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**The Transformation of an Icon
in the New Economy:
A Theoretical and Empirical Exploration
of the New Zealand Reforms**

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Sociology at Massey University, Albany, New Zealand

Samuel William Baird

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Abstract

This thesis is concerned with the impact of neo-liberal reforms, initiated in response to the exigencies of a new technologically-driven global economy, on a conservative interventionist state. It is a sociological work, which encompasses history, politics, economics, organisations, social action and societal change.

Between 1984 and 1990, the Fourth Labour Government embarked upon the reform of the structure and operation of the New Zealand economy. That reform ranks amongst the most radical and far-reaching in twentieth century New Zealand. Not only were the scope and magnitude of the changes significant but they were also implemented with a rapidity that took most of the country by surprise. Consequently, New Zealanders were exposed to a new and flexible economy, where market forces provided a major contrast with the ideals of equity and consensus that had shaped social conditions since the 1950s. This new environment had significant implications for the career expectations and working environment of many people, and for the delivery and content of public services.

This thesis adds to the existing body of knowledge on the New Zealand reforms by capturing and investigating the perspectives of key actors who were involved, in a number of ways, with the transformation of the economy. It explores the theoretical and empirical basis of the reform programme, the restructuring process, the nature and scale of an intense commercialisation strategy, the attitudes of a new generation of workers and the reactions of New Zealanders when their ontological security came under threat.

Key aspects of the reforms are framed and analysed through the transformation of the New Zealand Post Office from an icon of the interventionist state, a major employer and key service provider - to a commercial enterprise which sought to be a competitive, flexible, profit-driven organisation typical of the new economy. The experiences of politicians and senior managers who were responsible for this transformation - through to individuals who depended on the organisation for services and jobs, are represented in the thesis as indicative of the actions and responses of New Zealanders, generally, regarding much broader social and organisational changes brought about by the reforms.

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Chapter 1 Introduction

1.1 Aims of the Thesis

In 1984, in response to a global restructuring of capitalism, the Fourth Labour Government initiated a series of neo-liberal reforms that reshaped New Zealand's political economy. As a consequence of the actions of key members of that Government and their agents, new forms of agency emerged in both the management of the economy and the provision of many jobs and services formerly underpinned by the state. Those changes were particularly evident between 1984 and 1990, but continued to shape the New Zealand economy throughout much of the 1990s (Bayliss, 1994:21). They were to result in new and reconfigured social divisions, which, this thesis will argue, irrevocably altered the ideology of social equity and the practice of consensus politics in New Zealand.

The aims of the thesis are three-fold. First, it sets out to analyse the implementation of political, social and economic reforms in New Zealand between 1984 and 1990. This part of the study includes a comparison between two different types of political rationality, as the mainly interventionist system, which had been in place for most of the twentieth century, was supplanted by a new form of globally inspired economic liberalism. Second, the thesis seeks to explain sociologically, the human, social and commercial implications of the reforms. A key focus will be the impact on the jobs and working environment of many people, and the delivery and content of public services when the state sector was commercialised. Third, the study aims to add to the existing body of knowledge on the reforms by capturing

and analysing the perspectives of a number of New Zealanders who participated, in a variety of ways, in the process of change. It will be argued that, during the period in question, one of the major social transformations in this country's history took place. Yet, there is a remarkable lack of empirical information on how New Zealanders perceived changes to the social and commercial environments that occurred as a consequence. This represents an oversight on the part of previous studies on the New Zealand reforms that this thesis has taken the opportunity to redress.

1.2 A Changing Economy

This thesis is being written almost two decades after the Fourth Labour Government came to power in New Zealand in 1984. Over the next six years, that Government and its supporters introduced political and economic reforms of a nature never experienced before in this country. As a consequence, the interventionist style of economic management which had developed in New Zealand from the late 1890s, and was extended and endorsed in the 1930s (Jesson, 1998:30-34), was displaced by a system based on the 'free-market'¹ philosophy, which in the 1980s had spread rapidly throughout Western economies. When Labour lost power in 1990, their free-market policies were carried on by successive National governments which,

¹ The terms 'free-market' and 'neo-liberal' will be used often in this thesis in relation to the New Zealand reforms. While their content and meaning will come under more scrutiny in the body of this work, a general distinction at this time seems appropriate. When I refer to the free-market I am doing so in relation to a particular ideology that promotes a market driven economy where the greater part of the activities of production, distribution and exchange are conducted by private individuals or companies and government intervention is kept to a minimum. References to neo-liberalism are aimed at a particular economic theory, which underpinned the (free-market based) reforms that swept Western economies in the 1980s.

generally, kept faith with an ethos that the market-driven economy was the best way forward for the country.

From the 1950s to the mid-1980s, as New Zealand continued to evolve as a nation state, various governments had employed a style of economic management based on forms of political consensus and social equity (O'Brien and Wilkes, 1993:12-13). While acknowledging that from early colonial days, New Zealand has always experienced some form of state intervention in the economy, the 'interventionist' period focused on in this thesis is between 1950 to 1984. In selecting this time-frame, I follow the work of Jesson (1999), who employed similar parameters in contextualising the interventionist era in New Zealand between 1950 and 1984. He wrote:

I am not suggesting that the controls caused the prosperity, or that this was a Golden Age; just that the situation of New Zealand in the post-war years provides a fixed point from which to examine the transformation that has occurred since (Jesson, 1999:109).

I agree with Jesson that interventionism did not, on its own, create prosperity. However, because New Zealand did experience relative prosperity, including full employment and the universal availability of many state-supplied services, during the interventionist period, the two phenomena were seen by many people as synonymous (O'Brien and Wilkes, 1993:11-12). Indeed, as O'Brien and Wilkes (1993:11) report, until as late as 1984 the dominant vision of political life in New Zealand was one where interventionism went hand in hand with perceived prosperity and the provision of a welfare state. The reforms of the 1980s had a significant impact on New

Zealand socially, when the interventionism that was taken for granted was so rapidly displaced. Therefore, this period does indeed provide a key point from which to consider the impact on New Zealanders of what was in fact the end of a long running era of state-led economic management in New Zealand.

It will be also argued in this thesis that the emergence of a new type of global economy in the 1980s (Castells, 1996:93) greatly influenced the demise of the interventionist² system in New Zealand. New policies of economic liberalism, which were implemented during the mid-to-late 1980s acted to transform the very fabric of New Zealand society. These policies had significant implications for social conditions and organisational management in New Zealand. Employment opportunities, which had been shaped by ideals of equity and consensus in the interventionist period since the 1950s (O'Brien and Wilkes, 1993:56-59) were also greatly affected. As Jesson noted:

A profound change has occurred in human and commercial relationships, with the profit motive and the commercial ethos replacing the public-spirited ideals that used to characterise many occupations, particularly in the public sector (Jesson, 1999:49).

² While the term has similarities as applied broadly to economic policy in Western countries, it is acknowledged that there are specific differences between the approaches taken in each case. For example, there are key differences between the New Zealand version and those of other Western countries which this study highlights later. There have already been many attempts by contemporary writers to assess the extent and nature of government intervention in the economy in New Zealand, amongst them, Jesson (1999: 43-48) O'Brien and Wilkes (1993: 9-13) and Rudd (1990: 83-85). All of these writers point to the period between 1950 and 1984 as upholding a political rationality of government interventionism in the New Zealand economy based on ideals of social equity and consensus which is highly relevant to the debates in this study.

Amongst other things, these new policies ensured that after 1984, future generations of New Zealanders would experience very different social conditions from those of earlier decades who had taken for granted the state-led provision of jobs and services. Indeed, one of the key outcomes of the reforms was that a new generation of New Zealanders reached adulthood and accepted the conditions of the free-market economy as an inevitable part of life (Matthews, 1999:20). This new generation displayed a strong emphasis on individualism, self-reliance and competitiveness. Their subsequent acting out of these aspects of the new economy would help underpin and sustain the ideology of the free-market as the prevailing political and economic rationality in New Zealand. They would also, by such actions, contribute to the demise of the interventionist state, which their parents had come to expect and indeed rely on to maintain social conditions and full employment in this country. Thus, the interventionist economy and the way its radical reform in the 1980s impacted on New Zealanders, will provide a key mechanism for analysis in this thesis.

1.3 Connecting With and Servicing New Zealanders

The thesis will set out to consider the impact on New Zealanders of the reform of the interventionist economy in both human and commercial terms. In doing so, it will utilise the experiences of certain individuals closely associated with a national icon, the New Zealand Post Office, which it will depict as a nationally important institution of pre-reform New Zealand. To this end, the thesis will place significant focus on the changes to the Post Office during the commercialisation of the New Zealand state sector, a cornerstone of the reform

process. Thus, the actions and responses of employees of the New Zealand Post Office, and other New Zealanders who depended on the organisation for various services, and ultimately, those who changed it, will provide significant material for this study.

One of the central tasks of this thesis will be to trace the way in which the history of the New Zealand Post Office paralleled the historical development of the country. This is necessary in order to underscore the close connections constructed between New Zealanders and the organisation, as it provided services at the same time as the country developed and needed those services. These connections were first established when organised postal communication commenced in New Zealand in 1841 and the first official post office opened in Kororaraka in the Bay of Islands. Over the next one hundred and forty years or so, the Post Office organisation became one of New Zealand's best-known icons and a fundamental institution in the economic and social fabric of New Zealand. The organisation's network of post offices spread to almost every community³ in the country, and New Zealanders came to recognise it as a symbol of government and a provider of services. Its presence ensured that particular localities were accorded a form of recognition in that they were deemed important enough to have postal services. Such recognition usually included the symbols of an official building and a New Zealand flag.

³ Etzioni provides a definition of community which is particularly relevant here to explain the relationships that exist within communities similar to the ones depicted in this thesis. He says that 'A community is defined by two characteristics: first, a web of affect laden relationships that often criss-cross and reinforce one another .. and second, a measure of commitment to a set of shared values, norms, and meanings, and a shared history and identity' (Etzioni, 1997, cited in Rose, 1999:172).

The connection between New Zealanders and the Post Office was reflected in two key areas. The first, as alluded to above, was between communities and the organisation. Michael Basset, historian and former Cabinet Minister in the Fourth Labour Government, acknowledged that particular connection, when he claimed that the Post Office developed as the 'agency of unity for the country' and that over time, it became the community's connection with government. The Post Office, as the state's agent, contributed strongly to the community's 'link with the body politic' (Basset, quoted in Smith, 1997:13). The Post Office was also to become a focal point for communities at a local level, often providing the place where meetings took place, or an assembly point for various important events. Smith, for example, describes the Waipu community's links with the Post Office as follows:

In hundreds of communities like Waipu around New Zealand, the post office was more than the place people went to for postal services - it was the community centre (Smith, 1997:101).

As well as the sense of ownership⁴ of the organisation that this thesis will claim developed on the part of communities, there was also another level of connection between the Post Office and New Zealanders. This concerned the way in which the organisation had, over the years, provided for the long-term career aspirations of many New Zealanders (Smith, 1997:13). New Zealand experienced full employment for much of the period between the 1950s and early 1980s and the use of

⁴ This refers to ownership both in the 'emotional' sense as well as the idea of 'public ownership' regarding public service organisations as described by Boston et al, (1991:32).

organisations like the Post Office to boost employment figures was an important feature of government policy during that era (Basset, quoted in Smith, 1997:13). As Smith records:

With staff numbers hovering around 40,000, the Post Office was New Zealand's largest employer. Its ranks swelled in times of unemployment - often before elections - when its political master, the government of the day, used it as a sponge to soak up unemployment. This accepted practice had been going on for 100 years by the time the Post Office was corporatised (Smith, 1997:13).

Thus, not only did the organisation become a key source of employment for many New Zealanders but it was also used to support the social policies of various governments. For those employees who devoted their lives to working in it, the Post Office was perceived as a place of security and stability. This perception, in addition to creating a culture of belonging, at the same time engendered strong feelings of loyalty towards the Post Office. These are not unusual sentiments to be found in organisations, for as Vasu et al. point out:

Organisations, thus defined, have particular ways of thinking, feeling and acting just as human individuals do, and it is not uncommon to hear explanations of both collective and individual action in an organisational context stated in terms of deeply ingrained behaviour (Vasu et al, 1998:266).

Indeed, this study is very much concerned with these ingrained forms of behaviour, and the effect on them of rapid and large-scale organisational change. In other words, the development of strong and enduring social

relationships⁵ within the Post Office and the way these were impacted on when the organisation was transformed will provide a key platform from which to view the effect of commercialisation on similar organisations in New Zealand.

The strong connections between those New Zealanders who relied on the Post Office for services, and those who were employed by it, were developed and nurtured over a very long period of time. They were to be severely tested when the organisation was transformed into a commercial entity as a result of the commercialisation of the New Zealand state sector in 1987.

1.4 Contextualising Change

In many ways, the Post Office organisation, certainly in the period between 1950 to the mid-1980s, represented an important symbol of an age of equity, prosperity and consensus politics in New Zealand. This was a time when facilities such as communications, health services and education were, more or less, readily available to all regardless of geographic location, the economic circumstance of the recipients, or the financial viability of providing them. As McKinlay points out below, postal services were included as an integral part of a universal system of public services underpinned by government.

Traditionally, the Government's major trading activities were seen substantially as services which the Government undertook to deliver to all New Zealanders as part of

⁵ See Grint (1991:131-134) on organisational culture and the link between the emotional needs of employees and their desire for organisational integration.

their birthright. Profit, or business efficiency, was a secondary consideration as compared to ensuring that all New Zealanders had access, for example, to postal services, banking services, telephones or mains electricity (McKinlay, 1990:93).

New free-market policies introduced after 1984, heralded the end of that age. New Zealanders were soon to discover that the stated economic efficiencies of neo-liberalism, such as productivity and profitability (Easton, 1997:50-51) would be applied with rigour to many services traditionally provided by government. The resulting transformation of what arguably was the world's first welfare state into, what some would claim was the world's first post-welfare state (Jesson, 1999; Easton, 1997; Russell, 1996), is an underlying theme of this thesis. As Russell puts it:

Between 1984 and 1993 New Zealand became a laboratory for an experiment. Around the world 'gurus' of market-driven theory watched in awe as a tiny nation in the South Pacific did an about turn and marched in a different direction (Russell, 1996:9).

The new direction referred to by Russell, included a commercialisation⁶ strategy which was, amongst other things, designed to reduce the level of a number of public services. Commercialisation began in 1985, and spread rapidly over the next five years or so (Mascarenhas, 1991:33-49). The strategy included the application of private sector management principles to

⁶ Commercialisation in this context refers to the process of applying private sector management concepts and practices to the public sector (Easton, 1997:25-26). The process was a particular feature of the wider free-market reforms, which swept through Western economies in the 1980s (Duncan, 1997:64).

many government departments, including so-called 'core social service' type departments such as Health, Education and Social Welfare (Easton, 1997:137).

The commercialisation of these core services is acknowledged here to emphasise the far-reaching extent of the reforms in New Zealand. While the changes to those institutions were significant, my primary intention is to consider how changes to the economy impacted on New Zealanders in relation to jobs and services. For that reason, I selected the reform of state sector trading organisations, as viewed through the transformation of the Post Office, as the area of focus for this study.

Arguably, these organisations faced some of the most radical of the changes the reforms brought about in New Zealand as they experienced new forms of public sector management designed to transform them from state bureaucracies to profit making entities (Boston, 1991:20-22). Thus, the impact of commercialisation on their employees and those other New Zealanders who relied on such organisations for services provides a highly relevant framework from which to view the consequences of reform on New Zealanders generally.

Commercialisation also reflected a significant shift in political and economic policy in New Zealand. In this thesis, the motivations of certain individuals and groups who acted to put this strategy in place will be analysed. So too, will the responses of New Zealanders directly affected by those actions. It is anticipated that the results of such analyses will represent the actions and responses, generally, of the many New Zealanders who were caught up in a period of intense change.

1.5 Key Issues in Economic and Organisational Reform

There are a number of key issues arising from the foregoing discussions, which require analysis and these will be addressed in an integral and interactive way throughout the thesis. These issues relate to the interventionist economy and the Post Office organisation, the individuals who depended on those institutions, and also those who acted to change them. They are outlined in brief as follows.

First, there is the history of the Post Office and how it became a New Zealand icon. That particular issue reflects the history of New Zealand as the organisation paralleled and contributed to the development of New Zealand society. The resulting strong connections which developed on the part of those who relied on the Post Office for services and employment, provide an interesting level of contact between communities and a core agency of the state which provided such services. How those connections were put under pressure when the organisation was commercialised in 1987 becomes a key part of the analysis.

Second, the manner in which the Post Office organisation itself became a large-scale bureaucracy, with all that this meant for those employees within it, is another key issue which requires examination. In particular, the expectation of long-term employment amongst Post Office workers forms an important part of the analysis. What happened to those expectations once the organisation was commercialised, raises a number of questions about the impact of the wider reform process on New Zealand organisations generally.

Third, the previous political rationality in New Zealand between 1950 and 1984, which maintained an ethos of social equity and political consensus requires explanation. The aim will be to describe the way in which the social and political attitudes and expectations of New Zealanders leading up to reform had been shaped by ideals of equity and consensus politics. A key part of the study will be to assess to what extent those attitudes and expectations were altered when a new form of economic management, based on the rationality of the free-market, supplanted the previous system after 1984. The emergence of a new generation, whose only experience of work was in the new economy, and an assessment of their attitudes to work and organisations will form an important aspect of that particular debate.

Fourth, the establishment and maintenance of the New Zealand state sector as an agency of government requires analysis and explanation. This will raise a number of further issues with regard to the Post Office, which as a key state sector organisation had created specific expectations of its own amongst many New Zealanders.

A fifth issue of interest is the commercialisation of the state sector in New Zealand, a phenomenon which created the conditions for change in the Post Office itself. This includes the way in which key institutions of the former system were dismantled, leading to significant changes in the provision of services and conditions of employment for many people.

Finally, there are a number of agency-specific actions carried out by those who implemented the reforms to

consider. For example, the external forces and internal ideologies, which drove, or at least influenced, economic reform require in-depth analysis. Of particular interest will be the way in which the reforms were implemented by a Labour Government whose political ideology was firmly based in the interventionist camp. The relatively small group of Labour politicians who were key to the enactment of the reforms were themselves products of the former interventionist system. Their actions in rapidly transforming that system will form an important part of the analysis of the wider reform process. The different approaches to public sector management, which resulted in a new form of agency-contract between management and workers in former state bureaucracies, also have important implications for this analysis. For example, the issue of how the Post Office organisation was restructured in 1987 by the actions of some of the very people to whom it had once offered security of employment provides an interesting aspect of the impact of the reforms, which needs to be explained.

The above represent some of the key issues which are central to this thesis. In framing them sociologically the actions, relevant ideologies and values of the actors involved, need to be critically examined. To enable that process to take place, the thesis will consider the experiences of two distinct groups of New Zealanders who were key actors in the reform process.

These are: the 'commercialisers', - comprising in the main, politicians, government officials, and the new management of New Zealand Post, who were typically committed to the introduction of neo-liberal reforms, and, those 'directly affected by change' - comprising

individuals who had worked in the Post Office for a long time and, others in communities who depended on the organisation for services.

This chapter has commenced the process of identifying some key questions and issues relevant to the analysis of change in New Zealand between 1984 and 1990. It is anticipated that others will emerge during the course of this study. The next task is to outline the structure from within which such questions and issues will be analysed and explained.

1.6 The Structure of the Thesis

It was in his discussion of Weber's concept of rationality as a means to analyse social change that Johnson made the following observation:

Any social theorist who wishes to base an analysis of the institutional patterns of society on individuals' subjective orientations or motivational patterns is faced immediately with their variety and complexity. Where should one begin? What aspect of individuals' subjective orientations and motivations will prove most fruitful in understanding the dynamics of social institutions? (Johnson, 1981:202).

The first step in meeting such demands in this thesis was to explain within a historical context, the nature of the reforms which took place after 1984. The second requirement was to capture the perspectives of those key actors introduced in the preceding section as being involved in the reform process. Finally, the task was to enable the authority and accuracy of those perspectives to be assessed by a process of analysis that

would ultimately lead to conclusions on the impact of the reforms on New Zealanders. To help meet those requirements, the thesis is structured in the following way.

Chapter 2 will outline the underlying epistemology of the thesis and the development of a methodological approach. A model, based on Weberian 'ideal type' methodology (Weber, 1978:20-21), designed to facilitate analyses of the key social actions at play during changes to the New Zealand economy and the Post Office organisation, is introduced. That ideal type approach is aimed at constructing a number of images which portray what, with a reasonable degree of certainty, actually occurred in New Zealand during the implementation of reform. These images are set out in chapters 3 through to 7, but are not in themselves conclusive. Rather, their role is to arrive at ideal type images⁷ depicting relevant aspects of the reforms, which will guide further investigation into the key subject matters of the thesis.

In Chapter 3, a perspective on the strategic global factors which influenced neo-liberal reform in New Zealand is provided. The chapter begins with an overview of a new global economy, which was fuelled by an information technology revolution in the early 1980s. It then moves on to describe the consequences for Western economies and New Zealand's in particular, of key aspects of globally inspired political and economic reform.

In Chapter 4, the focus is on how the global economy had implications for both organisations and their employees.

⁷ The terminology follows that used by O'Brien and Wilkes (1993:10) in pursuing a similar line of inquiry.

It will be revealed how, in New Zealand, the notion of long-term associations with one organisation, a feature of the working environment from the 1950s, came to an end. The emergence of a generation of New Zealand workers, who had much different expectations of organisations from those who experienced previous eras of industrial relations in this country, are also outlined and debated.

In Chapter 5, a history of the Post Office from its inception in 1841 until its commercialisation in 1987 is presented. The material combines both historical and sociological perspectives of certain periods in the organisation's development. It establishes the close connections which were in place between many New Zealanders and the Post Office. Key insights into the organisation and its place in society as an icon, an employer and a provider of services are provided.

In Chapter 6, the focus is on changes to the economy and the Post Office. First, a comparison is carried out between the two systems of political and economic management in New Zealand since the 1950s. This approach describes key aspects of the New Zealand political economy which existed before the reforms. The way in which a new political rationality was introduced after 1984 is then described. Next, using Weber's ideas on the behaviour of competing interests in a market economy as an organising concept, the interaction between those whose social conditions were changed, and those who implemented the reforms is highlighted. The focus then moves to organisational change, which occurred as a result of the reforms. Two characteristics of Weberian bureaucracy, impartiality of action and technical

expertise, are utilised as analytical frameworks to explore the social actions at play during the restructuring of the Post Office.

Chapter 7 relies on Weber's classification of social action to analyse and explain the actions and responses of key actors during the reforms. The first group of actors is the 'commercialisers', whose motivations in implementing reform are viewed through Weber's depiction of instrumental and value-oriented actions. Weber's theory of value conflicts is used to explore the idea that personal conflicts may have been experienced on the part of commercialisers as they visited rapid and large-scale change on their fellow New Zealanders. A second group comprises those New Zealanders whose ontological security, shaped by the social conditions of the previous era, was threatened by the reforms as jobs and services disappeared. The responses to such changes are analysed using Weber's theories on traditional and emotional action.

Chapter 8 provides an overview of an empirical research programme carried out with participants from the commercialisers, communities and Post Office employees. The research methods and techniques utilised, and key social research issues such as confidentiality and ethics, are outlined and discussed in relation to the needs of the thesis.

In order to interpret the experiences of the key actors and agents involved in the reform process, the material generated from the findings of the research programme is explored in Chapter 9, 10 and 11. In Chapter 9 the focus is on the way in which aspects of the global economy and

the emergence of a new form of flexible capitalism, contributed to the construction of a new economy in New Zealand. The influence of economic globalisation on the actions of the commercialisers is investigated and explained. So too is the impact of new approaches to public sector management and the emergence of a new generation of workers, both of which contributed to the transformation of the Post Office after 1987.

Chapter 10 reports on how the reforms impacted on certain social conditions and public expectations created by the ideals of equity and consensus politics in previous eras. It reveals how a number of actors involved in the reform process were forced to re-examine certain long-established connections with previous systems of economic management and the Post Office organisation.

Chapter 11 is concerned with issues of ontological security and increased social tensions. First, the findings report on how the commercialisers perceived the reforms and justified their actions in implementing them. Second, the responses to those actions from a number of New Zealanders, who had come to rely on social conditions being provided by the state, are presented and analysed. Third, the potential conflict between those New Zealanders who implemented the changes and others who felt excluded from the process is raised and debated.

Chapter 12 sets out the conclusions of the thesis. The key outcomes of the reforms of the 1980s from the perspectives of the many New Zealanders who were affected by them and those who implemented them are presented. The focus is on how, as a result of those reforms, the perception of a large number of New Zealanders regarding

ideals of social equity and political consensus as the overriding public policy objective in this country were irrevocably altered.

1.7 Summary

This chapter introduced the key aims and objectives of the thesis. These are linked to an analysis of organisational and social changes which occurred as a result of the introduction of neo-liberal reforms to New Zealand between 1984 and 1990. This thesis will set out to evaluate the impact of these reforms on the ideology of social equity and the practice of consensus politics, which shaped the relationship between the state and its citizens for many years in this country.

The thesis sets out to broaden the existing debates on the reforms in three major ways. The first is to analyse the enactment of political, social and economic reforms in New Zealand between 1984 and 1990, and to underscore the global and national strategic influences behind them. This aim will be achieved by comparing two different eras of economic management, as the mainly interventionist system which had been in place for most of the twentieth century, but more distinctly since the 1950s, was supplanted by the free-market policies of the Fourth Labour Government which assumed office in 1984.

Second, the thesis will analyse and explain the implications for New Zealanders when the previous structures of economic management and key state organisations were subjected to significant change during the above period. This part of the study will utilise two key institutional frameworks; the interventionist

economy and the Post Office organisation. Pre-1984, these were agencies, though not the only ones, through which the ideals of social equity and consensus politics that had sustained previous generations of New Zealanders had been delivered. This process took place through the hands-on management of the economy itself to shape and deliver policy objectives which underpinned those ideals, and, the use of organisations like the Post Office as agents of the state in supporting such policies by providing services and employment. When both these institutions were subjected to rapid transformation by the policies of the Fourth Labour Government those ideals were themselves impacted on. In this regard, both institutions provide sound mechanisms for a study of the actions of those who implemented change in New Zealand and those who most directly felt the effects of such change.

The third aim is to supplement existing studies with a sociological analysis which will capture, analyse and then seek to explain, the personal experiences of individuals whose social positions found them on opposing sides of the reform process. Those reforms which had a significant influence on the lives of many New Zealanders, were implemented by another, relatively small, group of New Zealanders over a fairly short time frame. This in itself is an interesting phenomenon, in that an elitist group could so rapidly, and some would argue ruthlessly, transform the political economy while the rest of the country could do no more than look on. A further, and highly relevant, consideration which requires inclusion is the fact that it was a Labour Government, whose political ideology was firmly grounded

in the interventionist camp, that so enthusiastically enacted the reforms.

It is also the intention to extend the focus of this thesis beyond the impact of political and economic reform on the institutional structures described above. In this regard the wider issue of how a new political rationality was articulated and underpinned in New Zealand will be described and evaluated. That phenomenon took place when the ideology of social equity and prosperity consensus which had underpinned the social conditions of New Zealanders since the Second World War, was replaced by a new rationality that the market would provide the bulk of those conditions. The consequences for not only those interested in the provision of those conditions but the number of people who were kept in employment maintaining them, will be a focus of inquiry. A key aim is to assess the extent to which the reforms changed the perception of New Zealanders of the state as an entity that maintained universal services and full employment for all its citizens.

Chapter 2 Theoretical Positioning and Developing a Methodology

2.1 Introduction

The purpose of this chapter is to introduce the theoretical and methodological components of the thesis. One of the primary aims will be to stress the relationship that exists between theoretical positioning and social research methodology in relation to the underlying epistemological tone of the study. In the first part of the chapter a debate is offered which argues for the use of the interpretive approach in social research. It underscores the need for reflexivity in social research and relates this to the ontological needs of the thesis, which are focused on capturing the perspectives of New Zealanders who had differing experiences of the reforms.

The second part of the chapter will outline the theoretical underpinning for the thesis, which is based on classical and contemporary forms of the concept of rationality. Initially, the discussion is centred on the ideas of the German sociologist Max Weber (1864-1920) in relation to how he applied the concept of rationality in the analysis and interpretation of social action. Next, the works of theorists such as Garland (2001) Rose (1999) Jesson (1999) and Oakeshott (1994) are used to help underline the key aspects of contemporary forms of rationality, in both political and organisational contexts, that have particular relevance to the thesis. The focus here is on the appearance and rise of political rationalities, through which new economic systems and organisational structures are articulated and legitimised by governments and their agents. Finally, these modern-day approaches to rationality are combined with the ideas

of Weber to shape a methodology, which facilitates an in-depth investigation into key aspects of economic reform in contemporary New Zealand. Thus, the approach in this chapter follows Sarantokos's contention that:

before we begin to discuss the actual research methods and techniques, their theoretical foundations and the resulting methodologies must be introduced (Sarantokos, 1993:30).

The research methods and techniques themselves are set out in Chapter 8 of this thesis. An empirical research programme, carried out with key actors in the reforms is also outlined in detail in that chapter. The material in the remainder of this chapter determines a methodology which leads to the design and content of that programme.

2.2 Theoretical Positioning

This section explains the rationale behind the use of the interpretive philosophy in this thesis. In so doing, it acknowledges the influence of Weber, who as Johnson points out, 'sought to understand historical events in terms of their meaning to those actually involved, rather than imposing his own theoretical meaning on them' (Johnson, 1981:214). The approach in this thesis, one of the key aims of which is to capture the interpretations of those involved in a period of intense change in New Zealand, closely follows those sentiments.

Weber's position on interpretive sociology is clearly stated below.

Interpretive sociology considers the individual (*Einzelindividuum*) and his action as the basic unit, as its "atom" - if the disputable comparison for once may be permitted. In this approach, the individual is also the

upper limit and sole carrier of meaningful conduct (Weber, 1958:55).

Weber insisted on the use of an interpretive sociology to help understand social reality through analysing and interpreting the actions of individuals (Shils and Finch, 1949; Parsons, 1964, 1984; Turner, 1986; Gerth and Mills, 1991). Weber's perception of social reality was that only individuals are objectively real and that society is merely a term applied to refer to a collection of individuals (Johnson, 1981:209). To this end, he placed great emphasis on the fact that the only admissible social scientific data refer ultimately to individual actions.

As Andreski (1983:8), for one, points out though, Weber was not the only writer to focus on individual action as a means to explain social phenomena. Indeed, the notion of individual beliefs and ideas as rationalisations of social action is one that many social thinkers of the time, notably the French sociologist Emile Durkheim (1858-1917), also subscribed to, but his approach differed markedly from Weber's (Hughes et al, 1995:89-90). Whereas Durkheim's attempt to found a science of sociology was based on the scientific positivism of his day, Weber's intellectual training was in the neo-Kantian¹ school of philosophy dominant in Germany at that time. Fundamentally, this approach to social analysis involved a radical distinction between phenomena (the external world we perceive) and noumena (the perceiving consciousness) (Marshall, 1998:700). In Weber's approach to sociology this became a distinction between the natural and social sciences, the former to do with scientific-based explanations of what is happening in the

¹ Immanuel Kant (1724-1804) whose critical philosophy is generally taken to be his synthesis of the two rival traditions of empiricism and rationalism (Marshall, 1998:334).

world, the latter concerned with the forms in which humans comprehend the world. Thus, while the establishment of universal laws is the domain of natural sciences, this was not, in Weber's opinion, the task of the social sciences. He defined sociology as:

a science which attempts the interpretive understanding of social action in order thereby to arrive at a causal explanation of its course and effects (Weber, 1964:88).

The above position can be aligned with the key aims of this study, which are to analyse and explain the actions of individuals during changes to the New Zealand economy and the Post Office. While each of those entities can be described as structural phenomenon in their own right, their existence is only possible through the actions of individuals operating within them. Such entities do not exist in a physical sense, although there are often buildings and symbols which overtly support their presence in societal settings. They exist only through the actions of individuals and therefore can only be changed by the actions of individuals. Nash help to clarify that assertion when he claims that:

Social structures instantiated in practice may have an ontological reality but that does not make their nature and properties any easier to recognise and their demonstration, in the sense that physical properties are demonstrable, is not possible (Nash, 1997:41).

Interpretive sociology, then, is a term usually confined to an epistemology which regards meaning and action as the prime components of sociology. Interpretivists are not so much concerned with the measurement of human behaviour but with understanding it through observation and participation (Marshall, 1998:326). As such, the interpretive approach is founded on a humanistic world of

interaction. Such an approach recognises the need for researchers to participate with their subjects and emphasises the acceptance of value and experience as an integral part of research methodology (Capra, 1982:415).

2.2.1 In Support of Interpretive Sociology

A frequent criticism of the interpretive approach to sociology amongst researchers of the positivist persuasion is that it is too subjective to be scientifically valid (Sarantokos, 1993:52). I will respond to that criticism by comparing interpretivist and positivist philosophies in relation to their use in social research generally, and for this thesis specifically.

Positivism is above all a philosophy of science based on systematic observation and experiment. The positivist approach, as Johnson (1981:169) notes, determines that, whatever the method used, the researcher be value-free and objective. Thus, and as many interpretivists argue, the positivist approach is more suitable for the study of scientific phenomena than the world of human interaction. However, that position oversimplifies the positivist approach to research and the quantitative methods on which it is based. It must also be acknowledged that this focus on objectivity does not mean that quantitative methods are wholly irrelevant in social research. They serve different research needs and produce different types of information, which can often be used to supplement qualitative data. Quantitative research methods are frequently used, for example, to provide data from which to compare various types of behavioural issues in organisations and to measure improvements once those issues are addressed (Sekaran, 1984:12). Quantitative research, with its inherent formality, objectivity and

scientific methodology, is, though, unsuited to the process of capturing the meanings of individual action. In fact, its entire epistemological foundation is based on the very premise that it is remote from such interaction (Nash, 1997:41)

It is, then, its very subjectivity which makes the interpretive approach the more suitable for the type of social research being undertaken in this thesis. The reflexive character of such research, in that we are 'part of the world we study' (Tolich and Davidson, 1999:37) provides the prime basis for that contention. Hammersley and Atkinson lend further support to this idea when they claim that:

There is no way we can escape the social world in order to study it: nor, fortunately, is that necessary (Hammersley and Atkinson, 1991:15).

The idea of reflexivity is one on which the interpretive approach to research is grounded, as it recognises the need for the researcher to participate in, as well as observe, the research process (Ackroyd and Hughes, 1992:152). Participant observation research involves an explicit commitment to understand the subjective point of view of those whose behaviour is being analysed.

It is too simple, though, to conclude that those who subscribe to an interpretive perspective will favour qualitative research methods, while those of a positivist persuasion will tend to rely on the quantitative approach. Indeed, it has become all too easy to fit research into one paradigm or the other without acknowledging that, as Sarantokos does, a combined approach is not without value in some applications.

Researchers are more likely to employ a model that borrows elements from both qualitative and quantitative frameworks, provided of course that both elements are compatible (Sarantokos, 1993:68).

Sekeran (1984:11) also supports the idea of a combined approach in some circumstances, when he outlines a methodology that is based on both observation and the collection of scientific data in an organisational setting. Therefore, while I agree with the idea of a combined approach in certain research settings - and indeed I have used multiple methods and secondary sources for much of the supporting data, such as historical analyses - the primary approach to research in this thesis will be of the qualitative variety.

It is a key requirement of this study that I can interact with different groups and individuals and capture their perspectives on key issues concerning the New Zealand reforms. The interpretive methodology I have chosen is therefore firmly based on the premise that the social actors involved are not material objects. They are thinking, reasoning beings and any study that seeks to interpret human behaviour, as this one does, must recognise those factors as being fundamental to both its design and approach. To further underscore that point, I will highlight below the constraints of quantitative data in relation to the needs of this thesis.

If the relevant data tables are studied, they will reveal a number of facts about the New Zealand reforms. They will reveal that unemployment rose during the period between 1984 and 1990, while at the same time social services declined markedly. They will also show the number of state owned corporations that were commercialised and the number of post office closed

during that period. What these tables will not do, though, is explain why such events occurred or provide the perceptions of those people most affected by them. That is why I require an interpretive-based methodology, which will enable the motivations and responses of key actors involved in the reform process to be captured and analysed. With that requirement in mind, the focus now moves to the works of Max Weber, for whom it will be recalled, social reality consisted of individuals and their meaningful social actions. The next section explores the way in which the concept of rationality was crucial to Weber's work as a means to interpret and explain such actions.

2.3 Weber on Rationality and Social Action

This section will explore the way in which Weber utilised the concept of rationality to analyse and interpret social action. A primary aim will be to examine Brubaker's claim that rationality became the part of Weber's work which:

links his empirical and methodological investigations with his political and moral reflections (Brubaker, 1984:1).

In the forthcoming discussion it will also be necessary to define what Weber meant by rationality and the institutional or individual contexts to which the term applies.

