private sector knows best' (Unattributed editorial 1995c: 13). The transformation of New Zealand's economy, according to this view, had been vindicated. New Zealand had finally escaped from the interventionist constraints of the past; market principles had produced a team of world-beaters. The success of the team was 'a vivid example of private-sector professionalism backed by popular support', and the balance of 'government encouragement, private-sector initiative and commercially-based funding' resulted in the win, which was 'a monument to capitalism' (Unattributed editorial 1995c: 13). Prime Minister Jim Bolger appeared at the Port Nicholson Yacht Club in Wellington, 'resplendent in green bow tie, red socks and a green-peaked baseball cap emblazoned with a red Steinlager logo' (Atkinson 1995: 40). His repeated shouts of 'mission accomplished', and his assertion that the cup defence would 'lift people's mood and be part and parcel of a much stronger New Zealand society' reflected the standpoint of big business and neo-liberal politicians: that the victory reaffirmed and resulted from the economic policy decisions of the past 11 years (Armstrong 1995: 5; Atkinson 1995: 40).

To equate America's Cup yachting success with vindication of the economic liberalisation measures overlooked an obvious fact. Publicly owned companies or organisations with government links – Television New Zealand, Lotto (the New Zealand Lotteries Commission) and Enza – comprised three of the five premiere sponsors, thus providing a large proportion of the sponsorship money for the Team New Zealand campaign. In addition, the government provided a \$500,000 handout to the team. The nature of the sponsorship was highlighted by the entry of a second New Zealand challenger for the cup. Chris Dickson's Pacific Challenge campaign, representing the Tutukaka South Pacific Yacht Club, featured an all-New Zealand crew and a boat designed by New Zealander Bruce Farr and built in New Zealand. They achieved reasonable success, reaching the challenger semi-finals. Yet the team were, by and large, considered less legitimate candidates for national pride than Team New Zealand. A great deal of this was to do with the fact that their principal sponsor was Swiss watchmaker Tag Heuer. Dickson had competed for the Japanese challenge in the 1992 America's Cup, and his sponsorship in 1995 by a foreign multinational had him labelled by many as a 'mercenary devil' who would sail for whoever paid the most (Romanos 1995: 34).

The ‘fetishism’ of America’s Cup yachting as intrinsically more ‘pure’ than other means of capital accumulation was becoming more obvious and harder to conceal with every campaign. Dickson’s team had unsuccessfully attempted to secure sponsorship locally before approaching offshore companies. However, as Joseph Romanos stated, ‘Team New Zealand’s exclusive sponsorship deal with TVNZ’s commercial arm made it virtually impossible for Dickson to mount a challenge backed by New Zealand sponsors’ (Romanos 1995: 34). Dickson’s team were turned down by TVNZ, who had already arranged the \$20 million deal for Team New Zealand. Dickson was thus unable to provide the bonus advertising time and the guarantees of vast amounts of coverage that TVNZ were offering sponsors of Team New Zealand, and potential sponsors drew back. Pacific Challenge’s PR consultant Cedric Allan cried conspiracy, claiming ‘On a number of occasions, people were initially enthusiastic about helping us, then turned cold, saying they’d been advised that it wasn’t in their best interests to be involved with us’ (Romanos 1995: 34). The broadcaster’s Des Brennan conceded that ‘from TVNZ’s point of view we were firmly of the opinion that New Zealand should get behind one challenge’ (Corbett 1995: 66).

The critical point is this; TVNZ, a publicly-owned company, along with Lotto and Enza, invested in one New Zealand challenger but refused to invest in another. This is tantamount to government intervention in the free market. Neo-liberal ideologies revolve around the mythical ‘level playing field’, but in reality the concept of distortion-free, impartial markets is little more than neo-classical ideology. As economic realities since 1984 have shown, the ‘free’ market is in reality a means for assisting the accumulation of capital and reducing redistributive obligations. Government intervention had not disappeared, rather it was skewed further towards supporting those at the top of the economic heap. Nationalism was the tactic employed by TVNZ to legitimise this example of ‘the supposedly discreditable policy of picking winners’ (Atkinson 1995: 40). Team New Zealand was heavily promoted by TVNZ as *the* legitimate New Zealand team, and Peter Blake was sold to the public as the quintessential New Zealand hero. Peter Blake, according to Team New Zealand’s chief executive Alan Sefton, personified ‘all of Team New Zealand’s ‘brand values’: excellence, commitment, leading edge technology, dedication,

professionalism, and ‘New Zealand’ (Heal 2000: 48). For the Business Roundtable types who wielded much of the economic power in 1990s New Zealand, the role of government was to ‘smooth the way’ for the accumulation of wealth (Unattributed editorial 1995c: 13).

