Copyright is owned by the Author of the thesis. Permission is given for a copy to be downloaded by an individual for the purpose of research and private study only. The thesis may not be reproduced elsewhere without the permission of the Author.
New Zealand's Energy Policy
from the World-System Perspective

A thesis presented in partial fulfilment of the requirements
for the degree of Master of Philosophy
in Development Studies

at Massey University

Held at NZP Stack

Jutha De bahasatin
January 1994
Abstract

The World-System Theory of Immanuel Wallerstein is a grand-scale theory that is useful as a framework to understand how New Zealand's path of development has been affected by the country's energy policy. The theory is appropriate in application to energy issues because its macro-level of analysis puts emphasis on both exogenous and endogenous factors. Its special emphasis on historical background and context also adds to an understanding of the New Zealand position. The World-System perspective offers three major concepts directly applicable to the case of New Zealand energy policy, namely, the interplay between politics and economics with a particular interest in the role of multinational corporations (MNCs) and the state, the notion of semiperiphery, and the cyclical nature of the world economy.

During the period of the 1970s economic downturn marked by two oil crises, New Zealand as well as most other countries and the MNCs suffered a severe setback. However, while most core states, as well as some successful non-core states and the oil majors, could react appropriately to the crises and retain their potential for growth, the semiperipheral New Zealand could not. The country possessed few options because of her intermediate level of industrialisation and less competent state apparatus compared to the MNCs involved. Lacking the intention to promote local industrial capitalists, the New Zealand state chose wrong strategies, first Think Big and then disinvestment, which together have undermined the bargaining position of local entrepreneurs, over-committed the national hydrocarbon resource and disproportionately promoted the interest of the foreign oil corporations. The overall outcome of the energy policy is therefore detrimental to the country's development.
This thesis evaluates the context and the outcome of New Zealand's energy policy during 1970s - 1990s. Immanuel Wallerstein's World-System theory is used as the theoretical framework for analysis. The thesis content is therefore divided into two major sections: theoretical framework and New Zealand's energy policy.

Chapter one is the introductory part. Chapter two and three deal with theoretical matters. Chapter two elaborates the overview of the theory and chapter three discusses relevant theoretical aspects. Chapter four will turn the attention of the readers to economic and political settings, both at the global and internal level, during the policy shifts. Chapter six will examine the policy decisions and chapter five will evaluate them. Finally, chapter seven, the conclusion, will synthesize both theoretical and New Zealand's policy sections.
Acknowledgement

The completion of this thesis has been made possible by the wise guidance of my supervisor, Dr. P.L. Read. I feel indebted to his thoughtful advice and deeply appreciate his efforts in regard to his supervisory task, especially during the vacation period that should have been his free time. I also have appreciated advice and moral support from Dr. Croz Walsh accorded to me since the very first day that I became a student in the development studies department, until recently when he left for a new position in Fiji. I would like also to thank Brian Ponter for his kind counsel that helped me formulate the skeleton of the thesis and for his recommendation over procedural aspects regarding the completion of my thesis.

My special thanks go also to Ms. Molly Melhuish in Wellington. She kindly spared her precious time to enlighten me with her extensive knowledge in the field of energy. Also in Wellington, I appreciated the helpful assistance of Ms. Christine Jamieson, Deputy Librarian, Ministry of Commerce, and the library staff.

I am indebted to the Ministry of Foreign Affairs of Thailand which was kind enough to let me pursue my study for more than two years. I feel much obliged to colleagues who had to work harder to enable my absence. I would also like to express my appreciation to the Ministry of Foreign Affairs and Trade of New Zealand who sponsored my study at Massey University.

Finally, I would like to express my sincere thanks to friends in the Thai Student Association whose confidence and support in the time that they were most needed, helped alleviate the pressures that would have been otherwise unbearable. Special appreciation to Ms. Porntip Ngamkasem, without whom this thesis would not have been completed in time.
# TABLE OF CONTENT

<table>
<thead>
<tr>
<th>Chapter/Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abstract</td>
<td>i</td>
</tr>
<tr>
<td>Preface</td>
<td>ii</td>
</tr>
<tr>
<td>Acknowledgements</td>
<td>iii</td>
</tr>
<tr>
<td>List of Tables and Figures</td>
<td>v</td>
</tr>
<tr>
<td>Chapter I. Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Chapter II. World-System Theory of Immanuel Wallerstein</td>
<td>12</td>
</tr>
<tr>
<td>Chapter III. Semiperipheral States and Multinational Corporations in Cyclical Economic Trends</td>
<td>32</td>
</tr>
<tr>
<td>Chapter IV. International Political Economic Climate and Its Impacts on New Zealand</td>
<td>65</td>
</tr>
<tr>
<td>Chapter V. Energy Policy, or Lack of It</td>
<td>99</td>
</tr>
<tr>
<td>Chapter VI. New Zealand Economic Performance as an Outcome of the Country’s Energy Policy</td>
<td>126</td>
</tr>
<tr>
<td>Chapter VII. Conclusion</td>
<td>159</td>
</tr>
<tr>
<td>Bibliography</td>
<td>168</td>
</tr>
</tbody>
</table>
LIST OF TABLES AND FIGURES

Tables

Table 3.1 Crude Classification of the International System Circa 1970  50
Table 3.2 Net Migration Gains and Losses in New Zealand of Polynesian-Born People, by Migrant Category, 1971-1986  54
Table 3.3 Crude Classification of the International System Circa 1990  56
Table 4.1 Leading Oil Companies (The Chase Manhattan Group Average Return on Invested Capital  75
Table 4.2 Annual Average FOB Export Price of 34 API Arabian Light Crude Oil  78
Table 4.3 World Energy Consumption  80
Table 4.4 NZ's Major Import Commodities  84
Table 4.5 Trends in Consumption of Primary Energy  87
Table 4.6 External Government Account Balances  93
Table 6.1 Estimated Balance of Payments Flows Associated with Large Projects  137

Figures

Figures 4.1 Trends in Consumer Energy Use  88
Figures 6.1 Total Production of Energy Supply/GDP Ratios of OECD Countries  128
Figures 6.2 Price of Import Oil  144
Figures 6.3 Crude Oil Consumption  145
Figures 6.4 Retail Prices of Fuel Oils  145