Rationality, then, is the basic concept Weber utilised in his classification of types of social action. Believing that human beings act rationally for at least part of the time, Weber made a major distinction between rational action (which has to do with the extent of conscious

deliberation and choice expressed through the action) and non-rational action (which is action taken on an emotional or habitual level) (Johnson, 1981:214). In making this distinction, Weber was seeking to provide an analytical basis from which to explore the rationality or otherwise of individual action in a social context.

However, there are several problems likely to be encountered when analysing social action from this perspective. For example, the question is raised, to what extent is human behaviour ever rational? While there is always a reason for taking action, that reason may not be based on logic, but on emotion or sentiment, so are these types of actions irrational? To further assist in explaining the complexities of human behaviour, Weber arranged the various meanings and perceptions associated with rationality into a range of criteria. As Johnson puts it:

Since criteria of rationality provide a common frame of reference, the problem of the uniqueness of individuals' subjective orientations and motivation can be partially overcome (Johnson, 1984:203).

Johnson is referring to Weber's attempts to bring the many aspects of rationality together in providing a logical basis for analysing social action. The way in which Weber applied such criteria is set out below.

First, Weber was most concerned with the limits of rationality in terms of individual action. As Brubaker points out:

Underlying Weber's conception of the rationality of the modern social order is a conception of individual action. And just as there are inherent limits to the rationality of the modern social order, so too according to Weber,

there are inherent limits to the rationality of individual action (Brubaker, 1984:49).

The above contention reminds us that social structures cannot be thought of as existing independently of the individuals within them. Weber perceived such structures as consisting of distinct patterns of social action, which were themselves limited by the subjective actions and motivations of individuals. To assist with his analysis of the limitations of rationality Weber utilised two key concepts. The first of these comprised a four-fold classification of social action (Weber, 1978:6-25). While Weber's own methodology in using this approach will be delineated in Chapter 7, for the present, a brief description only is necessary. Within what he described as rational and non-rational action, Weber arrived at four different subclasses. These are: instrumental rationality, which involves conscious deliberation of choice with respect to both ends of an action and the means used to attain them; value-oriented rationality, which is action taken when the individual's ultimate values determine the ends; traditional action, which is action engaged in out of habit and without conscious deliberation; and emotional action, which is action dominated by feelings or emotions and taken without forethought or intellectual reflection. Distinguishing between different types of social action on this basis is crucial for understanding Weber's approach to social organisation and social change.

In addition to this classification of types of social action, Weber also used the concept of value conflicts (Brubaker, 1984:79) to analyse and explain the limitations of rationality concerning human action. This involved the idea that human beings experience personal conflicts, which emanate from both individual and

societal values, when engaging in social action. Again, Weber's theory on value conflicts will be expanded on in Chapter 7 of this thesis when it is used to help investigate the motivations of those who implemented the reforms.

Second, there is the issue of the dual perception of rationality, or as Weber himself put it:

what is rational from one point of view may well be irrational from another. Hence rationalisations of the most varied character have existed in various departments of life in all civilisations (Weber, 1958:26).

For Weber, rationality does not inhere in things, but is ascribed to them. Seen this way, rationality is a relational concept in that something can be rational (or irrational) only from a particular point of view and never an end of itself (Brubaker, 1984:35). This is an important distinction to make, in that rationality can only be applied in a subjective way. In other words, an action that is seen as rational by one person can be perceived as irrational by another.

Third, Weber himself was well aware of the multiplicity of expressions often accorded to rationality, and, repeatedly called attention to them in his work.

There is for example, rationalisation of mystical contemplation, just as much as there are rationalisations of economic life, of technique, of scientific research, of military training, of law and administration (Weber, 1958:26).

Brubaker (1984:2) notes that no fewer than sixteen expressions of rationality can be culled from Weber's work. These expressions include, rational action,

rational bureaucracy and rational economics, each of which will be relied on as analytical frameworks in later chapters of this thesis.

The notion of rationality is thus far from unequivocal and arriving at clarification of Weber's perspective of it is not an easy task, because as Brubaker points out:

Yet while Weber acknowledges, even emphasises the many-sidedness of the idea of rationality, he frequently uses the term 'rational' without qualification or explanation. This practice places great demands on the reader, who may well become confused by Weber's apparently casual and unsystematic usage (Brubaker, 1984:1).

However, as Brubaker (1984:1) notes, underlying Weber's seemingly casual use of the term rationality there is a coherent theoretical perspective grounded in comparative research. This involved the connection of a number of disparate phenomena, which, when viewed as having some connection between them, enable human behaviour to be analysed from a number of aspects (Johnson, 1981:203). For example, in linking individual action to the economics of an organisation Weber used the concept of rational bureaucracy as a framework (Weber, 1978:956-959). In linking the dual perceptions of rationality that exist between opposing economic interests, he utilised the concept of market rationality (Weber, 1978:82-84). It is this use of certain criteria of rationality, which will be utilised in the thesis, in the following way.

In comparing two economic periods in New Zealand, Weber's concept of market rationality will be used to analyse the opposing views of those who supported the reforms and those who subscribed to the previous interventionist approach to economic management. In analysing two distinct phases of the Post Office's organisational

history, his concept of rational bureaucracy will provide the framework from which to consider the actions of two groups of employees. These comprise one group who initiated change and another group who were directly affected by those actions.

In addition, Weber's ideas on the dual perceptions of rationality will be used to assess the way in which actors on opposing sides of the reforms perceived and judged each other's actions. Johnson provides a good example of how this concept is relevant to the analysis of the above perceptions when he writes that, 'rationality at the individual level and at the organisational level may reflect different criteria, with rationality at neither level implying rationality at the other' (Johnson, 1984:203). Thus, a key issue for this analysis will be how the employees in the Post Office viewed the actions of management who were implementing reforms to the organisation and, conversely, how management viewed the responses of employees to change.

Finally, Weber's criteria on the limitations of rationality in terms of individual action will be utilised to consider the social actions at play during the reforms. I will use his four-fold classification of social action, and his theory of value conflicts to assess and explain the types of action taken by both those who implemented reforms and those who were most impacted on by them.

Weber's ideas on rationality have withstood the test of time, and to this end MacRae's comments find agreement here when he claims below that:

Weber is only now settling into some sort of perspective and only now being sifted through so that we may take

from him what is valuable and useful and discard what is disproved, what is a false lead, what is muddle and what was always mistaken (MacRae, 1987:15).

The position taken in this thesis is that Weber's original theories on rationality are relevant in helping to shape contemporary sociological analyses. This is a view that finds strong support from a number of authors including, Duncan (1997), Horn (1995), Silberman (1993), Grint (1991), MacCrae (1987), Whimster and Lash (1987), Brubaker (1984), Andreski (1983) Elliot and McCrone (1982) and Johnson (1981). For example, Elliot and McCrone (1982:21-25) note that Weber's work facilitates contemporary studies of groups and their conflictual relations; the complexity of human affairs; the idea of politically powerful groups controlling the political economy; the interpretative understanding of social action; and also underscores the need for an analysis of economic change to be historically rooted. That summary includes many of the issues which this thesis is concerned with in terms of the social actions at play during the New Zealand reforms, and the reconstruction of past eras in economic management from the position of the present.

Weber viewed the development of capitalist Western society as involving a steady increase in one particular form of rationality. This increase was reflected in individuals' everyday economic actions and in forms of social organisation (Johnson, 1981:202). The idea, then, of the concept of rationality as promulgated by modern-day politicians or management in arriving at new economic or organisational strategies (Grint, 1991:131) can be firmly linked to Weberian perspectives on the rationality of individual action. Jesson, for one, finds an association between the two when he says that:

Our modern faith in rationality can be traced back to the Enlightenment with its belief in Reason as the principle by which we assess everything we do. Reason is frequently used in social and political argument in opposite ways. It is often used to justify a hands-off attitude to the market. And it is also often used to mould and guide the development of society (Jesson, 1999:25).

That particular contention provides an introduction to the next part of the chapter, where contemporary approaches on rationality will help explain how new political systems are formed and underpinned by governments and their agents.

The intention, then, is not to rely exclusively on Weber's original concepts, but to use them as pathways from which to explore the origins and impacts of contemporary forms of rationality and social action. The objective will be to develop a methodology for this thesis, which combines both classical and contemporary approaches on rationality as a means to interpret and explain the actions of individuals in New Zealand during the reforms.

2.4 New Rationalities: Economic Truths or Political Expediencies?

This section explores contemporary theories on rationality with the aim of extending and developing Weber's work later in the chapter to create a methodology for analysis and research. Its prime focus is on the rationality of individual action during times of economic and social change, in particular during the early to mid-1980s in Western economies. As such the discussion will centre on the implementation of neo-liberal policies in these economies by political and economic elites who

controlled the mechanisms of the market during that period.

The rise of the new global economy in the 1980s meant the often, rapid replacement of the Keynesian-based economic systems, which had been dominant in Western economies since the Second World War, with more liberal approaches to economic management (Sennett, 1998:51-53; Castells, 1996:66-67). Thus, in many capitalist economies, the early 1980s witnessed the emergence of policies of economic liberalism. Such policies were underpinned by the rationale that markets could deliver economic prosperity and that the role of the state should be reduced in favour of the interests of the private sector (Garland, 2001:98). At the same time, for many citizens of Western countries, this new economy meant a significant change in social conditions. A great number of people were adversely affected by the results of such policies in the form of increased unemployment, or a reduction in state-sponsored services (Care, 1987:34-35). Neo-liberal reform also resulted in new types of organisational management and a more flexible labour market where short-term attitudes to employment emerged on the part of both employers and employees (Sennett, 1998:49).

As Rose (1999:24) points out, liberal economic reform has always been strongly defended by its agents as being economically rational. In adopting that stance, many governments in the 1980s acted to legitimise a new form of market-driven economic management. Rose provides one way in which that phenomenon can be conceptualised when he asserts that specific forms of government operate according to 'political rationalities', which, he says, they utilise to 'legitimise and underpin their actions' (Rose, 1999:24).

Many of Rose's theories on political rationality, in particular on the formations of power and knowledge in relation to social control and security, moves beyond the scope of this study. Nonetheless, his notions have substantial relevance in terms of how political rationalities are shaped in ways that serve to legitimise political and economic reform. Rose's work draws significantly on the writings of the French philosopher Foucault (1926-84) and his notions on governmentality (Rose, 1999:3). He also follows Foucault's approach in demonstrating how political rationalities become constituted through major shifts in discourse and in illustrating how new 'regimes of truth order our knowledge, beliefs and practices' (Rose, 1999:3-13). Political rationalities, Rose claims, can be seen:

emerging in precise sites and at specific historical moments, and underpinned by coherent systems of thoughts, and that could also show how different kinds of calculation, strategies and tactics were linked to each (Rose, 1999:24).

Rose claims that as such, political rationalities should be viewed not as designating epochs, but rather as individuating a 'multiplicity of attempts to rationalise the exercise of power and styles of governing' (Rose, 1999:28). By this he means that new rationalities are often promulgated through styles of communication which represent the 'ideological truth' that politicians want people to hear, rather than what may or may not be rational in any political or economic sense.

Oakeshott lends support to the above contention when he claims that the replacement of traditional political systems often involves reshaping previous rationalities to reflect, or fit in with, the dominant political ideology

of the time. He writes that in coming up with such discourses:

the Rationalist puts something of his own making - an ideology, the formalised abridgement of the supposed substratum of rational truth (Oakeshott, 1994:6).

Both Rose and Oakeshott imply that the enactment of new rationalities are often based more on political idealism and expediency, than any deeply held philosophical convictions. As an example, Rose offers the advent of neo-liberalism, which he argues was not based on any great philosophical foundations, but through the integration of a number of ad-hoc tactics based 'somewhat loosely on free-market ideology'. He writes:

But, in the course of this process, a certain rationality, call it neo-liberalism, came to provide a way of linking up these various tactics, integrating them *in thought* so that they appeared to partake a coherent logic (Rose, 1999:27).

I agree with the above position and will argue later in Chapter 7, that the neo-liberal reforms in New Zealand were initiated through the adoption of free-market ideology. As Rose goes on to point out, once established as rational, certain key ideologies generate a whole variety of practices and assemblages for regulating economic life (Rose, 1999:27). By this he means that once a particular aspect of ideology, for example, the idea that free-market approaches increase organisational efficiency, is seen as rational, it can be redirected towards other forms of economic activity which can now be thought of in the same way. Within that context, Rose's theory is supported by the example, particularly relevant to this thesis, of the commercialisation of the New Zealand's state sector in the 1980s. That strategy led to

new flexible forms of organisations and public sector management becoming symbolic of organisational rationality in New Zealand. In such ways the Fourth Labour Government used the transformation of the state sector to send a clear message to New Zealanders of its resolve to implement reforms (Smith, 1995:87).

Thus, as I argued earlier, there is a distinct political discourse that emerges as part of the enactment of new rationalities. To this end, I support the views of Jesson, who claims that in New Zealand's case:

Since 1984, New Zealand politics has been dominated by the idea that the marketplace is rational. Left to itself, with no interference from the state, the market will allocate resources in the most efficient manner and will produce the outcome that is most beneficial for everyone. Accordingly, whatever the market touches should be dominated by it. If the market doesn't exist in some area, it should (Jesson, 1999:7).

Jesson's self-acknowledged stance was of the Left and therefore opposed ideologically to the policies of the free-market (Jesson, 1999:72). However, while his lack of support for the reforms is acknowledged, the above sentiments help to illustrate the kind of discourse that underscored the inevitability of a market solution in New Zealand.

O'Brien and Wilkes provide another analysis of the discourse being articulated at the time when they point out that:

The widespread propaganda war waged by Labour during the 1980s directed its efforts towards the goal of making the concept of the market 'natural', as if those who resisted the shift from the state-centred society to the market-

centred society were opposing the laws of nature themselves (O'Brien and Wilkes, 1993:24-25).

There are similarities in the position of O'Brien and Wilkes with that taken by Rose (1999:27) who concludes that in framing their actions as rational, governments could in fact point to them as 'embodying a form of political truth'. In such ways, then, are economic reforms legitimised to wider society, by governments and their agents, as rational policies. The next section continues with that theme as it explores the way in which new rationalities are underpinned by the opportunistic actions of those in control of the mechanisms of the market.

2.4.1 The Agents of a New Rationality

Governments enact the necessary economic and regulatory mechanisms to support transformation to free-market economies. They must also be seen to support the very market freedoms on which their policies were founded. This was especially the case with regard to capitalist economies in the 1980s, where their very rationality was based on the idea of less state - more market (Garland, 2001:98). Governments of that era, therefore, needed a vehicle to translate and underpin their political rationality in more practical terms so that free-market economies would become established. It will be argued here that to perform that specific task, they found a willing agency in the form of those actors whose economic interests supported and benefited from policies of economic liberalism (Jesson, 1999:26). These agents of the free-market were quick to grasp the economic opportunities provided by the new market freedoms. Saul (1995:5) links the rise of the new economy to the actions of such agents whom he refers to in the collective sense

as modern power elites. By this description he means a group of people who by assuming control, or influence, over economic resources, act to shape and drive economic policy.

As Giddens (1993:337) points out, the existence of power elites who control economic policy is not a new phenomenon. Such groups have been in evidence in one form or another throughout history. Giddens (ibid) notes for example, how the American sociologist C Wright Mills in his celebrated work *The Power Elite* (1956) also highlighted the existence of such groups and suggested that they often used less than democratic means to exercise their power over the economy. However, it is with the particular elites that emerged as a result of the neo-liberal reforms of the 1980s that this thesis is concerned. Saul claims that these groups 'exercise their power from a rigidly controlled knowledge base and justify their actions as economically rational' (Saul, 1995:5-9). He writes that:

Ours is a civilisation astonishing in the degree to which it seems to see and know. Never before in history have there been such enormous elites carrying such burdens of knowledge (Saul, 1992:8).

Having wrested control of the mechanisms of the market, these elites have been instrumental in the trend to free-market economies since the early 1980s. They have also carefully controlled their knowledge base so that resistance on the part of those who are outside the elite is prevented, or at least marginalised. Therefore, as Saul points out:

The possession, use and control of knowledge have become their central theme - the theme song of their expertise. However, their power depends not on the effect with which

they use that knowledge but on the effectiveness with which they control its use (Saul, 1992:8).

Saul emphasises the use of knowledge in his description of the power base of such groups. To this end, elites base their control on the premise that without insider knowledge it is difficult for those on the outside to criticise their rationality. In the absence of criticism then, by implication, new rationalities, over time, become the rational 'political truths' referred to by both Rose and Oakeshott earlier in the chapter.

The emergence of new elites in the 1980s, provides a useful framework to explore changes to the economy and organisations in contemporary New Zealand. Easton (1999:28) and James (1986:71) both highlight the existence of such groups in this country, whom they claim have wielded significant power since the early 1980s. Jesson (1999:24:26), in his critique of the actions of an elite group in New Zealand, whom he claims is comprised of the agents of the New Right², provides another, locally grounded, perspective. Like Saul, he too comments on the use of reason by this group to justify their actions, in that:

Since 1984, the New Right in New Zealand has been using both approaches to Reason at once. The goal has been a free-market economy; the method has been social engineering (Jesson, 1999:25).

Jesson's description is in relation to what he sees as the way in which elements of the post 1984 New Right in

² A political philosophy which has its origins in the beliefs of Hayek and Friedman but more recently associated with the Thatcher and Reagan administrations in Britain and the United States during the 1980s, that represented a radical break with social-democratic values. Frequently listed beliefs include a commitment to the free-market, to individual freedom, and to the reduction of state intervention and welfare (Farnham and Horton, 1993:13).

New Zealand shaped their own brand of political rationality to underpin the introduction of reforms. His views have a lot in common with those of Saul, both authors clearly identifying with the idea of the new economy being initiated and shaped by power elites.

Saul and Jesson provide a critical view of elites, often implying a misuse of power on their part to the detriment of social policy. This has to be placed in the context of their personal ideologies, which are not sympathetic to those of the elites. However, the value of both authors' contributions to this thesis has been to underscore the existence of contemporary groups who have significant control over economic resources and who rely on discourses based on reason to legitimise the exercise of power. Thus, the actions of such groups are defined as rational, their policies are portrayed as rational, and the results of such policies are also expounded as rational. In such circumstances, and as also alluded to by O'Brien and Wilkes (1993:24-25) earlier in the chapter, those who seek to oppose such policies and the rhetoric that surrounds them must be, by implication, irrational in their actions. The thesis will take that notion forward in later chapters by providing further evidence of, not only the existence of such groups, but of their role in the introduction of a new political rationality to New Zealand.

2.5 Developing A Methodology

The methodology used in the thesis to analyse key aspects of the New Zealand reforms is outlined in the remainder of this chapter. My approach was to create a number of ideal type images so that the actual events and issues surrounding the reforms can be established and analysed. A key point to make here is that while these images

represent events and actions that occurred during the reforms, they are not in themselves conclusive. Rather, they provide general theoretical categories from which to set parameters for further empirical investigation into the actions and responses of those individuals involved in the New Zealand reforms. That investigation takes place through an empirical research programme which is outlined in Chapter 8 of the thesis.

2.5.1 Ideal Types: Towards a Framework

A number of ideal type images are depicted in chapters 3 through to 7 of the thesis. The material used in their construction is in the main theoretical in origin, but following Weber's guidelines on ideal types, empirical elements (such as interview material from key actors) are also included. Weber, on the use of ideal types in dealing with social phenomena, writes that:

An ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete more or less present and occasionally absent concrete individual phenomena (Weber, 1949:90).

Weber realised that pure ideal types would not exist empirically, but were nevertheless useful for analytical and comparative purposes (Weber, 1978:21). Turner contends that it was Weber's interest in comparative analysis which led him to consider the use of ideal types as 'methodological tools' (Turner, 1991:59-60). This involved a comparison between a theoretically constructed pure form of action (the ideal type) and empirically based observations of the same action. As Grint explains, Weber saw the use of ideal types:

purely as a heuristic device to facilitate the measurement of reality and the comparison of empirical forms (Grint, 1991:108).

Perhaps the best way of thinking about ideal types is as 'idea types' in that they are something which can be theoretically created but which still comprise empirical elements (Marshall, 1998:292-293). Thus, they allow for a certain degree of flexibility on the part of the designer. Johnson acknowledges the idea of flexibility, when he claims that the:

intellectual construct of an ideal type may ignore or distort certain aspects of the empirical phenomenon, this is inevitable, since 'social reality is far too complex to be grasped in all its complexity' (Johnson, 1981:212).

In providing that explanation, Johnson also successfully underscores the link between the ideal type methodology and interpretive-based research. While it could be argued that ideal types lean to a more positivist ideology because they are models based on perfect conditions, the fact that they allow for flexibility in design overrules that sentiment. Johnson provides a further, and for this thesis, key, perspective on the use of ideal types. He notes that the ideal type can be used both as 'a measuring rod to assess the extent to which phenomena conform, and as a theoretical concept in the development of research hypotheses' (Johnson, 1981:212).

The methodological approach taken in this thesis, then, relies heavily on those particular features of ideal types outlined in the above discussion. It also follows Silberman's (1995:27) assertion on Weber's ideal type bureaucracy, which he claimed was not aimed at explaining or predicting the behaviour of any given real set of

organisations. Rather, as he points out (ibid) it was to create 'a theoretical link that helps explain the reactions of numerous actors to changes in organisations'.

While not claiming my methodology strictly parallels Weber's, it was, though, inspired by his use of ideal types to help analyse and interpret sociological phenomena. Specifically, Weber's reference to the use of such analytical tools as using 'existing knowledge to construct imaginatively what may have actually happened in a given situation' (Weber, 1978:21) was a prime factor behind the adoption of this approach. Ideal types, then, can be used as models both to predict what may happen and to construct what may actually have happened. It will be the latter use of the model with which this thesis is concerned as I set out to construct a number of ideal type images. These images will play a threefold part in the evolvment of the thesis. First, they will allow key aspects of wider neo-liberal reform, such as global influences and advances in information technology, to be placed within a New Zealand context. Second, they will enable important sociological events concerning the implementation of the reforms in New Zealand to be traced and framed. Third, they will provide guidelines for further empirical research on how New Zealanders viewed those reforms.

In constructing my ideal type images the primary objective will be to depict certain important sociological phenomena, which stemmed from events relating to the implementation of neo-liberal reform in New Zealand. My initial step will be to develop a theoretical base from which to examine those events.

Next, I will examine relevant material from literature on the reforms and combine this, where appropriate, with empirical data to arrive at an image of what in all probability occurred during a specific event or happening in New Zealand. This methodology can perhaps be best illustrated by providing a brief illustration below of how such an image is created. For example, in arriving at an image of how aspects of the new economy created social tensions in New Zealand (an image which is constructed in Chapter 6) I will first outline Weber's theory on market rationality and link it to the events in question. The basic premise of that theory is that social tensions exist between groups with competing interests in the economy and that these tensions can increase or decrease depending on the amount of market regulation in place at a given time. I will then analyse and compare two specific periods of economic management in New Zealand in the light of Weber's theory. From that analysis and comparison a number of issues will evolve which enable an image of how economic change impacted on social tensions in New Zealand. In other words, having gathered the appropriate theoretical and empirical information I will then place some meaning on it and arrive at a conclusion. The outcome, which I refer to as an 'ideal type image' will be my own theoretically and empirically based interpretation of events and issues concerning a key element of the reforms. Since this will be an ideal type image, it should not be expected to be manifested empirically in pure form. Rather, in most cases events in real life are likely to reflect varying degrees of the ideal type.

Thus, the use of an ideal type methodology in constructing theoretical images in this thesis is less concerned with being rigidly aligned to a source of authority, than with working within a certain ethos of

enquiry. While the construction of each ideal type image is detailed in Chapters 3-7, the next section briefly outlines my approach, as well as describing the placement of the images in the thesis.

2.5.2 Outlining the Approach

The first set of ideal type images focus on the global, national and organisational influences, which shaped and underpinned a new political rationality in New Zealand after 1984. These are arrived at in chapters 3, 4 and 5 of the thesis, where the work of contemporary authors such as Garland (2001), Rose (1999), Sennett (1998), Barney (1998), Bell (1996) and Castells (1996), is relied on to shape an analysis of political and economic reform in Western capitalist economies. The above works provide frameworks to explore two key dimensions of that reform process.

The first of these is a reconceptualisation of the role of governments, as the Keynesian systems of the past gave way to new systems based on free-market ideology. The second is to do with the emergence of a new form of political rationality, underpinned by the actions of power elites in creating free-market economies and new forms of flexible organisations.

In chapters 6 and 7, further ideal type images emerge on the various patterns of individual and social behaviour that occurred during the implementation of the reforms in New Zealand. These images were constructed using the various criteria of rationality, which, as highlighted earlier in the chapter, Weber used as a means to interpret social action. To this end, four of Weber's criteria of rationality were drawn on to analyse the actions and responses of those individuals, who, by

nature of their social positioning, formed different perspectives of the new political rationality in New Zealand. (Within that analysis, Weber's notions on the limits of rationality in terms of individual action, the dual perceptions of rationality and the multiple expressions of rationality, will also be catered for). The four criteria of rationality are; market rationality, rational bureaucracy, classification of types of social action, and value conflicts. Chapters 6 and 7 respectively, provide a more substantial unravelling of their meaning and content, while, at the same time, positioning them with contemporary events in New Zealand.

2.6 Summary

The first task of this chapter was to present an argument in support of the interpretive approach to social research. The merits of this approach were debated in relation to the requirements of the thesis with a key supporting argument for its use being the need for reflexivity in social research. The work of Max Weber, who sought to interpret historical events in terms of their meaning to those involved, was acknowledged as a key influence on my decision to adopt an interpretive methodology.

Next, I introduced the concept of rationality, in both classical and contemporary forms, as the key theoretical foundation for the thesis. This involved the use of Weber's seminal ideas on rationality to provide pathways from which to explore the social actions at play during the enactment of new political rationalities in Western economies. To this end, Weber's specific ideas on rationality as a means to interpret social action were introduced. It was revealed how, in so utilising rationality, Weber linked the various meanings and

perceptions associated with that concept into certain criteria. These were; the limits of rationality as imposed by human behaviour, the dual perception of rationality in that what is rational to one person can appear irrational to another, and, the multiplicity of meanings accorded to rationality, for example rational action, rational economics and rational bureaucracy.

While it was argued that Weber's original concepts are highly relevant in shaping modern-day analyses, it was also acknowledged that contemporary approaches to rationality needed to be included in the thesis. At this point, the focus moved to the new forms of political rationality that emerged in Western economies in the 1980s. That discussion centred on the way in which governments and their agents sought to legitimise the neo-liberal economic policies which dominated that era.

The emergence of new power elites, who based their actions on the rationality of the market, was also explored in the light of the economic reforms of the 1980s. It was argued that while governments established the conditions for economic reform to take place, it was in fact the actions of these elites who took advantage of market freedoms, which served to underpin those reforms.

In meeting the requirements of this thesis, the above phenomena have to be analysed in a New Zealand context. To assist with that requirement, Weber's ideas were combined with contemporary concepts of rationality in an ideal type methodology. The outcome of that process will be a number of ideal type images regarding key events relating to the reforms in New Zealand. These images, in addition to providing explanations on those events, will design and direct an empirical programme aimed at

capturing the perspectives of New Zealanders who participated in the reforms.

Set within this conceptual framework, substantive characteristics of both classical and contemporary forms of rationality constitute important organising concepts for this study. As Saul points out, though, the conclusions arrived at may be far from general in that:

The threat or promise of change brings out the frail nature of mankind's psyche. And sudden change is an imposition of instability. The rational argument, from its modern beginnings, has tried to avoid dealing with this reality. The multitude of abstract social models - mathematical, scientific, mechanical, and market based - are all based on an optimistic assumption that a schematic reorganisation of society will be good for the human race (Saul, 1992:64).

Despite the tone of irony in Saul's comments, there is much in what he says that is relevant to the analysis about to take place. Was it for example, such assumptions about the need to reorganise society, which motivated the agents of the free-market? How did these individuals resolve the conflicts between the need for a radical reform of the economy and personally held values and beliefs shaped by a former era? And how, on such 'threats or promises of change', was the 'frail nature' of those within the Post Office and the communities it served exposed to a new rationality? It is with these questions in mind that I now go on to develop the analysis.

Chapter 3 The New Global Economy

3.1 Introduction

This chapter begins the process of establishing ideal type images relating to key events and issues surrounding the implementation of economic reform in New Zealand between 1984 and 1990. As outlined in Chapter 2, the four chapters to follow will also continue with this methodology. In initiating that approach, the chapter will focus on the way in which the advent of a new global economy in the 1980s had a significant influence in shaping neo-liberal reforms in Western countries. To this end, it will explore how economic globalisation acted as a driver in removing barriers to free trade, and also forced economic integration between nation states. A primary objective of the chapter will be to consider such factors in terms of the influence of certain features of the new global economy on the actions of those individuals responsible for implementing economic reform in New Zealand.

First, the work of Manuel Castells (1996, 1997, 1998) is used, although supported by others such as Garland, 2001; Carnoy, 1993; and Rudd, 1990, to provide insights into how the new global economy developed and took shape through advances in information technology. Castells has written a trilogy of books on the topic of the information age concerning the global interaction between technology, economics and politics. In this chapter I will draw on aspects of his first volume, 'The Rise of the Network Society' (Castells, 1996) to help provide a synopsis of the new global economy and what it means for

modern economies and organisations. Initially, I will be examining Castells' claim that:

It can be argued that without new information technology global capitalism would have been a much-limited reality (Castells, 1996:19).

Second, the strategic challenges faced by nation states in the early 1980s, in the face of a new free-market rationality inspired by globally inspired economic reform (Rose, 1999:2) becomes the focus of attention. This will include an analysis of the subsequent reduction of the state's role in economic management, which, amongst other things, saw the private sector increasing its dominance in many Western economies during the 1980s and early 1990s. Finally, the way in which economic globalisation exposed New Zealanders to a new set of ideologies and economic realities will be investigated. The extent to which global economic reform was a key external factor in the introduction of neo-liberal policies by the Fourth Labour Government and their agents will be explored in this part of the discussion.

3.1.1 The Global Economy in the Context of this Thesis

The phenomenon of the new global economy has many dimensions and its use in the context of this thesis requires clarification. An important objective of this chapter is to deal with the technical and economic origins, and strategic influences of global economic reform on capitalist economies during a certain time frame. However, the chapter also establishes the platform for aspects of the social dimensions of what I

often refer to as 'economic globalisation'¹ to be raised in an integral way throughout the thesis. These social dimensions are based on varying perspectives, which can be found in the works of a raft of authors, on the global economy and its influence on those who reshaped economies and organisations. For example, Garland (2001), Sennett (1998), Barney (1997), Eder (1997), Castells (1996), Braman (1995), Grossman (1995), Pilger (1994), Carnoy (1993), Drucker (1993) Krugman (1990) and Giddens (1984) are all representative of the material available.

The above works alone confirm that the influence of a new, technologically driven, global economy on many Western nations was significant in the implementation of economic reform and social change in the early 1980s. Braman (1995:4-18), for one, provides an insight into the effect of information technologies on communication, and information policies of the state. She claims that historically, there have been three types of power available to the state. These are, instrumental, structural, and symbolic power, but she argues that a fourth form is now emerging. This she describes as 'transformational power', which is a direct result of advances in communication in the global society. Thus, the way in which media, or public opinion is manipulated through information technology is a form of transformational power.

In exploring another aspect of the global economy, Eder (1997:43-46) argues that the resultant economic changes are not without real social problems. He believes that people may have become more connected, but at the same time more isolated, have more anonymity but less privacy,

¹A term used to refer to globally inspired economic reform.

expect greater freedom but are less tolerant. Against this background, he examines the potential problems of social fragmentation, the blurring of work and leisure, continued stress, increased isolation, and a loss of privacy, which he claims the new economy will create.

These, then, are but two examples of the way in which economic globalisation has been portrayed as impacting on nations and their citizens. Both of the above issues will be explored in later chapters of the thesis in relation to the New Zealand reforms. For example in highlighting government rhetoric used to articulate reform strategies and also to examine the many social issues created by those strategies. It is my contention therefore, that any study which has the objective of analysing the impact of neo-liberal policies (in this case on New Zealand) must be concerned with global economic influences, and how they shaped such policies. This is not only to assist in understanding one of the key drivers of reform, but also to establish a framework for analysis and further investigation into the social actions at play as Western economies were transformed. However, it does not imply that economic globalisation was an all-encompassing juggernaut, which left governments' with no choice but to inevitably follow in its wake. Most of what has occurred in terms of globally influenced reform in New Zealand for example, has not been inevitable at all but has been a matter of choice. What I am setting out to do though, is to underline the influences that economic global reform played in shaping those choices and then to explore the actions of those who made them.

3.2 The Global Economy

This focus of this section will be on the emergence of a technologically-driven global economy in the 1980s. I will examine the way in which this phenomenon was instrumental in the global restructuring of capitalism and the subsequent transformation of most Western economies. While a globalised approach to trade in itself is not a new phenomenon (Castells, 1996:92), what distinguishes this recent form of economic interaction from those of past eras is the capacity to carry out transactions and communicate globally in rapid time frames. It is this distinctive feature of rapid interaction that has been so important to the emergence of a new global economy, which, Castells (1996:92) describes as 'something different'. He claims (ibid), that the new global economy is an economy with the capacity to work as 'a unit in real time on a planetary scale'. As Clarke and Williams also note in relation to that idea:

A global economy is growing in which technology, industry, labour, capital and investment move at will across national boundaries, assisted by highly sophisticated communication systems (Clark and Williams, 1995:5).

The beginnings of economic globalisation stemmed from a period of world economic downturn in the mid-1970s. This, as Castells notes, was a time when capitalist economies, namely those in the United States of America, Western Europe, Japan and Britain, were experiencing an economic crisis that:

prompted the dramatic restructuring of the capitalist system on a global scale, actually inducing a new model of accumulation in historical discontinuity with post-Second World War capitalism (Castells, 1996:51).

By this 'new model', he is referring to the supplanting of interventionist economic policies, which had prevailed, albeit to varying degrees, in capitalist economies since the mid-1940s, with a series of neo-liberal reforms (Garland, 2001:81). One of the key underlying causes of the poor economic performance of capitalist countries in the 1960s and 1970s was the inability of interventionist governments to expand both internal and international markets without fuelling inflation through additional money supply and public indebtedness (Castells, 1996:81). Thus, the economic liberalisation of the early 1980s was aimed at generating economic growth through two key areas. One was reducing the amount of state involvement in economies, in favour of increased market freedoms for the private sector and the other was to facilitate freer trade between nations. As Garland acknowledges, this was a time when the agents of the free-market came to the fore in economic management.

As social democratic governments around the world tried in vain to steer a Keynesian course out of the recession, the parties of the Right grasped their opportunity (Garland, 2001:97).

Expeditiously, advances in information technology, which occurred at around the same time, facilitated these new policies by creating environments for economic restructuring to proceed at a rapid rate. As Castells puts it:

Technological innovation and organisational change, focusing on flexibility and adaptability, were absolutely critical in ensuring the speed and efficiency of restructuring (Castells, 1996:19).

Thus, advances in global finance and information technology occurred at around the same time and became mutually reinforcing components of a new economic era. This is an important point because it acknowledges the dilemma facing nations who wished to participate in either, in that they had to be equipped for both. For example, a decision to deregulate markets would be of little benefit in itself unless the appropriate mechanisms were put in place to support that policy. Deregulation needs to be supported by the removal of trading restrictions in order for market efficiencies to be realised. Similarly, without significant investments in information technology, it would be difficult for firms within those economies to take advantage of their newly-found commercial freedoms.

Therefore, while governments could create competitive environments they were at the same time faced with reducing their involvement in management of the economy. This was to the advantage of private sector organisations, which could now respond more quickly to global developments and make the necessary investments in technology. However, once a state had ceded its control over much of the economy to the private sector, it would find that the ability to intervene in future would be greatly diminished. Carnoy et al (1993:164) argue that nation states actually need to intervene even more in the information society to protect their national boundaries and identities. They discuss the resurgence of national

interests as the common ground on which to organise citizens, societies and institutions in the global economy. This is a relevant point and (as seen more recently through the attempts of Australia and European countries to stem the flow of illegal immigrants) some aspects of government control have indeed increased as a result of economic globalisation. However, it must be emphasised that in a new global economy, based on principles of free-trade and deregulated markets, it is increasingly difficult for the state to control and intervene in economic management.

Castells highlights the multiplicity of issues confronting governments who wished to engage in globally inspired economic restructuring. He explains how the concept of a global economy is structured around the flows of capital, information, technology and organisational interaction (Castells, 1996:411-412). In describing the interaction of these flows he writes:

By flows I understand purposeful, repetitive, programmable sequences of exchange and interaction between physically disjointed positions held by social actors in the economic, political, and symbolic structures of society (Castells, 1996:412).