Perry argues that the attempt to build national unity for the 1987 challenge lay in the need ‘to reconcile a socially consequential project with the private appropriation of its benefits’ (Perry 1994: 28). Indeed, this statement encapsulates the free-market ideology behind a range of policy reforms since 1984. More specifically, it can be applied to claims that an America’s Cup victory would provide ‘the nation’ with unprecedented wealth. The reality was that the America’s Cup was, like any market product, a means of capital accumulation. By and large, the money earned directly from America’s Cup related industries would augment the wealth already amassed by ‘an already privileged, white, mainly male elite’ (Coney 1995: C6). The logic of the market is that companies will only participate in an activity for their own financial gain. To argue that corporations were sponsoring the America’s Cup out of loyalty to New Zealand and altruism towards its citizens contradicts this premise. Only big name corporations possessed advertising budgets exorbitant enough to invest the millions of dollars required to sponsor Team New Zealand. Claims that ‘the spotlight is on New Zealand’ and that unprecedented publicity and exposure for the country and its industry would benefit everyone disregarded, or disguised, this reality (Rudman 1995: 42).

In providing sponsorship through state enterprises, the government implicated itself in the process of corporate gain. The discourse of America’s Cup yachting had, from the very beginning, been infused with the neo-liberal capitalist values of acquisitiveness, greed and individualism. The great achievement of the Team New Zealand campaigns was to mould national rhetoric and iconography to fit these principles. Furthermore, the decline in the country’s average standard of living can be attributed to the same reforms that made competing in the America’s Cup possible. The people of the nation were, time and again, urged to be ‘loyal’ to a sporting faction that represented the interests of those who had torn the country asunder, and who were loyal to nothing but naked self-interest. Subsequently, the message was articulated that loyalty would

be rewarded in the form of trickle-down riches from tourism or high-tech industry – even as the manufacturing base of the nation was dismantled or sold off.

The ‘red socks’ promotional campaign, which began after Team New Zealand won the Louis Vuitton Cup and the right to challenge for the America’s Cup, was an incredibly successful marketing operation. The concept was based on a Peter Blake superstition, his belief in his lucky red socks. TVNZ orchestrated the manufacture and sale of 110,000 pairs of socks in just over a week, and \$500,000 was raised for the syndicate. In the process, the media established red socks as icons of New Zealand patriotism, attributing to them a unifying power formerly reserved for the Kiwi and the silver fern. The promotion captured the public’s imagination to an extent unseen since the 1987 campaign, when share market mania and New Zealand’s first America’s Cup challenge combined into a nationalistic euphoria.

In his analysis of the transition from rugby symbolism to America’s Cup mythology, Nick Perry (1994) describes how KZ7’s marketers promoted the theme that national unity was a prerequisite for New Zealand success in international competition. The nature of this unity differed from the traditional amateur participatory model of rugby. The ‘dialogue between social forces’ that, albeit imperfectly, characterised rugby’s mode of discourse no longer applied in the corporate environment of America’s Cup yachting. Participation by the average person was restricted to spectatorship and, more importantly, consumption. In this respect, we can read the red socks promotion as a manifestation of the individualised society that New Zealand had become. Civil participation and decision-making had been largely ceded to corporate organisations, and free market ideologies had constructed an arena whereby community participation was achievable only through individualised acts of consumption.

The yearning for community involvement had not been stilled by the wholesale dissemination of individualistic perspectives; it may have been strengthened by its suppression. Perry’s assessment that the welcome-home parade for the KZ7 syndicate was ‘a mark of how deeply felt was the need to participate and how deeply it had been suppressed’ is equally applicable to the red socks phenomenon (Perry 1994: 33). The difference between the two forms of participation lies in the consumptive nature of the latter. The sheer volume of sock sales, a ‘victory for commercial exploitation’,

exemplifies just how naturalised and internalised the concept of consumer sovereignty had become (Atkinson 1995: 41). John Banks' declaration that the best thing about the America's Cup was that every man, woman and child was involved relies on a popular acceptance of this redefinition of participation (Fea 1995: 5).

The red socks phenomenon was a case of commercially orchestrated production of national iconography. The essence of New Zealandness, as embodied by Peter Blake and Team New Zealand, was distilled into a mass-produced consumable product. National identity was stitched together into a pair of booties and sold at supermarkets and Lotto outlets. Everyday life had become commercialised to the extent that purchasing one's nationalism was embraced. Obviously, this is much more than just a brilliantly manipulative marketing exercise. People felt a real connection with Blake, Team New Zealand, and the brands that sponsored them. This was only possible because New Zealand, its culture and its history had been so summarily commercialised over recent times.

### 7.3 Textual Analysis of the 1995 Campaign

This analysis of discourse strands of national identity associated with the America's Cup is comprised of three texts from the 1995 campaign. The first two appeared in the *New Zealand Herald* on the day after Team New Zealand's victory; the third in the *National Business Review* four days later. These texts have been analysed to discover how national identity was commercially constituted in mass media products regarding the Cup victory. Full versions of the three texts can be found in Appendix II.