Such flows consist of three layers: 'electronic impulses which allow for systems of information processing and communication', 'electronic networks', and 'the spatial organisation of managerial elites who exercise the dominant functions around which such space is articulated' (Castells, 1996:412-416). By the above description, Castells is referring to a global system which relies more on electronic networks to communicate

and do business than it does on physical location. While Castells (1996:377) himself, acknowledges that the network society has not meant the rapid global relocation of businesses, nonetheless, decentralisation of organisations and production systems have become key features of the global economy. This view has strong similarities to one put forward by Beauregard who claims:

Recent scholarship has converged to produce surprising agreement on the characteristics of the contemporary capitalist spatial system. The common perception is of highly decentralising tendencies among both production and consumption units along with the clustering of certain specialist functions in nodes (Beauregard, 1989:17).

Thus, information technology has enabled firms to operate in any production configuration they might design and anywhere they choose with the result that corporations are now operating 'without conventional boundaries' (Clark and Williams 1995:6). In such rapidly changing economic environments, it is argued here that governments can no longer regulate their industries, or exercise control over globally configured organisations. Bell's definition of a global economy reinforces that view, when he contends that:

A *global* economy is a *single* market for capital, commodities, skilled labour, and technical knowledge, crossing boundaries easily through communication systems and in which (to the extent that sovereign nations permit) these factors cross borders and seek the highest returns for their investments or profit for their products (Bell, 1996:316).

The remainder of the chapter expands on these issues as it extends the discussion on the global economy and highlights its implications for nation states.

3.2.1 A Comment on Castells

Castells' ideas provide much of the background material for this chapter, and indeed the thesis in general, as far as the impact of economic globalisation on Western economies is concerned. Not to comment on at least some elements of criticism of his work from other recognised authors on the new global economy would create the idea that Castells' ideas are being taken too literally in this study. The opportunity is taken here to examine two specific critiques (Perkmann, 1999; Barney 1997) that Castells' work is overly deterministic and that it has only real credence in the academic world. It is important to address these in the context of this study for two main reasons. Firstly, this thesis utilises an interpretive methodology and to rely on too deterministic an approach may take away from much of the important social meanings of globalisation. This could seriously inhibit a study of the individual motivations and actions of those who implemented reform, or indeed, those who responded to them in certain ways. Secondly, if Castells' profile does not extend much outside of academia then, how relevant is his work in assisting to explain economic and organisational change from a management perspective? In particular, how relevant is it in shaping frameworks from which to assess the motivations of New Zealand management on whom the study will focus?

According to Perkmann, Castells advocates the network society as 'providing a grid for organising economy culture and society' when he contends that:

Although Castells rejects any technological determinism, it tends to return through the backdoor as a consequence of the *social* dynamics resulting from the operation of technologically supported networks (Perkmann, 1999:625).

Here Perkmann is claiming that much of Castells' work is deterministic, in that those who run governments and organisations are often presented as having little choice but to react to the latest technological developments. To this end, he implies that the technologically-driven global economy is obeying a logic of its own and acting as the principal determinant of institutions and social relationships within, and even between, countries. Indeed, Castells (1996:93) agrees that industrial and commercial labour markets in capitalist economies are often at the mercy of global forces beyond the control of local agencies, such as governments and organisations. However, the advance of technology can in fact be described as appearing somewhat deterministic in that social and organisational changes are occurring at an extremely rapid rate, quicker than many societies can pre-empt such events. To that end, it is agreed here, that much of Castells' work could be perceived as 'overly deterministic'. Certainly, in the way he portrays certain events, his arguments do at times lean towards human responses being driven by technology to a significant degree.

However, whether this reflects an overly deterministic approach, or whether it is the rapidity of change, and

the difficulty of individuals and organisations in responding to it, is the question. Indeed, Castells himself (1996:61) claims that human activity is 'shaped, although certainly not determined by, the new technological medium'. I believe it is the latter and agree with Marshall (1998:134) who points out that the issues outlined above in relation to global economic reform are part of a phenomenon of rapidly changing times, often referred to as cultural lag. In other words, there is a gap between technological developments in society and the ability of people to keep up with them. This in itself does not mean that actions are pre-determined, simply that choices are influenced by such phenomena. Thus, the 'determinism' that Perkmann refers to is more a case of Castells identifying this issue rather than the fact that social actions in the global society are wholly determined by technological developments. For example, in the early stages of the new global economy, governments could not react quickly enough to meet emerging global trends towards flexibility and decentralisation of economies and organisations (Drucker, 1993:9-10). These rapid changes meant that many governments became reactive rather than proactive in their approaches and consequently were less able to control the economic and social destinies of their citizens (Garland, 2001:101). This does not mean though that there were no choices involved, because as I stated earlier most of what occurred in terms of government policy has been a matter of choice. My position is that the new economy has certain deterministic features and while Castells' work focuses on many of these, it has to be seen in the context of its use in this thesis. This is to establish the level of influence of key features of the new global economy on the actions of individuals and

the way in which those individuals responded to such influence in making the choices they did.

In another criticism of Castells, Barney refers to his work as being highly academic in that 'outside of the ivory towers Castells is barely a blip on the radar screen' (Barney, 1997:108-115). The main implication is that Castells is not well known by the industries and organisations he studies and for that reason they will not view his work as relevant. In this criticism, Barney conveniently ignores the significant impact of many other academic figures, such as Porter, Drucker and Giddens, whose work has helped to prepare large numbers of managers for commercial life in universities and institutions the world over. It has also influenced much of corporate policy in the West over the last two decades or so. Castells himself presents his own defence on this particular criticism, and again, one largely ignored by Barney, when he says that the media often have their own way of dealing with academia, and, 'if you are not in the media space, your ideas don't exist' (Castells, cited in Barney, 1997:108). Smith also provides support for Castells in the face of Barney's comments when he writes that he (Castells):

provides a professional sociologist's analysis of our age
- not an extended piece of journalism (Smith, 1998:26)

In agreeing with Smith's assessment of Castells I would also argue that his (Castells') sociological perspectives of the new economy have greater relevance to this study than the material which can be found in the, sometimes sensationalised, views of the media. The latter is often shaped to sell news rather than to accurately report it.

This is a view supported by Pilger (1994:16) who argues that, while it is claimed we live in an information society, we actually live in a media society. Ayres (1994:3) also raises a point about the fragmented nature of information in the media concerning the new economy, and its potential to 'confuse without any concomitant understanding of how it all fits together'.

Thus, I have attempted to address the criticisms of both Perkmann and Barney. While I am not completely discounting elements of their claims, for it is true that much of Castells' approach is deterministic and that he is an academic, my intention is not to present his work as the *only* version of events. Rather, the strength of Castells' work, as far as this thesis is concerned, is his focused account of the, often highly complex, interplay of the forces of the global economy in relation to economic reforms that have taken place since the early 1980s. In fact, Castells underscores the choices presented by these reforms to the governments and people of nation states in a world of shifting alliances, rapidly changing economies and flexible organisational structures. It is with these issues, and their consequences for New Zealanders, with which this thesis is primarily concerned.

On a final note with regard to my use of Castells in this thesis, it should be stressed I have made selective reference to those parts of his work which are relevant to my analysis. In other words, I have used his material to help place the influences of certain technical features (e.g. technology, commercialisation) of the new global economy in context. Thus, I have not relied on Castells' concepts on the social aspects of reform and if

indeed these concepts are deterministic, that feature of his work will not be reflected in this thesis. Ultimately my objective is to describe the various impacts of global reform on New Zealand and New Zealanders. While I may use the ideas of Castells and others to provide background information, the interpretation of how those impacts were received in New Zealand and how I frame such events to arrive at an ideal type images, remains my responsibility.

3.3 The Global Economy: Implications for Nation States

In the early 1980s, the new global economy was fuelled by a series of technological and economic advancements. This was a time when interventionist policies of economic management were dominant, and had been, although to varying levels, since the Second World War in most capitalist nations. In order to maintain pace with economic globalisation, governments needed to implement policies aimed at establishing commercial freedoms and more competitive operating environments for organisations. This is a requirement that does not escape Castells, who argues that:

In the new, global economy, if states want to increase the wealth and power of their nations, they must enter the arena of international competition, steering their policies towards enhancing collective competitiveness of firms under their jurisdiction, as well as the quality of production factors in their territories (Castells, 1996:90).

Kelsey provides an insight into what was required on the part of those governments contemplating reform, when she notes that:

International collaboration requires a mind shift from viewing the world as a map of nation states to seeing it as a configuration of diverse sectors (Kelsey, 1993:351).

Seeing the world as such a configuration is one thing, but actually transforming an economy to meet the criteria required would have represented a shift into uncharted territory for many governments. Thus, at the beginning of the 1980s, governments in Western capitalist nations were faced with a choice. Either they participated in the global economy and enacted policies of economic liberalisation, or they did not, and took the risk of being left behind their Western counterparts who did take such measures. While there were variations in the ways in which these options were exercised, as Castells (1996:89-90) contends, from the early 1980s economic globalisation based on corporate philosophy and 'the movement of money around the world, freed from national boundaries', began to dictate national agendas.

The ongoing process of economic globalisation through the 1980s and into the 1990s, impacted on both the economic and social structures of many capitalist countries (Carnoy, 1993:163-164). Key elements of those economies, such as interest rates, monetary policy and technological innovation became highly dependent on global developments. As a consequence, a form of global interaction was created which resulted in traditional economic interventionist policies within the boundaries of regulated economies becoming difficult to maintain. A key feature of these times was a reconceptualisation of the role of the state, where its activity in the economy was significantly diminished in favour of the private

sector. This, as I argued earlier in the chapter, was based on the premise that economic growth could best be achieved by those organisations with the freedom and flexibility to respond to global changes - features which most government organisations did not possess (Rose, 1999:139).

Keegan relates how the Thatcher Government in Britain in the late 1970s-early 1980s, acted to significantly reduce the role of the state. He writes:

Another strand, often referred to by Treasury Ministers as a favourite theme of the Prime Minister at this time, was the need to reduce the size of the public sector in order to 'create room for the expansion of the private sector' (Keegan, 1984:138).

Policies of deregulation, commercialisation and privatisation were key features of the reduction of the role of Western governments in the economy in the 1980s. Castells (1996:89) confirms that since the mid-1980s, governments all over the world have engaged in deregulating markets and privatising public companies, particularly in strategic, profitable sectors, such as energy, telecommunications, media and finance. He also makes the significant point that:

However, deregulation *per se* or privatisation *per se* are not developmental mechanisms. Under the conditions of a globalised capitalist economy they are often prerequisites for economic growth (Castells, 1996:89).

While acknowledging that the above policies are often prerequisites for economic growth, Williams (1990:150-151) raises a note of caution in accepting them as a

panacea for long-term growth. Indeed, as the private sector buys up state assets and more commercial freedom enables new competitors to enter the market, this does initially create a great deal of economic activity. However, whether deregulation and privatisation actually sustain economic growth is another matter, and to be fair Castells (1996:89-90) also recognises that issue. In New Zealand, for example, strategies such as asset-stripping where the purchaser simply sold off portions of former state organisations, staff downsizing programmes, and, the impact on the balance of payments of foreign ownership, have all been seen to produce detrimental economic affects in the longer term (Gaynor, 1999:2). The reduction of the role of the state has also resulted in difficulty for many Western governments in fulfilling social policies. As Pierson notes:

The reconstruction of the international political economy has definitely altered the circumstances in which welfare states have to operate. Exposing national economies and national corporatist (government) arrangements to the unregulated world economy has transformed the circumstances under which any government might seek, for example to pursue a policy of full employment (Pierson, 1991, cited in Allen et al., 1992:108).

Castells also recognises the social impacts of reform as far-reaching. He argues that, as a result of economic restructuring, the emergence of 'historically new forms of social interaction, social control and social change are to be expected' (Castells, 1996:18). This is a position also taken by Alber, who claims that a combination of global factors made it increasingly difficult for governments, of whatever political persuasion, to 'sustain welfare programmes which had been

in place since 1960s, or to protect workers from international competition' (Alber, 1988:451-468). Garland too, makes the point that as the neo-liberal policies of the 1980s reinforced the stratification of society and created a dualised labour market, 'new social divisions emerged, particularly in the economies of the United States of America and the Great Britain' (Garland, 2001:101).

Thus, for many people the reforms of the 1980s meant a new-found reliance on the private sector for many services which they had previously taken for granted as being provided by government. Even for those state departments who continued to supply services, a strategy of commercialisation meant that they too would be managed along private sector principles. Global influences, then, represented a new set of challenges, the very nature of which required a change in economic policy on the part of governments. This was a response, which, the New Zealand Government, for one, did not hesitate to make (Douglas, 1989:22-23). On that observation, this discussion into the implications of the global economy for nation states now turns to New Zealand.

3.4 New Zealand's Response to Global Influences

The election of a Labour Government in 1984 coincided with two key factors, both of which were related to the advent of a new global economy. These were: a movement for reform already under way in New Zealand, although not yet by the early 1980s translated into government policy, and, the need to maintain pace with this country's key trading partners, many of whom were also transforming their economies. In this section, the link between those

factors and the implementation of the New Zealand reforms will be explored.

Prior to the advent of the new global economy, New Zealand governments had engaged in interventionist policies of economic management since the 1940s. Thus, for the generations of New Zealanders since World War II the overreaching role of the state in the economy was seen as a normal and expected part of life. Interventionism had also tended to insulate New Zealanders from external economic developments and fluctuations in international trade (Easton, 1997:3). To this end, the interventionist era was recognised as a period where, as Dalziel and Lattimore explain:

successive New Zealand governments assumed control over an increasingly large proportion of economic activity through state ownership of industry and resources, and through the regulation of what individuals and firms could and could not do (Dalziel and Lattimore, 1996:11).

The interventionist policies of this period, and how they were changed, will be focused on in detail in Chapter 6. For the present though, it is the intention to examine the wider strategic influences which resulted in the replacement of those policies.

New Zealand had resisted the move away from interventionism through the mid-1970s and early 1980s, mainly through the determination of the then National Government under the leadership of Prime Minister Robert Muldoon, to retain state control over much of the economy (Easton, 1997:8). However, as James (1986) Easton (1997) and Jesson (1999) point out, the movement for reform

outside of the National Cabinet had been gathering momentum since the late 1970s. In 1984, New Zealand witnessed the election of a Labour Government that would take that momentum forward and translate it into rapid political and economic change.

During the mid-to-late 1980s, the Fourth Labour Government implemented a series of economic reforms aimed at transforming the economy in accordance with the neo-liberal policies already in place in Britain and the United States (but taking shape in other Western economies as well). In underscoring how global developments played a significant part in shaping the policies of the time, Treasury's message to the incoming government² was clearly focused on the failure of previous systems of economic management to adjust the New Zealand economy to changing external conditions. The department provided advice on how to address this problem, which was based on joining the global economy on a number of fronts, not the least of which was to adopt free-market policies (Dalziel and Lattimore, 1996:23). Certainly, in New Zealand's case, the new global economy could not be ignored because for one thing it was geographically centred in areas of great strategic importance.

The core of the global economy is a tight interdependent network between USA, Japan, and Western Europe, that is becoming increasingly so (Castells, 1996:107).

As Willis (1995:9-10) points out, New Zealand has far-reaching historical and geographical ties with all three

² Much of this was in a policy paper titled 'Economic Management' which was the briefing paper provided by Treasury to the Labour Government when it took office in 1984. See in particular, Chapter 13 of Part 2 of that document which advocates major economic reform.

of the above economic networks. First, New Zealand, along with its closest trading partner Australia, traditionally shares many aspects of a common history, culture, defence ties and economic ideology with the USA and Great Britain. Consequently, the economic models of these two leading capitalist nations are traditionally replicated in some form in this country (Jesson, 1999:41-46). Both of the above nations had moved to liberalise their economies in the late 1970s and early 1980s (Garland, 2001:81). This was to have implications for New Zealand, as the awareness of what its traditional allies and trading partners were doing began to shape a response in this country. The reforms in Britain were not lost on Roger Douglas, the then Minister of Finance, for one, who records how that country had moved rapidly to reforming its economy in the 1980s. He wrote:

Britain's Thatcher Government privatised 29 major State enterprises between 1979-1989. It sold all of its interests in water, gas and steel and most of its transport and telecommunications business. By then the privatisation of electricity was well under way (Douglas, 1993:173).

The USA too had, as part of its reforms in the early 1980s, embarked on a path of deregulation and economic rationalism and Australia was following suit (Castles et al., 1996:2).

Second, since the early 1970s Japan, along with other Asian countries in the Pacific Rim region, has played an increasingly important role as a trading partner with New Zealand. In Asia many governments were also transforming their economies in the 1980s towards more liberal forms

of economic management. Naisbitt on the Asian transformation, notes that:

To ensure their survival, governments are abandoning all but a pretence of maintaining command economies and betting their futures on the vagaries of the market place (Naisbitt, 1995:109)

This realignment of the world order left New Zealand, and Australia, though dominated by a European history and culture, having to come to terms with their geographical location and probable economic future in the Asia-Pacific region (Willis, 1995:9). Therefore if New Zealand wished to remain aligned with the economic direction taken by both its traditional and new trading partners, its choices were somewhat limited. New Zealand would need to transform its own approach to economic management to reflect the international trends or be left out on the periphery of the global economy. As Richard Prebble, a Minister in the Fourth Labour Government, confirms, external factors were highly significant in shaping the economic strategy of the time.

However, the forces demanding change were overwhelming and irresistible. While it's nice to be given credit for the changes that we were part of, many of the reforms implemented by the fourth Labour government were standard policy in the rest of the western world (Prebble 1996:36).

The reforms had also moved the Labour Party away from its traditional socially liberal manifestos of the past (O'Brien and Wilkes, 1993:29). However, there is little doubt that the choice between tradition and reform had to be made, for as Clark and Williams point out:

The global market can operate without New Zealand, and would do so without another thought should we choose to seek a future on our own (Clark and Williams, 1995:29).

The realisation of that probability in itself would have been motivation enough for the Labour Government to initiate the reforms, even if ideologically that position was far removed from where the origins of the Party lay (O'Brien and Wilkes, 1993:29). After 1984, key Labour politicians and their agents saw the prevailing system of interventionism as no longer relevant to the country's long-term growth and future in the world economy. As James puts it:

another generation was moving quietly into a wide network of positions of power and wanted to remake the world to fit their temperament. By 1984 those people had command of a growing segment of the economy. And they were ready to take over the commanding heights of politics (James, 1986:28).

Social and economic issues experienced by new entrants to the global economy, as underscored in the preceding section, also had to be faced in New Zealand. Since the 1950s, an interventionist economy had prevailed, which although heavily regulated, nonetheless was centred around policies of social equity and full employment (O'Brien and Wilkes, 1993:18). However, since 1984 New Zealand has been transformed by a globally-inspired culture of neo-liberalism which has seen the above policies rapidly supplanted in favour of market forces. As the economy was restructured in response to global economic reforms, New Zealanders experienced changes of a magnitude never before seen in this country. These

reached into every section of society as the emphasis shifted from state interventionism to individual and corporate freedom as being the key to economic progress and social well-being. The reforms placed great strains on many New Zealanders, challenging, as James notes, 'their settled notions about their place in an increasingly alien world' and heralding:

the decline of old economic and political ties, the shift in the driving force of the world economy, the decline in returns from a commodity-based economy (James, 1986:71).

Since the early 1990s there have been numerous debates and theories regarding the influence of economic globalisation on the reform process in New Zealand (Jesson, 1999; Easton 1997; Castles et al., 1996; Dalziel and Lattimore, 1996). These provide a body of evidence to support the notion that those responsible for reform steered New Zealand along the global course to free-markets in the early 1980s. The general consensus, as mirrored by Jesson (1999) in his critique on the impact of global financial markets in this country, is that indeed the global influence was of a significant nature. Jesson claims that an obvious example of this has been a phenomenal growth of a certain strata of society that identifies with finance, which he describes as 'a growth not just in numbers but in political and social impact' (Jesson, 1999:39). He argues that:

This strata represents internally the external appearance of global financial markets on a massive scale (Jesson, 1999:39-40).

Jesson claims that as a result of the phenomenon of economic globalisation New Zealand society and economic

policy became subject to the speculative forces of the free-market (Jesson, 1999:35). This is a view which finds agreement in this thesis, as from a macro-economic perspective there is overwhelming evidence to support the notion that New Zealand followed a world-wide trend to deregulation and economic liberalism.

3.5 Conclusion

This chapter centred on the emergence of a new global economy in the early 1980s. It explored the way in which this phenomenon influenced the move to free-markets on the part of Western governments, who from the post Second World War era to the late 1970s were engaged in an interventionist system of economic management.

First, the chapter offered an insight into the way in which major advances in information technology shaped the global restructuring of capitalism in the 1980s, resulting in a new form of global economy. Here, the analysis leant heavily on the work of Manuel Castells (1996) to help provide a synopsis of economic globalisation and its implication for modern capitalist economies. It revealed the way in which the development of a new global economy was based on major advances in information technology, especially the rapidity of information transfer, on a globally networked basis

Second, the debate focused on the impact of economic globalisation for nation states. The advent of a global economy had significant implications for many Western economies, where a high level of state involvement meant that markets could not respond quickly enough to fast-changing international developments in trade and

information exchange. In transforming their economies to reflect global trends, governments found it necessary to relinquish much control over economic management. For many countries and for New Zealand specifically, this manifested itself in a new economic strategy where market forces were left to make the major response to globalisation. An outline of how economic restructuring led to policies of commercialisation, deregulation and privatisation becoming dominant during the 1980s and early 1990s was provided which underlined the reduction of the state's role in favour of the private sector.

Third, a New Zealand perspective on the impact of the global economy was offered. The focus here was on the way in which economic globalisation exposed New Zealanders to a new set of ideologies and economic realities, the results of which were reflected through economic reform once the Fourth Labour Government came to power in 1984. It was concluded that global economic influences played a significant role in guiding the actions of those individuals who brought about economic reform in New Zealand.

Image: External influences on the New Zealand economy

The image arrived at here in relation to the impact of the new global economy on New Zealand contains three key dimensions. First, the advent of the new global economy influenced the choices of the agents of change in this country as New Zealand followed the trend of many of its global trading partners to deregulation and economic liberalism. Second, the resultant reform of the economy was far-reaching and rapid in its implementation, again following global trends. Third, these reforms led to social and economic challenges, which placed great

strains on New Zealanders, who since the late 1940s had lived in an interventionist state where policies such as regulation and protectionism had to a degree insulated them from rapid change.

This 'ideal type' image of a key feature of the New Zealand reforms will be used to guide research later in the thesis. This will be aimed at assessing the extent to which external forces influenced change, the scope, content and speed of implementation of that change, and, its impact on New Zealanders on a number of fronts.

Chapter 4 The Flexible Economy

4.1 Introduction

Chapter 3 underlined the influence of a new global economy as a major factor in the transformation of Western economies, and specifically New Zealand, in the 1980s. This chapter will continue the debate on the impacts of economic globalisation as key elements of that phenomenon are related to changes which took place to industries and organisations in New Zealand. The implications for workers, in particular with regard to the long-term employment associations with organisations that had been a feature of the previous era of interventionism, will be explored.

First, key aspects of a new and flexible economy which emerged in many Western nations as a consequence of global economic reform, are outlined and discussed. These include the shift that occurred in the relative importance of industries and the advent of a flexible form of organisation, both of which reflected the demands of the new economy. The effect on the labour market in Western economies as a result of those two events will be highlighted in this part of the chapter.

The focus then moves to the ways in which the above phenomena manifested in New Zealand, at a time when a new working environment took shape and redefined the social contract between capital and labour. Those changes are linked to two specific issues, which have a bearing on this thesis in terms of analysing the impact of the reforms. They are; the emergence of a new generation of employees, many of whom held very different attitudes and

motivations towards work than those of the previous generation, and, the commercialisation of the state sector which led to the 'flexible state sector' organisation.

4.2 Industry Shifts: A Phenomenon of the New Economy

This section considers the implications for the labour market in Western economies as economic globalisation intensified throughout the 1980s. It focuses on how the emergence of 'new economy' industries coincided with a reduction in state involvement in the economic management. The impact on workers and work itself of that phenomenon will be also explored.

The reforms of the 1980s saw a distinct change in government policy from managing demand to stimulating economic growth by removing regulations (Flynn, 1997:34). This reversal had significant implications for the traditional Fordist-based industries which, having played a dominant role in shaping work environments for the past forty years were overtaken in terms of relative importance in many Western economies (O'Brien and Wilkes, 1993:19-21). Their place was taken by newly emerging service and finance-based industries, many of which stemmed from advancements in technology, and which were capable of taking advantage of the flexible conditions that neo-liberal economic environments both demanded and facilitated. Thus many employees faced a double-edged threat to their job security in the new economy. First, the demand for labour shifted from manufacturing to service-based skills. Second, they could no longer rely on the regulatory environment and protectionist policies of previous interventionist eras to help maintain the

manufacturing and production-based industries on which they relied for employment.

The phenomenon of industry shift within the context of economic restructuring, is highlighted by Beauregard who notes that:

Economic restructuring has two meanings: one as itself, economic restructuring and the other more narrowly, as industrial restructuring. The first describes broad changes in the economy, extending beyond the sphere of production into distribution, finance, government relations and the labour process. The second references transformations in the relative importance of industries, what has become known as the manufacturing-service shift (Beauregard, 1989:7).

For the generation who had been in employment in Western economies since the Second World War, Fordism had represented a working environment where industries which relied on an extensive division of labour and limited skill base, provided the majority of employment opportunities (Grint, 1991:297). Often, such industries were protected from competition by regulation in what were much more stable economic times. They also provided long-term employment opportunities and relative job security for many workers. Indeed, their competitive advantage was founded on employment policies designed to train and retain staff for the long-term.

The advent of service and finance-based industries, created conditions where workers were required to use multiple skills and perform multiple tasks (Budros, 1997:229). The dis-aggregation of labour, decentralised organisations and the individualisation of work, all

became important features of a new working environment which contrasted markedly to the one that prevailed in more economically predictable times (Castells, 1996:267-268). Thus, the industry shift away from Fordism to service-based industries reduced the demand for workers with production-based skills while acting in favour of employees with flexible, service-based skills. As a result, many workers who were formerly employed in traditional Fordist-type industries found their job security coming under increased threat in the new flexible economy (Sennett, 1998:22).

An expanding body of research into the work patterns of employees in Western economies, as evidenced in the contributions of Rose (1999), Carnoy (1998), Greengard (1988), Castells (1996), Horn (1995), Grint (1991), and Trice and Beyer (1993) underscores the link between industry shifts, changes in the working environment and the reduction in demand for traditional skill sets. Castells underlines job security as a major issue facing workers, when he claims that in the new economy:

Overall, the traditional form of work, based on full-time employment, clear-cut occupational assignments, and a career pattern over the lifecycle is being slowly but surely eroded away (Castells, 1996:268).

As the emphasis moved from specialist skills to flexible skill sets, the labour market became a more mobile and flexible entity than was evidenced in the previous era. This transformation was significantly influenced by another phenomenon, the flexible organisation. That type of organisation, which is discussed in the next section, reflected the flexible conditions of the new economy in a

number of ways. It emerged in not only new service-based organisations which were by nature more flexible in their management and strategies, but also in existing organisations, which came under pressure to change their operations to meet the demands of the new economy.

4.2.1 The Flexible Organisation: No More Long-term

The division between neo-Fordism and post-Fordism extended much further than issues of skill sets and job security. The process of ongoing organisational restructuring, a feature of the 1980s and 1990s, meant a redefining of what constitutes an organisation and a move away from the pyramidal hierarchies of the past to more flexible structures¹. As Sennett puts it:

The cornerstone of modern management practice is the belief that loose networks are more open to decisive reinvention than are pyramidal hierarchies such as ruled the Fordist era (Sennett, 1998:48).

In the previous production-based era, organisations were, in the main, controlled by management who were more concerned with producing things than producing profits. That is not to say profit was not important to organisations during the Fordist era, as it most certainly was a key factor - it is just that it was accepted that it would take time to accumulate. In the production-orientated economy, import protections and other regulations aimed at supporting local industries, meant there was simply not as much competition to contend with. Nor, it is argued, for the same reasons, was it as difficult for firms in protected industries to make

¹ See also Castells (1996:168-172) 'The network enterprise'.

profits as it is in the new flexible economy. Thus, as competition increased on a number of fronts, traditional industries became subject to much shorter-term time frames in terms of their performance and profitability.

The profit ethos of the new economy also generated a much greater emphasis on the part of shareholders for short-term financial performance. As a result, management was required to change strategic direction very rapidly if regular profits were not realised (Sennett, 1998:51). This is reflected in the way in which many companies adopted more decentralised and mobile structures in order to respond to such demands. As Sennett puts it:

In the operation of modern markets, disruption of organisations has become profitable. While disruption may not be justifiable in terms of productivity, the short-term returns to stockholders provide a strong incentive to the powers of chaos disguised by that seemingly assuring word 'reengineering' (Sennett, 1998:51).

The pressure for short-term profit resulted in constant reorganisation of organisations, a process, which was designed to raise short-term share values rather than creating more productive entities in the longer term.

Bell (1996:317) provides a further perspective on the changes to corporate structures brought about by the advent of the flexible organisation when he details the strategy of 'downsizing' - a key feature of the new economy. He provides (ibid) data on IBM's plans to reduce its workforce by some 50% by the end of 2000 from 400,000 in 1984, and AT&T which in 1996 announced plans to retire 40,000 employees. Both of the above

organisations were well known for their policies of long-term secure employment in past eras.

Thus, as flexible networks replaced the more stable organisation structures of the previous interventionist era, many firms embarked on downsizing and restructuring programmes. As a result of such programmes, the organisational environment changed from one of long-term stability to short-term flexibility. As Rose notes:

Whilst the workplace once functioned as a secure site for inclusion, in the form of a lifetime career, the permanent job and so forth, the space of work can no longer be regarded as an automatic mechanism for the promotion of security (Rose, 1999:158).

Due to these changes in the workplace in the 1980s the relationship between employers and workers was significantly altered in Western economies. One of the ways in which those relationships had been facilitated in past eras was through the longer-term view of the future that prevailed in many organisations (Jesson, 1999:51). This reflected the Fordist approach, which sought to establish long-term competitive advantage through a clear division of labour and stability (and job security) in the work force (Grint, 1991:299). Thus, in the Fordist era long-term associations between workers and employers were shaped and sustained by a form of interdependence based on the long-term expectations of both parties.

According to Sennett, the disappearance of organisational stability has been at the expense of such long-term associations. He claims that in the post-Fordist organisations of the new economy:

"No long term" is a principle which corrodes trust, loyalty, and mutual commitment (Sennett, 1998:24).

Conversely, as organisations themselves have become more flexible in their management and structures, employees have adopted a more short-term set of career expectations. Employees have also adopted a more short-term attitude towards working with one organisation than that held by previous generations of workers. Sennett notes that in today's organisations, 'detachment and superficial co-operation are qualities which seem more valued and encouraged than behaviour based on values of loyalty and service' (Sennett, 1998:25). In this regard, Sennett poses the questions:

How can long-term goals be pursued in an economy devoted to the short-term? How can mutual loyalties and commitments be sustained in institutions which are constantly breaking apart or continually being redesigned? (Sennett, 1998:10).

These are questions which will also be addressed later in this thesis. For now though, it has been established that the mid-to-late 1980s was a period when the bottom line considerations of a new economic rationality created organisational conditions where long-term employment and job security came under threat.

4.2.2 The 'Flexible Organisation': A Perspective

Sennett's ideas on the flexible organisation have helped shape the foregoing discussion on the advent of the flexible organisation. This concept is important to the thesis, as it is used to portray the changing environments for workers in the new economy, and in New

Zealand specifically. In this section I will provide a critique on some of the major elements of Sennett's arguments and offer some comment on the flexible organisation in general which will assist in later debates.

Throughout his work, Sennett is critical of new management focus and the reengineering and downsizing programmes, which were often key features of the flexible organisation. This is evidenced by his claim that:

Perfectly viable businesses are gutted or abandoned, capable employees are set adrift rather than rewarded, simply because the organisation must prove to the market that it is capable of change (Sennett, 1998:51).

While Sennett makes a valid point that many people lost their jobs as a result of restructuring, the conditions created by the flexible organisation have not always been detrimental to employees. He also fails to highlight that there were often compelling financial and strategic reasons behind the emergence of such organisational models. For example, if such changes had not been made, many of the traditional organisations concerned may have become less competitive in the long run, and the economy with them (Savage and Bollard, 1990:45). As such, many jobs would have been lost in any case.

Sennett also neglects to consider that more flexible organisation structures have often extended new opportunities for workers, and for increased innovation within organisations (Gray, 1994:35). Indeed, the more traditional organisations of previous eras may well have provided conditions of long-term security and loyalty but they were not conducive to innovation and career

diversification. It may well be the case, though, that in the Fordist era such factors were not considered to be significant in terms of employee aspirations, or even necessary for success in the types of organisations that were dominant during that period. However, these factors do represent characteristics which are necessary in today's flexible organisations. As such, they are ones that, in my opinion, should be acknowledged as positive features of the new economy.

Sennett's work is primarily focused on the effect on workers of changing environments. He never attempts to disguise his cynical attitude towards flexible types of organisations and the economic conditions that shaped them. What he does accomplish very well, though, is to explain the reshaping of worker-employer relations as one form of organisation replaced another in the new economy.

To this end, it is acknowledged here that many of the changes characterising the flexible organisation can also be destructive to employees. The erosion of the sense of long-term between employees and organisations, which occurred as organisations readjusted their employment policies to reflect the emphasis on shorter time frames, is but one example of how many workers were affected.

With those observations, the focus of attention moves to New Zealand, where as the flexible economy emerged, similar issues also came to the fore.

4.3 The Flexible Economy Takes Shape in New Zealand

This section begins the task of exploring the advent of the flexible economy in New Zealand as industry, and

organisations were transformed. The dual phenomenon of industry shift and the flexible organisation, outlined in the preceding two sections, will be linked to the New Zealand reforms.

As an initial step in that process, the impact of the flexible economy on the social contract between capital and labour is explored. Next, the emergence of a new working environment is described and linked to a new generation of workers whose only experiences of working life were in the new economy. One of the key aims is to enable a comparison between the attitudes and aspirations towards work which this new generation exhibited and turned into practice as they took up employment, with those held by the previous generation of employees. Finally, the transformation of the New Zealand state sector will be examined. The intention here is to provide a background to changes in state sector organisations, such as the Post Office, when many of them were transformed from state bureaucracies to flexible commercial entities after 1987. This will also guide later analyses regarding the impact of the New Zealand reforms on staff members who worked in, and transformed, the Post Office.

In a communiqué released by the newly elected Fourth Labour Government in 1984, New Zealand's poor economic performance over the previous thirty years was attributed to the way in which the domestic economy had been managed at a national level (Dalziel and Lattimore, 1996:24-25). The implication was that the isolationism and protectionism policies of past eras had failed and economic management now required a more global perspective. As Dalziel and Lattimore put it:

Perhaps, most importantly, given the character of the reforms that actually took place, the communiqué accepted that New Zealand could no longer isolate itself from the international market place (Dalziel and Lattimore, 1996:25).

From 1946 until the early 1970s, New Zealand workers had experienced, apart from one or two anomalies, a long period of full employment which, according to O'Brien and Wilkes was itself:

premiered on a rampant productive sector, high overseas prices and a shortage of labour (O'Brien and Wilkes, 1993:108).

To a significant degree, the above conditions had existed because of policies of intervention on the part of various governments. For example, it can be argued that the 'rampant productive sector' was dependent on a range of import protections and tariffs which excluded cheaper alternative products from overseas. Similarly, the 'shortage of labour' may well have been the result of full employment policies which helped protect inefficient industries. Nonetheless, the prevailing conditions of interventionism served to create a unique form of social contract between employer and employee in New Zealand. That 'contract' was based on a number of long-established factors such as consensus bargaining and compulsory unionism (O'Brien and Wilkes, 1993:38). As Dalziel and Lattimore note, this was a time when:

New Zealand governments attempted to promote an egalitarian-based society through an industrial relations system founded on strong occupation-based trade unions, and a system of general wage orders designed to ensure

that a man could earn a fair wage to support his family (Dalziel and Lattimore, 1996:12).

However, also included in the contract were more implicit factors such as loyalty and service on the part of the employee, in return for the guarantee of security of employment.

Thus, all of the above factors had contributed, in one way or another, to a social contract between capital and labour based on the expectation of long-term employment. The advent of the flexible economy undid that contract within a very rapid time frame, with the result that by the late-1980s New Zealand had arrived at a place in its history when the state was no longer:

the over-arching guardian of the logic which guarantees the happy compromise between capital and labour (O'Brien and Wilkes, 1993:20).

When the Labour Party lost power in 1990, the economy it had shaped continued to impact on the labour market as the new National Government carried on with the flexible economic approach of the previous six years. That particular government was also active on the industrial relations front, with policies that ensured the working environment in New Zealand was subject to even more change. While policies implemented after 1990 are not the primary focus of this thesis, they are nonetheless a direct result of the reforms of the Fourth Labour government. As such they provide evidence of some of the more important outcomes of the reforms of the 1984-1990 period in terms of how the working environment continued to change. A brief explanation of one of the major elements of National's industrial relations policies,

which was enacted in 1991 and thus has temporal relevance to the foregoing discussion on the changes to the social contract between capital and labour, is necessary at this stage.