#### **Text 1: *Calculators run hot as city goes on a spree* (Rapson and Bradley 1995)**

The first of my 1995 texts was part of the *New Zealand Herald's* special tribute to the America's Cup victory the day after the cup was won. The *New Zealand Herald* was and remains the country's largest daily newspaper by circulation. The story ran alongside two photos, one captioned 'Jubilation at the Viaduct Basin in Auckland as Black Magic crosses the line, viewed on a big video screen' and the other featuring



Peter Blake hugging his children. The banner headline across the top of the page read 'It's our day of magic'. The photos and headline represented the general celebratory mood of the *New Zealand Herald's* coverage. The sample text was the lead story on the front page, and as such is of relevance as an example of how the victory was discursively represented in the mainstream media. A host of similar stories appeared on the same day<sup>8</sup>. The opening sentence of the lead story declared that:

*From the champagne set on the waterfront to churchgoers in Otara, Aucklanders saluted their yachting heroes yesterday.*

Here, we observe one of the two main thematic threads than run through the story: that the celebration of Black Magic's victory was not restricted to any social group or location within Auckland but extended throughout the community. The opening prepositional phrase with the structure 'from *a* to *z*' is a common way of emphasizing that an action or feature characterizes a wide range of subjects – as in 'all types of music, from metal to classical, were played.' This sentence performs rhetorical unification by attributing the act of 'saluting' the yachtsmen to the whole spectrum of social classes in Auckland, as defined by their location – from rich (waterfront champagne set) to poor (Otara churchgoers). The net is cast to include all categories of Aucklanders between these two extremes. In the process, diversity is recognized and then negated through the medium of America's Cup yachting – sailing success becomes the glue that binds the disparate members of the city. All are Aucklanders, and through the agency given to Aucklanders in this sentence, all are active participants in the celebration. In the next extract, the second main theme of the article is introduced - the financial rewards which are likely to ensue as a result of the win.

*Amid the jubilation, cold, hard calculating was going on too, as entrepreneurs and civic leaders added up the economic benefits. Thousands crammed into the viaduct basin to share a race displayed on a giant video screen, tucking into bacon breakfasts, bubbly and the sponsor's product in preparation for the race finish.*

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<sup>8</sup> For example: 'Was this NZ's finest sporting hour of all?' (Cameron 1995); 'Feat equal of Everest' (NZPA 1995a); 'The sweetest victory' (McFadden 1995); 'Boulevard mardi gras goes off with a bang' (Crean 1995); 'Phones overloaded' (NZPA 1995b); 'Cup brim-full of opportunities' (Bradley 1995); 'Red-socks PM keeps his head' (Armstrong 1995); 'America's Cup special' (McMorran, Peters, et al. (1995).

The thematic structure of this story contrasts with standard stories of sporting success by emphasising the economic benefits that are likely to follow for New Zealand. The contrast made between ‘jubilation’ and ‘cold, hard calculating’ is interesting. Sober civic leaders and entrepreneurs are portrayed as crunching numbers in the midst of fervent celebration, creating the impression that they are level headed, sensible and forward-thinking. Whilst the celebrations are a temporary outpouring of passion, the real importance lies in best exploiting the opportunities. The object of the second clause, ‘economic benefits’, is presupposed, and is also not elaborated on. One’s first question might well be ‘benefits for whom?’, but this information is never supplied. This presupposition transforms a decidedly vague argument into a somewhat more concrete premise – the implication is that all will benefit from the situation.

The juxtaposition of different forms of consumption in the second sentence acts as a tribute to both consumer society and nationalism. The extent of participation in this event by regular people is confined to watching television, eating in cafes and consuming Steinlager, and this involvement through ingestion is celebrated as a unifying experience. The verb ‘share’ positions the race as experiential, in the same sense that people would share a collective memory. Thus, the experience of consumption is equated with community participation, reflecting the rise of consumer sovereignty as the modern-day form of citizenship. Finally, the article presents an interesting narrative example of the ‘trickle-down’ economics that the cup was supposed to set in motion:

*While bars and restaurants in the basin precinct could cash in – and look ahead to more boom times – the cup spin-off was not restricted to the business community.*

*An elderly man trawling rubbish bins for cans appeared impervious to the excitement around him, but predicted rich pickings from the cup being in Auckland.*

*While he was collecting on the city side of the basin, he had been told of empties piling up on the harbour side. “But I’ve only got one pair of hands.”*

One could give the reporters the benefit of the doubt and read this extract ironically, but I believe it was written in earnest. The discursive representation of the elderly can collector is one of the most striking images associated with New Zealand’s involvement in the America’s Cup. The assertion that ‘the cup spin-off was not

restricted to the business community' followed by the evidence - an account of a man 'trawling rubbish bins' while predicting 'rich pickings' – is a blatant appeal to consumer values. The use of the copular verb 'appear' removes agency from the elderly man and places it on that of the viewer, as does the use of the perfective 'had been told'. The man is not recognized as an active subject, but appears as a device through which a point can be made. He is a symbol of the benefits to all which will soon arrive. Omitted but implied by the foregrounded 'success story' is the more important underlying theme – that everybody, rich and poor, merchant banker, Otago resident and waterfront can-collector, shared the same commitment to capitalist values of profit maximization and competitive success.