In May 1991, the Employment Contracts Act was introduced. This was to be a key piece of industrial legislation which enabled the new economy, already well established, to be further underpinned by giving employers much greater flexibility. When the Act came into force, its stated aim was to 'promote an efficient labour market'. This was in direct contrast with the previous major industrial legislation, the Labour Relations Act 1987, which it replaced (Dalziel and Lattimore, 1996:80). Under that previous legislation, the primary employment relationship was based on collective bargaining and agreement between employer groups and the unions, to which employees were compelled to belong.

With the new Employment Contracts Act, the primary responsibility for negotiating employment conditions was to be between the employer and the individual employee. The main objective was to increase the flexibility of individual firms and workers to negotiate terms of employment so that individual performance could be identified and rewarded. Easton (1999:129) notes for example, that when the Employment Contracts Act was implemented, there were 603,118 trade union members. Three and a half years later there were only 375906 employees with union membership. The Act completed the demise of the collective approach of the previous social contract, promoting an ethos of individuality and self-interest that left little room for the unionised approach of the past. The emphasis was on individual negotiations

of work contracts based on supply and demand of labour, and flexible organisation structures. Thus, the labour market in New Zealand was transformed as a consequence of the flexible economy and a new working environment had been shaped.

4.3.1 A New Working Environment

In rejecting interventionism, many other Western countries had moved towards more flexible labour markets and economic policies (Higgins, 1999; Castells, 1996). Jesson (1999:12) highlights how those reforms were reflected in New Zealand. He confirms that since the 1980s, finance has replaced production in terms of industry dominance, a phenomenon he saw as:

especially true of New Zealand. Speculative finance has gutted New Zealand's productive economy since the barriers to the global marketplace were dropped in 1984-85, and society as a whole has been gutted with it (Jesson, 1999:12).

Jesson (1999:51) compares what he calls 'the prevailing culture of finance' to the former culture of 'production and public service' and notes that each has its own ethos. In production-based industries, he claims, the ethos has to do with standards and the pride of workers in their craft, co-operation and bonds of 'mateship'. On the other hand, in finance-based cultures the ethos is to do with 'financial efficiency and competitiveness' and is detached from such personal relationships.

The accompanying styles in organisational management are contrasting as well, reflecting the inherent differences

between the cultures of production and finance. In a comparison of the styles between managers of organisations in the old and new economies, Jesson notes that:

The old-style manager dealt with workers, customers and productive processes. The modern manager deals with spreadsheets and figures on a screen (Jesson, 1999:50).

Jesson (1999:50) presents a credible argument when he claims that New Zealand managers in the era between 1950 and the 1980s 'knew their workers well, and had a feeling of responsibility towards them'. He claims (ibid) that 'laying-off workers would have been 'a last resort for the old-style managers'. That management approach contrasts deeply with the actions of a new breed of finance-orientated managers who have little personal contact with workers and often make the assumption that there are too many of them to start with. Jesson (1999:51) makes the point with regard to these new managers that 'laying-off workers is usually their first option'. He is perhaps overstating the actions of new management, but, as I pointed out earlier, in the flexible economy, employment practices are driven by short-term financial results. This approach often involves reducing costs by downsizing the workforce to reduce costs and create a more acceptable profit level. Such policies hardly promote long-term sentiments towards employment, which I revealed earlier was the prevailing ethos of firms in the Fordist era (even though these firms too had financial objectives of their own).

Jesson (1999:117-118) provides a specific example of the effects of organisational restructuring in New Zealand. He describes (ibid) the fate of a number of established

companies, which had provided long-term employment for many New Zealanders since the 1950s. He identifies many companies that had been in existence since early colonial days and had developed and grown with the nation. These organisations include Farmers Trading, LD Nathan, Dominion Breweries, Masport, Whitcoulls and Kerridge Odeon all of which had become not only established and sound businesses which employed many New Zealanders, but were household names in New Zealand by the early 1980s (Jesson, 1999:117). Such firms were taken over in the late 1980s by new finance-based organisations and 'asset-stripped' as a culture of financial speculation supplanted the production-based management ethos of the past. These actions led to the demise of most of those organisations and the loss of employment for those who had worked in them for many years.

The shift in industry importance, from production-based to financial-based, meant a profound change for the pre-reform agency relationships that had existed between employees and organisations in New Zealand. The idea of long-term employment with one firm rapidly disappeared when the reforms took hold after 1984, and many organisations responded by downsizing in large numbers. For the generation of employees who had grown up and worked in the interventionist era, this represented a significant change in their expectations from the working environment. Many of these workers became unemployed through the firms they had worked in downsizing or closing altogether, or their skills becoming irrelevant in the new finance-based industries. For that particular generation, the flexible economy created a great deal of apprehension and insecurity as New Zealand organisations

changed their operation and structure to reflect the short-term performance requirements of the times.

4.3.2 A New Generation Emerges

One of the outcomes of the new working environment in New Zealand was the emergence of a generation of workers who commenced employment in the mid-1980s. As such, their attitudes to work and organisations enable comparisons to be made with their predecessors from the previous era. Such comparisons will be important in exploring the reactions of both sets of employees to organisational change in later analyses.

These new members of the workforce had not directly experienced the working environment created by the full employment policies of the past forty or so years. The expectation of secure employment and the idea of long-term associations with one organisation were not features of working life that they easily identified with. Thus, they emerged to engage in a completely different form of working environment from the one experienced by their parents and grandparents.

In describing the conditions which led to the creation of what he views as the 'self-centred attitudes' of the new generation of employees, Matthews contends that:

We've pushed the ideology so much, the user pays ideology - look out for your own back, don't give a stuff about anyone else (Matthews, 1999:19).

What Matthews is referring to is the way in which New Zealand had moved rapidly to a working environment where

consensus and compromise no longer shaped the social contract between capital and labour. This was a reflection of the wider free-market market reforms which had resulted in flexible organisations and created a new more individualistic working environment. As Jesson notes in relation to that environment:

A profound change has occurred in human and commercial relationships, with the profit motive and the commercial ethos replacing the public-spirited ideals that used to characterise many occupations (Jesson, 1999:49).

The new generation exhibited many of the above characteristics and as later research will establish, they were indeed more interested in making profits than providing services or engaging in long-term associations with organisations. According to Matthews, this new generation consists of 'hard-nosed individualists, free agents, focused on personal benefit and tangible value'. He continues:

If 1984 stands in New Zealand history as Year Zero, separating Old New Zealand from New New Zealand, then the children of the revolution will be aged between about 34 and 20. They will be those who first voted in 1984, and were educated and first employed in the early, giddy days of economic reform, through to those now studying at university, who will have little or no sense of what those reforms meant, or what was displaced or what New Zealand was once like (Matthews, 1999:20).

The new generation had its attitudes shaped by the first wave of free-market reforms in 1984 and then reinforced by the continuation of the flexible working conditions in the new economy (Kelsey, cited in Matthews, 1999:20).

The rapidity of change in the working environment meant they had little knowledge of the previous social contract - even though they would have seen the impact of the reforms on other longer-term workers around them.

As for those amongst them whose lack of qualifications and experience were not in demand in the new economy, they could no longer expect to find employment as readily as had unskilled employees of previous generations. Gareth Morgan, economist and political commentator, puts forward the view that the demise of Fordism will lead to a phenomenon relatively unknown in New Zealand since the Second World War - intergenerational unemployment. He writes:

You are getting a generation of children whose parents will not have got their remuneration from work, who are unlikely themselves to do so and that is what Rogernomics is all about. It means an increase in productivity and efficiency - but at the cost of slack resources for a long time (Morgan, cited in Campbell, 1988:23).

Whether or not Morgan's prediction is realised is yet to be seen, but he makes a very valid point with regard to slack resources² which previous interventionist policies were designed to cater for in terms of creating full employment. In the large scale restructuring of organisations, which occurred between the mid-1980s to the early 1990s, many unskilled or semi-skilled employees were often seen as surplus to requirements by management. Thus, as New Zealand moved from a policy of full

² A generic term often used to describe those in society who without state intervention in the form of full employment policies, lack the education, skills or experience to find work in times of economic downturn - but are still available for work.

employment to an environment where market forces dictated employment conditions, unskilled workers made up the vast majority of the unemployed. The drive for efficiency and flexibility replaced the idea of long-term associations that had been an inherent feature of the social contract between capital and labour, and provided the industrial relations platform in past eras.

The new kind of worker who emerged in New Zealand exhibited attitudes towards organisations, which reflected this flexibility. This new breed of employee was likely to be more interested in short-term stays with organisations than harbouring expectations towards long-term associations or displaying organisational loyalty, both of which had been behaviours exhibited of the previous generation. They would also be more focused on self-interest, rather than a communal approach of solidarity, when it came to negotiating employment conditions.

4.4 Towards a Flexible State Sector

So far, I have outlined the key aspects of a more flexible working environment which emerged in New Zealand. These have been identified as; a shift in industry dominance from production to finance-based, the advent of the flexible organisation, the end of long-term employment expectations and the emergence of a new generation of workers. All of these, it is argued, reflected the global trend towards flexible economies revealed in the first part of the chapter. There is, though, another aspect of those changes that requires attention, the commercialisation of the state sector, a cornerstone strategy of the New Zealand reforms (Larner,

1998:4). This is to enable the wider influences of the flexible economy to be assessed in terms of the policies which created the flexible state sector organisation - a phenomenon which ultimately led to the transformation of the Post Office.

The previous long-term relationships between employees and organisations in the manufacturing and production sectors had been particularly evident in the public service where the 'job for life' ethos prevailed before 1987. As the state moved towards free-market policies, such as the commercialisation programme outlined in Chapter 3, 'short-term' employment attitudes became one of the dominant factors shaping the strategies of state sector organisations (Castles et al, 1996:9). Indeed, the government, as shareholder of newly formed state owned enterprises, insisted on the short-term financial returns demanded by shareholders in private companies (Easton, 1997:22-23).

For many public servants such changes were significant. These workers had a firm expectation that in return for loyalty and remaining a long-term employee of the state they were rewarded with benefits such as promotion based on tenure, job security and pensions. Accordingly, the relationship with their employer, in this case the New Zealand Government, was implicitly based on a long-term association. After 1987, in the flexible economy, now supported and underpinned by government policy, working conditions for public service workers changed dramatically as their jobs and career expectations became exposed to the flexible management approaches already taking place in the private sector.

The extent to which New Zealand's state sector was reshaped during the reforms, and the impact on the careers and job security of its employees, cannot be overstated. Martin, for one, notes that as a result of the transformation of the sector:

the human costs of redundancy and disruption of expected career patterns have been very large (Martin, 1990:135).

Changes in the state sector also set the tone for much of what would happen in the rest of the economy. As I argued in Chapter 2, such redirections of one particular aspect of reform to other areas of the economy were a particular feature of the legitimisation of new political rationalities. In New Zealand, as bureaucratic public sector institutions were transformed into profit-seeking organisations, a corresponding cultural transformation spread from those organisations throughout the economy. Jesson notes that:

the people responsible for the transformation have always insisted on this cultural dimension. They always argue that this cultural change - this shift from a public service perspective to a profit-seeking one - is essential (Jesson, 1999:50).

Indeed, it was the (often highly publicised) changes to the state sector which served to underpin the wider reforms (Holland and Boston, 1990:128-129). In this way, the Labour Government used its power in directing the transformation of the state sector to ensure that the impetus for change was maintained throughout the rest of the economy.

Geoffrey Palmer who was Deputy Prime Minister between 1984-89 and Prime Minister between 1989-90, provides an insight into the rationale which shaped these changes. In describing how the New Zealand state sector was transformed he comments that:

We were not wanting to get rid of ministerial responsibility, we were wanting to sharpen its focus and narrow its application so that it applied to those things which were not trading activities. Having actually shorn the trading activities off and put them in a commercial box called the SOE Policy, it then became necessary to reform the core public service so that it was more efficient, more accountable and better organised (Palmer, cited in Russell, 1996:109-110).

In order to carry out the reform of the public service, a raft of legislation was passed. Palmer, who was the main architect of that reform strategy (Russell, 1996:109), identified three particular pieces of legislation as being key to this process, each of which had serious implications for state sector employees.

The first was the State Owned Enterprises Act 1986, which was designed to transform government trading enterprises into commercial entities. As well as enabling the establishment of commercially based companies, this Act effectively enabled management to behave in a similar vein as their private sector counterparts when it came to hiring and firing staff.

Next, the State Sector Act of 1988 dramatically changed employment conditions for state sector workers away from tenure to reflect the more flexible private sector environment. According to Palmer, this Act was a

fundamental mechanism of the reform programme because what it did was to 'liberate the public servants and give them more power to manage than they'd had before' (Palmer, cited in Russell, 1996:109). In those words Palmer has accurately described the rationale which shaped the transition from expectations of long-term employment in the state sector bureaucracy to the new reality of the short-term environment of the flexible organisation.

The third was the Public Finance Act of 1989, which was designed to put in place systems of accountability in the public service. This meant that management of state owned entities would have to adhere to commercial principles, such as paying tax, dividends, and market rates for interest on borrowings. These three statutes, The State Owned Enterprises Act, The State Sector Act and The Public Finance Act, significantly altered the face of New Zealand public administration. Palmer wrote that:

You take those three statutes together and the entire public sector of New Zealand has been turned on its head and I would suggest, notwithstanding a few teething problems, that that has been for the better. It's been for the better of the economy and it's been for the better of the public service (Palmer, cited in Russell, 1996:109).

There is no doubt that the state sector was restructured dramatically. However, many New Zealanders may well have perceived Palmer's assertion that the changes were 'for the better' in a different light, as the reforms bit deeply. Public servants who lost their jobs and many other New Zealanders who faced a reduction in employment opportunities and services as a result of the commercialisation programme, are unlikely to have agreed

with his contention. Regardless though, of the cost in jobs and services, the actions of the Labour Government ensured that the reform of the state sector continued throughout the remainder of the 1980s and beyond. Roger Douglas³, another of the chief architects of the reform process, offers strong support for the commercialisation strategy, both in terms of efficiencies gained and as a response to global pressures.

If one adds \$700 million to the tax paid by SOE corporations, SOE reform had achieved the \$1 billion in savings which in 1985 I had calculated as possible in years to come. The efficiency gains won in the process played a crucial role in restoring the international competitiveness of the economy (Douglas, 1993:182).

The term 'SOE', referred to by Douglas above, relates to State Owned Enterprise, a model used to transform public sector organisations. The SOE model was established on a number of principles, which included; responsibility for non-commercial functions to be separated from major SOEs; managers of SOEs to be given a principal objective of running them as successful business enterprises; managers to be responsible for decisions on the use of inputs and on pricing and marketing of their output within performance objectives agreed with Ministers so they can be held accountable for results; monopolies to be removed so that commercial criteria could provide a fair assessment of managerial performance; and boards to be appointed from the private sector to direct the activities of SOEs (Mascarenhas, 1991:34).

³ It was Douglas, then Minister of Finance, who inspired the term 'Rogernomics', which became symbolic of the New Zealand reforms, see James (1989:2).

The New Zealand state sector had been a major employer as well as a provider of services for many years. In many ways, it was a prime example of the ethos of production and public-service described earlier in this chapter. As such, the institutions within it reflected many of the features of that ethos in terms of co-operation, organisational loyalty and management attitudes towards staff. The new SOE model⁴ ensured that this ethos would soon be replaced by a finance-based approach to management, combined with flexible structures and employment policies. For state sector employees the flexible organisation was soon to become a reality as they were exposed to the forces of the market and no longer protected by government policies of full employment and long-term job security.

Mascarenhas (1991:27) also associates the Labour Government's actions in commercialising the state sector with the emergence of the new economy in most Western countries in the mid-to-late 1970s and early 1980s. However, he notes that in the case of Britain and Australia the commercialisation process was implemented in a phased approach, whereas in New Zealand the programme was carried out with 'speed and a degree of ruthlessness' (Mascherenas, 1991:35). Roger Douglas, in a defence of the large-scale change, the unemployment it created, in the state sector acknowledges this, when he relates the need for cost efficiencies to attain global competitiveness.

⁴ For a comprehensive discussion on State Owned Enterprises see Horn (1995) Chapter 6 'Public versus private enterprise', which deals with the New Zealand model in detail.

If the country wanted to lay a sound foundation for economic growth, these costs had to be removed to allow for improved international competitiveness (Douglas, 1993:181).

Government departments were expected to operate at maximum efficiency as far as the use of their resources was concerned, and they were to operate at a profit (Douglas, 1993:179). This new approach to public sector management had far reaching implications for the strategies, structures and employees of these organisations. For those New Zealanders employed by the state, unfamiliar as they were at the time with flexible production and management, the reality was a new perspective on long-term employment and job security.

4.5 Conclusion

In the early 1980s, driven by an intense period of economic globalisation, a new form of flexible economy emerged in many capitalist nations. As well as the end of full employment policies on the part of the state, the flexible economy heralded the emergence of a new, technologically-driven, service sector. This new sector supplanted the Fordist manufacturing and production industries which had long been dominant forces, both economically and as employers in Western nations. As the emphasis on organisational performance shifted from long-term production to short-term profitability, flexible organisational structures emerged. These changes had a significant impact on the labour market and in particular, on the relationship between employees and employers. There was a corresponding shift from long-term employment with one organisation based on a special

skill set, to short-term associations based on multiple skill sets. One of the major outcomes of this new approach to managing organisations was the loss of job security on the part of employees. This in turn affected employees' attitudes towards organisations, and resulted in the end of loyalty to one firm and long-term career expectations, both of which had been inherent and interdependent features of the previous era.

In New Zealand, many aspects of the flexible economy were to manifest themselves in the mid-1980s. The industry shifts, which took place in other Western countries, were also experienced in New Zealand, as too was the flexible organisation and the end of long-term employment expectations amongst workers. As these changes were taking place in both the private and public sectors, a new industrial relations environment emerged where the social contract between capital and labour was redefined to reflect the flexible requirements of the new economy. Policies of consensus bargaining, as advocated by previous governments, were supplanted by a new approach to industrial relations based on individual employment contracts and negotiations.

The flexible economy helped shape a new generation of workers, whose motivations and attitudes towards organisations were more self-centred than those displayed by past generations of employees. These newcomers were more focused on making organisations efficient and profitable than on providing public services. They did not share the same perceptions and attitudes to working long-term in organisations as those workers from a previous generation. This new generation reflected the proposition made earlier in this chapter that the key

qualities shown by workers in the flexible economy were those of 'detachment and superficiality'.

The New Zealand state sector, where hierarchical organisational structures had ensured that the 'job for life' ethos prevailed for many years, was subjected to a commercialisation strategy. The application of new forms of public sector management, based on the finance-driven ethos of the private sector, to public service organisations was a feature of commercialisation. For state sector employees, who had been conditioned to expect long-term associations with these organisations, the transition from bureaucracy to the flexible organisation meant an end to job security. Not only did their organisations adopt a much more flexible approach to management and structure, but the government used the transformation of the state sector to help underpin the new political rationality of the free-market.

Thus, two major forces, both of which had their roots in the flexible economy, drove change to the state sector. The first involved a desire on the part of government to make it more commercial, the second involved using the reform of the sector to underline the government's resolve to continue with the reform the economy.

As the flexible economy took hold in New Zealand the organisations which were created as a result were viewed differently by two generations of employees. Those from a generation who had experienced the interventionist era experienced the passing of long-term associations and job security with a great deal of apprehension. This was particularly the case in public service organisations, where employees had come to expect tenure in return for

loyalty and service. For the new generation, though, the end of long-term association with organisations in New Zealand most likely meant very little. Their attitudes and motivations towards employment and organisations generally, had been shaped by the flexible economy, and, as such, reflected that flexibility.

Image: The impact of the new economy on organisations and employees in New Zealand.

The image constructed in this chapter relates to key aspects of the new economy in New Zealand. The reforms ensured that New Zealand experienced the industry shifts, the advent of the flexible organisation and the end of secure long-term employment, all of which are features of the new economy. An industrial relations environment took shape, where the labour market reflected the flexible approach to management of the economy and organisations. At the same time, the New Zealand state sector was subjected to a commercialisation strategy designed to make it both profitable and flexible. As a result of the new environment, a new generation of employees emerged whose attitudes to employment and organisations was short-term. These attitudes were in direct contrast to those of preceding generations who had experienced more stable economic times and who held a more long-term perspective towards employment.

As was the case in the preceding chapter, this 'ideal type' image will be used to guide research later in the thesis. This will enable further exploration of key aspects of the flexible economy, such as the actions of new public sector management, the establishment of a new political rationality, and, the reactions of two

generations of employees to the impact of the reforms on their working environments.

Chapter 5 Connecting With Kiwis: The New Zealand Post Office, 1841 - 1987

5.1 Introduction

The New Zealand Post Office has been identified as a key institution through which this thesis frames the social meanings of political and economic reforms in New Zealand. This chapter examines the way in which those New Zealanders who worked in it and those who depended on it for services, formed strong connections with the Post Office. It also explores the way in which such connections came under pressure when the organisation was commercialised as part of the wider reform programme of the Fourth Labour Government. In highlighting the many different ways in which New Zealanders related to the organisation, I will focus on a number of socially generated phenomena common to the shared history of the Post Office and New Zealanders.

As Ken Douglas, long time trade unionist, former President of the Council of Trade Unions and now, coincidentally, on the board of New Zealand Post, once observed:

The Post Office was a physical manifestation of values that were very important to the New Zealand psychology. There was such an emphasis on the institution as a whole. It really was a cradle to grave occupation. Sons and daughters of Post employees became apprentices and so on. The Directors-General themselves started off as telegram boys. The whole egalitarian culture was there. Add to that the fact that every outpost of human activity was identified with a post office in their vicinity (Douglas, cited in Smith, 1997:171).

Douglas' quote is worth including in its entirety because it provides an excellent synopsis of the part the Post Office played in the lives of New Zealanders and of their perceptions of the organisation. It also sets the tone for the remainder of the chapter which will focus on many of those perceptions.

The following exploration of the Post Office incorporates both historical and social perspectives, as it seeks to establish the origins and development of New Zealanders' connections with the organisation. Initially, I will trace the historical development of the Post Office as it became woven into the very fabric of New Zealand society, as a means of communication both internally and externally, a provider of services, and an employer. The focus will be on the connections which were forged between New Zealanders and what they regarded as an institution whose purpose was to fulfil important aspects of their social conditions. This leads to an analysis of how those connections began to change when the organisation was transformed in 1987 as part of the commercialisation of the New Zealand state sector.

5.1.1 Shaping the Analysis

A number of sources were used to gather data for this chapter. These included available literature, historical documents and other abstract material, and interviews carried out with Post Office staff. Because of the content and style of this chapter, which relies to a fair degree on empirical evidence, an explanation of the data at this stage will be of assistance in providing a background for the analysis to come. My initial investigations revealed that there is very little

published literature on the New Zealand Post Office, so the potential to obtain material from that source was limited. In this regard, two works in particular, Robinson (1964) and Smith (1997) provide the main data source. Robinson's work is a factual account of the history and development of the Post Office from early colonial days up until 1964. In this context it provides useful insights regarding the early formation of the organisation and its role in establishing and maintaining communications as the colony expanded. This includes a detailed description of how the organisation developed into an important public service agency and a major government department by the mid-1960s. However, while furnishing useful historical material, Robinson does not explore the social aspects of the relationship between New Zealanders and the Post Office. For example, he neglects to highlight such important issues as the source of identity it provided to communities, and the way in which the organisation was perceived by staff as a compassionate and secure place to work.

Smith's contribution begins in 1987, when the Post Office became a State Owned Enterprise. It covers much of the commercialisation process that took place over the next ten years. While her work does highlight certain social issues such as reactions to change, unemployment and post office closures, its use is limited in a sociological context. This is because the social impacts of commercialisation on many New Zealanders in communities and within the organisation, is somewhat diminished by the author's continual focus on the business achievements of the new enterprise. As Smith (1997:9) confirms, she was commissioned to write the book 'Reining in the Dinosaur' by the New Zealand Post board to help

'commemorate 10 years of commercialisation'. Smith's book is hardly an academic work, but it does provide interesting information, some of which is well researched and supported by appropriate data, concerning the Post Office's transformation from a state sector organisation to a commercial entity. In addition, her material offers a number of key insights, taken from interviews, into the thinking of politicians, community members, management and staff with regard to the organisation's history, culture and eventual commercialisation.

Both of the above authors though, provide useful material covering two key phases of the Post Office's origins and development - as a public service bureaucracy and latterly as a commercial entity. Other factual material on the history of the Post Office was gleaned from the Post Office archives, the National Archives and the Alexander Turnbull Library, and has been used to provide additional supporting information on the history and development of the organisation. This included, for example, researching of records, management reports, ledgers and articles from as far back as 1845 up until the late 1970s, all of which assisted in providing background material for this chapter.

In order to further explore the social meanings associated with the organisation interviews were conducted with a number of Post Office staff. Excerpts from these interviews are interspersed throughout the chapter in order to support a point or introduce a social perspective on the life and times of the Post Office in New Zealand. This material provides additional, often anecdotal material, which underscores the socially constructed relationship between New Zealanders and the

organisation. It also helps to establish the close and often emotionally-based, connections between Kiwis and the Post Office.

5.2 Early Days

The Post Office was central to the infra-structural growth of New Zealand as a nation state. It is therefore impossible to discuss the history of the organisation without drawing a parallel with the general historical trajectory of New Zealand. As Robinson notes, the Post Office was active in this country from the early days of colonial settlement when:

The leaders of the new colony, and their successors as well, naturally adapted, as far as possible, the postal services of the mother country to an island group somewhat similar in size to the British Isles (Robinson, 1964:1).

New Zealand became a separate Crown Colony in 1841 and at that time the first official post office was opened in Kororaraka (later known as Russell) in the Bay of Islands. The new colony, with its geographical isolation from the United Kingdom where most of the new settlers originated from, and inhospitable terrain, provided the early European population with great challenges in communication (Chapman, 1999:84-85). The Post Office was instrumental in helping overcome these challenges and consequently the organisation played a crucial role in New Zealand life from the early days of the colony. As Roth notes:

In New Zealand the need for reliable communications in a large and thinly populated country ensured the post

office's role as an important department of state (Roth, 1990:ix).

By the end of 1855 there were a total of 33 postal outlets in New Zealand, comprising 6 post offices and 27 sub-post offices (McNaught, 1988:24). The first post offices were located in areas which, under colonial development in the mid-1880s, had become the provincial centres of the new colony. These were Auckland, Wellington, New Plymouth, Nelson, Christchurch and Dunedin (McNaught, 1988:25). Those provinces provided a national framework for the future development of the Post Office network throughout the country as the growth of the organisation mirrored the growth of New Zealand throughout the 1800s and into the 1900s. As an example of this expansion, the mail routes in the colony totalled less than 1,000 miles at the beginning of the gold rush decade in 1870 but just ten years later had grown to 6,473 miles. The statistics on 'letters posted' show exponential growth, from some 24 million in 1891 to 110 million in 1913 (Robinson, 1964:173-184).

Over the years, as the nation experienced growth and development, so too the Post Office organisation expanded its operations to meet that demand. The chronological history of key events over the period 1841-1987 depicted in Appendix 1 provides evidence of the tandem growth rates of nation and organisation. This includes advances in technology, many of which took place between the 1920s and 1940s, such as the telegraph, wireless and telephone which New Zealanders were provided with as services by the Post Office. However, as the following sections reveal, over time the Post Office was to mean much more to New Zealanders than a provider of communications. The

organisation was to become an infra-structural institution in New Zealand and one, which over the years, would strongly contribute to the establishment and maintenance of a civic society.

5.3 A Means of Identity

For a town or community in New Zealand to be allocated its own post office meant that it had 'arrived' as an entity. These locations were literally on the map, because in the new colony distances between locations were measured between post offices. Tony Murdoch, a senior Post Office Manager and an employee for 35 years, talked about how important having a post office was to a community.

"It was a central point - it was somewhere to gather for people. It was a symbol of our British roots. They even measured the distance between towns from post office to post office."

The idea of the Post Office providing an identity to communities is also commented on by Cecelia Brown, another long-term Post Office employee. She recalls how the loss of identity was felt in one particular community when the post office was closed.

"The Post Office really meant something to communities. When you got one you also got a flag and often a town clock. You were on the map. Distances between towns were measured from Post Office to Post Office. I grew up in Kawhai. There were no more than 400 people but we had a post office. It was the central point of the community."

I went to work there myself when I left school. I moved on of course but remember there was great concern when the office was closed in 1987. People had to go for miles for service. The town also felt, above all, it had lost its identity."

Martin Slattery, another senior manager, reinforced the idea of the local post office as an identity for communities. He recalled that attending a public meeting, soon after commercialisation, to explain the closure of a post office was like being confronted by a 'lynch mob'. In his words, 'the community saw the removal of the post office as the removal of their own identity'.

"They wouldn't listen. They only wanted blood. They said we were taking away their identity - their links with the rest of the country. They would be forgotten."

In a similar vein, Smith (1997:103) tells of how, in 1988, two of New Zealand Post's District Managers, who were attempting to defend the company's decision to close the local postal outlet, were 'laughed at and booed' in the town of Waipu where the Post Office had been a presence since 1858. They were, she claims, trying to 'turn back the emotional tide of 130 years service to the town by giving the citizens a dose of rational economics'. Smith, in the following quote on the Waipu closures, depicts many aspects of that 'emotional tide of history'.

The Reverend Norman McLeod, minister, magistrate and teacher, was 73 when he settled in Waipu. He lived there for the next 11 years until his death - he probably cut

the ribbon the day the Post Office opened in 1858. His descendants were among the 550 people who turned out 130 years later for the biggest public meeting in the town's history - called to protest New Zealand Post's decision to close the Waipu Post Office (Smith, 1997:103).

The history of the Post Office in Waipu was typical of many communities in New Zealand. The depth of feeling at the closure was also representative of the general response in communities when post offices were closed throughout New Zealand in 1988 (Smith, 1997:107). Many communities engaged in protests and petitions to the government to try and save their local post office. It was not just the demise of post office services that evoked such a response, but the loss of a traditional symbol of identity and a shared history, which Kiwis were reacting to in large numbers.

5.4 An Agency of the State

The Post Office was also seen as an organisation which formed an important connection between New Zealanders and the state. Michael Bassett, historian and a former cabinet minister in the Fourth Labour Government, comments that:

The Post Office was often the first link which distant communities had with the body politic. The cry for a Post Office was frequently ahead of the cry for a bridge or a railway (Bassett, cited in Smith, 1997:13).

The type of non-postal duties performed by the Post Office at the end of 1945 included: the collection of customs duties, voter registration facilities, the agency for the Government Insurance Department, the gathering of

land and income taxes, the payment of advances to settlers, the handling of war loan certificates, motor vehicle licensing and registration, the payment of pensions, and the registration of births, deaths and marriages (Robinson, 1964:204. Smith (1997:13) comments that over the years between its introduction and when it was commercialised in 1987, many other things, as they came along, were 'popped on' to the Post Office. These included the provision of daily weather and temperature checks for the Meteorological Office using post office locations.

By 1987, the Post Office provided New Zealanders with a gamut of telecommunications, banking and postal services. The organisation had a physical presence in most parts of the country and just about every New Zealander used its services. Many people relied on the organisation to provide a great number of services, from collecting their pensions, to registering their vehicles and paying television licenses. The local post office was also seen as a place for people to go and have their say about national issues when direct access to government was not possible, as the following quote, from a postal employee in the city of Hamilton confirms.

"They would even take it out on us if the government did something they didn't like. Come into the post office and have a good old moan, as if it was our fault. A lot of elderly people did it especially. We got the blame for anything they didn't agree with."

It is suggested here, that the reason they 'got the blame' was that Post Office employees were seen as an arm

of government. This perception of access to the body politic was typical of the way in which New Zealanders perceived the organisation as the state's agent. As Bassett noted 'an interesting aspect of the Post Office was its development as the agency of unity for the country' (Bassett, cited in Smith, 1997:13).

5.5 The Post Office at War

In continuing the exploration of the social connection between the Post Office and New Zealanders, the organisation's role during times of war is an area that requires attention. In both the major conflicts of the twentieth century, the Post Office contributed significantly towards the nation's war effort both on the home front, and in providing services to the troops overseas. During the First World War, a special mail service for the troops was established by the Post Office. To service personnel, half a world away from their homeland, such a service would have been welcome. As Robinson records, letters and packages from home did much to boost the morale of men in the trenches as:

the Post Office set about the business of organising as good a mail service as possible for the Expeditionary Forces (Robinson, 1964:191).

Many Post Office employees, as soldiers themselves, were the recipients of the postal service during wartime. Robinson (1964:195) confirms that the postal staff showed a great willingness to do their share of war service.

The permanent P.&T. officers joined the forces to the number of 2,255. If the men only on the staff were counted, it meant that about 42% went to war. Of the

2,255 one tenth, 225, gave their lives as a supreme sacrifice (Robinson, 1964:195-196).

Not many New Zealand homes were left unaffected by the tragic events of war. Letters and postcards from loved ones involved in the fighting, or prisoners of war, were delivered by the Post Office to New Zealand families. One of the sadder services performed by the Post Office during wartime and an extremely important one, was to deliver telegrams concerning loved ones killed or missing, to homes all over New Zealand. Often, local Postmasters took it on themselves to personally deliver such tidings, as they knew the families involved. This particular service could only have reinforced the relationship which existed between the Post Office and communities.

In 1939, New Zealand once more found itself embroiled in a global conflict, and the Post Office again responded to the needs of a nation at war. In the Second World War, the Post Office was a highly influential force both at home and overseas. The organisation provided radio links to the outside world at the same time as it was also heavily involved in matters of national security. Robinson records that:

Of the utmost importance at home was the work of the Engineers in strengthening communication for the effective working of the Army, Navy and Air Services. It was necessary to prepare against a possible surprise attack, especially after Japan entered the war in 1940 (Robinson, 1964:241-242).

As the 1939-45 war progressed, the main fronts the New Zealanders found themselves at were Greece, the Middle

East, and later, Italy and the Pacific Islands. Post offices and travelling field offices were established in all the various locations connected with the movements of the forces, and the services of letters and parcels continued throughout the war. The people who provided these services also regarded their work as an extremely important wartime function. One member of the Women's Army Auxiliary Corps, working in the New Zealand Army post office in New Caledonia, records that she:

felt it was important work and in the army mail and personnel were the sections which got priority (Sullivan, 2002:93).

Once again, the personal contribution of Post Office staff to the fighting was of a significant nature. Many Post Office staff had volunteered for active service. During the Second World War about 5,700 workers in the Department were in the Armed Forces - about one third of the staff. The death toll, including eight who died as prisoners of war, was just over 5% of those who served, about the same as for the armed forces as a whole (Robinson, 1964:243).

There were many other services provided by the Post Office during wartime, which reaffirmed the connection between organisation and New Zealanders. As one particular Post Office publication reported:

The war years of 1939 to 1945 attract frequent reference in this booklet, as indeed they should because the Post Office was very much involved in every aspect of the wartime lifestyle of the community, and none more so than the rationing of supplies. In most towns the Post Office became the logical centre for issue and control of Ration

Books (excerpt from Te Awamutu and Districts Post Office staff reunion, 1998:37-38).

Even after the Second World War had ended, the Post Office provided a further important social service. Mike Daly, now a director of New Zealand Post, recalls as a young man working with many veterans of the war who had come home to find jobs in the organisation. These were men, he said, whose experiences during the war had left them so emotionally scarred that they were often incapable of holding down a job, yet the Post Office saw it as a duty to take them on.

"Then there were those poor souls who came back from the war. I remember them well. Not only those who had left the Post to go overseas but new ones with no work. They had drinking problems and all sorts of nervous disorders but we took them in and found a place for them."

The Post Office as an infra-structural institution was a significant presence both on the home front and overseas, during both major conflicts of the Twentieth Century. War is a specific event which takes a large toll on society in its effects upon economic, political, family and, religious institutions (Giddens, 1997:11). However, apart from the fears and anxieties it brings to a nation, war often results in a spirit of national unity. The actions of the Post Office and its staff helping to create, and also in sharing in this spirit, could only have served to strengthen the links between the organisation and New Zealanders.

5.6. An Employment Agency

Another important aspect of the interrelationship between the Post Office and New Zealanders was the organisation's role as a major employer. As Smith (1997:13) records, by March 1987 the Post Office had become the country's largest single employer with a staff of around 40,000. When compared to the total number of people employed in March of that year, around 1.5million (source: Household Labour Survey, 1987) that number represents around 2.5% of people in employment. Over the years, as it developed in size and scope, the Post Office provided employment for a great number of New Zealanders and this section considers two aspects of that particular role. The first of these is the role played by the Post Office in contributing to the full employment policies of various governments since the Second World War (Smith, 1997:13). The second has to do with the shared organisational culture that developed amongst Post Office employees.