**Text 2: *Clean-sweep triumph for Black Magicians*** (Unattributed editorial 1995b)

This article appeared as an editorial in the *New Zealand Herald*, also on the day after the cup victory. As it is an editorial, there is more scope for foregrounded subjectivity, and viewpoints can be easier to identify. This article reveals many of the underlying presuppositions and values that informed the *New Zealand Herald's* coverage of the America's Cup. It can therefore clarify viewpoints which are less obvious but nonetheless present in the newspaper's straight news stories. The editorial begins with the following rhetorical question:

*Has New Zealand ever experienced a greater sporting achievement? Hillary's ascent of Everest, Snell's Olympic feats and records, Charles' British Open, Wilding's Wimbledon? Winning the America's Cup compares to any of them.*

The opening sentences introduce the first main theme of this editorial – that the America's Cup victory was an achievement of great magnitude. The question posed allows for comparisons to notable events in New Zealand's sporting history. The positioning of the synecdoche 'New Zealand' as the actor in the first sentence creates a frame of reference which identifies all of the mentioned accomplishments as collective successes, not just individual achievements. Thus, the rhetorical strategy of unification is employed: 'New Zealand's' sporting victories are used to comprise a site of cultural identification, a shared national history. The America's Cup is duly added to this canon, and is in turn recognized as a part of the shared history of New Zealand. The second major theme of the editorial is introduced in a later sentence –

the America's Cup as a sporting endeavour depends on its place as a lucrative business venture:

*Particular gratitude is owed today to Sir Michael Fay and fellow entrepreneurs in this country, who saw the gleam from Fremantle and dared to lead.*

The extent to which the commercialization of sport has been normalized is revealed by the fact that this is implied rather than directly stated, to be understood. The key phrase here is the metonymic use of 'gleam from Fremantle' which stands for the America's Cup. The yachting event is synonymous with the glimmer from a precious jewel. In the process, the editorial taps into the now-predominant value system of commodification, in which everything is judged against the criteria of profitability. This is reinforced by the conferral of a debt of gratitude on Fay and 'other entrepreneurs in this country'. The passive, agentless structure of this sentence leaves the debtor unstated, thus passing it on to the public in general. Fay becomes the nation's benefactor. The use of the phrase 'dared to lead' supports this; the entrepreneurs apparently have the skills to recognize what is best for the country, and the initiative to go after it, and for that 'we' should be grateful. In a later sentence, the business-related discourse continues and is particularized:

*To beat the best of the United States, not only in boat building and design but with the world's leading aerospace and information technology behind it, speaks volumes for the state of the art here and the designers this country has spawned. Not many of the Black Magicians who wove this spell at drawing boards and boatyards are well known to the public even yet. But the business can find them.*

*They are ordinary, laconic, can-do Kiwis, as are all of Team New Zealand, including the crew whose quiet, straightforward professionalism impressed San Diego and thrilled those watching at home.*

This business discourse refers to the high-tech industry associated with the challenge. The strategy of unification returns in the depiction of Team New Zealand designers and crew members. Existing self-bestowed stereotypes of New Zealanders are employed – ordinary, laconic, can-do. The campaign members are quiet, unassuming achievers. Implicit in this assessment is a distinction between the low-key manner of New Zealanders and the bluster of the American syndicate. Emphasizing such difference strengthens the perception of shared national character. This rhetorical

move skillfully avoids making any disparaging remarks about other nationalities. A subsequent paragraph provides a crucial insight into the rhetorical construction of national identity and neo-liberal values which occurred during this campaign:

*Blake and the rest of Team New Zealand have demonstrated what can be done when tireless, practical professionalism responds to one of the world's great challenges. Many more in this country should take their example and welcome them home not necessarily with a holiday but with a sense of shared pride. The America's Cup has been a chart of New Zealand's wider fortunes in recent times. May it now inspire a new national spirit of teamwork – tough, uncomplaining, confident teamwork that can compete in the highest company.*

Here, an effort is made to depict Peter Blake as the personification of neo-liberal axioms. Blake is positioned as the primary subject with 'the rest of Team New Zealand' positioned as secondary. Blake's personage exemplifies 'Tireless, practical professionalism'. The lexical choice of 'practical professionalism' connects Blake to business discourse and to a supposed ideal of New Zealand-ness. In addition, this sentence highlights the importance of the America's Cup as 'one of the world's great challenges'. It is implied both that the victory was one of great significance, and that it came largely as a result of the individual neo-liberal attributes exemplified by Blake<sup>9</sup>. This claim exposes a contradiction between pure neo-liberal beliefs and the more pragmatic interests of corporate capital. Much of the rhetoric associated with sport, nationalism and corporate culture emphasises the importance of uniformity and teamwork in the achievement of goals. The author of this passage, for example, hopes that the example of Team New Zealand will 'inspire a new national spirit of ... tough, uncomplaining, confident teamwork'. Neo-liberalism challenges this rhetoric by emphasising the supremacy of atomised individualism over corporatist solidarity. This creates a tension in societies constructed around corporate capital; indeed, one of the contradictions of corporate culture is that the ideal of individual self-assertion undercuts the need for corporate uniformity. Blake's individual profile

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<sup>9</sup> Andrew Heal suggested that Blake had been strongly influenced by Business Roundtable types such as his friend Douglas Myers, chairman of Lion Nathan Corporation, whom Blake described as 'a really good guy'. Heal also provides several Blake quotes that illustrate his pro-neo-liberal views. Blake, for example, defended the wealth exemplified by the owners of superyachts docked in Auckland for the 2000 America's Cup: 'We're lucky that the big boats we're seeing here are here and they should certainly not be slated 'Oh, that's rich toys for rich boys'. We're not going to end up being a socialist country because that doesn't work, so it's understandable that some are going to have it, some aren't going to have it. Some people in the world have got far more than any New Zealanders are ever going to have and that's life. Let's get on with it and say 'well done' to those who have made it.' (Heal 2000: 50-2)

counterbalances a nationalist rhetoric which is otherwise corporatist rather than individualistic. In a discursive representation which draws upon stereotypes of the rugged self-directed frontier New Zealander, Blake is deified as a true New Zealander and an exemplar of neo-liberalism. His reputation as the country's greatest yachtsman, a skilful and fierce competitor who yet retained the poise of the 'natural aristocrat of the backblocks'<sup>10</sup>, meant Blake<sup>11</sup> was an ideal figurehead for free-market ideology.

**Text 3: *Close tabs on public purse*** (Unattributed editorial 1995c)

The final article comes from the weekly business newspaper the *National Business Review*. During the 1980s, the paper was a prominent supporter of neo-liberal values and policies. Although the publication did not have mass circulation<sup>12</sup>, it nonetheless remains relevant to my study because of its centrality to the nation's decision-makers – politicians and businesspeople. It therefore expresses sentiments about national identity which prevailed among elites. The chosen extract is an editorial piece, and as such expresses a subjective interpretation of the America's Cup victory. The first paragraph from this editorial indicates the rhetorical strategy of transformation that is deployed throughout the piece:

*This week was a highpoint for people power. Team New Zealand's emphatic victory in San Diego was a vivid example of private-sector professionalism backed by popular support. No New Zealand sports team in recent years has commanded – and deserved – such respect.*

The story combines a popular pre-existing conception of New Zealand identity, participatory egalitarianism (alluded to by the alliterative phrase 'people power') with the sporting success of Team New Zealand. This combination supports the argument that private sector perspectives reflect the interests of the nation's citizens. The phrase 'people power' connotes grass-roots organization as opposed to state-originated

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<sup>10</sup> As Jock Phillips described the portrayal of New Zealand male success overseas in the early twentieth century – as 'a gentleman of the bush, combining pioneer attributes of strength and determination, of versatility and egalitarian mateship, with the moral qualities of the English public school gentleman'. (Phillips 1984: 89, 93)

<sup>11</sup> Regarded as 'The Third Greatest New Zealander of the 20<sup>th</sup> Century', according to a TVNZ/Colmar Brunton poll in 1999. (Heal 2000: 48).

<sup>12</sup> The average circulation of the *National Business Review* in 1995, according to the Audit Bureau of Circulations, was 13,129.

structures. The private sector is thus associated with forms of non-hierarchical participation. This is a questionable analogy, but the effect of the comparison remains. The second sentence claims that the victory exemplified private-sector professionalism backed by popular support. This presupposes that both of these features characterised the Team New Zealand campaign. There is no consideration of exactly how private the syndicate's sponsors were; nor is there any assessment of whether popular support was organic or manufactured by the media. The third sentence also contains a presupposition – that Team New Zealand *was* in fact a New Zealand sports team. This depends on the definition of what counts as a national sporting team. Does it need to be selected by a sporting body, for instance? If so, then Team New Zealand's legitimacy as a truly national team could certainly be questioned. The public-private debate is considered further in a later section of the text:

*There is a weak case only for substantial public funding of the America's Cup defence. Pompous mayors, councillors and MPs, drunk with the nectar of cup-inspired nationalism, have no mandate to spend large amounts of ratepayers' or taxpayers' money to subsidise a private (and, presumably, profit-making) sporting venture in 1999/2000.*

The presupposed, implied message (characteristic of *NBR* stories in this respect) is that private is superior to public. In this context the contradictions of the neo-liberal position regarding nationalism become apparent. Synecdoche is used to make *all* public servants appear pejoratively as 'pompous'. Likewise, they are all guilty of being 'drunk with the nectar of cup-inspired nationalism' – a metaphor that draws to mind pagan ritual and wild abandon. Nationalism is depicted as a powerful, potentially dangerous force, especially when it is directed by those with political authority. This typifies the pure neo-liberal stance on nationalism – that it is useful as long as it doesn't obstruct the accumulation of capital. We have seen that neo-liberal economic policy favours reform and internationalization of markets. This illustrates Haworth's argument of 'constrained sovereignty'; the exercise of national autonomy is only acceptable 'in so far as it is neutral towards or promotes the positive effects of internationalization' (1997: 239). The irony is, of course, that only nationalism could gather enough public support to convince sponsors to invest in the syndicate. When companies appropriate New Zealand national identity to sell their products, they are,

at the same time, legitimizing the concept of national identity (Haworth 1997: 235). Promoting nationalism while simultaneously eroding national autonomy serves to push citizens towards a singular form of democratic participation – consumption. This is evident in the following extract:

*Officially, the defence is in the hands of the Royal New Zealand Yacht Squadron. In reality, control rests with a select group of lawyers and merchant bankers.*

*There is nothing wrong with that but sporting nationalism should not be the excuse for councils or governments to indulge in New Deal-style public spending.*

*The role of governments and Auckland local bodies should be to smooth the way for holding a successful regatta by streamlining planning procedures and encouraging private initiative.*