The Post Office provided employment for New Zealanders from the very early days of its existence (Robertson, 1905:12). Staff numbers increased steadily as the organisation expanded to keep pace with the growth of the country. Robinson records the growth that took place between 1890 and 1939.

Back in 1890 the staff numbered 2,225, including non-permanent country postmasters and telephonists. It was then headed by a Secretary whose office had seven clerks. After penny postage came in 1901, the work was greatly increased, requiring a staff in the next year made up of 3,990 permanent and non-permanent workers. By 1914 the permanent staff had doubled, numbering 7,258 in all. The growth of the department after the First World War was so

rapid that by April 1939 it had grown to nearly 14,000 of whom 11,391 were on permanent staff (Robinson, 1964:203-4).

The organisation had also been used for many years as an employment agency by successive governments in New Zealand. Bassett writes that:

If you trace a graph over this century, you will always find that when there is a dip in the economy, there is an increase in employment numbers in the Post Office, the Railways, the Public Works. The Post Office, along with those others, was used as a sort of unemployment agency (Bassett, cited in Smith, 1997:13).

One of the cornerstone policies in protecting jobs during the post World War II period was that residual unemployment was absorbed into government departments (Easton, 1999:12). As a major government department of the time, the Post Office was expected to help fulfil this policy. As one particular Post Office manager described it:

Our staffing levels were dictated by the unemployment policy of the government of the day. Once a year they would look at it and you'd employ more staff or not if unemployment was at an acceptable level. It was more so in election years (Smith, 1977:13).

The social implications of unemployment are well documented. For example, C. Wright Mills (1959:8-9) when discussing the phenomenon, brings into focus the personal and individual troubles caused by unemployment. By this he is referring to the personal affects of unemployment, often revealed through a sense of worthlessness,

financial difficulties and the stigma of being out of work. As a New Zealand National Health Committee report also noted:

The importance of earning a living far exceeds the financial returns. In addition to a drop in income, unemployed people face other losses and difficulties that are related to employment as a social institution (Howdenn-Chapman and Cram, 1998:31).

As a buffer against unemployment, the Post Office played its part in keeping such social problems at bay in New Zealand for nearly four decades. For many New Zealanders the Post Office represented an era when full employment was a key factor in reflecting the ideals of social equity which shaped the social conditions of the time.

Since its inception, generations of New Zealanders had tended to join the Post Office at an early age and remain there, seeing the organisation as a source of secure long-term employment. As Erick Adank who joined the Post Office when he was fifteen, recalled.

"I came from a small town and it wasn't all that easy to get a job, but the Post Office was there. It was a job for life. That's how we looked at it. I joined at 15 as a telegram boy in Westport. It was a humane organisation. Well, you had a job for life, up until 1987 anyway. You felt part of it, and it had your loyalty - no such thing these days."

The Post Office as an employer was also very much an intergenerational concern (Smith, 1997:27). Martin Slattery related how his uncle, a Post Office employee in

the 1940s and 50s, encouraged and then helped him to join. Cecelia Brown started work at Kawhai and recalled being trained by her mother, a Post Office telephonist there. Mike Daly revealed how his mother ran the local post office at Great Barrier Island for many years (and later received a QSM for her services) and that several generations of the Daly family were employed by the organisation. Others also talked about their 'father and grandfather before them' being 'in the Post Office'.

Eric Adank, in relating how many of his own family worked in the Post Office, emphasised the existence of family ties.

"There were four of us working for Post, four brothers and then my wife whom I met there. That made five in all at one time. It wasn't unusual to find that sort of thing with other families."

Tony Murdoch, another long-term employee, recalled how he 'grew up in a post office'. Houses supplied for Postmasters were often attached to the post office building. His father was the Postmaster in Kimbolton for 17 years, and some of Tony's earliest memories are about playing around the post office counters on evenings and weekends when it was closed to the public. The operation of the Kimbolton post office was very much a family affair, with the children pitching in to help out.

"There were eight of us kids and we helped with the mail sorting and so on. All the children in the family could work the switchboard by the age of 10. Mum did cleaning in the evening, all done by the book you know - use kerosene for this, polish that

in a certain way and so on and us kids helped out as well. We even made up the ink. That was the smell I remember above all. It was all-pervading."

This story would have been repeated all over the country as families of postmasters 'helped out'. As Mike Daly noted, many of these children also joined the Post Office when they left school.

"Yes, it was a family. You felt you belonged to it and you knew your kids could get work as well when the time came."

Those who took part in interviews talked warmly about the strong connection they felt with the organisation and the loyalty and commitment of staff members. Smith supports those views when she says that 'those who worked for the Post Office talk about it as a place where people were well looked after in a compassionate working environment' (Smith, 1997:27). She records below, a staff member's personal perspective on the sense of belonging that prevailed in the organisation.

When I went there I felt - important. I don't know if that's the right word, but that's how I felt. That sense of belonging, it really satisfied a need in me (Smith, 1996:167).

Not only did the organisation provide more tangible benefits such as secure employment, but employees felt an integral part of the prevailing Post Office culture and of a key national institution. As Trice and Beyer point out, cultures are a natural outgrowth of what we 'call organisations' and over time:

people in organisations develop both cultural substance and cultural forms. Out of these processes, cultures grow (Trice and Beyer, 1993, cited in Vasu et al, 1998:266).

The Post Office developed a strong culture of its own and this was based on factors such as loyalty and a sense of belonging. These are factors which it will be recalled from the previous chapter were typically found amongst long-term employees from organisations of the interventionist era, and there was a high value placed on them by Post Office personnel.

When the organisation was commercialised in 1987, both aspects of the Post Office's role as an employer were significantly altered. The role of employment agency disappeared, while the culture itself came under pressure as new forms of public sector management were instilled in the organisation.

5.7 The Winds of Change

By early 1987, with the reforms of the Fourth Labour Government taking hold, the nation was experiencing political and economic changes of great magnitude. Just as the Post Office had grown and developed along with the nation, the organisation and those who depended on it also felt the impact of change. The first changes were instigated on 31st March 1987, when the New Zealand Post Office ceased to exist as a department of state. The Post Office's assets were transferred to three new state owned organisations registered under the Companies Act (Roth, 1990:275). These organisations were Telecom,

Postbank and New Zealand Post¹, each of which, were to be commercialised (Boston et al, 1991:32). The entity of Zealand Post came into existence on April 1st 1987 and represented the postal service in this country. The Post Office Review, which recommended the need for restructuring², commented on 'the major task ahead in the reorganisation and the required changes to personnel policies and procedures'. It added that:

There is also the risk of exposing the organisation to an unduly rapid rate of change but this must be weighed against the possible loss of impetus and in built resistance if the process is too prolonged (Post Office Review, 1986:18).

Indeed the rate of change for the Post Office staff was rapid. As Paul Forno, a Palmerston North mailroom employee in 1987, recalls, the staff in his department were anticipating change, but hardly well prepared for the degree at which it was enacted.

"We knew we were going to get change, we knew it was coming but none of us ever expected it to be so bad as it turned out to be."

The new organisation had 12,000 staff, 800 contractors, no modern mail processing plants and a network of more than 1,200 owned and agency-operated post offices (Smith,

¹ New Zealand Post now becomes the focus for the remainder of this chapter. While Telecom and Postbank were an integral part of the former Post Office it is the postal part of the business with which this thesis is primarily concerned.

² This was a review commissioned by the then Postmaster General, Jonathon Hunt. Compiled by R.N. Mason and M.S. Morris, the report was presented in February 1986. It contained recommendations for major change, many of which were implemented after the organisation became a State Owned Enterprise in 1987.

1997:69). In April 1987, the incoming New Zealand Post CEO Harvey Parker and the new board of directors found an unpalatable financial situation (Smith, *ibid*). The fledgling company was facing losses of 40 million dollars in its first year of operation. As part of Parker's strategy, a cost cutting programme was instituted without delay.

When you know you're going to lose 25 per cent of your revenue in a very short period of time, you've got to do radical things and do them quickly (Parker, cited in Smith, 1997:69).

By radical, Parker was alluding to a large-scale schedule of restructuring that encompassed every area of the business. The initial focus was on reducing unnecessary costs, especially staffing costs (Smith, 1997:158). It was apparent that new management did not share the notion held by many New Zealanders of the Post Office as an employment agency. As far as Michael Morris (co-author of the Post Office Review), who was now the chairman of the new board was concerned, many of the jobs provided by the organisation had not in fact been 'real jobs' (Morris, cited in Smith, 1997:44) once commercial principles were applied to staff numbers. By this he is referring to the policies of former governments in using organisations like the Post Office to cater for residual unemployment - obviously not in his terminology, real jobs, but in fact subsidised positions to help keep unemployment figures at low levels.

Once the organisation was set up along commercial principles and measured by profitability and efficiency criteria, it became apparent that there was too many

staff for its newly defined requirements. Ironically then, it was the benevolent employment policies that contributed to the Post Office's eventual downsizing, as to new management, the organisation was easily targeted as an over-staffed, inefficient, unproductive, and by implication outdated, monolith. Under the new era of commercialisation jobs were now only to be supplied on economic, not social criteria. In the run up to corporatisation over 600 post offices (out of a total of 915 in 1987) had been deemed uneconomic (Smith, 1997:86) in that they were losing money and had been for many years. Although the new board wanted all non-profitable post offices to close, some politicians were prepared to subsidise them and keep them going. Roger Douglas provides some key insights into the Cabinet discussions of the time when he says:

It was actually really interesting when Cabinet focused on it. Is it worth \$40 million (the amount of subsidy required) to keep the post offices open or could we do other things? And we considered that pre-school education was more important (Douglas, cited in Smith, 1997:86).

The outcome of the debate was to close 432 post offices and save the \$40 million (Smith, 1997:89). On October 16th 1987, headlines in New Zealand's newspapers proclaimed the closures and the loss of many jobs. According to Richard Prebble, the Minister for State Owned Enterprises at the time, the decision to close the post offices constituted 'a huge test of the government's economic policy commitment' (Smith, 1997:86). Because of the intense media interest leading up to the decision, when the time came to close the post offices Prebble

decided to announce the closures himself rather than ask New Zealand Post management to do so. He commented:

The reason I did it was because this was something that had become the equivalent of a test case of our credibility for the direction, not just of Post, but all State-owned enterprises. It seemed to me I just had to move (Prebble, cited in Smith, 1997:87).

The Wellington Evening Post of 16th October 1987 reported, 'Corporation's axe falls on 432 Post Offices' and went on to discuss Prebble's announcement of the closures at a press conference held the previous day. In a smaller article, beneath the main heading, Prebble was quoted as saying:

What I believe should happen is post office services should open and close reflecting the dynamic nature of New Zealand society (Evening Post, 1988).

New Zealand society may well have become dynamic in Prebble's eyes, but for many New Zealanders, especially those who had connections with the former Post Office, commercialisation was a very new experience. Years of interventionist policies and the provision of many public services by the state had given them a different set of expectations. As Russell records:

On 1st April 1987, the government gave up half its state assets and the new state corporations began shedding employees - Electricity Corporation 3,000, Coal Corporation 4,000, Forestry 5,000, New Zealand Post 8,000. Once again it was the rural towns that took the body blows as state sector workers joined beleaguered farmers as the walking wounded of the reforms. For many

it was bewildering. The brave new world, corporatisation, had no real meaning (Russell, 1998:119).

Indeed for many people, both employees of state organisations and the public, corporatisation was bewildering. This was due in part to the speed at which the government enacted the commercialisation strategy. The impact of that action is debated in more detail in Chapter 7, but for now I will highlight changes to the Post Office as an example of the rapidity of reform. The decision was made to close the 432 offices already identified as uneconomic on the same day.

On the afternoon of February 5th 1988, New Zealand Post put in place an operation to inform the staff who were directly affected. As one manager who co-ordinated closures at the time recalled, implementation presented a difficult operational task.

It was a major logistical exercise. We had to arrive at each post office at the same time to tell everyone, to stop the phones ringing. We had eight or nine people sitting up alleyways and up side roads in country areas, all with our watches set so we would arrive before the post office closed for the day. We walked in the door and asked the staff to assemble at the back and close the front door with a notice we had prepared, 'This post office is closed for half an hour and we regret any inconvenience', and then we lined them up, handed them a letter and said, 'I'm sorry but your post office is closing'. That's when we got the tears and the anger and the abuse (Smith, 1997:90).

Many of the managers who took part in these closures reinforced the military-like precision with which they

were enacted. (These particular actions on the part of managers, who had worked for a long time in the organisation, feature extensively in later chapters). While the numbers quoted above appear excessive, the reference to 'eight or nine people' does not mean it took that many to close one office. According to one source, a former District Manager, informing staff that their office was closing, typically involved one or two managers at each location. Of course many districts had more than one location to deal with, hence the numbers required.

In any case, the scene described above was re-enacted 432 times across the country at the same time. In Prebble's view at least, the point about the government's commitment to its new political rationality was well made.

By closing 432 post offices in one hit, it meant that nobody ever came to see me again to tell me: 'Of course this is what you should do, but of course you can't do it because it's politically too tough' (Prebble, cited in Smith, 1997:87).

The above statement reinforces the claim made in Chapter 4, that the New Zealand Government had deliberately used the commercialisation of the state sector to help legitimise the reforms. Certainly, Prebble saw the Post Office closures as an opportunity to underpin the commercialisation strategy.

More changes were to follow. For example, between 1991 and 1992 New Zealand Post management introduced efficiency practices that cut the operational staff by a

third (Smith, 1997:163). However, February 1988 was significant in that it saw the first of the major changes to the Post Office. For the first time in the company's history, downsizing of both staff and outlets had taken place. In justifying the closures, New Zealand Post argued that its operation was 'not about bricks and mortar - it was about services' (Smith, 1997:91). This claim represented a huge break with the philosophy of the Post Office which for one hundred and forty years had been based on the provision of local post offices and jobs to New Zealanders. It also conveyed a message which communities, about to lose their post office, did not want to hear. According to Smith, the post office closures presented the company with 'an impossible public relations equation', in that:

In emotional terms it amounted to an uncaring repudiation of the past (Smith, 1996:91).

It also meant a severing of people from the organisation who had faithfully served their communities for many years. This alone caused a reaction from the locals in communities who personally knew these staff members. As one manager who was involved in closing post offices put it:

I think what made it worse in the small places was the locals coming in and sympathising (Smith, 1997:162).

This relates to the fact that in some cases, while the staff were informed of the closures, offices were left open until a suitable agency could be found to carry on with limited postal services (such as selling stamps or

providing private boxes where the location was deemed big enough to warrant this).

In practical terms the closures meant the loss of full postal services to many communities. However, in emotional terms, the issues involved the loss of an institution whose very presence had provided them with an identity. For many workers, it meant the loss of employment and a severance of ties from the organisation they had felt part of for so long. These employees often took the news badly, as a manager who was involved in closures reveals.

People fell apart a bit. In one particular shop there were tears, so I calmed that down as best I could before I could go on to the next one. I was there probably an hour, because I thought I just couldn't leave people in this state (Smith, 1997:161).

The connections with the Post Office that existed on the two distinct levels between staff and community were severely tested by the actions of management. The transformation of the organisation from a state sector institution, which had provided jobs and services and an identity for many communities, to a commercially managed organisation had begun. The first tear in the fabric that joined the Post Office and the people of New Zealand together for many years had appeared.

5.8 Conclusion

The New Zealand Post Office was in many ways a socially constructed entity, which served the nation both in peacetime and in war for over one hundred and forty

years. It was shaped and developed by employees and those who demanded its services, into an institution that symbolised many values that were important to New Zealanders. As the Post Office developed in tandem with the nation, New Zealanders came to have certain expectations from the organisation. These included the provision of a wide range of services, a community identity and a link with the body politic. Also, as a significant contributor to full employment policies of various governments, the organisation provided generations of New Zealanders with jobs and long-term career prospects. For its many staff, the organisation had engendered feelings of loyalty and belonging. Those who worked in the organisation referred to it as a place where people were well looked after in a compassionate working environment. The above factors served to create close connections between the organisation and the many New Zealanders who came to rely on it for both services and jobs.

Over 140 years after the New Zealand Post Office was founded, the Fourth Labour Government came to power and quickly embarked on a large scale restructuring of the public service. What followed for the Post Office was a major transformation, as the former national icon was commercialised to reflect the new political rationality of the 1980s. The introduction of commercial principles and objectives brought the organisation into line with the more flexible organisational structures already in place in the private sector. One of the early examples of the transformation process was the closure of over 400 offices in one day in 1988. This action, alone, had the immediate impact of reversing former policies of providing services and jobs, which previously both

politicians and management had seen as important aspects of the Post Office's role in New Zealand. The mass closures, and the rapidity with which they were enacted, also served to underpin the government's resolve to transform the state sector, and to underpin the new rationality of the free-market.

Image: The connections between New Zealanders and the Post Office

The Post Office was a national icon, which had provided, amongst many other things, jobs and services to New Zealanders since the early days of colonisation. The commercialisation of the Post Office after 1987 meant much more though, than the restructuring and refocusing of the organisation. It also meant the changing of an institution, which had been symbolic of a previous era of full employment and the provision of services on a universal basis, regardless of geographical location or cost. Therefore, the transformation of the Post Office was, in many ways, a mirror image of the changes to the economy, and wider society, which the reforms of the Fourth Labour Government had brought about so rapidly.

Later in the thesis, the results of research carried out with a number of key actors from communities and the Post Office reveal the nature and extent of those changes. This material will highlight how staff and those who depended on it for services viewed the restructuring of the Post Office. It will also provide a view on how many New Zealanders saw the reforms in general, as represented by Post Office closures and other related events, as impacting on their way of life.

Chapter 6 Changes to the Economy and the Post Office

6.1 Introduction

The previous three chapters arrived at a number of ideal type images regarding the global, national and organisational dimensions of the New Zealand reforms. These next two chapters, 6 and 7, continue with that image building approach as they focus on the actions of New Zealanders who were involved in economic and organisational change in New Zealand in a variety of ways. In order to shape that analysis, this chapter begins the utilisation of a four-part Weberian framework advanced in Chapter 2. First, Weber's ideas on social actions within a market economy resulting in tension between groups with competing economic interests are used to compare two distinctly different approaches to economic management in New Zealand. The first of these took place at a time when ideals of social equity and political consensus shaped the approach to economic management between 1950 and 1984. The second occurred when a new era of economic liberalisation was introduced between 1984 and 1990 (and which would carry on into the 1990s).

Second, the focus moves to organisational change which occurred as a result of the reforms. Here, two Weberian characteristics of bureaucracy, impartiality of action and technical expertise, are used as organising concepts to explore the social actions at play during the restructuring of the New Zealand Post Office after 1987. This part of the analysis assesses the impact of change on those employees who had been working in the organisation for a long period in terms of how they

perceived, and responded to, the transformation of the Post Office.

The approach in this chapter enables therefore, two more images of the New Zealand reforms to be developed. These are to do with the increase in social tensions between competing interests in the economy as the reforms took hold, and, the impact of organisational change on long-term Post Office employees.

6.2 Social Tensions: A Conceptual Framework

This section introduces Weber's use of the concept of market rationality to analyse and explain conflictual relations between groups who have divergent economic interests. This particular concept will help frame an analysis of the attitudinal differences that emerged between those New Zealanders who implemented the reforms and others who were affected by their actions.

Weber argued that a rational market existed when formal mechanisms or arrangements are in place to serve the 'general goal of making money through exchange in the market between various players' (Weber, 1978:84-5). He saw this activity as 'the archetype of all rational social action' in that market transactions are determined solely by the purposeful pursuit of economic interests (Weber, 1978:635-6). Weber linked the concept of market rationality to social action by distinguishing between formal and substantive rationality. The importance placed by Weber on these two forms of rationality as a means to explain social action is demonstrated in the following quotation.

The term "formal rationality of economic action" will be used to designate the extent of quantitative calculation or accounting which is technically possible and which is actually applied. The "substantive rationality", on the other hand, is the degree to which the provisioning of given groups of persons (no matter how delimited) with goods is shaped by economically oriented social action under some criterion (past, present, or potential) of ultimate values (*wertende Postulate*), regardless of the nature of these ends. These may be of a great variety (Weber, 1978:85).

Formal rationality, then, refers to the calculation of means and procedures and represents certain mechanistic elements of the market, such as regulations and laws. Substantive rationality relates to some ultimate value by which the outcome of economic action is judged. According to Weber, there is a constant antagonism between the formal rationality of the economic order and its substantive irrationality from the standpoint of value commitments (Brubaker, 1984:36). By this he is referring to the tension that exists between those who control the elements of formal rationality and others, without such control, who are impacted on by their actions. While it may appear to be a neutral institution, in that it represents certain mechanistic elements of the market such as regulation and law, formal rationality is not though neutral in practice. This is because the control of those mechanisms, for example in the economic or legal spheres, will favour some groups at the expense of others. The extent to which such groups can exercise control will depend, though, on the degree to which their activities are governed by market regulations. Weber himself maintains that:

The starting point of voluntary market regulation has in general been the fact that certain groups with a far-reaching degree of actual control over economic resources have been in a position to take advantage of the formal freedom of the market (Weber, 1978:84-85).

Weber's theory of market rationality identifies the tension points that occur between groups with divergent interests in a market economy. These tensions are expressed through the irreconcilable positions of groups whose interests lie in either a formal or substantive rationality of economic action. Brubaker, writing on Weber's rationality, describes this phenomenon as follows:

The tension between formal and substantive rationality, then, is both a tension between conflicting values and a tension between social groups with divergent interests (Brubaker, 1984:43).

To claim though, that one group will be always interested in formal rationality and the other in substantive rationality, is to oversimplify social reality. It is likely, as Gray (1994:35) observes that in economic activity, such actions will not always be so clearly defined. Nor indeed is it likely that this thesis will find the New Zealand experiences so plainly delineated.

Weber's notion of competing tensions in the market is utilised in the next two sections to carry out a comparative analysis of social tensions during two periods of economic management in New Zealand. The first period, 1950 to 1984, is characterised by an interventionist system of economic management with tensions between opposing groups held in check by government regulation of the market. During the second period between 1984 and

1990, the interventionist system was supplanted by greater market freedoms, which allowed certain groups with key economic interests and control over resources to emerge and become dominant. The intention will be to assess the extent to which those new market conditions impacted on the level of social tensions in New Zealand.

6.3. The Way We Were

In this section key, social and political, aspects of the interventionist era in New Zealand will be outlined and discussed. I will explore the idea that, for most of that period, policies based on sustaining social equity and consensus politics helped maintain a balance between competing interests in the economy.

From the late 1950s, successive New Zealand governments assumed control over an increasingly large proportion of the economy. This was achieved through substantial state ownership of industry and resources and the regulation of a great deal of market activity. For example, up until the reforms of the 1980s the state owned and managed, many trading organisations. These included the national airline, the railways, electricity supply and telecommunications. Regulations were widely used to control the prices of many goods and services, such as bread, milk, telephone services and electricity (Easton, 1999:12). In addition, there were strong regulations in place with regard to monetary policy including controls on pricing and foreign exchange. A programme of import licensing greatly restricted or prohibited the importation of various types of consumer goods. Exporters were obliged to sell the foreign funds they earned to the Reserve Bank

at an exchange rate set by the Minister of Finance (Dalziel and Lattimore, 1996:11).

In pursuing this interventionist approach, New Zealand aligned itself to the predominant Keynesian¹ economic rationality which had prevailed, admittedly to varying degrees, amongst other Western countries since the early 1950s (Rose, 1999:98-99). While New Zealand resembled, to a greater or lesser degree, most other Western democracies, by 1984 the influence of the state had reached significant levels. Management of the economy was highly centralised and the country had a larger and more active state sector than any other of its Western counterparts (McKinlay, 1990:13). Russell provides a description of the way the New Zealand of the time had developed, when she says that:

For fifty years New Zealand had been the model of the modern welfare state: affluent and egalitarian, famous for butter, All Blacks and social ideals. We paid up to 66 per cent in tax to sustain free health, education, housing and near full employment on the sacred forty hour week (Russell, 1996:11).

By the early 1980s, a combination of price and wage fixing by the then National Government virtually dictated key market conditions to the extent that the role of the state became the dominant feature of the New Zealand economy. The level of interventionism had reached the point where by 1984, the New Zealand economy was one of the most highly regulated of all OECD economies (Rudd, 1990:89).

¹ An approach to economic theory and policy, derived from the English economist, John Maynard Keynes (1883-1946) which advocated strong government intervention in the economy in order to both stimulate and control the forces of supply and demand.

During the years between 1950 and 1980, New Zealand had experienced relative prosperity and social stability, in what James (1992:10-35) describes as an era of 'prosperity consensus'. That situation was brought about through interventionist policies where objectives of social equity were pursued, hand-in-hand with a state managed compromise which ensured a consensus between capital and labour. One of the principal policy objectives of the state was to promote full employment by encouraging the domestic production of a wide range of goods regardless of whether or not New Zealand had a comparative advantage in all cases (Dalziel and Lattimore, (1996:11). The government also made health, education and social welfare universally available, all funded through general taxation (James, 1992:20). As McKinlay notes, between 1950 and the early 1980s:

Successive governments had been committed to policies of full employment, economic growth and an egalitarian society with opportunities for all and a benefit system marked by universality rather than targeting (McKinlay, 1990:13).

By directing market behaviour through budgetary policy, the state became the central mechanism by which social equity was to be achieved. This was also a period in New Zealand's history where political ideals coincided with affordability. The country's main source of export income between 1950 to the early 1970s was virtually guaranteed, as Britain bought up most of the primary products New Zealand produced (Easton 1997:3). With a steady stream of export income and virtually no unemployment during the post-war period until the early 1970s, the idea of social equity permeated post-Second World War New Zealand

(Dearnaley and Collins, 2000:16)). Thus, social equity was articulated as a product of prosperity and the redistribution policies of the welfare state.

My primary aim in this part of the chapter is to establish the tension at a macro level between competing interests in the economy. So far I have focused on aspects of the interventionist economy in preparation for an analysis of the way in which neo-liberal policies impacted on that tension. In so doing, I have described a New Zealand where relative prosperity went hand in hand with the ideals of social equity. However, it is necessary to acknowledge that in the interventionist era, for many New Zealanders prosperity and social equity may have been viewed very differently from the general image depicted in this analysis. Koopman-Boyden's (1990:220) description of equity helps place that premise in context when she says that 'the issue of equity concerns what is considered to be just or fair as regards the distribution of resources and opportunities in society'. Or, in a more tangible sense, equal participation in prosperity, social and democratic rights and the opportunity to fully enjoy the benefits of freedom of association, employment and ownership.

The prosperity experienced by a large proportion of the population of the time, the rising incomes of New Zealanders, the high level of home ownership all gave a broad uniformity to the perception of prosperity and equity. Nonetheless, as Dunstall (1981:423) notes, 'between the bungalows of Remuera and Otara great disparities continued'. Even within those Remuera homes of the time, the mainly Anglo-Saxon nuclear families within may have experienced tangible prosperity but this

does not necessarily mean all members of those families (for example, women, both working and non-working) experienced a sense of equity. Indeed for all the political rhetoric of governments there is evidence of a growing tension in New Zealand from the late 1960s between the ideals of equity and the facts of material life (Dunstall, 1981:399). The last few decades for example have been characterised by ideological battles over the achievement of greater equity for various minority groups through the extension of economic and political rights, including, equal pay for women, Maori rights and gay rights (Koopman-Boyden, 1990:220). While not conclusive in themselves, these issues point to the fact that problems with equity were in existence long before the reforms of the 1980s. Thus, while the New Zealand of the post World War II era may well have been relatively prosperous and while social equity may have been the policy objective of various governments, for many New Zealanders the material outcome was much different.

While it could be argued that the New Zealand of the era framed in this analysis was one of contradictory developments, nonetheless it was a time where the country did experience relative prosperity - and the goal of equity, if not the outcome for all Kiwis, was in place. (I have noted earlier in Chapter 2 that not all elements of my ideal types images will be reflected in reality). However, this was a situation that proved to be unsustainable as global market forces and the advent of free-market policies in other Western economies, began to impact on New Zealand's prosperity.

6.3.1 Equity Under Pressure

The policies of various governments aimed at creating social equity had served to create what O'Brien and Wilkes (1993:12) describe as 'the period of historic compromise'. This represented a compromise between state and society where market forces were kept in check by an interventionist approach to economic management. The bipartisan and implicit agreement to use the state as a solution was very much a part of the fabric of political life over that period. Indeed, as Armstrong (1994:119) claims, 'marrying the collectivist principles of democracy and the individualistic principles of the market economy' was a settlement that many New Zealanders found attractive.

Policies aimed at maintaining a high level of social equity ensured a consensus between competing forces in the market to such an extent that no one group was disadvantaged significantly. However as external economic forces began to impact on New Zealand from the early 1970s, it was a consensus that would only be maintained with great difficulty. By the late 1970s, economic prosperity in New Zealand was beginning to run its course (Dunstall, 1981:452). An increasingly globalised world diminished the state's ability to manage New Zealand in the previous detailed interventionist way. Thus, a number of external factors, including Britain joining the EEC, the oil shocks of the early 1970s, and especially the onset of a new global economy, all impacted on the government's ability to maintain prosperity at the level it had been since the 1950s.

The consensus approach began to fragment in the early 1970s as the economy experienced downturns. However, so ingrained was the ideology of an equitable society that it was not to be abandoned easily. There is substantial evidence that the National Government, at least from the late 1970s to early 1980s, attempted to preserve social equity, even though economic growth had long been in decline (Dalziel and Lattimore, 1996:46). This attempt to maintain the status quo was evidenced by many of the interventionist policies of the National Government of that era. These included interest rate regulations, price controls and wage fixing. The government also carried on funding internal consumption through increased overseas debt (Armstrong, 1994:123).

In taking up office in 1984, the new Labour Government viewed interventionist policies as contributing to the poor economic position the country was in, and was quick to lay the blame on previous National administrations that had enacted them. As the then Minister of Finance, Roger Douglas commented:

The basic problem is that New Zealand has not adjusted fast enough to changes going on in the outside world. Instead we have spent 10 years using other people's money to carry on as we have in the past (Douglas, cited in O'Brien and Wilkes, 1993:130).

In attempting to preserve the social conditions that had been prevalent since the late 1940s, New Zealand was indeed living beyond its means. Throughout the 1960s and the first half of the 1970s, overseas debt remained at between 5 and 12 per cent of GDP. It then rose steadily over the next decade, peaking at just under 40 per cent of

GDP in 1987 (Department of Statistics). While overseas debt is not necessarily an inhibiting factor to economic growth, provided it is used to fund capital investment, in New Zealand's case it was being used to fund internal consumption and to subsidise welfare services. This was a situation that became unsustainable, particularly as there was no hope of increasing external revenues in the short to medium term. The reality for New Zealand was that equity and consensus could no longer be sustained in the way it had in the past.

Prosperity was no longer within reach of many New Zealanders and the goal of social equity came increasingly under pressure. As a new and more flexible economy replaced the one which had maintained a compromise between capital and labour for the previous 40 years, capital gained the upper hand and began to exert its influence to the detriment of social equity. As O'Brien and Wilkes accurately described it:

In the Brave New World of post-1984, a society which had once prided itself on achieving a high level of social equity, instead began to celebrate the rise of a conspicuous inequality (O'Brien and Wilkes, 1993:13).

Thus, New Zealand faced the era of the free-market, and a new political rationality that would result in radical economic reform and a shift in the balance of power between competing interests in the economy. The waning of the state-managed consensus between capital and labour, which had maintained social equity in New Zealand shapes the next part of this analysis.

6.4 The Commercialisers Take Over

In Chapter 2, the emergence of new power elites was revealed as a key factor in the implementation of a new political rationality which transformed Western economies in the early 1980s. This section describes the emergence and activities of such a group in New Zealand.

In beginning this discussion, I readily acknowledge that the advent of a free-market economy in New Zealand in 1984 did not bring an end to state-intervention per se. However, given the extent of regulation that existed previously, the new policies resulted in a significant reduction in interventionism and a corresponding rise in market freedom. A key factor in this transformation was the actions of an emerging group in New Zealand whose ideology was firmly free-market based (James, cited in O'Brien and Wilkes, 1993:31). In establishing the part this group played in the reform process, James argues that they had considered themselves adversely affected by government restrictions in the previous system and they were now ready to 'exploit the new freedoms offered by the new economy' (James, 1986:71). He writes:

In New Zealand an elite was being affected. An emergent entrepreneurial and professional segment of the middle class wanted new freedoms to exploit the opportunities in the emerging service and information economy that could generate much higher profits than in agriculture or even industry (James, 1986:71-72).

The agents of change in New Zealand, realising the global implications of these opportunities, were determined that New Zealand would take advantage of them. They had recognised the growth of the service and technology

sectors in other countries and the opportunities it provided for short-term profits. There was money to be made in New Zealand as well for those prepared to invest in the new economy, but first though, the system of economic management had to change.

The arrival of the Fourth Labour Government in 1984 signalled a significant change in economic policy and created a new environment for those who wished to advance the free-market approach. Thus, an elitist group with political and economic interests took control of the New Zealand economy in the mid-1980s and proceeded to transform it with great determination. Easton recognizes the emergence of this group in New Zealand, when he portrays the new economic conditions they created after 1984 as causing potential divisions in society. He claims that:

It became increasingly hard to ignore the differences or to pretend that there was a commonality of national purpose in which the interests of the ruling elite were aligned with those of the rest of the population (Easton, 1999:28).

As Easton points out, the interests of the elite were not always shared or subscribed to by society in general. This relates to the idea generated earlier in the chapter that groups who have control over economic resources will act to promote their own economic interests in a situation where substantial regulations are not in force to curtail their activities. Before I move on to investigate that notion further, it is important to identify who made up this New Zealand elite and to question whether elite is indeed the correct term to describe them? Bayliss provides one description, when he depicts the 'elite' in

New Zealand as being composed of: 'senior politicians and bureaucrats as well as the leadership and other influential persons from business, farming and the professions' (Bayliss, 1994:67). Easton adds credence to that description, when he talks about a group of men and women who are most closely involved in governing New Zealand, which includes:

key politicians, businessmen, and public servants who are influential in decision making and who have a commonality of vision and a networking of relations (Easton, 1997:112).

That a highly influential group of New Zealanders formed a political and economic elite in the 1980s is beyond doubt. However, the term elite is somewhat ambiguous in sociological terms (O'Brien and Wilkes, 1995:3). For one thing, it implies a certain level of class, or social, distinction and, as will be revealed in later chapters, the change agents of the 1980s came from divergent socio-economic backgrounds. To refer to them as an elite, while certainly they were such in terms of the power held by a small group, is a little too generic a term for the purposes of this thesis. Thus, a more appropriate term is required to accurately portray those agents who were focused specifically on reforming New Zealand's economy during the mid to late 1980s. To this end, a more definitive description, and one that is more closely aligned to what these individuals were collectively focused on, is required. Easton (1999:99) assists in this process when he uses the term 'commercialisers' to describe those responsible for many of the reforms in New Zealand after 1984. This is a term that fits well with the actions of the group in question, as much of what they

participated in involved commercialising the highly regulated institutions which had supported the economy for many years. From now on, 'commercialisers' is the term I will use to refer to those key politicians, government officials, private sector business people and new public sector managers who were responsible for economic reforms in New Zealand.

6.4.1 Establishing a New Political Rationality

This section outlines the way in which the previous interventionist system was disestablished by the commercialisers.

The consensus approach of the preceding forty years represented a period where the activities of the market were shaped to a significant degree by the compromises imposed by the state's considerations of social equity. When the commercialisers took control they began a free-market revolution that would significantly reduce the role of the state in the New Zealand economy. As the new economic rationality of the free-market became the dominant ethos, market forces began to dictate the provision and allocation of resources. The new government was determined to break with the traditions of the past 40 years or so. As O'Brien and Wilkes note:

Not for them the corporatist compromises of the past. Instead, Labour pushed the freedom of the market as the central motif, relieving industry and producers of subsidies and trying to free up controls in the labour market (O'Brien and Wilkes, 1993:108).

Once the government had created the environment for reform, massive changes were initiated, not merely in the economic structure and employment policy of the country, but in political, social and cultural life as well. One of the key policies of the new economic direction was the commercialisation of many institutions which had helped sustain the prosperity consensus of previous generations (Koopman-Boyden, 1990:229). These included economic and financial institutions and the public service, all of which had existed under a highly regulated economy for the previous forty years or so. Many New Zealanders depended on these institutions directly for employment and services. Thus subjecting them to a reform programme resulted in a significant break with past ideologies and social policy.

The government's emphasis on providing services to New Zealanders through a raft of public sector trading enterprises, also shifted significantly as a result of the reform process. As interventionism waned, the commercialisers seized the opportunity to transform the state sector. State management of many former trading and public service organisations was questioned and discarded and their use in achieving social goals discounted.

As O'Brien and Wilkes put it, the new rationality promoted the idea that the:

state was now seen less as a progressive force, and more as a fiscal millstone around the nation's neck. We were urged not to see the state as the guardian of equity and civil rights, but instead to turn to the market as the saviour of the nation (O'Brien and Wilkes, 1993:13).

Between 1984 and 1990, many industries, including banking, telecommunications, shipping, airlines, steel, gas and oil were radically restructured as a consequence of policies of commercialisation and deregulation. Consequently, many New Zealanders, especially those who had been accustomed to the social conditions of the previous era, felt the impact of the reforms through unemployment or a reduction in services.

For example, unemployment overall, already a major problem by the mid-1980s, increased significantly between 1985 and 1990. According to Statistics New Zealand, the number of registered unemployed² had tripled from 63,771 in January 1985 to 186,630 in January 1989. In 1986 the number of unemployed workers as a percentage of the labour force was 4.2 per cent. In 1989 it was 6.8 per cent and by 1991 it had reached 10.5 per cent (New Zealand Year Book, 2000:319). To put the impact of these figures in perspective, in 1961 the percentage of unemployed had been 0.8 per cent or some 6989 people and throughout the 1960s rarely rose above 2 per cent (New Zealand Year Book, 2000:318). O'Brien and Wilkes, observed that as a consequence:

One of the major tragedies of the market is thus that the freeing of government control from the labour and production processes has been directly and causally connected with the misery of mass unemployment (O'Brien and Wilkes, 1993:108).

² The standard definition of an unemployed worker (according to the International Labour Organisation) is a person not in employment who is both available for work and actively searching for a job. The labour force is all such workers plus those in employment. (Dalziel and Lattimore, 1996:17).

The increase in unemployment, though, cannot exclusively be attributed to the reforms. As explained earlier, the downward economic trends had been in evidence since the late 1970s. Nonetheless, the increase between 1985 and 1989 was severe. While for many New Zealanders the reforms meant the abandonment of equity as a public policy objective, the commercialisers saw things differently in that the market was simply reflecting the economic realities of the time (Prebble, 1996:46).

The restructuring of the economy continued throughout the rest of the 1980s and continued to impact significantly on jobs and the provision of services. For a number of New Zealanders who had come to expect the state to protect them from such extremes, the reforms represented an untenable break with the past. The changes were felt strongly by people in rural economies, who tended to see all the benefits of the reforms as being centred on the cities. Russell notes that:

Lives were turned upside down as struggling farmers, industry closures and the loss of traditional jobs and institutions turned rural New Zealand sour and angry (Russell, 1996:127).

However, in the cities the social effects of the reforms were also in evidence. Between 1984 and 1990, for many city dwellers, the new rationality had brought about large-scale unemployment and a reduction in social services such as health and education. Thus, a great number of New Zealanders, accustomed to the social conditions of the previous era, were severely affected by the reforms. As Easton described it:

The distress was so great that there was a concerted outcry from the general public, led by the churches and community welfare organisations, and backed by survey and anecdotal evidence (Easton, 1997:53).

The policies of the free-market, imposed on an established interventionist system, acted to create a change in the relationship between competing interests in the market. As the commercialisers gained the upper hand this resulted in an end to the conditions of consensus politics which the state had maintained since the late 1940s. It also resulted in the end of social equity as a policy objective of the state. In such a rapidly changing environment, an increase in tension between the commercialisers and those people in society who were most affected by the reforms was inevitable.

6.5 Transforming a Rational Bureaucracy: The Post Office in the New Economy

In continuing with the theme of economic and organisational change in New Zealand, the remainder of the chapter focuses on internal changes to the Post Office after 1987. My aim is to arrive at further images concerning the impact of the reforms on New Zealanders, this time in a specific state sector organisation which was transformed as a result of the actions of the commercialisers. To assist with this process, Weber's concept of rational bureaucracy is utilised to explore the reactions to change amongst management and employees, when the former administrative bureaucracy was commercialised. The analytical framework relies on two specific characteristics of Weber's ideal type rational bureaucracy: technical expertise and impartiality of action. Because of the empirical nature of this part of

the study my work also draws heavily on interview data from Post Office personnel.

6.5.1 Creating a Framework

First, the conceptual issues, which underscore the use of Weber's ideas on bureaucracy in this part of the chapter require an explanation. Weber's analysis of bureaucracy involved identifying a number of key characteristics which supported the so-called 'efficiency' of the bureaucratic form of organisation (Weber, 1978:956). Weber viewed two of these characteristics in particular, impartiality of action and technical expertise, as being vital to the rational functioning of a bureaucracy. As Brubaker, on Weberian bureaucracy, notes:

Bureaucratic administration is rational not only because of its impersonal formalism and its machine like efficiency but also - and most fundamentally - because it is based on knowledge (Brubaker, 1984:21).

Both the above characteristics are used to frame the analysis which follows on the impact of organisational change on employees in the Post Office organisation.

The technical expertise referred to in bureaucratic organisations, is best described as an intimate knowledge of the organisation's rules, regulations, systems and procedures, which is learned over time and mainly 'on the job'. As Weber himself puts it, technical expertise in bureaucracies is gained through 'the conduct of office' (Weber, 1978:225). According to Weber, the possession of technical expertise placed bureaucratic officials in a position of power, as the organisation could not function

effectively without their specialist knowledge. It was, as the following quote demonstrates, a question of control of the:

existing bureaucratic machinery. And such control is possible only in a very limited degree to persons who are not technical specialists (Weber, 1978:224).

Thus, technical expertise provided not only for the efficiency of the organisation, but also resulted in a form of exclusion in that those without such expertise would not be able to take over control. Silberman (1993:21) notes that expertise in this context can also be seen as the product of managers seeking to maintain or hold power in the face of uncertainty. This raises an important issue, because, as will be seen later in the chapter, it relates to the way in which Post Office personnel sought to use the possession of expertise to protect their own positions as the organisation was being transformed.

The second characteristic utilised in this chapter, impartiality of action, relates to the exclusion of all personal elements including individuals' emotions and feelings in the carrying out of duties (Weber, 1978:225). Weber described impartiality of action thus:

the more fully realised the more bureaucracy "depersonalises" itself, i.e., the more completely it succeeds in achieving the exclusion of love, hatred, and every purely personal, especially irrational and incalculable, feeling from the execution of official tasks (Weber, 1960, 334-335).

The motivation of the individual official working within the system was therefore based solely on the interests of the organisation. The adherence to rules and principles, above all else, was paramount in maintaining the administrative functioning of the bureaucracy.

The above characteristics provide significant guidelines to facilitate an analysis of the way in which commercialisation impacted on Post Office employees. As I argued in Chapter 4, a commercialisation strategy represented a significant change in the governance and management of former state service departments in New Zealand. The resultant change in focus, from administrative to commercial, has had a profound effect on many former state bureaucracies, amongst them, the Post Office. In the analysis to follow, the use of Weber's two characteristics of bureaucracy enables some of those effects to be measured. First, Weber's claim that technical expertise in bureaucratic organisations made them less responsive to the control of those who lack such expertise is examined in relation to the commercialism of modern-day bureaucracies. This enables some key questions to be addressed with regard to changes which took place in the Post Office. For example, in the light of Weber's theoretical position, what would be the implications for the newly appointed commercial managers of New Zealand Post after 1987? Would they be unable to effect change because of their lack of expertise or technical knowledge of how the organisation functioned?

Second, impartiality of action, which was also identified as a feature of administrative bureaucracies, is explored in relation to changes at New Zealand Post. One key question is, how would former Post Office employees

respond when asked to implement new commercial objectives which were at odds with their previous roles in providing a public service? Another question is, how impersonal would they remain when implementing new policies which resulted in redundancy for former colleagues?

The challenge now is to use Weber's concepts in exploring changes to the Post Office, as the former bureaucratic approach to managing the organisation was replaced with new forms of public sector management.

6.6 A Question of Technical Expertise

This section establishes the existence of technical expertise amongst staff in the Post Office. It relies on interview data from a number of long-term Post Office management and staff. These respondents revealed an organisational ethos focused on promoting technical efficiency through a combination of learning on the job, and specialised training. A strongly running theme throughout the interviews was that the expertise necessary to run the organisation was best learned over time. Mike Daly, for one, claimed that such expertise could in fact only be learned over time.

"We always believed that in the postal industry you need expertise and knowledge to do the job. You can't substitute that. It can only be learnt over time."

Cecelia Brown recalled that technical training was an integral part of induction to the Post Office.

"I went to work there straight from school. It was very daunting. Very regimented in its training. You were given a list every week of what you had to do. It was all inspected."

The focus on training from the start and the regular inspections of work would have served to reinforce in new employees that learning was an important part of the working environment in the Post Office. Paul Forno, noted that not only did people have to learn the rules, but they were encouraged by their peers to adhere to them.

"I remember when I started I was in the mail room. I began to look for quicker, more efficient ways of doing things. It just seemed to me that everyone followed the system because it had always been that way, but there was much that could be done to improve. I was soon told in no uncertain terms that if I wanted to stay I should keep out of what didn't concern me and get on with my job by learning and following the rules."

Simplifying the rules would have meant diluting their importance and also made it easier for newcomers to learn them and integrate themselves quickly in the organisation. The importance placed on the attainment of specialist knowledge, and the responsibilities of management to ensure it was provided, is further highlighted in the following extract from an internally produced official information brochure.

Staff training is accepted in the Post Office as one of the responsibilities of management. The purpose of this training is to help officers understand the aims of the

Post Office and to show them how they fit into the scheme of things, to learn the work of the Department and how to work in with other people, and to take responsibility so that they can direct the work of others. Training programmes include on-the-job training with planned job rotation, and off-the-job training courses (The Post Office, Then and Now, circa 1965).

Thus, the individual, given time in the organisation, became technically proficient in many areas of its systems and administration. That point of view has a number of implications for the way in which staff viewed technical expertise as providing job security. According to Weber's perspective for example, such employees would have been secure in the belief that those without such technical expertise would not be able to take over and operate the organisation effectively. The next two sections examine the credibility of that view when new management, employed after 1987, began to exert its influence.

6.6.1 The Question of 'Outsiders'

The following responses highlight how many Post Office staff believed that lack of technical expertise was a barrier to the successful running of the organisation.

Mike Daly, for one, noted that the perception that 'outsiders', without technical expertise, could not easily penetrate and change bureaucratic organisations was a widely held belief in the former Post Office, and one to which he personally subscribed.

"I used to think that, it's fair to say most people did. It was a shock to all of us when our experienced people had to go. We never dreamt it

would happen. Once we saw new people coming in to key positions and making changes, we knew then that the writing was on the wall."

Murray Jones, a middle manager in the Post Office, also supported that view.

"We expected change but in no way did we think it would be very much. The old guard wouldn't do that to us and we did not expect outsiders to be able to do it. We got that wrong."

Graeme Wilson, a key member of the senior management team in the Post Office, provided the following insight.

"It was not until the 1986/7 election that we were able to get to people like Douglas and Prebble and say, 'look we've had enough of this why don't we move forward?' By then though it really needed outsiders to come in and do it."

Wilson offers the view that, at least amongst senior management, there was agreement that change would have to be carried out by 'outsiders'. It is unclear how much of this was a result of them wishing to protect their own jobs by aligning themselves with new management. What is evident, though, is that the widely-held belief that technical expertise would offer some protection against change was to prove without foundation. Technical expertise built up over many years did not in fact prevent the organisation from being taken over and changed by 'outsiders'.

In April 1987, the new CEO embarked on a process to recruit managers from the private sector with the necessary skills to transform the organisation (Smith, 1997:75). As more new management joined the company in senior positions, the change process accelerated and the influence of former Post Office management waned considerably. The almost immediate changes that resulted after commercialisation (Smith, 1997:89-100) demonstrated how the organisation was transformed quite easily by new management who did not possess technical knowledge of the Post Office.

6.6.2 Job Protection: A Myth Exposed

For many Post Office personnel, the changes meant the end of their employment with the organisation and with that, a realisation that the 'job for life' era was over. However, initially, many employees felt their jobs were safe because specialist knowledge would still be needed to run the organisation, regardless of any changes in structure or direction. One senior manager confirmed that many people saw specialist knowledge as offering them job protection.

"There was a feeling that jobs were inviolate because of technical knowledge. You got to know over time, it was intuitive, what to do and how to do it. How could anyone else come in and change all that? People, even though they were apprehensive about change - and did see some fallout occurring - never in their wildest dreams thought they would have to go, and so many of them."

Paul Forno provided a view that while some people saw the changes as job threatening, many others, secure in the belief their knowledge would protect them from change, did not share that view.

"We were too inflexible to make the change ourselves, but I am sure very few people saw that. They thought they couldn't be replaced easily. Can't do without us was what they thought."

Ron Christian, a senior Post Office manager in 1987, said that while he and other more senior managers realised the changes would be significant he was sure most people still felt reasonably secure.

"Many of the senior management saw the inevitable. Maybe because we knew more about the new organisation structure. Most staff though felt fairly secure in that they felt they couldn't be replaced easily."

Senior management were more informed on the changes to come because they were privy to much of the new CEO Parker's thinking in the early days. Many employees at that time, though, were still unaware of the impact of change on them personally. According to Graeme Wilson, many of them still believed their expertise would protect them from significant change.

"They thought their jobs would be safe at least for a while because they were the ones who knew how to make the engine run."

The participants were unanimous that, secure in this belief, many people had not envisaged their expertise would be no longer relevant in the new organisation. However, as events unfolded employees discovered that they had underestimated the rapidity and degree of change about to take place. An organisation, even with as strong a bureaucratic culture as the Post Office, was not immune to restructuring by outsiders in these new times (Duncan, 1997:63). When the changes came in 1987, many of the staff members who felt their jobs to be secure were shocked at the outcome for them personally. Smith quotes directly from a staff member who was made redundant as a result of the restructuring process.

After 36 years of loyal service, being at the top, having top grade reports and what have you, it was very sad. Very demoralising. You weren't wanted. You were over the hill. You were told your working life was finished. No counselling. No support. One visit and out the door. The feeling I got was once you were told your ceasing date, they didn't want to know you. It took me a good three months to get over it. I was bitter the way I was told. The way it was handled (Smith, 1997:163).

The demoralisation felt by that staff member, the fear of being over the hill, and perhaps above all, the bitterness over the way the situation was handled, reflects the feeling that in the end, expertise had counted for nothing. The above reaction, as one employee noted, was typical of many of those who were affected personally by the commercialisation process.

"They couldn't believe they were no longer required. And of course the ones who were left felt they were also exposed and could go any time. It was a shock -

not the way we did things at all in the Post Office. People spent all those years learning the job only to be told it didn't matter anymore. They were hurt and angry. The Post Office was all they knew. What else could they do, they weren't trained for any other sort of work?"

Many Post Office employees, then, did have the expectation that the possession of technical expertise would protect their jobs. In the end it did not. Those who lost their jobs would have no doubt seen the irony of that situation only too well. The very skills they had relied on to protect them had let them down by their obsolescence in the face of the emerging new commercialism.

6.7 Impartiality of Action

This section first explores the way in which impartiality of action was a prime factor in shaping the actions of Post Office employees. The focus then moves on to consider how that impartial attitude to administrative duty was reshaped to assist in implementing new commercial objectives. Interview material from former Post Office employees is again provided to lend support to the discussion.

Impartiality in the former Post Office resulted in an organisational culture where employees followed instructions regardless of whether or not they agreed with them. Many of those interviewed recalled the military-like environment in the former organisation, where staff were trained and encouraged to carry out duties without question. Martin Slattery reinforced that perspective.

"It was like being in the army. There was a system for everything. It all had to be done by the book. You were left in no doubt that if you wanted to get on you didn't rock the boat. Do what you were told regardless of whether or not you agreed - or else."

Cecelia Brown also remembered the formal atmosphere of the time.

"The Postmaster was like God. No one dared question anything, ever. You simply obeyed the rules and got on with it. I suppose it was a bit like the army. I remember once posing for a photo when we had a change and the telephone exchange was taken away due to automation. We had to stand in front of the flag. We were all standing at attention."

Another senior manager had a more direct way of putting it.

"We ran the place on JFDI rules - Just F*ing Do It. No questions, no arguments. That's the law - follow it and you'll be O.K."**

Impartiality of action, then, was an important feature of the former administration. The rules were all important and personal considerations were expected to give way to the execution of duty. As such, the organisation could demonstrate a sense of fairness, equity and justice, consistently in all its dealings.

The idea of impartiality of action as existing within the Post Office is an interesting one considering the claims I made earlier in the thesis that the people who worked in the organisation had close associations with each other

and 'a sense of belonging' to the organisation. This presents a paradoxical situation of sorts, but one that perhaps is not unusual in bureaucracies where people can work well together in an atmosphere of camaraderie, yet be impersonal in their actions and fulfilment of duty when called on to follow orders. As Duncan (1997:59) points out, such potential contradictions can be explained when it is considered how the 'defence against anxiety' is a frequently acknowledged psychological function of participation in an organisation. He adds that:

Bureaucratic routine and the traditional security of tenure are providers - to both the individual and the collective - of such a defensive psychological bulwark against the chaotic and the unknown (Duncan, 1997:59).

Thus, while often the organisation exhibits impersonalism in its rules and procedure, it also provides for a certain comfort in the security that familiarity and routine can bring. The armed forces is perhaps the best example of this type of environment, and as some of the interviewees recalled above, life in the Post Office had a distinct militaristic element.

6.7.1 The Commercial Environment Takes Hold

While it was new management who designed the strategies of change, many of the people who were asked to implement them were former long-term Post Office employees in middle-management positions. Previously their work was focused on the administration of bureaucratic rules and procedures. Now, they were being asked to do things like making colleagues redundant. Redundancy, while soon to

prove a feature of commercialisation, as a former manager pointed out, was unheard of in the former Post Office.

"Get rid of people? Never! Transfer them, relocate them, put the hopeless ones out of harms way, but get rid of them? We had never done that. When we were asked to we didn't know what to think."

As far as the commercialisers were concerned, efficiency and profitability in the public sector was a key objective of the reforms (Douglas, 1993:179-180). In the new entity of New Zealand Post, the reality of commercialisation was that former public servants now had the job of implementing policies which reflected that objective. As one former Post Office manager confirmed below, these new policies would often involve making former colleagues redundant.

There were massive reductions starting from 2nd April 1987. The reality was you had to dismiss staff that you had worked with for years and years because we were now focused on being a commercial profit orientated business, rather than an organisation that employed people to give them a job (Smith, 1997:158).

The scenario described in that quotation is typical of the situations many managers faced as their sense of impartiality was tested. Any feelings of loyalty that may have existed to the public service ethos of the Post Office organisation or former colleagues, had to be suppressed. While losing their jobs was obviously a difficult experience for many of those who were made redundant, the people who had to implement the new policies recalled that for them also, these were also

very traumatic times. Often, as Martin Slattery revealed, they did not actually know the commercial rationale behind staff reductions, they were told to 'just get on with it'.

"We were given no training in human relations whatsoever. Just told to get out there and close post offices. It was tough on those who had to go but it was tough on us as well. We had nowhere to turn and we were seen as traitors. In the end though, we did it. Orders were orders, so to speak."

While by retaining their own jobs they could have been seen to be fortunate, the managers who implemented changes experienced a backlash from their ousted colleagues, as well as from communities in which they had to close post offices. Cecelia Brown related her personal experiences of reactions from both those sources.

"Yes, I was sworn at by staff, and abused at public meetings - it really hurt. To make it worse often I couldn't explain to them why they had to go. I didn't understand myself. I was just doing what I was told."

Slattery was well aware of the impact of his actions on former colleagues who had lost their jobs but he had to put personal considerations aside.

"It was your training, your duty - you were taught to follow orders - we just got on with it, it was

another job that had to be done. We tried not to think about it too much in terms of the people."

Another senior manager said that in enacting new policies he and other managers were doing what 'they were told' regardless of how they felt personally, but that it was not easy.

"We were professional postal people trained to carry out our duties. Even if you didn't agree you couldn't show it at the time. The loyalty was to the new management and that was that."

Both Cecelia Brown and Martin Slattery pointed out that managers were not given the necessary skills by the organisation to deal with many of the volatile and personally difficult situations they faced. Brown said that they were asked to go ahead and carry out large-scale office closures despite the fact that they had no experience in such work.

"We were given no training or anything, just told what offices to close and when. It was a situation we had never encountered before and we were not prepared for it, the emotions and everything. It was just expected by those above that we would do it. Even those who were made redundant were offered some form of counselling. No one seemed to think we might need it too."

Having to face emotionally upset former colleagues, or rowdy and often vitriolic, community meetings, was a daunting experience for many managers. As the downsizing intensified throughout 1987, many former Post Office

managers continued to implement change to the organisation whose public service ideals they had subscribed to for many years. They not only had to face their own colleagues but, in some cases, their own communities as well. As Martin Slattery recalled:

"I closed my own home town's local Post Office in Leeston. I don't think they ever forgave me."

(Slattery was right about that - in focus groups carried out in Leeston for this thesis almost 14 years after that event, people still remembered his actions with a great deal of bitterness). In some cases, the families of these managers also bore the brunt of public anger over the commercialisation policies. As one manager recalled:

Edendale is my home town. I had to close it and people were not nice. There were abusive people who had to blame someone. They couldn't get me, so they got my wife instead. They were most unpleasant to her in the street, in the supermarket. We lived in Invercargill at that time, but we'd lived all our lives in Edendale up until when we got married and we were pretty well known. She went through a bad time really. It was most unpleasant (Smith, 1997:162).

However, unpleasant or not, the closure went ahead as planned regardless of the personal consequences for the manager or his family. As another senior manager explained, there was also a certain element of impartiality used in deciding who went and who stayed in the new organisation. He recalled that, early on in the commercialisation process, a management team was put in place to make these decisions.

"There was the red dot plan. What we in the team did was to go through the list of everyone at management level and decided who was to go and who was to stay. It was as easy as that. We then put a red dot beside their names if they were to go. That was how we implemented the new structure."

This manager, and his colleagues on that team, had worked for many years with many of those who now warranted a 'red dot'. It was obviously acceptable during that time when the organisation was a public service, to keep these people in work. However, now that the numbers employed were decided on economic factors there was no longer any room for these staff in the new company.

The fact that Post Office employees were used to following instructions was not lost on at least one senior manager who was employed by New Zealand Post in 1988. This particular manager was responsible for carrying out a great deal of organisational downsizing and readily used this knowledge to ensure his objectives were met.

"It was so easy to get things done around here. You just told people to get on and do it. They were so used to obeying orders without question they didn't argue, or even ask why they had to do it. I used that all the time to get things implemented. It was so easy."

There is a certain irony in that comment because it reveals how the existing characteristic of impartiality was deliberately used to get things done in the new regime.

Thus, as the focus of the organisation changed from administrative to commercial, a combination of impartiality of action and the new approach to public sector management assisted in the transformation of the Post Office. When it came to implementing commercial objectives, those long-term Post Office employees who decided to accept the challenges of commercialisation did so regardless of what they may have felt personally. Impartiality of action, now refocused away from administration to reflect commercial reality, enabled the transformation policies of new management to be implemented quickly and effectively. However, as later analyses will show, for many of those who implemented such policies, it was not to be without a cost as their actions conflicted with personal values.

6.8 Conclusion

Two of Weber's criteria of rationality were used in this chapter to analyse and explain aspects of change to the New Zealand economy and the Post Office. First, the idea that opposing economic interests as expressed through formal and substantive rationality led to social tensions, provided considerable explanatory power in comparing two different eras of economic management. These periods were between 1950 to 1984 when the relationship between the state and society was based on ideals of social equity, and 1984 to 1990 when those ideals were supplanted by a new political rationality that promoted the free-market as the way forward.

From 1945 until the early 1970s, New Zealand, though highly regulated, experienced full employment, a productive and profitable export sector and a high level

of economic prosperity. During that period, a state-managed consensus between the competing interests of capital and labour maintained a balance in the market in a way that no one group was advantaged significantly. This environment created a form of social compromise which most New Zealanders accepted as equitable. Social tension, or what Weber described as a tension between the interests of formal and substantive rationality in the market, was at a low ebb. It was though, as external economic forces began to impact on New Zealand from the early 1970s, a consensus that could only be maintained with difficulty. In 1984, encouraged by the free-market policies of the Fourth Labour Government, a group of commercialisers took control of the economy and began a series of neo-liberal reforms.

One of the key policies of the new political rationality was the commercialisation of many institutions which had, through their use by the state in supporting economic and social policy, helped sustain the prosperity of previous generations. Consequently, the restructuring and commercialisation policies of the new era brought about large-scale unemployment and a reduction in social services, the impact of which was felt by many New Zealanders. It also meant the abandonment of equity as a public policy goal. Thus, the balance between capital and labour was shifted in favour of the interests of capital. As the commercialisers acted to reform the economy, tensions between them and groups whose interests lay in more substantive forms of rationality was increased significantly.

Next, two key characteristics of Weber's bureaucracy, 'technical expertise' and 'impartiality of action' provided a framework for an analysis of major changes

which occurred in the Post Office after 1987. This revealed the existence of technical expertise and impartiality of action within the Post Office, and also helped explain how those bureaucratic characteristics were impacted on and redirected when the organisation was commercialised.

With regard to the characteristic of technical expertise, there were two expectations firmly held by Post Office employees. Firstly, employees generally viewed the possession of technical expertise as a barrier to outsiders gaining control of the Post Office. Seen this way, a lack of technical expertise would reduce the possibility of the organisation being changed significantly. Secondly, their specialist knowledge and expertise would provide job protection, in that their skills and knowledge would still be relevant even if changes did occur. Both of these expectations were to prove groundless, when outsiders restructured the Post Office quite rapidly and as a result many employees were made redundant. Therefore, technical expertise is not such an important feature in new economy organisations as it was in former bureaucratic public service entities. It neither protects jobs nor excludes new management from taking over and changing the organisation.

With regard to the second characteristic of impartiality of action, this was apparent in the actions of former Post Office employees when carrying out their bureaucratic duties during the time the organisation was run as a public service entity. After 1987, when the organisation changed its emphasis from an administrative bureaucracy to a commercial entity, that impartiality of action continued to feature strongly in the actions of staff. Former Post

Office employees, and management in particular, carried out their new commercially focused duties with the same degree of impartiality they had displayed in the former organisation, even though in many cases this meant the loss of jobs for many former colleagues. Impartiality of action, then, when redirected to meet new objectives, can play a major part in implementing change in new economy organisations.

Image: The impact of economic and organisational change

This chapter arrived at an image of the reforms in New Zealand which contained two key elements. The first concerned an increase in tension that occurred as a result of the reforms. The second was to do with a key feature of those reforms, organisational restructuring.

In the mid-1980s, as a result of the actions of a group of 'commercialisers', New Zealand moved rapidly from a strongly interventionist economy to embrace wide ranging neo-liberal reforms. This new political rationality meant an end to what has been described a period of 'prosperity consensus' where interventionist policies had, since World War II, kept the balance between the competing forces of capital and labour. As capital gained control, tensions arose in society between the commercialisers who were responsible for enacting change and those New Zealanders who were most directly affected by their actions.

The New Zealand Post office was one of the many organisations transformed as a result of the new political rationality. Employees within that organisation had initially believed that they would be protected from change because of their special expert knowledge of the organisation. They also felt that a lack of technical

expertise would prevent outsiders from coming in and making large-scale changes to the Post Office. They were to be proved wrong on both counts as many Post Office employees lost their jobs when new management transformed the organisation in 1987. For other employees of the Post Office the new organisation redirected their efforts to assist in the changes. This was achieved quite easily as impartiality of action, a characteristic of employees in bureaucratic organisations, was redirected to meet the commercial objectives of new management.

Further empirical research to capture the perspectives of people affected by economic and organisational change will be carried out later in the thesis in relation to the above issues. This will engage New Zealanders who lost services and jobs, and employees of the former Post Office who were caught up in the transformation of the organisation.

Chapter 7 Actions and Responses: A Country in Transition

7.1 Introduction

This chapter centres on the actions of two specific groups of New Zealanders whose lives intersected as a result of the reforms. The first of these is the commercialisers who introduced and implemented the reforms. The second group comprises people from communities and employees from the Post Office who experienced a resultant change in social conditions as the reforms took shape. My intention initially is to establish the different perspectives, and patterns of behaviour, that emerged on the part of both groups. I will then set out to determine to what extent these influenced, and in turn were influenced by, the implementation of reform in New Zealand.

An 'ideal type' methodology as outlined in Chapter 2, will guide much of the discussion in this chapter. Thus, I am not claiming that the social actions of New Zealanders during the reforms corresponded exactly with the way they are described in this chapter. Rather, my approach will be to create further images relating to the reforms and use these later in the thesis to shape empirical investigation regarding the perceptions of the individuals involved.

First, I will focus on the way in which a new political rationality was established and underpinned by the commercialisers. This part of the chapter will draw on Weber's concepts of value-orientated and instrumental action to identify the types of social action engaged in by those who implemented the reforms. In this regard, the concept of value-orientated action will be used to

underpin the ideological orientations of the commercialisers as they introduced free-market policies and instrumental action will frame the neo-liberal economic objectives which underpinned such events.

It is acknowledged that both ideological and economically-based actions have been evident in the New Zealand economy well before the reforms of the 1980s. As the previous chapter revealed, the former system of interventionist management was itself based on a particular ideology of social equity, and this also had specific economic objectives, such as subsidising full employment policies, and financing internal consumption through debt. The comparison between the two different systems has already taken place in Chapter 6. What this part of the study sets out to do is examine those particular ideological and economic influences which shaped a new political rationality in New Zealand.

A second area of interest concerns the limitations to rationality in light of Weber's theory of value conflict. The basic premise of this theory is that all social action is guided by personal or societal values, which inevitably come into conflict with each other. Weber's claim that such conflict is irreconcilable, and thus imposes limitations on rational decision-making on the part of individuals, provides the framework here. The focus is on a time when a new generation of Labour Party politicians and their supporters supplanted the former interventionist system with one that was based on free-market policies. An interesting point, and one which generated the need for further inquiry, is that most of the members of this group were themselves products of the former system. I will set out to explore how they resolved any personal conflicts

experienced as they rapidly replaced a system that had shaped the social conditions of New Zealanders for many years, with one that now exposed them to market forces.

The final part of the chapter delves into the way in which the ontological security of many New Zealanders was threatened by the reforms. It will consider the response when the social conditions people had traditionally expected from previous eras of economic management were severely impacted on by the actions of the commercialisers. To this end, the actions of those New Zealanders, who, in a direct sense, felt the impact of economic reform, are analysed within the context of Weber's classifications of emotional and traditional social action. Using that particular theoretical concept, I will explore the premise that when long-established institutions and social conditions gave way to the new economic rationality of the free-market, responses were motivated by similar traditional and emotional actions.

The writings of contemporary theorists, in particular Brubaker (1984) on Weber's theory of value conflicts, also play a significant part in the chapter. These are used to integrate issues surrounding contemporary political rationality with Weber's work. In addition, perspectives from key actors in the reform process, will be included where relevant, to provide supporting material for the analyses and debates to follow.

7.2 Ideological Leanings

In this section, the Weberian concept of value-oriented rationality will be utilised to assist in the explanation of how action based on a certain ideology formed a major

part in the rationale behind the reforms. The main characteristic of value-oriented action is that it is shaped by the individual's absolute or ultimate values. The individual may deliberate about the means of achieving certain ends which reflect those values, but the values themselves are given. Thus, an individual holding certain values will be more interested in taking action which expresses these values, rather than being concerned with the likely outcomes of such action.

Weber's claim (1978:25) that value-orientated action is taken 'independently of its prospects of success' is important to consider in terms of the following discussion on ideology. This is because ideology itself has often been pursued in the same manner, often to maintain power or domination, regardless of the longer-term consequences (Thompson, 1994:135; O'Brien, 1991:24). Following that argument, the rapidity at which the reforms were implemented would certainly suggest that an ideological, or value-based, form of action had a significant contribution in guiding the actions of those involved.

I am not claiming that the commercialisers were a group of free-market ideologues, so intent of transforming the economy that they simply acted without any consideration of the likely outcomes on New Zealand. However, I do contend that a more measured approach, based on in-depth analysis of the likely economic and social impact on New Zealand of neo-liberal policies, would have resulted in the reforms taking place over a much longer time period.

As Larner observes for example, in relation to the reform of the state sector, the rapid privatisation of many former state owned organisations was:

based on a philosophical preference for markets, rather than empirical evidence that would demonstrate the efficiency of market provisions (Larner, 1998:5).

Larner is claiming that while strong on ideology, the government's approach was weak in terms of empirical substance. She is not alone in raising that issue, as other New Zealand authors, for example Jesson (1999) Easton (1997) and Dalziel and Lattimore (1996) have also strongly argued the point that ideology was a prime factor behind the decision to initiate reform in many areas of the New Zealand economy.

By the end of the first term of the Fourth Labour Government in 1987, neo-liberal reforms had replaced much of the interventionist policies of previous eras (Gaynor, 1999:2) in New Zealand. In terms of ideology, this move in itself represented a significant shift away from the traditional position of the Labour party, which had hitherto been grounded in interventionist policies and a commitment to the maintenance of the welfare state. Flynn, in noting the alignment of the New Zealand Labour Party with free-market ideologists in other Western economies, underlines this shift:

There was a view during the 1980s that Ronald Reagan and Margaret Thatcher especially, but other right parties in Europe and the Labour Party in New Zealand represented a new sort of politics, sometimes called the New Right (Flynn, 1997:34).

In ideological terms, the new Labour Government was subjected to a great deal of influence, from its main advisory institutions, and key segments of the business community. For example, the part played by Treasury, the

government's dominant economic advisor, in advocating a free-market ideology should not be overlooked. Jesson (1999:31), for one, makes the claim that the drive for reform came from Treasury, which, he argues, was a 'key instigator' in the government's adoption of free-market ideology. Indeed Treasury's advice to the incoming government strongly recommended less government intervention and a greater emphasis on market forces (Dalziel and Lattimore, 1996:23; Koopman-Boyden, 1990:221). Easton also claims that Treasury itself was strongly influenced by overseas New Right economic thinking, in particular by the Chicago School of Economics, an institution well known as an 'extreme proponent of New Right ideology' (Easton, 1997:20-21).

However, it should not be discounted that other forces within New Zealand provided strong ideological support for the reforms. The business sector in the main, and certain key groups such as the Business Roundtable, also chose to embrace and promote a free-market ideology. As Jesson describes it:

One other oddity about New Zealand politics is how ideological the business community has been. The pattern began with the New Right think tank, the Centre for Independent Studies, and has continued with the Business Roundtable which has borne the theoretical burden for the New Right throughout the nineties (Jesson, 1999:23).

The reforms were initially driven through the actions of the commercialisers who, having taken over control of the mechanisms of the economy used ideology as a justification for their programme of reform. Easton (1997:119) offers an explanation of this phenomenon when he says that one

political generation had replaced another and that as a consequence 'the ideology of the New Right was adopted by the commercialisers'. By the end of the first term of the Fourth Labour Government in 1987, the commercialisers had taken a firm hold over the economy and the impetus for reform was seemingly irreversible. As the then Prime Minister, David Lange, points out:

The Labour Party spent three largely successful years in government from 1984 to 1987 dismantling the misguided interventions we inherited from the National Party. The aim then of many of us was to develop new forms of active economic management. We didn't. We were destroyed by ideology (Lange, 1992:145).

According to Lange, any hopes for a move away from free-market policies had been superseded by an ideology that was now dominant. However, while ideology was a key factor in initiating the actual reform process, once this was under way, more calculable forms of action gained momentum. The next section focuses on these specifically.

7.3. Making Money

This part of the discussion focuses on a second factor that helped underpin the reform of the New Zealand economy, the pursuit of neo-liberal economic objectives. In the context of this study, these relate to the standard neo-liberal economic paradigm of, downsizing government, deregulation, commercialisation and the privatisation of government business as underpinned by objectives of productivity, efficiency and profitability (Castles et al, 1996:9-10). I will use the Weberian concept of instrumental action to assist in explaining the way in

which, once the policies of reform had been established, the commercialisers turned to more fiscal matters.

The state sector reforms in New Zealand will provide the framework to help outline an important association between the ideological and calculable actions of the commercialisers. The example of the state sector is used in preference to the many others that exist, because as Horn points out, 'government ideology has an important influence on the use of public enterprise' (Horn, 1995:165). This also relates to points made earlier in the thesis that the government used the reforms of the state sector to underpin its new rationality. In other words, the government used the commercialisation of the state sector to help transfer the key components of a free market ideology to the rest of the country. One of the ways it did so was to promote the measurable benefits of reform, such as profitability and efficiency, as realised in the newly commercialised state sector organisations.

According to Weber (1978:26) the chief characteristic of instrumental action is 'calculated action', in that every action is established and then measured against a pre-calculated and desired end. To provide examples which will underscore instrumentally-based actions as part of the commercialisation strategy in New Zealand, the perspectives of three key commercialisers are presented. These are respectively: a senior advisor to government, a former Minister of Finance, and a business executive who was recruited to direct the transformation of the Post Office. In keeping with the interpretive approach in this thesis, their perspectives are used here to underscore how an emphasis on neo-liberal economic factors, such as

productivity, efficiency and profitability, significantly shaped the actions of the commercialisers.