The key phrase here is the allusion to Roosevelt’s Depression-era New Deal policies of economic stimulation. Mentioning the New Deal evokes still-fresh memories of the New Zealand equivalent of state-led stimulation. Most of the *NBR*’s core audience would identify strongly with the antipathy expressed towards publicly funded projects, and the allusion therefore works as a strong rebuff against the idea of community based planning and investment in preparing for the cup defence. The final sentence in this extract implies that governments and local bodies exist solely for the purpose of making things easier for business. This idea is given extra weight by the use of the modal ‘should’, implying an obligation or moral duty. Lexically, employment of the idiom ‘smooth the way’ and the verb ‘streamline’ invests this idea with positive connotations associated with efficient business practice. This argument is concluded and encapsulated in the subsequent sentences:

*If Team New Zealand offered New Zealanders a lesson it was that the private sector knows best.*

*The balance was about right – government encouragement, private-sector initiative and commercially-based funding. The result was a monument to capitalism.*

Here, it appears that the role of government is to facilitate capitalism rather than shape it or reap rewards from it. This reveals a tension between neo-liberal theory and practice. Pure neo-liberal theory claims spontaneous acts of self-interest generate market efficiency and profitability. In practice, however, corporates require states to



help establish appropriate conditions for capital accumulation (as illustrated by government sponsorship of the America's Cup syndicate through state broadcaster TVNZ and primary sponsors the Lotteries Commission and Enza). The ideological purpose of neo-liberal rhetoric is to justify such arrangements. While this rhetoric emphasised the establishment of a 'level playing field', New Zealand's structural adjustment programme required the government to facilitate corporate capital accumulation and the upward redistribution of wealth.

#### 7.4 Summary

A comparison of the 1987 and 1995 texts analysed reveals the cultural changes that had occurred over this period. Features that are shared by both samples reveal on-going patterns of ideological construction work. Messages that appear only in 1995 show new disseminations of national identity. However, it is the messages which were left *unsaid* yet *implied* in the chosen 1995 articles which illustrate how official constructions of national identity had changed.

In 1987 and 1995, media coverage emphasised that interest and participation in the Cup was universal. The eventual victory was portrayed as a collective accomplishment that could be nationally shared. All classes, ethnic groups, and both genders were unified by the euphoria. In 1987 and 1995 various articles favourably contrasted New Zealanders with foreigners. Qualities recognised as quintessential to New Zealanders were alluded to<sup>13</sup>. During both campaigns, international success was stressed as being of utmost importance. This success was again portrayed as being a function of national unity. Although economic sovereignty was disintegrating, memories of the national imaginary required rhetorical reconstruction. Michael Billig argues that this reproduction takes place constantly through 'discursive flagging' (Billig 1995: 38-43). This constant flagging, which appears in the routinely throughout the mass media, forms a daily plebiscite, reminding us of our homeland.

The extent to which sports had been commodified by 1995 meant that it was no longer necessary to explicitly associate sports and business. Similarly, no special effort was

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<sup>13</sup> For example, being laconic and taciturn, hardy and inventive.

required to claim that winning the cup would be profitable for all of New Zealand, or indeed that money was the most important measure of success. Neo-liberal values were no longer in the ascendant – they had prevailed, and thus did not require special demonstration. The construction work that *was* being done in 1995, and which differed from 1987, occurred in two areas. Firstly, there was strong emphasis on public participation through consumption. The idea of consumer sovereignty was evidently not fully ingrained; it could not be taken as granted. Secondly, the 1995 campaign was seen to vindicate the neo-liberal policy agenda. The private vs. public debate was still being contested, as is implied by continued references to the superiority of the former.

Neo-liberal policies since 1984 had effected vast economic change throughout New Zealand. Most of this change favoured the interests of financial and corporate elites. The average New Zealander was almost certainly worse off in 1995 than he or she had been in 1983. In addition, the ruling elite indirectly shaped the political future of the country; future governments would be unable to re-introduce social democratic policies. New Zealand's commercialised national identity reflected the beliefs and values of those behind the neo-liberal transformation. This identity contrasted with the economic and social realities of everyday life for most New Zealanders.

The commercial paradigm eventually dominated New Zealand's cultural landscape. Neo-liberal ideas had filtered down through society and the ideology of consumption had taken root. This development is illustrated in the commercialisation of sports, broadcasting, and, in the most extreme instance, national identity. The America's Cup campaigns of 1992 and 1995 illustrate how corporate interests managed to appropriate traditional cultural mores which resonated with New Zealanders. These mores were infused with neo-liberal values and resold back to citizens. At the same time, reformulating national identity to include and legitimise neo-liberal axioms revealed inherent contradictions between nationalism and neo-liberalism. This was illustrated in my analysis of the 1995 campaign's media texts. The individualistic emphasis of neo-liberalism conflicted with the corporatist rhetoric of nationalism, and neo-liberal theory conflicted with its practical application in New Zealand. This revealed the ideological nature of neo-liberal rhetoric: it had been used to legitimise government facilitation of corporate capital accumulation.