First, one of the chief architects behind the reforms, Dr Roderick Deane defines the key requirements of the reform programme as 'the need to clarify policy objectives and to pursue these in a consistent manner' (Deane, cited in Walker, 1989:116). A strong advocate of free-market economies, Deane had held the position of Deputy Governor of the Reserve Bank between 1982 and 1986. At the height of the reform process he was appointed as the Chairman of the State Services Commission, a position he held from 1986 to 1987. Deane's focus was on the measurable financial benefits of reform, as evidenced by his claim that there was a need to:

allow markets to work effectively by reducing or removing unnecessary interventions or controls; and to enhance generally the competitiveness and thus the growth potential of the economy (Deane, cited in Walker, 1989:116).

Deane describes (ibid) the main problems with what he terms the 'traditional public approach' in state sector trading enterprises, as 'a lack of clear objectives and lack of competition in a regulated monopolistic environment'. He puts these failings down to inadequate management accountability, which he claims resulted in 'poor investment decisions, un-competitive and non-commercial pricing, and resource misallocation' (Deane, 1989, cited in Walker, 1989:117). In advocating the need for the above areas of performance to be measurably improved, Deane's linking of the reforms to neo-liberal economic objectives is unmistakable.

Second, as the following quote demonstrates, Roger Douglas, who was Minister of Finance in the Fourth Labour Government, also provides evidence of an instrumental approach to the management of the economy.

The 1984 Budget introduced the first moves to get the trading side of several government departments to operate in a commercial way. Prices for state timber, coal and electricity were to increase until they reflected what it cost to produce and supply them. The Post Office was to start paying tax and dividends (Douglas, 1989:224).

Douglas equates the poor performance of major public services with the way resources were managed, claiming that the output being produced bore no relationship to what consumers wanted. Because of such inefficiencies, public services needed to be restructured and commercialised along private sector principles (Douglas, 1987:224-225). He claimed (ibid) that the potential of commercialisation to improve the balance of payments was enormous. Douglas leaves little doubt that he considered the reforms as a platform from which to instil neo-liberal economic objectives in the state sector and to achieve measurable results.

Third, Harvey Parker, a change-manager appointed to transform the new State Owned Enterprise of New Zealand Post, was also strongly focused on economic objectives. In the following extract from an interview he participated in as part of the research for this thesis, he provides a perspective on the State Owned Enterprise Act 1986, a key vehicle for the reform of the state sector.

"The SOE Act was a very useful piece of legislation which enabled long-term planning. Most shareholders in the private sector would not have tolerated the initial negative cash flows and the long-term payback. For example the redundancy costs of restructuring versus the payback period. It took courage on the part of politicians and SOEs to make it work."

Parker's terminology underlines the quantitative benefits to be realised as state sector companies were commercialised as part of the wider reform process. His comments reflect the new ethos of public sector management that accompanied neo-liberal economic reform, not only in New Zealand, but also in Western economies generally (Horn, 1995:170-172). Parker's concluding comment on 'courage on the part of politicians' is a clear reference to the fact that the government was prepared to risk short-term political fallout by applying unpopular measures in order to achieve longer-term economic efficiencies. His argument provides a good example of the more calculated actions of the commercialisers. They believed that regardless of any short-term conflict caused by their actions, in the long term the reforms would prove to be economically beneficial to New Zealand.

The evidence of instrumental forms of action, which Weber noted were 'calculated and directed towards a desired economic end', is clearly seen from the comments of all three of the above contributors. So too is the linking of these to the neo-liberal economic paradigm of less government - more market, outlined earlier.

The New Zealand reforms, then, were shaped by a combination of ideological and economically-based actions. These became mutually reinforcing components of a new rationality where free-market economic policy was underpinned by neo-liberal economic principles, such as organisational efficiency and profitability.

7.4 Something of Value

The following discussion continues to focus attention on the actions of the commercialisers, as the degree to which personal conflicts were experienced by those engaged in rapidly transforming the economy are explored.

As O'Brien and Wilkes observed, in enacting neo-liberal policy, the Labour politicians amongst them moved quickly away from their historical roots.

Most breathtaking to experienced political observers was the complete lack of feeling the new generation of Labour politicians appeared to have for the history of their own party (O'Brien and Wilkes, 1993:28).

It may well be the case that many Labour politicians displayed, in public at least, a lack of feeling in both their attitudes and discourse regarding the reforms. However, a key question which will be addressed here is whether, or not, behind an avowed free-market rationality, personal and social values were in conflict.

The above question is prompted by Rose's (1999:7) claim that 'a certain kind of reason' makes possible both the exercise of power and its critique. Rose exposes one of the dilemmas of modern-day governments, which is that the

exercise of power is often a reflexive activity, i.e. those who do exercise power, question not only their right to do so but also invariably question the way in which they do so. It is these types of reflexive issues that I wish to examine in this part of the chapter. In doing so I will utilise Weber's theory of value conflict as a conceptual framework.

The Weberian concept of value conflict is based on the premise that, in making decisions, individuals will experience conflicting values which limit their ability to act rationally. (Or, conversely and in Rose's terminology, can result in them questioning the rationality of their actions, which can have the same effect on decision-making). Weber distinguishes between individually held values, which he refers to as value orientations and, wider societal values, or value spheres. Often both types of values conflict simultaneously, thus presenting the individual with a multiplicity of conflicting choices, all of which must be resolved subjectively.

A New Zealand perspective based on the concept of value conflict will also form part of the analysis in this chapter. This involves two New Zealand based examples, which are considered representative of the types of value conflict experienced by many of the commercialisers as they implemented the reform of the economy and organisations. The first of these uses the idea of value orientations to describe personal conflicts between individuals concerning different types of economic rationality. The second example utilises value spheres as a framework to highlight the issues of choices between irreconcilable wider societal values. It is proposed that in both cases, such conflicts would have impacted, albeit

to varying degrees, on the decision-making of the actors concerned.

7.4.1 Value Conflict

The work of Brubaker (1984) in reconstructing Weber's theory of value conflict helps underpin this part of the chapter. Weber prescribes that there are inherent limitations to the rationality of individual action because of two forms of inner conflict experienced by the individual. The first of these is a conflict of personal values, which is caused by what Weber refers to as value orientations. Weber defines value orientations as:

.. .. Weltanschauungen - 'general views of life and the universe' (Weber, 1949:57).

Preferences for a type of political system, or a particular form of religious belief, are examples of value-orientations (Brubaker, 1984:63). In Weber's view, every value orientation, religious or secular, involves an 'integration of meanings, values and dispositions, and represents for an individual a systematic and rationalised image of the world' (Weber, 1946:280). By this he means that value orientations shape the way in which individuals perceive social reality. However, often value orientations can alter or new ones can be adopted which clash with the existing ones, thus leaving the individual with a choice between which of them best fits their view of the world.

As well as value orientations, Weber also identifies the existence of value spheres as creating a second dimension of conflict for the individual. Value spheres occur at a

wider societal level in the form of long-held expectations or norms of social behaviour. A value sphere for Weber is a distinct realm of activity which he describes as having its 'own inherent dignity, and in which certain values, norms and obligations are immanent' (Brubaker, 1984:69). Although value spheres have an objective existence, conflicts among them can be resolved, only through purely subjective choice. Examples of value spheres include 'brotherly-love' 'the family', 'integrity and honesty', and 'religion' (Brubaker, 1984:72).

Value spheres exist independently of the individuals who participate in them. While new ones may evolve, and others diminish in importance, as society itself changes, the individual can only contemplate them as entities over which they have no control. In this context, it is the choice between them that raises the subjective element. Value spheres, then, conflict with each other in that there is no ultimate value sphere from which to arbitrate between conflicting obligations inherent in different spheres, or as Weber puts it:

Value spheres of the world stand in conflict with each other (Weber, 1946:147).

Thus, the conflict between value spheres is not subjective in origin because they exist in an independent state. It is the individual's choice of which value sphere to serve that is subjective. Therefore, as Weber argues, individuals cannot escape the burden of choice and must forge their own relationship to the various value spheres. He wrote:

Because the spheres 'cross and interpenetrate' he {sic} must often choose between irreconcilable obligations (Weber, 1949:18).

While the clash of value-orientations arises out of the ever-shifting differences in individuals' fundamental beliefs and dispositions, the clash of value spheres, on the other hand arises out of differences in the inner structure and logic of different forms of social action (Brubaker, 1984:73). However, for the individual faced with either form of conflict choices can only be made subjectively, and thus, as Weber argues, that is where limitations to the rationality of individual action occur.

7.4.2 A New Zealand Perspective

In this section, the issue of value conflict is given a New Zealand perspective so that the question of personal conflicts arising on the part of commercialisers can be addressed. It was argued earlier in this thesis that those who made the decision to implement free-market reforms acted because of a certain commitment to a new form of political rationality. However, that does not mean they did not experience value conflicts in coming to those decisions (which if we are to follow Weber's argument, they most certainly did), especially when it became apparent that the reforms were causing distress to many other New Zealanders. What it does mean though, is that they often resolved such conflicts so that they could continue to implement change.

First I will highlight an example of conflict between individuals who subscribe to opposing value orientations. One such conflict, which was to have significant political

implications, occurred between two of the most senior politicians in New Zealand at the time of reform. They were the Prime Minister David Lange and Roger Douglas, Minister of Finance who was a key architect of the reforms. Both men came from staunchly Labour backgrounds and were brought up and educated in the conditions of social equity which prevailed in the 1950s and 1960s in New Zealand. Their profiles were in fact typical of many other leading members of the Fourth Labour Government (O'Brien and Wilkes, 1993:28-29). Douglas provides this detail on his own background:

I come from a family deeply rooted in the traditions of the Labour Party. That family has had by far the greatest influence on my thinking. Both my grandfather and father were Labour members of parliament. My father was also a radical trade unionist (Douglas, 1989:10).

What sort of conflict then, did individuals from similar backgrounds to Douglas, and indeed Lange experience, as they were faced with a choice between two very different economic systems? On one hand, there was the interventionist system favoured by their own Party, on the other, the policies of the free-market. Inevitably, they would have been presented with a conflict of values in that they had to decide between the two opposing systems. In 1984, to one degree or another, both men chose neo-liberalism over interventionism as together they focused the government on reform. However, as the reforms progressed, Douglas became more market oriented (O'Brien and Wilkes 1993:34-35), while Lange began to question some of the wider societal implications of the reforms. Both politicians would have also been aware that the reforms, especially with regard to social

policy, were starting to alienate a traditional part of the electorate that had seen Labour as a bastion against attacks on existing levels of social protection (Castles et al, 1993:105).

In 1987, the divisions between the two men became public, when the Prime minister overtly rejected key tax reforms proposed by Douglas (Castles et al, 1996:17). As O'Brien and Wilkes note in relation to that incident:

Lange was a populist at heart, and could not stomach the elitist tendencies which the flat tax programme showed up - indeed he felt the party was losing touch with its supporters (O'Brien and Wilkes, 1993:35).

As their respective positions hardened, the conflict between the two increased publicly, resulting in Douglas's resignation in December 1988. This event caused a mini-political crisis of sorts, but did not lead to an immediate change in policies as the new Finance Minister, David Caygill followed a similar path to Douglas (Easton, 1989, cited in O'Brien and Wilkes, 1993:35). However, the split signalled the end of a partnership, which had been central to implementing reform and by August 1989 Lange himself had resigned. Labour's reign was coming to an end and with it one of the more intense periods in New Zealand political history. Thus, the irreconcilable conflict between two key commercialisers resulted in the political demise of them both (although Douglas returned briefly in 1990). With them would go the entire Labour Government as the National Party swept to power in 1990.

It is evident that Douglas, having embraced neo-liberalism, became more enamoured of it as time went on.

Lange, on the other hand, experienced deep personal conflicts which led him back to his original Labour Party values which had never been attracted to economic rationalism (Castles et al, 1996:7). These men were but two examples of the many commercialisers who came from Labour Party backgrounds. Their particular battle, both with inner conflict and ultimately, with each other, is highlighted in this study to create the wider perspective that many commercialisers and their agents would have experienced similar conflicts.

Consider also, the conflict created by opposing value spheres experienced by many former Post Office managers who, in 1987, were participating in the commercialisation of that organisation. One of the more immediate tasks undertaken by such individuals was to implement downsizing strategies, which resulted in former colleagues being made redundant. The views of one manager, who found himself in that position, are expressed below.

Being a person with a church upbringing and parents who taught me that people shouldn't be put on the scrap heap, I had a very sympathetic view, but from a business view I could see the need for it to happen. We were grossly over-staffed, although I didn't like being in the position of making it happen (Smith, 1997:159).

This particular manager was faced with a choice between two irreconcilable value-spheres. On one hand there was the societal expectation of doing a job he, or she, was paid for, on the other hand, the idea of 'brotherly love'. Placed in such a position, which of the value spheres would the individual chose to follow? It is argued here

that many managers of the former Post Office experienced such conflicts when the New Zealand state sector was commercialised.

It is contended that many of the individuals who implemented reforms experienced both types of value conflict discussed in this section. This is especially the case as far as Labour Party politicians were concerned as underlined by the type of conflicts between Lange and Douglas described earlier.

The two examples provided above, are thus considered representative of the type of conflicts which emerged as the commercialisers implemented changes to the economy and organisations. At the same time, in order to continue with their work, these individuals had to resolve such conflicts. The issues of how they did resolve them, and to what degree this impacted on their ability to make decisions, will be addressed later in the thesis.

7.5 Impacts and Reactions: Issues of Ontological Security

In this final part of the chapter the reactions of those New Zealanders who most felt the impact of reform are explored. Here I will consider how the reforms threatened a sense of ontological security, which, in the perspective of many New Zealanders, had been underpinned by the social conditions of the interventionist era.

In order to assist in the analysis, two more of Weber's criteria of social action, traditional and emotional action, will be linked to the concept of ontological security. Traditional action, according to Weber,

represents a non-rational type of social action, which will:

guide behaviour in a course which has been repeatedly followed (Weber, 1978:25).

Weber claimed that in fact 'the great bulk of everyday action to which people have become accustomed' represented traditional action (Weber, 1978:25). In other words, these are actions which are characterised by established customs and traditions in such a way that they are engaged in out of habit.

Emotional action is also a non-rational type of social action. It is characterised by the dominance of feelings or emotions and is 'without conscious deliberation or intellectual reflection which would represent an appeal to logic' (Weber, 1978:25). Turner, also provides a useful definition in the context of this analysis when he describes emotional action as:

a direct expression of feelings, not even on the level of choice we find in a political protest or a religious prayer; it is on the level of crying when we are hurt (Turner, 1986:43).

Thus, an individual acting spontaneously in expressing fear, hurt or anger is exhibiting emotional action.

As stressed earlier, Weber's concepts were expressed as ideal types and to this end the actions of New Zealanders depicted in this chapter will not follow them exactly. Rather, they provide a basis to consider how people

responded when many aspects of their ontological security came under threat.

7.5.1 'Blitzkrieg'

The majority of New Zealanders were unprepared for political and economic change on such a scale as occurred after 1984. Also, because so few commercialisers were directing the change process, the communication lines to the rest of society were often non-existent. Consequently, many people felt excluded from the decision making process in that changes were occurring all around them and often they learnt about them in the media when presented as yet another fait accompli on the part of the commercialisers.

Jesson goes so far as to claim that, 'on the whole the transformation was imposed on New Zealanders against their will' (Jesson, 1999:15). That position is, though, somewhat unrealistic, but the point is taken that participation was limited to the commercialisers and their agents. The major issue for many New Zealanders was the speed at which those commercialisers moved on their agenda of reform. The rapidity at which the changes were implemented served to highlight the lack of a consensus approach so evident in previous eras, and created the perception that the majority of people were excluded from the decision making process. It is more likely that such action reflected the belief of the commercialisers that they were on the right course, than any deliberate attempt to impose change against the will of society. Nor is it likely at that time, so sure were they of their economic rationality, that they considered it necessary to convince anyone of the rightness of their actions.

Certainly the reforms were implemented very quickly, particularly when the more staid social conditions of the past 40 years or so are considered in comparison. Easton (1997:80) compares the speed at which the reforms were enacted to the 'blitzkrieg' in warfare. He writes that in New Zealand this approach:

was expressly designed to move things along so rapidly that the interest groups were unable to provide effective resistance, and therefore the public's immediate wishes had to be discounted, for fear they could be manipulated by the pressure groups (Easton, 1997:80).

Easton's claim, that the commercialisers deliberately acted in the above way to stifle public debate and opposition, has significant merit. His claim also lends support to my argument in Chapter 2 that power elites often act to ensure that those outside of their own circle of power are not in a position to criticise their actions.

However, whatever the intentions of the commercialisers (and these will be explored in later chapters), policies were enacted with remarkable rapidity, to the extent that the general population were often left bewildered by them.

As they saw their traditional social support mechanisms being removed over a very short time frame, many New Zealanders reacted to what they saw as changes to their social conditions. While such reaction is a phenomenon of transitional times, in New Zealand's case it was accentuated due to what was perceived by many people, as a threat to their ontological security posed by the actions of the commercialisers. In the next section their reactions to change are raised and debated within that context.

7.5.2 Ontological Security Under Threat

The social conditions of the interventionist system, such as the provision of universal public services and full employment policies, had represented a form of ontological security for many New Zealanders. Dupuis and Thorns (1998:24) claim that basic to a feeling of ontological security is a sense of reliability of 'persons and things'. Giddens refers to the phenomenon as invoking emotions of:

'being' or, in the terms of phenomenology, 'being-in-the-world.' But it is an emotional, rather than cognitive, phenomenon, and it is rooted in the unconscious (Giddens, 1990, cited in Dupuis and Thorns, 1998:27).

According to Giddens, ontological security is founded on the establishment of trust relationships, and is closely connected with routine, through the 'pervasive influence of habit'. He claims (ibid) that it represents a deep psychological need for individuals in all societies and is representative of a level of confidence that most human beings have in the continuity of their 'self-identity and in the constancy of their social and material environment'. It was highlighted earlier in this thesis that the former system of social equity and consensus created constancy of social conditions in New Zealand. Thus, welfare services, policies of full employment, and the 'job for life expectations' of public servants who were conditioned to expect security of tenure as part of their working conditions, all contributed towards the various facets of ontological security in New Zealand. Ontological security, then, is both emotional and traditional in origin and any perceived threat to it, such

as that posed by the reforms, will meet a response motivated by those sentiments.

For a great number of people, the reforms affected many aspects of their social conditions as experienced through, for example, a significant rise in unemployment, and a reduction in the level and content of social services. Jesson provides a perspective on this phenomenon, when he says that most people who have experienced the New Zealand transformation probably remember the tangible effects it has had on their lives through:

the organisations that were restructured, the jobs lost, the people's lives disrupted, the wealth transferred from the public sector to the private, and from the poorest section of society to the richest (Jesson, 1999:48-49).

While Jesson's views on the outcomes of reform are known to be somewhat pessimistic, there is no doubt that a large number of New Zealanders did indeed experience a reduction in social conditions as result of the changes. O'Brien and Wilkes (1993:65) for example, reveal that the 1984-1990 period was characterised by 'hugely increasing numbers of unemployed' and also by an 'equally massive increase' in social security beneficiaries'. Thus, for many New Zealanders, these events placed the traditional components of their ontological security under pressure.

As a particular example of the reaction to change, Smith describes the closure of the Waipu post office.

On the afternoon of Friday 12th May hundreds gathered outside the post office and a lone highland piper played a lament as the New Zealand flag was slowly lowered for the last time on a sombre occasion (Smith, 1997:107).

Here the formal act of lowering of the flag symbolises an obvious break with the past. People were in fact saying farewell not just to their post office, but to a time when the provision of universal services was ensured by the state, regardless of profitability, or geographical location.

There were many other such organisations affected and many other people who also found the changes hard to cope with, as the reforms continued unabated. As many New Zealanders were hurt by the reforms, the reactions became more noticeable. Easton (1997:53) for one, describes the 'public outcry' that took place at the visible evidence of hardship. Prebble (1996:44) when describing redundancy in the Post Office, talked about 'the painful effects of reform on ordinary people'. The loss of income that followed redundancy caused distress for entire families. There was also the loss of self-esteem for those who became unemployed. For some people, there was the additional hurt of being no longer wanted by organisations they had worked in for many years. There was public anger, as well, at the reduction in services that had been an integral part of communities for generations (Smith, 1997:103). Throughout the country, emotions ran high as the government abandoned the former principles of equity and consensus, which had contributed to the ontological security of many New Zealanders since the early 1950s, for the new economic rationality of the market.

7.6 Conclusion

The commercialisers who implemented the New Zealand reforms were motivated to do so by a combination of 'value-oriented' and 'instrumental' action. Value-

oriented action refers to the component of action that was ideologically based and influenced strongly by a free-market philosophy. Instrumental action was reflected through the emphasis placed on those key performance factors on which the neo-liberal economic paradigm is based, such as productivity, profitability and efficiency. While initially, ideological considerations strongly influenced the actions of the commercialisers, later the economic efficiencies of restructuring became more apparent and instrumental factors came into play. Thus, ideology and economic rationality were intertwined in the actions of the commercialisers who put in place a new political rationality in New Zealand.

Value conflicts existed amongst many of the commercialisers in New Zealand as they implemented the change process. These were played out at the institutional level in the reform of the economy and the internal restructuring of the Post Office. Many of these individuals' experiences and understandings had been initially shaped by a belief in the social conditions set in place by the post-World War II interventionist economy. In acting to change those conditions, they would have questioned not only their right to do so, but also the way in which they went about taking such action. The fact that they continued to make changes, though, means that they ultimately were able to resolve these conflicts.

The reforms changed certain traditional features of society that people had come to expect over the years and which had contributed to a sense of ontological security. These included the universal provision of public services by the state and full employment policies. Ontological

security as such, has its roots in traditions and is closely associated with habit and routine. It is also an emotionally grounded phenomenon rather than a cognitive one. As people struggled to come to terms with extreme shifts in their environment there was, inevitably, a reaction against the changes which was characterised by both traditional and emotional responses.

Image: The actions and responses of individuals in New Zealand during a period of rapid change.

The commercialisers acted through a combination of ideological and instrumental motivations, both of which became mutually reinforcing, in reforming the economy. As Labour Party people, in the main, commercialisers would have experienced inner conflict over abandoning their former traditional interventionist stance in favour of neo-liberal ideology. However, the fact that so much change took place meant that they would have been able to resolve such conflicts. Many New Zealanders felt that their ontological security, as shaped by the social conditions of the interventionist era, were under threat by the actions of the commercialisers. As a result, they responded emotionally to a loss of many aspects of those conditions, such as full employment and the provision of universal services, which they had traditionally come to expect to be provided by the state.

This image will guide further research to be carried out on the extent to which ideology and the pursuit of neo-liberal objectives drove the actions of commercialisers. Also, it will explore to what degree their actions created personal conflicts amongst commercialisers and how New Zealanders viewed, and reacted to, those actions.

Chapter 8 The Empirical Research Programme

8.1 Introduction

In Chapter 1, a number of key sociological issues central to the New Zealand reforms were identified. These included global, political, economic, historical, organisational, societal, and individual dimensions. Utilising a methodology based on Weber's ideal type approach they have been addressed in an integral and interactive way throughout the study. As a result of this process a number of images depicting key events and actions which occurred as a consequence of the reforms, were arrived at in chapters 3 through to 7 of the thesis. In this chapter I will describe an empirical research programme, which using the above images as a guide, set out to capture and interpret the perspectives of a number of key actors who had different experiences of the reforms. The research findings themselves will be reported in the next three chapters 9, 10 and 11.

The first task in this chapter is to revisit the images arrived at in Chapters 3 to 7 and place them within the context of the research to come. Second, I will then provide an explanation of how the research questions were derived from those images. Third, I will introduce the research participants and outline the rationale behind their selection. This is followed by a description of the main research methods used in the programme, which were focus groups and interviews. Next, the validity of the research methods used is debated in relation to the epistemological tone of the thesis. Finally, ethical issues to do with the participants in the programme are highlighted and discussed.

It should also be noted that a number of additional interviews were undertaken which helped in constructing the ideal type images mentioned above. As such, those particular interviews were not carried out as part of the specific programme I am about to discuss. However, apart from the selection criteria for participants, which was based on different research requirements as described in relevant parts of the preceding analyses, in all other aspects concerning the way they were conducted those interviews were subject to the same processes described in this chapter.

8.2 Linking the Images to the Research Requirements

Before moving on to the research programme in detail it is timely to revisit the ideal type images, arrived at in the preceding five chapters, in terms of how they shaped the approach to come. I will also take the opportunity to reinforce the development of the thesis to this point and create linkages to Chapters 9,10 and 11 where the research findings will be presented.

The analytical model used to arrive at the images in Chapters 3-7 was based on a Weberian ideal type methodology. Ideal types, it will be recalled can be used to 'construct imaginatively' hypothetical scenarios from which actual events can be compared and analysed. Weber utilised ideal types in his analysis of social relationships within organisations and economic structures and this was mirrored in the thesis. Thus, my approach was to construct a model that would provide a theoretical base from which to compare and analyse key events in New Zealand using the economy and the Post Office as frameworks. The objective was to arrive at a

number of images on what sort of changes may have occurred within those structures during the reforms in relation to the key sociological issues identified in Chapter 1 as having relevance to the study. These, it will be recalled, involved; global, national, historical, economic and organisational issues.

The first task in implementing my model involved an analysis of the global, national and organisational elements concerning the establishment of a new economy in New Zealand. This required setting up theoretical positions from which to construct images of what may have, in all probability, occurred in New Zealand as the new economy was conceived and implemented. The outcome was three images on the implementation of a new economy in New Zealand, which established a platform to delve further into the social consequences of the reforms. The first image, arrived at in Chapter 3, rested on the idea that the process of change observable in the Post Office (and by implication, other similarly iconic organisations) cannot be explained solely in terms of the actions of market-driven political ideologues. Thus, a more nuanced understanding of economic and organisational change locates these phenomena in the broader context of the advent of a new global economy in the early 1980s. The image arrived at was that economic globalisation significantly influenced the actions of the Fourth Labour Government and its agents in introducing neo-liberal economic reforms to New Zealand and that those reforms had significant consequences for many New Zealanders.

In Chapter 4, I continued with the topic of the new economy and revealed how its emergence had resulted in flexible forms of organisations in Western countries in

the 1980s. The shift in industry importance from production to finance-based industries was highlighted as a key driver of this phenomenon. This industry shift had significant consequences for employees who had formerly been exposed to the longer-term employment conditions generated by the Fordist era. The focus was now on short-term employment and a much more flexible labour market. In New Zealand there were severe implications for Post Office employees when the consensus bargaining of previous eras was replaced by individually based negotiations, new forms of agency-contract and commercially focused public-sector management. Also, the new economy resulted in the emergence of a generation of employees who held different and more self-centred attitudes towards work and organisations than had previous generations of New Zealanders.

The third image, arrived at in Chapter 5, concerned the Post Office organisation which had developed alongside New Zealand in its growth from colony to nation state. Thus, the former Post Office had long-established connections with New Zealanders who depended on the organisation for jobs, services and a number of other key social factors such as a sense of local identity and a link with the body politic. The image included a view that as a result of the restructuring of the organisation these connections would be severely tested.

That first part of the analysis, then, arrived at three images on the construction and implementation of a new economy in New Zealand. The next step was to build on those images to help explain the actions of key actors and agents who were involved from both sides of that construction process. That is, the actions on one hand

of those who implemented the changes and, on the other hand, those who were directly affected by them. The concept of rationality was a critical element in establishing the base from which to carry out that process. To start with, Weber's ideas on the dual perceptions of rationality, the multiplicity of meanings of the term, and the limitations of rationality were linked to contemporary events in this country. The emphasis here was on the way actors on opposing sides of the reform process viewed the changes in New Zealand. This part of the analysis, which included a detailed account of the way in which former institutions were changed and what forms of structures they were replaced with, led to further images in Chapters 6 and 7, which are outlined below.

Firstly, in Chapter 6 the image was that an increase in tension occurred in New Zealand society as one group, the commercialisers, who controlled the political economy acted in such a way as to disadvantage others who had no such control. From the early 1950s until the early 1980s, it was premised that ideals of social equity and consensus politics had shaped the policy objectives of the state. With the advent of the market and the withdrawal of the state from many areas of economic management an increase in tension between commercialisers and other New Zealanders who were directly affected by the reforms, was deemed to be inevitable. Secondly, that one specific characteristic of bureaucratic rationality, impartiality of action was refocused to ensure that commercial objectives were met in the newly commercialised Post Office and that another, technical expertise was not able to prevent the organisation from being taken over and changed by new management.

In Chapter 7, the discussion centred on the actions and responses of New Zealanders who held opposing views of the reforms. The image depicted commercialisers as having been motivated by a combination of ideology and the pursuit of neo-liberal economic objectives as they implemented reform. Another position taken was that 'value conflicts' existed in New Zealand during the change period beginning in 1984, and can be seen played out at the institutional level, in both the reform of the economy and the internal restructuring of the Post Office organisation. Such conflicts were manifested most obviously amongst those commercialisers whose experiences and understandings were shaped by a belief in the rightness and natural order of the social conditions set in place by post World War II interventionist type economy. It was also claimed that the Post Office was such a stable and embedded institution within New Zealand society that the changes made in its organisation disrupted the sense of ontological security felt by its employees and those who relied on the entity for services.

In the research findings to come, in Chapters 9-11, it is my intention to creatively introduce various dimensions of those images, where appropriate, to underpin aspects of research or to guide a particular line of inquiry. However, it is also important in terms of following a research plan to forge a link between the images, the chronological progression of the thesis and the structure of the research programme. To this end, Chapter 9 will focus on the construction of a new economy in New Zealand in relation to the images arrived at in Chapters 3,4 and 5. Chapter 10 will focus on the connections between New

Zealanders and the former Post Office and the idea of value conflicts existing amongst commercialisers arrived at in Chapter 5 and 7. Chapter 11 will focus on the idea of an increase in social tensions as depicted in Chapter 6. This approach enables a distinct pattern to be followed, i.e. the shaping of reform, the impact of reform and the outcome of reform.

8.3 Themes and Questions derived from the Images

The images discussed above were, as previously stated, instrumental in guiding empirical research aimed at capturing the perspectives of New Zealanders on the reforms. The research questions themselves, in relation to each of the participant groups, are provided in detail in Appendix 2. It is not my intention to dwell upon the specific features of these questions at this point. Instead, I propose to present and discuss a number of themes, which emanated from my ideal type images, to exemplify how the research questions were shaped.

To start with, in Chapter 5 it was established that the Post Office organisation had been in New Zealand since early colonial days. I claimed that as the country developed so too did the Post Office, and as services were provided, a link with the organisation and through the organisation to government, was formed. I also need to know however, what that link with the community meant to people as seen from within a community. In other words, where is the evidence that such a link existed, and to what degree did it exist? As another example, I have revealed how many communities displayed their disagreement with the closure of post offices through engaging in some form of protest. That is easily

recorded as a historical fact. But what I need to do find is evidence from communities as to why people took the actions they did. Was it because this link with the Post Office was broken? Was it because they felt their town was losing its identity? Or, was it because they simply didn't like the idea of change?

In relation to organisational restructuring I have argued that long-term Post employees were involved in implementing the changes. What I need to find out is not only how did they feel about such actions, but how did they personally view such changes? In other words, how did those employees actually feel when asked to implement the strategies of new management? The new generation of employees, who joined the organisation in the last five years or so, provides another dimension to the research. These employees have no practical experience of the old organisation but do they know anything about its history and operation, and what are their feelings towards the new one? I have arrived at an image of this new generation portraying them as self-centred and more interested in profit than in social services. Just how true is that perception? How do these employees feel about such issues as long-term employment, organisational loyalty and the provision of social services?

Questions are also required in relation to the external influences on the commercialisers. For example, did the advent of the global economy help influence their decisions on the nature and content of reform? How much of the need for New Zealand to follow the free market policies of its global partners, were the commercialisers aware of at the time they made the decision that reform was necessary? What of these commercialisers as

individuals? Up to now I have shown them as belonging to a group focused on the introduction of large-scale and rapid reform that impacted on many of their fellow New Zealanders. However, they too are New Zealanders and I need to find out a number of things about their feelings and attitudes as they lived through the process of change. For example, did they experience any value conflicts as they made their decisions? Did a Cabinet Minister who was brought up in a Labour Party environment struggle with the conflict between neo-liberal objectives and the unemployment in which their policies resulted? To what extent were the commercialisers aware of the potential consequences of their actions on other people early in the reform process? Did they care? What, if any, limiting factors occurred in their decision-making because of this? In hindsight would they have acted differently?

The tensions, or conflicts, which existed between the commercialisers and those affected by reform also requires research and analysis. For example, were the commercialisers aware that their actions had increased tension between themselves and those affected by the reforms? How did they view the responses of those who protested or complained? Did they see any alternatives to the course of action they chose to proceed with? How did those New Zealanders affected by reform feel about the actions of the commercialisers? What were their expectations regarding social conditions? What did increased unemployment and a reduction in services mean for individuals? How did they respond to such changes? What did they see as the rationale behind the actions of the commercialisers? How did they view the reforms as impacting on their way of life (ontological security)?

The responses to such questions will assist in determining if in fact conflict increased, and why, as a result of the reforms.

The above are examples of the types of questions for which the field research will be designed. I will now proceed to the programme which enabled that research to take place.

8.4 Selection Issues

The events and actions requiring further empirical investigation have been identified in chapters 3 to 7 of the thesis and elaborated on in the above section. In order to facilitate further investigation on the questions and issues raised in these preceding chapters the views of key actors in the reform process, i.e. the commercialisers and people from communities and the Post Office, had to be canvassed and presented. In selecting representatives from the above groups, my approach followed Giddens' assertion that in qualitative research samples are drawn, not according to probability theory (random selection) but upon 'theoretically important units' (Giddens, 1993:685). The method used in selecting the participants involved the technique of purposive sampling, which Sekaran describes as being useful when it:

might sometimes become necessary to obtain information from specific targets - that is, specific types of people who will be able to provide the desired information, or because they are the only ones who can give the needed information, or because they conform to some criteria set by the researcher (Sekaran, 1984:190).

Sekaran (ibid) describes two major types of purposive sampling, judgement sampling and quota sampling. Judgement sampling, which involves the choice of subjects who are in 'the best position to provide the information required', (Sekaran, 1984:191), was the primary method used in selecting participants. To this end an important starting point in selecting specific participants was my own 'insider knowledge' as a New Zealand Post senior manager at the time the research was carried out¹. For example, my personal involvement in implementing staff downsizing programmes, and closing unprofitable post offices, was particularly relevant in the selection of participants who were directly affected by the restructuring of the organisation after 1987. Insider knowledge was also useful in choosing change managers from within New Zealand Post as interviewees as I was well aware of the part they played during the commercialisation process. It also guided the selection of politicians and their advisors, whom I knew to be involved in the commercialisation of State Owned Enterprises generally and New Zealand Post specifically.

As Lofland and Lofland note in relation to the benefits of being an insider:

Within the fieldwork tradition, the positive evaluation of "starting where you are" has a long history (Lofland and Lofland, 1995:14).

While 'starting where you are' has considerable benefits such as an intimate knowledge of potential data sources, and a strong network of connections to gain entry to those sources, the approach is not without its drawbacks

¹ Refer following section 8.2.1 'The Insider'

(Lofland and Lofland, 1995:15). I will return to both those positive and negative aspects of insider knowledge, as they impacted on specific aspects of the research programme, in more detail later in this chapter. For now though, I propose to look more closely at the issues facing insiders generally in social research and how I dealt with these in my own role as a researcher.

8.4.1 The 'Insider'

The insider must be aware of two potential pitfalls when engaging in field research. First, they already possess knowledge of the events and issues that guide the research. While this has obvious benefits in terms of getting started and directing research, it creates difficulty in maintaining objectivity - a point I shall come back to shortly in terms of my own experience. Second, insiders are often known by, and in turn know, many of the participants with whom they intend to interact. As Lofland and Lofland (1995:37) put it, they have the advantage of 'knowing the cast of characters'. Thus the insider must not only take into consideration the way participants may perceive them and their motives, but how their own knowledge and perceptions could cause them in turn, to prejudge participants.

As mentioned above I was a senior manager in the organisation at the time the research was conducted. Thus, my first hand knowledge about many of the events in question meant that I needed to maintain as much objectivity as possible in both the design of the research and my interpretation of the findings. To start with, I was intending to carry out research in an area where I had worked extensively for a number of years. I

had also worked closely with government officials and the CEO and other senior New Zealand Post management in designing and implementing commercial strategies. In many cases too, I had witnessed anger from within communities over the results of commercialisation, in particular over post office closures, a strategy I was personally involved in. Therefore I was well informed about the key elements of reform and there is no question that this knowledge was of considerable benefit when deciding on what I should research and how to go about it. However, the potential to make assumptions, or jump to conclusions, about such issues as the benefits of the reforms on the economy was an issue I constantly had to deal with.