## Conclusion

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The preceding chapters have argued that neo-liberal policies implemented in New Zealand after the 1984 election led directly to the corporate appropriation of national iconography. This appropriation was conducted to achieve two ends. Initially, it was essential that the policy revolution be legitimised in the eyes of the New Zealand public. The establishment of a link between the precepts of neo-liberalism and the 'national interest' was central to the entrenchment of the new policies. This connection effectively obscured the damage being wrought on New Zealand's productive economy, the erosion of national economic sovereignty and the increasing upward redistribution of wealth. Neo-liberal values and nationalist rhetoric were conjoined by the promotion and media coverage of the 1987 America's Cup campaign. As neo-liberal values became officially entrenched, everyday life became increasingly commercialised. The apex of this commercialisation was found in the corporate utilization of national iconography to extend the accumulation of capital. 'Brand New Zealand' was established as a means to link the aims of corporations to the hearts and minds of consumers. This obfuscated the incursions of foreign transnational capital. The commercialisation of national identity was exemplified by the 1992 and 1995 America's Cup campaigns.

Of course, nationalism in New Zealand has always been used for ideological purposes. Government, farming and business interests in the colony united for the purpose of national development. Culturally, mass media and organised sport, especially rugby, were crucial mechanisms in the modernisation process. These institutions helped to construct the nation from a collection of disparate settlements. A popular perception of the New Zealand as a homogenous culture emerged, and with it an intolerance of difference. As the country developed economically, the abundance of arable land confiscated from the original Maori inhabitants combined with high international commodity prices to ensure an agriculturally based national economy. This in turn facilitated the development of a welfare state and a

national identity distinct from Britain. The popular conception of New Zealand as a 'working man's paradise' became predominant. The class structure of society and disparities in wealth between Maori and Pakeha and men and women was hidden by this egalitarian myth. The economic dominance of a small group of elite families was likewise obscured. From the mid-1970s on, however, a long recession sharpened economic and social disparities. The façade of homogeneity and egalitarianism cracked as social experiences polarised. Traditional New Zealand identity had reached a crisis point.

Under the fourth Labour government a neo-liberal policy agenda reflected the close relationship between key Cabinet members, the monetarist economists within Treasury and the Reserve Bank and corporate elites within the Business Roundtable. Neo-liberal policies had multiple effects. Commercialisation of the public sector following the formation of state-owned enterprises meant that efficiency and profitability overruled public service principles. Concurrently, market liberalisation, especially that of the financial markets, combined with a high interest rate monetary policy, encouraged an influx of foreign investment capital. Easy access to vast amounts of credit fostered entrepreneurial investment companies who made profits by buying and selling shares and property. A share market boom eventuated and as speculative fever gripped the nation the media depicted the heads of the investment firms as the new breed of New Zealand hero. As this was taking place, New Zealand's productive economy was being destroyed by speculative finance and overseas debt was rising. Wealth was being redistributed to the rich with the contraction of the welfare state, the reduction of top tier tax rates and the introduction of a goods and services tax. Share market euphoria and financier adulation morphed into a new entrepreneurial nationalism. This kind of nationalism was imbued with the neo-liberal values of acquisitive individualism and self interest along with neoclassical economic ideologies emphasising free market equilibrium. This new manifestation of national identity legitimated neo-liberal policies by highlighting the entrepreneurial opportunities that were inherent within the free market and by linking wealth creation with individual freedom. At the same time these ideas obscured the social and economic effects of neo-liberal policies.

It was against the preceding background that the 1987 America's Cup challenge took shape. The underwriter of the New Zealand syndicate, Fay, Richwhite, exemplified the entrepreneurial firms which profited from neo-liberal policies. In this respect the 1987 Challenge was made possible by the resulting upward redistribution of wealth. The marketing and promotion campaign associated with the campaign positioned the syndicate as a manifestation of national identity. Establishing a millionaire's yacht race as a site of national identification was achieved through extensive marketing, public relations and the manipulation of a mostly complicit media. Selected textual analysis of media coverage associated with the campaign shows that journalists and columnists portrayed the America's Cup challenge as an embodiment of New Zealand-ness. This was achieved primarily through rhetorical strategies and lexical and discursive choices which combined the discourses of business and sport. An affinity between KZ7 nationalism and entrepreneurial nationalism was established.

Meanwhile, New Zealand's political economy rapidly fragmented as a result of neo-liberal policies and share market euphoria. With the eventual share market crash in October 1987, many long-standing cornerstones of New Zealand's productive economy were decimated. Ten years later the economy still had not recovered. Insolvent companies were largely bought up by foreign investors, and New Zealand became increasingly dependent on foreign investment. Despite this, neo-liberal reforms continued under Labour and National (from November 1990). The privatisation of state-owned enterprises began in 1988, and more than \$7 billion worth of state assets had been sold to foreign investors by 1997. The Bank of New Zealand and Telecom were both sold to overseas interests, and subsequently recorded large profits. Many of the nation's wealth-producing assets were distributed to private (often foreign) interests. Foreign-owned transnational corporations siphoned off much of the nation's revenue to their overseas shareholders and gained influence over government policy decisions, as exhibited by the introduction of the Employment Contracts Act 1991. Conditions for those at the bottom of the economic heap continued to worsen – unemployment rose and benefits were reduced (by National in December 1990). Many of the free-market policies implemented after 1984 were subsequently entrenched within supranational arrangements associated with the GATT and the WTO. These commitments,

the amount of foreign capital in New Zealand (with its associated threat of capital flight) and the considerable political influence of transnational corporations together eroded the economic sovereignty of the nation. These realities contrasted starkly with the ideology that neo-liberalism benefited all New Zealand citizens.

The commodification of culture resulted from the adoption of neo-liberal axioms. In order to ensure a market for commodities and to generate revenue, it became increasingly important for advertisers and the commercialised public sector to inculcate citizens with the culture of consumption. Consumer choice became equated with civic freedom; the sovereign consumer replaced the citizen as the ideal individual. As the discourse of consumption prevailed, and society became saturated with interchangeable products, companies turned to branding strategies to differentiate their goods from competitors'. Branding practices developed to inspire consumer loyalty; most strikingly, they drew on the symbols and emotional attachments of nationalism. It was not enough to merely associate products with national identity, however; advanced forms of branding sought to reformat cultural history so that it was inseparable from the brand itself. Thus arose 'brand New Zealand', less a place than a marketing concept. The crucial role played by neo-liberal policies in the corporate appropriation of national iconography was illustrated by the commercialisation of the national broadcaster, TVNZ. After being converted into a state-owned enterprise, TVNZ was expected to sell enough advertising to return a profit to government. At the same time it was forced to compete for ratings with the new private broadcaster TV3 and subscriber network Sky. Public service responsibilities were neglected as TVNZ strived to attract the largest possible audiences. The diversity of programming content reduced and the genres of local programming narrowed. News broadcasts were modified to maximise audiences and the prime time schedule became homogenised. The quantity of advertising subsequently increased, infomercials and advertorials began appearing, and programme sponsorship expanded. National identity was reflected in narrowly defined terms and increasingly commodified as corporate interests encroached on almost all areas of programming. The symbolic power of sport made it an ideal pivot between corporate brands and national identity. A mutually beneficial relationship between media, sport and advertising was forged which capitalised on the long-standing connection

between sport and national identity. Corporate sponsorship of mediated sports events, sports teams and sports celebrities proliferated and multinational corporations profited from the assumed purity of sport's cultural heritage. At the same time, the government benefited from national sports teams' ability to construct a 'semiotically potent nation' (Rowe, McKay et al. 1998: 133).

The 1992 and 1995 America's Cup campaigns embody the convergent desire of capital interests and state owned enterprises to commercialise national iconography. This was illustrated by the campaign sponsorship structure arranged between TVNZ and the 'family of five' sponsors. In performing the simultaneous roles of supporter, investor and journalist, TVNZ's schedule was saturated with Cup coverage. Appeals to national sentiment were continually utilised to build public interest, and all of the broadcasts were saturated with sponsors' logos and products. Pseudo-documentaries and advertorial promotional clips blurred the lines between event coverage and advertising. They contained intermingling discourses of sport, business and nationalism. The general objective was to establish a shared national history centred on the America's Cup event and its sponsors. The extent to which the commercialisation of national identity had been internalised was illustrated by the success of the red socks promotion. Participation through consumption had become the pre-eminent form of involvement in community activities for Many New Zealanders.

Media coverage suggests that the America's Cup victory of 1995 was seen to vindicate neo-liberal policy reforms. The extent to which the ideologies of neo-liberalism predominated was reflected by the fact that free-market axioms no longer required argument. They could simply be implied as presuppositions. The commercialisation of national identity as embodied in the 1992 and 1995 America's Cup campaigns illustrated how neo-liberal ideas had become firmly entrenched within the everyday life of consumption.

Analysis of the three New Zealand America's Cup challenges suggests that the iconography of national identity is ideologically potent and can be employed by elites for the purposes of capital accumulation and legitimation. This thesis has argued that these objectives were realised by the reformulation of recognised historical formulations of national identity to

reflect the values embodied in neo-liberalism. At the same time, national identity and culture in general were commercialised such that citizens were re-defined as consumers. These accomplishments contained two important contradictions. First, the socio-economic effects of neo-liberal policies contrasted dramatically with the sanitised version of history embodied in commercialised New Zealand-ness. Productive industry was decimated, economic sovereignty was eroded, and wealth was redistributed to the rich. The story of the nation reflected by 'brand New Zealand' (itself a result of neo-liberal policies) ignored and obscured these realities. Second, neo-liberalism was premised upon atomised individualism, a vision of society which contrasts with the collective nature of nationalism. The utilization of national iconography to justify neo-liberal policy reform created a tension; certain manifestations of national sentiment could disrupt the state's implementation of free-market agendas. Nationalism could therefore remain useful only so long as it was constrained. The solution therefore was to commercialise nationalism. The expression of national identity through consumer decisions means that individuals can only express their views through acts of purchase or spectatorship. Commercialised nationalism thus offered business and government the benefits of appealing to deep-seated emotions without the problems of actually engaging with the 'will of the people'.



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## **Appendix I: Complete versions of texts analysed - 1987**

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## **Appendix II: Complete versions of texts analysed – 1995**

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