There is also the issue that inside the New Zealand Post organisation I was a 'known researcher'. Therefore I had to be aware of responses being tailored to suit what the participants thought might be what I, or other senior managers, wanted to hear. I was also aware that my position in the organisation could mean participants agreeing to take part in the first place because of my seniority, or in other words, my perceived power over them. I spent considerable time reassuring participants from New Zealand Post that my intentions were based entirely on producing an objective end result, and also that they were not obliged to take part if they felt uncomfortable with the idea. In other words, no pressure at all was placed on prospective participants to take part in the programme.

However, no matter how transparent they set out to be, participants do not always believe what the inside researcher says, even if they pretend to go along with it

(Roth, 1970, cited in Lofland and Lofland, 1995:36). While that phenomenon occurs whether or not the researcher is an insider, for the known researcher it creates a much greater dilemma. This was especially so in my particular situation where participants may have had concerns about my 'real' motives, or what indeed, I would reveal to other senior management about what they told me.

In social research it is difficult, if not impossible, for the researcher to be completely removed from the subject matters. Participants themselves, are also well aware of that issue and thus for the insider, the need for objectivity carries even more emphasis. Consequently, even though I used my insider knowledge to guide my initial inquiries and formulate a strategy, I was committed from the outset of the research to find out and report on how others felt about the reforms and how they saw their part in them. This follows Sekaran's contention that:

Researchers might well start with some initial subjective values, but their interpretation of the data should be stripped of personal values and biases (Sekaran, 1984:9).

I therefore concentrated on appropriate selection criteria and research methods to ensure that as far as possible, the participants' perceptions and not my own, were the ones represented in the findings. The material in the remainder of this chapter sets out the way in which I dealt with many of the pitfalls alluded to above in setting out to meet that objective. Ultimately, though, the analysis and presentation of the research findings is my responsibility, and represents my own

interpretation of the reforms and their impact on New Zealanders. With due respect to Sekeran above, there cannot help but be an element of insider knowledge influencing my interpretations and I acknowledge and accept this, as would, I believe, any other social researcher in a similar position.

8.5 The Participants

This section introduces the research participants by first providing a brief description of their relative roles within the overall context of the study. Following this, the rationale behind their selection is explained.

(i) The Commercialisers

This group of participants comprised a number of influential figures that were responsible for the implementation of political and economic reforms in New Zealand after 1984. These individuals were selected because of key positions they held, either within government or the public service, including the New Zealand Post organisation. In all, ten of these people were interviewed for the programme. Participants included, a former Prime Minister, a former Minister of State Owned Enterprises, a former CEO of New Zealand Post, a key Treasury official of the time and several senior managers from New Zealand Post.

(ii) Post Office Employees

These participants consisted of two groups of employees from New Zealand Post who represented two key eras in the organisation's history and development, i.e. as a former public service entity and latterly a State Owned Enterprise. The first group, which I termed 'long-term

employees', comprised people who had worked in the former Post Office organisation for a long period of time, at least 30 years. These participants came from a variety of positions within the organisation, ranging from management to operational staff, and were aged between 45-60 years old.

'New economy' employees formed the second group of participants from New Zealand Post. These were people who had joined the organisation after 1990 and who started their working lives in the new economy. They comprised a mix of university-educated professionals who specialised in marketing and strategic planning and others from more operational areas who had joined the organisation on leaving secondary school. The age range for participants in this group was between 25-35 years.

As well as being in a position to provide information on two very different working environments, these groups also enabled me to carry out a comparison of attitudes between different generations of workers.

A total of six focus groups were facilitated within New Zealand Post, three groups for each of the two categories of employee. These were held in Auckland, Wellington and Christchurch so as to achieve a geographical spread. Each group, in addition to the key criteria of length of service of participants, comprised a mix of personnel from a range of organisational departments. There were eight participants in each focus group and the gender composition was of equal proportion.

(iii) People from Communities

The third group of participants was made up of people over 65 years of age from communities whose post offices were closed as a result of the commercialisation of the Post Office after 1987. These individuals had lived most of their adult lives during the interventionist era of the 1950-1984 period. Thus, they represented a generation that had held certain expectations of the state with regard to the underpinning of social conditions. One of these was the provision of universal postal services and other forms of services, such as banking and vehicle registration, through the New Zealand Post Office as an agency of government.

Focus groups were held in six communities and each group comprised twelve people. As in the case of New Zealand Post groups there was an even gender mix. In terms of location, the selection process involved choosing medium sized rural communities from throughout New Zealand where local post offices had been closed down. Three communities from the North Island - Te Kauwhata, Tuakau and Bulls, and three from the South Island - Leeston, Lincoln and Methven, made up the sample. I could also have carried out research with urban populations but from my own experience² I knew that between 1987 and 1990 urban offices were not closed, most of them being deemed profitable and thus suitable for retention by the new company. Even in later years (after 1996) when a number of urban post offices were closed they were replaced by franchises which provided the full range of postal and agency services (Smith, 1997:197). Also, the purpose of this study was not to compare the reactions of urban and

² This was as senior manager in charge of implementing the New Zealand Post franchising programme in the mid 1990s.

rural segments of the population, it was focused on those most affected by the reforms which, as Smith (1997) and Russell (1995) have also both noted earlier in the thesis, were people from rural communities. Therefore, people from rural communities were chosen for the programme because they best met the requirements of the research (Giddens, 1993:685; Sekaran, 1984:190).

8.6 Focus Groups

This section considers the use of focus groups as a method for social research in general and for this thesis in particular. Focus groups are commonly used in academic and market research (Tolich and Davidson, 1999:122) to gauge public and consumer reaction to a wide range of social and commercial issues. Originally called 'focused interviews', the focus group technique came into vogue after World War II and has been part of the social scientist's tool kit ever since (Greenbaum, 1998:9; Bouma, 1996:179). Tolich and Davidson offer a concise definition when they describe focus group research as:

Group interview situations focused by a mediator around a set theme (Tolich and Davidson, 1999:5).

The decision to use focus groups as a research method was strongly shaped by the recognition by Lofland and Lofland (1995:21) that they enable the benefits of interviewing and participant observation to be combined in one setting. Thus, as well as drawing out individual responses, focus groups enable the researcher to observe what is going on in a group in terms of interaction. Those particular features meet with the interpretive methodology adopted in the thesis.

A number of other features, which Lofland and Lofland (1995:21) have identified as making focus groups suitable for social research, are listed below:

Group interviewing may be most productive on topics that are reasonably public and are not matters of any particular embarrassment.

Focus groups allow people more time to reflect and to recall experiences; also, something that one person mentions can spur memories and opinions in others.

Often people may not agree with one another on matters of opinion, providing instances of interchange between contrasting perspectives.

All three of the above factors proved to be present in the focus groups carried out in this programme. Firstly, the topics of economic reform and Post Office restructuring are very public ones. Participants wanted to talk about these events openly and this was equally true in the case of both communities and New Zealand Post employees. In fact, many participants claimed that it was the first opportunity they had been given to express their feelings on these issues. The presence of the other two factors referred to above, memories being spurred and divergent opinions often emerging in some groups, meant that considerable benefits in gathering information and shaping the debates were achieved.

The use of a focus group guide, as suggested by Stewart and Shamdasani (1990:74-76) provided sound guidelines to

help with the facilitation of the focus groups carried out for this programme. The time allocated for each focus group meeting was two hours and the focus group guide included a number of pre-determined questions. These focused on the major issues identified as requiring investigation in the ideal type images arrived at in earlier chapters. While the questions varied according to the category being researched, for example certain specific questions were required for employees, which differed to those for people from communities, the use of the guide helped maintain a necessary focus and purpose for each meeting. However, these predetermined questions provided the only structured element to the sessions, and the guide was flexible enough in design to allow for adequate social interaction amongst participants. This considerably widened the debates about the events and issues in question.

8.6.1 Potential Problems with Focus Groups

The use of focus groups in social research is not without potential problems (Giddens, 1993; Stewart and Shamdasani, 1990; Sekaran, 1984). For example, Sekaran recognises that changes to certain events or factors can occur even when the fieldwork is in progress, which could impact on the research in a number of ways (Sekaran, 1984:105-6). Changes in attitudes over time, or, fading memories, may also influence the validity of the findings from focus groups (Stewart and Shamdasani, 1990:74-83). I was aware of these potential problems but I do not consider they affected the research findings as far as this programme was concerned. Firstly, the events in question had already happened so there was no possibility of them changing during the course of the research.

Secondly, while individual memories may well have faded over time, the level of interaction in the groups certainly helped to remind people of the key issues involved. Thirdly, while it could have been expected that people had become used to the impact of the reforms, for example the loss of services or a change in employment conditions, their responses indicated that these were events about which they still retained firm views.

Another potential problem is the issue of logistics in organising focus groups when conducting a research programme like the one carried out in this thesis, which covers a wide geographical area. In the case of focus groups held in communities these logistical problems were overcome thanks to the assistance and valuable advice from Vivienne Smith (from Vivienne Smith Communications), who with approval from my supervisors, helped organise and run the community groups in conjunction with myself as co-facilitator. In the case of focus groups held in New Zealand Post, I organised and facilitated these myself.

8.7 Interviews

Interviews (face-to-face) were also a key method used in this research programme. There were 12 formal interviews conducted in total, although not all the respondents were quoted from directly as in some cases the findings revealed an element of repetitiveness. Thus, their inclusion would not have added significantly to the study. However, such material was still very useful in providing information to compare and test with the data overall.

Typically, interviews were between one, to one and a half-hours in duration. They were tape-recorded and transcribed at a later date by myself before I went on to the task of analysing and sorting the data. While a structured interview format was used to ensure consistency, the suggestion by Lofland and Lofland (1995:85) to maintain flexibility also influenced the way in which I handled the interviews. To this end I ensured that the questions were open ended, and designed to generate discussion so as to enable a high level of interaction between the respondents and myself.

8.7.1 Potential Problems with Interviews

One of the main disadvantages of conducting face-to face-interviews is that they often involve geographical constraints. Because the research participants were located in various places in New Zealand, this was an issue as far as this programme was concerned. The option did exist of course to conduct a number of interviews by telephone, but in the interests of interaction the decision was made to proceed with the face-to-face method.

Another drawback to face-to-face interviews is the potential for the respondent to be inhibited, due to them being in a personal setting with the researcher (Sekaran, 1984:143). This was an important issue as far as New Zealand Post employees were concerned. The question was whether or not they would be totally candid with a colleague in sharing their thoughts on the organisation. I am convinced, though, that my personal credibility remained at high levels with these participants. Several of them commented that they were in fact very pleased to

be asked to participate in the programme, and as one respondent, a former Post Office employee, put it:

"When you first asked me, I thought - another commercial whitewash - and I was going to decline. But I can see now from your material and your manner that you will tell the real story. Come back and see me anytime."

Conducting interviews can also involve a tendency to lead the respondent, by asking questions that communicate what the researcher believes to be a preferable answer (Lofland and Lofland, 1995:87). Another problem is where the respondent actually attempts to try and lead the interviewer, in that they want to go on into too much detail on a particular topic, or waver from the subject altogether. The use of an interview guide and imposing time limits were helpful in reducing the potential for either of the above problems to occur.

While the benefits of tape recording interviews are considerable, I was also well aware that some respondents could have felt apprehensive about having their thoughts recorded. Permission was always sought to record the interviews and it was made clear to participants that, while it was helpful for me as a researcher to tape the sessions, the choice was entirely theirs to make. Ultimately, no one refused permission for their interview to be taped.

8.8 Ensuring Validity

In this section the issue of validity in relation to the methods used in this programme is discussed. Sekaran

provides a useful definition of validity when he claims that:

Validity tests how well a technique or process measures the particular concept (Sekaran, 1984:154).

The emphasis on validity is not meant to dismiss the importance of other factors such as reliability (Sekaran, 1984:157) but to underline the interpretive nature of this thesis. As such, the research findings must accurately reflect the attitudes and behaviours of the participants involved. To this end, I followed the advice of Tolich and Davidson (1999:33) that interpretive research is primarily concerned with validity.

Two particular methods, feedback and triangulation, were used to test the validity of my research programme. First, the guidance of Tolich and Davidson was heeded in that feedback from a number of sources provided an essential part of the design process (Tolich and Davidson, 1999:163). To this end, several sources were utilised to help establish the validity of my methods and techniques well before I took them into the field. These included, wide consultation with professional research firms (Vivienne Smith Communications, and No Doubt Research, acknowledged) and several discussions with colleagues at New Zealand Post who had significant knowledge of the topics to be researched. In addition to the above sources, the feedback and assistance from my supervisors, Professor Paul Spoonley and Dr Ann Dupuis, in designing the research methods was invaluable.

I also continually asked participants during interviews and focus groups if they could identify with the research

objectives and line of inquiry. In this regard, their responses were overwhelmingly positive. If it had been apparent that my methods and line of investigation were causing confusion I was prepared to adjust the approach to reflect such feedback.

Secondly, a process of triangulation (Giddens, 1993:698) also helped establish the validity of the research design. Triangulation is defined by Tolich and Davidson as:

The use of multiple sources of information, methods, theories, and techniques to generate a variety of data that measure the social phenomena under investigation (Tolich and Davidson, 1999:34).

Thus, when several sources are generating similar responses to the research investigation this will generate confidence about the validity of the process. As Tolich and Davidson note, this process involves:

the logical integration of data from different sources and different methods of analysis into a single, consistent interpretation (Tolich and Davidson, 1999:34).

Once the research was underway the results themselves provided a key test in regard to the triangulation approach. In the context of both the focus group and interview results, it became apparent quite early in the process that there was a significant degree of correlation between responses. This result indicated that respondents, though from different backgrounds and locations, had a clear understanding of the subject matter and that the questions made sense to them. As such, I was satisfied that my methods would meet the

demands imposed on them in terms of enabling key areas of investigation to be pursued with confidence and would also ensure consistency of response.

8.9 Ethical Considerations

All sociological research raises a huge number of ethical issues (Lofland and Lofland 1995; Giddens, 1993; Lee; 1993). There is no entirely safe way to deal with these issues but researchers must always be aware of the potential dilemmas they create. Thus, it must be recognized that:

Ethical problems, questions, and dilemmas are an integral part of the research experience (Lofland and Lofland, 1995:26).

The above contention relates to all aspects of the research process, from gaining initial access to research subjects (Lofland and Lofland, 1995:31) through to safeguarding the information eventually obtained (Tolich and Davidson, 1999:69; Giddens, 1997:287).

In dealing with ethical matters, I relied heavily on the Massey University Code of Ethical Conduct, which puts forward five major principles aimed at ensuring ethical conduct in social research is maintained. These are, informed consent, confidentiality, minimising of harm, truthfulness and social sensitivity. These were used as firm guidelines from which to deal with the ethical issues of the research programme and as such are commented on below.

8.9.1 Informed Consent

Related to all research involving human subjects is the notion of informed consent (Davidson and Tolich 1999:70; Lee, 1995:27). The overriding issue is that participants are not deceived in any way as to what the research is about and are fully briefed on why they are being asked to take part. Each participant who engaged in interviews was provided with an information sheet prior to the actual interview (see Appendix 2). This advised them of the reasons for the study and their role as participants. It also included a section asking for their signed consent in terms of using their responses in my findings. The purpose of this approach was to ensure that the research met the proper standards of informed consent as proposed by Lee (1993:27) and Sekaran (1984:19). Thus, the information sheet was based on a format suggested by Sekaran (ibid) to ensure that:

The roles and expectations of both parties to the research should be made explicit.

Relevant philosophies and value systems of the research are also made explicit and any special constraints are made known.

By including the above criteria I was able to ensure that participants had the best possible opportunity to understand what was required of them, and what the aims and objectives of the research entailed.

While the idea of informed consent implies a voluntary agreement between the parties this does not mean that the researcher should take it as a license to publish

verbatim. They must also be careful not to use any information that is revealed accidentally or unintentionally by the participant especially if it could be construed as controversial or potentially damaging to the person concerned. Those particular issues are dealt with more fully in the next two sections of this chapter.

8.9.2 Confidentiality

Confidentiality is a potential source of concern for all research participants, as if it is not assured some people may be reluctant to freely offer their opinions and views. To deal with the issue of confidentiality in my research two specific steps were taken. First, at the commencement of each focus group, I made a statement guaranteeing that names of participants would not be used in the findings. In fact, many people from the focus groups declared that they were quite happy for their names to be used. However, in the interests of wider confidentiality and consistency of reporting, no one was named in the focus group findings. Second, the information sheet included a guarantee of confidentiality in the event that interview participants wished their names to be withheld.

Two of the commercialisers requested that if their names were mentioned they approve the material before publication. All other participants signed the consent section in the information sheet and agreed that interview material could be used without further permission. The request from the two commercialisers was agreed to, but in any event the arrangement did not need to be invoked. In the case of one of them his responses

were included but he was not identified, while the second person's input was used as background material only.

There was also the issue of at least two of the participants being well known public figures, a former Prime Minister David Lange, and a former Minister of State Owned Enterprises (who is still actively engaged in politics) Richard Prebble. While both of these people agreed that their responses could be included verbatim, I was aware of the potential risk of exposing them to further public scrutiny. To this end, I could have referred to them as 'politician A' or the like, but for reasons of authenticity I believed they should be named, with some editing where this was deemed appropriate. Also, as public figures they were (and still are) well used to having quotes and references made available in a public context and many of the views they provided are consistent with ones they are known to publicly hold (Prebble, 1996, Lange, 1992). On analysing their responses, I found that there were a few quotes, which were somewhat personal in nature and I did not include these in my findings. The same vetting procedure was also carried out with other lesser-known participants and I am confident that wherever someone's name was used there was nothing sensitive or potentially embarrassing reported. Where I did think that may have been the case and the material was relevant it was reported without identifying the source.

8.9.3 Minimising of Harm

Tolich and Davidson (1999:71) provide several examples of how social research can harm the people involved, including the researcher. They underline the point that,

as with all ethical considerations, there is going to be a tension between the aim of the research and of the likely effects of the study. In this regard, my primary focus was on the possible ways in which people could actually be harmed by taking part in this research process. The most obvious one would be to go back on the confidentiality guarantees and provide names and details of the responses of New Zealand Post employees to the wider organisation. Another potentially harmful action would be to purposely name someone, who only agreed to be interviewed on the promise of confidentiality, so that I could add further authenticity to the findings.

I also, as outlined in the preceding section, removed the names of participants in some cases where their responses were of a personal nature and had revealed emotions that they felt at the time they carried out aspects of the reforms. In addition to this, certain comments were edited or left out where the same sensitivities were in evidence. It should be noted that I decided to take this approach, even though these people had given me written permission to use their views without editing. I must stress though, that with a few exceptions the vast majority of material was on topics which more or less can be found in every day life or general social and business comment. To the best of my knowledge, none of the participants were placed in a position of harm and I was extremely careful to go over the material thoroughly in an effort to ensure that this was not an issue.

8.9.4 Truthfulness

Before engaging in fieldwork, one issue that had weighed heavily on my mind was that of self-disclosure on the

part of the researcher. To this end, I was mainly concerned with how much I should tell the participants in communities about my role in the downsizing of post offices. My background was not really an issue with Post Office people or the commercialisers. However, for participants from communities it presented a potential problem on two fronts. The first was that if they perceived me to be one of the people responsible for post office closures, this could have resulted in a certain amount of animosity. The other was that, for the same reason, they might decide not to co-operate fully with the requirements of the investigation. However, I made the decision to reveal my background, agreeing with Giddens that, to achieve worthwhile results:

A fieldworker cannot just be present in a community, but must explain and justify her or his presence to its members (Giddens, 1995:685).

In the main, participants appreciated my honesty and quite a few commented that they hoped I had now seen the 'error of my ways' by engaging in a study that would provide a balanced view of the impact of post office closures on their lives.

8.9.5 Social Sensitivity

Social sensitivity was a very important area as far as the participants in all categories were concerned. In this regard, working with a diverse range of respondents presented its challenges. Carrying out research with pensioner groups, politicians, and New Zealand Post workers, required a high degree of tact and understanding of the particular sensitivities involved. These often

related to issues such as age, social status and political ideology.

For example, employees who had been with the Post Office a long time were often quite sensitive to certain topics like downsizing and became quite emotional when it was discussed. Other Post employees who had lost seniority and status in the organisation as result of restructuring also needed to be treated with dignity and understanding. Newcomers to the organisation, on the other hand, were actually in favour of such changes and advocated that more of them should take place. Even within the categories researched there were different sensitivities at play.

Meeting with pensioners meant that certain sensitivities had to be observed in regards to what a loss of services meant for some of the participants in personal financial terms. In certain groups there were people who claimed they could not afford to travel (or had no transport to take them) to other locations for services. In the same group there were others who were well off financially and did not worry about expense, being more concerned with critiquing the politics behind the closures. In another example, some commercialisers were very sensitive about the impact of the reforms on the public in general, while others were actually very proud of their actions and wanted that made clear in their responses. At all times I conducted interviews and focus groups with the utmost respect and consideration for the sensitivities and social circumstances of the participants.

8.10 Summary

This chapter set out the aims and described the key components of an empirical research programme used in the thesis. First, three groups of participants who took part in the research process were introduced. These were, the commercialisers who implemented the reforms, Post Office and New Zealand Post employees who experienced organisational change, and people from communities where local post offices had been closed. Secondly, the research methods, which comprised a combination of focus groups and one-on-one interviews, were outlined and discussed in relation to their role in the programme. Thirdly, issues of validity in the design and implementation of the research programme were highlighted and explained in relation to how they were catered for in the programme.

Finally, the importance of ethical considerations in social research was discussed. The Massey University Code of Ethical Conduct, which suggests five key areas of ethical importance that should be observed by social researchers, was used to provide guidelines for this programme. These are: informed consent, confidentiality, minimising of harm, truthfulness and social sensitivity. Each of these was outlined in relation to social research and an explanation provided as to the way they were dealt with in this particular programme.

This chapter has also been used to explain my own role as a researcher. The material included references to the particular conditions that I personally experienced as an agent in the restructuring of the Post Office, and which helped shape the research in terms of its design and

implementation. It also revealed the way in which I dealt with my 'inside researcher' status as a manager in New Zealand Post at the time the research was conducted.

Chapter 9 Constructing the New Economy: Global Influences

9.1 Introduction

In chapters 3 through to 7 of this thesis, I developed a number of ideal type images relating to key events which occurred during the New Zealand reforms. My task now is to explore the actions and responses of New Zealanders who, in a variety of ways, shaped and participated in those events. A range of perspectives from participants in an empirical research programme, who had different experiences of the reforms, are presented and analysed over the next three chapters. The outcome of this process will be my interpretation of how New Zealanders perceived the reforms in relation to what they meant for themselves, their fellow citizens and their country.

This chapter begins the process outlined above, by focusing on key aspects of the construction of a new economy in New Zealand, which were highlighted earlier in the thesis. These were: how certain features of economic globalisation, driven by an information technology revolution, shaped a new economy in New Zealand; the advent of the flexible organisation, especially in the state sector; the impact of the new economy on workers whose only experiences of organisational life had been in the Fordist era; and, the emergence of a new generation of workers who had experience only of working conditions in the new economy.

The perceptions of three groups of participants are presented: the commercialisers who implemented the reforms; long-term Post Office employees who were involved in the commercialisation of the organisation;

and, employees who joined the new entity of New Zealand Post well after commercialisation had taken place.

First, I will present the results of research carried out with the commercialisers. My intention is to explore the extent to which global influences shaped the actions of those who initiated and implemented a new and flexible economy in New Zealand.

Second, I will focus on the actions of employees from a generation whose working experiences were shaped by the previous Fordist era. This part of the chapter centres on how both management and staff participated, in different ways, in the implementation of a key policy of the reforms, the commercialisation of the Post Office. The intention here is to demonstrate how work skills and attitudes to organisations were changed as a result of the reforms and in particular the emergence of the flexible organisation in New Zealand in the mid-1980s.

Third, the attitudes and expectations of a new generation of workers are analysed, and also compared with those held by the previous generation. I will examine how the key attitudes and actions of this new generation reflect the economic principles of neo-liberalism, and thus helped to underpin the new economy in New Zealand.

9.2 The Globalising of New Zealand

In this section, the responses of the commercialisers and their agents, in relation to the emergence of a new global economy in the early 1980s, are presented. I will explore the ways in which this phenomenon influenced their actions and thus the extent to which the New

Zealand reforms were influenced by external strategic developments.

There were two significant themes to emerge from this part of the research. First, there was the recognition amongst participants that New Zealand had needed to keep abreast of global trends, which were moving many other Western economies towards policies of economic liberalisation in the early 1980s. Second, there was widespread agreement that the commercialisation of the New Zealand state sector (and with it the Post Office) was a key part of the underpinning of the wider reforms.

9.2.1 New Zealand's Place in a Changing World

The responses set out below reflect the general agreement among participants on the need for New Zealand to keep up with global trends in neo-liberal economic reform. This is clearly exemplified by the following acknowledgement from one of the government's key advisors within Treasury that, if New Zealand was to establish its place in the global economy, reform was necessary.

"Were our actions driven by global influences? Well, yes of course. People couldn't always see that - well Muldoon had cocooned them for so long. The rationale behind what we did was part, yes part ideological, but mainly out of necessity for New Zealand to respond to global changes. Yes it was New Zealand's response to a changing world." (Senior Treasury official)

According to the participant, this was also a view which typified the prevailing attitude within Treasury at the

time. His comment that the National Government, which had been in power from 1975 until 1984, had 'not faced up to the realities of the emergent global economy in the early 1980s' implies that Treasury was ready to take action to help remedy that situation. The statement that, 'people couldn't always see that', also points to a recognition that many New Zealanders were not aware of why reforms had to take place. In other words, New Zealanders had been protected from the reality of global trends for too long and could not understand the need for change. Although I include it here to help illustrate the way in which the new global economy was perceived by the reformists, this is a point to which I will return in more detail in the next chapter.

The respondent's claim that the reforms were 'New Zealand's response to a changing world', finds agreement from the former Minister of Finance when he argues that:

The political landscape has changed so much in the last ten years. There are new groupings, new divisions. What we have now are internationalists - the realists - and the isolationists or protectionists (Douglas, 1993:11).

Douglas goes on to claim that the former group, the 'internationalists' with whom he claims to identify, understood that the world is 'more and more becoming a single market they want to be part of'. The second group he says, 'hanker for the past, want to put up barriers, and pretend that they can operate outside the global market' (Douglas, 1993:12). Douglas oversimplifies the issue, in that according to him either people subscribe to being an internationalist or an isolationist. The reality is that many people hold views that range

somewhere between these two extremes. However, I use the example here to highlight the importance Douglas, as a key commercialiser and one who worked closely with Treasury, places on the global perspective.

Richard Prebble, the Minister for State Owned Enterprises in 1986, followed Douglas' position on the need for an international perspective on economic management in New Zealand. He also provided a tangible example of some of the more practical issues involved when he describes how, pre-1984, New Zealand lagged behind on developments in information technology, to the extent that an international company would not risk setting up its operations here.

"The Hong Kong and Shanghai Bank you see. They actually set up a merchant division. I, as associate Minister of Finance went up to the opening. I really went to talk to senior management who were there to see if they would open a full branch and not this tiny division. They were quite clear. There was no way they would come into New Zealand. The risk was too great. What risk, I asked? 'Your telephone system is so unreliable that you can be out of contact with the rest of the world for hours. We cannot afford to be out of touch with the Chicago futures market for more than one minute. Because of your monopoly we cannot set up an alternative and we certainly cannot rely on yours - so, thanks very much Minister but while this situation remains we will never provide the sort of sophisticated service people have told us they want.' They said they needed it and we couldn't provide it." (Richard Prebble)

Mr Prebble also expressed the opinion that it was a refusal to recognise global trends in information technology on the part of the former National government that created such a situation. The necessary investments in technology, he claimed, simply had not been made by the former administration. He added that in his opinion, neither politicians, nor public sector management of the time, possessed the business competencies required to take New Zealand into the new economy.

This latter claim demonstrates that Mr Prebble had no confidence that incumbent public sector management in New Zealand were capable of making the changes he refers to above. In support of those managers I would argue that their experiences in previous interventionist approaches to government in this country made it extremely difficult for them to attain and practise such skills. That is not to say that they were bereft of international experience, or that they did not possess an international perspective on public sector management, already moving towards commercialisation by the end of the 1970s. However, they had limited opportunities to practice such new forms of management due to the bureaucratic methods and systems through which state sector organisations in New Zealand were organised and operated.

Mr Prebble's comments on management help clarify why he saw the commercialisation of the state sector as an important element of reform. He also expressed the opinion that politicians and government generally, should not be involved in market related trading activities. Prebble reinforced that position by stating that in a globally competitive world, there was 'no longer a justification for direct government involvement in a

diverse range of trading activities in the economy'. The private sector, he argued, could run these enterprises more effectively, while the government 'focused on such matters as social policy, defence and the maintenance of law and order'. As such, he provides the classic argument of neo-liberalism for less state - more market.

Former Prime Minister Lange also claimed to have been well aware of global influences impacting on the New Zealand economy at the time his government took up office in 1984.

"Or maybe we weren't capable of it, of actually considering our role in the world - and so we had a political system which Muldoon exploited so that he constantly gave assurances and security while any rational analysis of our world position would have shown that we still had not adjusted in 1984 to Britain entering the Common Market. These people [opponents of change] had no idea that we had to make some adaptation. Indeed that's the whole history of post-1984. It was a huge convulsion of which the after ripples continued. It was like one huge allergic reaction to an overdose of unreality and belief that nothing had changed in 30 years. So globalisation virtually came for us as a wonderful damsel on a white charger that was going to do us good. And we said give us your goods and take ours - of course they did not take ours. I said to Ansett, 'Come to New Zealand'. Next thing air-bridges, hot tea, wonderful. Then later we went off to Australia and paid 500 million dollars for the right to do something there. "(David Lange)

The former Prime Minister underscores how the liberalisation of markets, a key feature, although by no means the only one which New Zealand embraced, of economic globalisation, was a major part of his Government's reform policy. This in itself represented a significant move away from the protectionist policies, which New Zealand had engaged in for the best part of 30 years. Mr Lange claimed New Zealand had 'no choice but to join the global economy'. However he acknowledges the reliance on the protectionist policies of the past would make this change process quite a difficult one for many people both in commerce and society generally. Like his key economic advisor, Treasury, he puts this lack of preparedness down to the former National Government's reluctance to face reality and make the necessary economic changes.

The new CEO of New Zealand Post, Harvey Parker, put forward the view that economic change in New Zealand was initially influenced by 'the increasing trend towards global reform' in the early 1980s. However, he believed this country had actually moved so fast in response to those changes it became a leader itself, certainly in the area of public service reform.

"While global reform was well under way and we had Thatcher and Reagan, etc., New Zealand while maybe getting the initial impetus from that adopted a different model. New Zealand became a leader especially on government change so we really thank the globalisation process for that." (Harvey Parker)

Parker's contention that New Zealand adapted so quickly to global reforms it became a leader itself is supported

by a number of sources, though not all of these take the view this phenomenon was necessarily of benefit to the country. For example, Jesson (1999) Easton (1997) and O'Brien and Wilkes (1993) all of whom acknowledge the global influences on New Zealand's reform programme after 1984, subscribed to the view that free-market policies were implemented often at the expense of social services. Others, though, such as Prebble (1997) Douglas (1993) and Savage and Bollard (1990) provide a more supportive view of global influences on the New Zealand economy. Those particular authors highlight the economic gains of reforming the economy in terms of increased efficiency and profitability, both key features of neo-liberalism, across many areas of the economy and particularly in the state sector. However, regardless of the perceived benefits, or otherwise, of the New Zealand reforms it is clear that their implementation was significantly influenced by global economic developments.

9.2.2 The Need for Commercialisation

The new economy also had implications for public services in New Zealand as government policy began to transform the state sector by way of an intense commercialisation strategy. As Jesson notes, in early 1986:

Treasury and finance ministers seized complete control and commercialised large parts of the Public Service with their state-owned enterprise and policy of user pays (Jesson, 1987:31).

The commercialisation strategy, as a senior Treasury official confirms below, had been implemented as a direct

response to wider global trends in state sector reform as governments withdrew from interventionism.

"Well in Britain for example, and other countries as well, the public service was recognised as ripe for change. There was a world-wide trend to reduce government's role in any case and it seemed as good a place as any to start." (Senior Treasury Official)

Richard Prebble, for one, was also in no doubt that in New Zealand the Post Office and other similar trading enterprises were in need of immediate reform.

"Putting your question down a different way - the Post Office couldn't give a hoot because they weren't responsive to the market. It wasn't for them a problem - so we realised we had to get them and other like departments into a more sensible businesslike approach to respond to global requirements." (Richard Prebble)

As well as the perceived need to get the Post Office more businesslike, the former Minister made it clear during the interview that other government departments, such as Railways and Electricity also needed to be managed on a commercial basis. Mr Prebble also reinforced an earlier claim that the existing public service management in New Zealand lacked the commercial experience to transform these organisations saying that 'the need to bring in suitably qualified managers from the private sector became apparent early on in the commercialisation programme'.

The following two responses from managers who were employed to transform the Post Office also serve to link organisational change to the influence of global economic reforms in state sector management. Harvey Parker, while strongly advocating the reform of the state sector, also saw the potential for the newly structured Post Office organisation to become a 'global model' of what a postal organisation should be in the new economy.

"It took courage to risk long-term re-election prospects by undertaking such reforms which although they were happening globally, not many in New Zealand understood. My part was to ensure the Post Office was restructured and commercially managed to reflect their policies. We actually, in following those overseas trends, ended up with a New Zealand model that the world could follow in terms of postal reform." (Harvey Parker)

Parker's remarks reinforced earlier comments by both Treasury and politicians that global developments had played a key part in the commercialisation of the New Zealand state sector.

He also proved to be quite visionary, as since the early 1990s New Zealand Post has consulted extensively in the area of postal reform. In 1999 a subsidiary company was established for the express purpose of marketing New Zealand postal expertise and the New Zealand commercialisation model internationally (New Zealand Post, Annual Report 2001). Thus, somewhat ironically, commercialisation, which initially resulted in a major transformation of the New Zealand Post Office, has ultimately provided the (albeit the new version of New

Zealand Post) organisation with opportunities to expand its business globally - something it could not have achieved had it remained a state sector bureaucracy.

Another senior manager, who joined New Zealand Post in 1987, reflected on the need for New Zealand to keep up with the global economy, and the implications for state sector organisations of the trends to commercialisation.

"A whole world was changing. Public services in Britain and the likes were being privatised, transformed by new management techniques. New Zealand was being left behind. I mean, here we were trying to run departments along the lines of the past 100 years - and the world was connecting in real time. How could it go on? If the economy was to change then obviously the way of running these departments would have to go." (New Zealand Post Senior Manager)

As part of the commercialisation strategy, the New Zealand state sector was transformed and new forms of public sector management, which were emerging in other Western countries (Duncan, 1997:63), were introduced to many former state bureaucracies. The New Zealand Post Office typified such organisations. Research findings presented in the next two sections highlight the actions and responses of two different sets of employees who were involved in the transformation of the Post Office. They will also reveal how the perceptions of long-term employees to key aspects of the new economy were in significant contrast to those employees who joined after 1987.

9.3. Bureaucracy Refocused

The following discussion centres on changes that took place within the Post Office, after the organisation was commercialised in 1987. Using two characteristics of Weberian bureaucracy, impartiality of action and technical expertise, the agency-specific interactions on the part of long-term employees in the new economy are investigated. As argued in Chapter 6, these characteristics were instrumental in guiding staff in the administration of the former Post Office bureaucracy. The focus now is on the ways in which those characteristics continued to play a part within the organisation at a time when long-term staff encountered a new commercially-focused working environment.

9.3.1 Questions of Agency

As commercialisation took hold, the strategies of new management provided a challenge to long-term Post Office employees. These workers, both staff and management, were asked to implement policies, which, because of their lack of commercial experience, they found it difficult to understand or identify with. Participants in this part of the study make it apparent that when the organisation changed its focus from administrative to commercial the ethos of impartiality, which had helped run the former bureaucracy for so long, still survived.

The participants agreed universally that their Post Office training was a major factor when it came to implementing the commercially orientated decisions of the new management. However, and importantly, while they agreed that their actions were motivated by a desire to

follow their training, there was also the question of individual survival in the new organisation.

"I remember when I had to close down Post Shops, I thought all you lot in Wellington were crazy but I still did it." (Male - Focus Group 1)

"I had to close post shops. I was dealing with staff emotions and the public's reactions - at the time it wasn't pleasant. It tore Scottie [a colleague] to bits doing it but we were trained to obey - just do it." (Male, Focus Group 2)

"We were too busy doing it [implementing change] and the people side did not hit me until later. When I was doing it, it did not really register. You were being paid to do a job so you just went and did it. Probably a hangover from the old Post Office days when you did what you were told." (Male, Focus Group 3)

"I did it, we all did because we knew someone had to so it might as well be us. We had a choice, we could have refused but then we would have been down the road as well but I do not think that was really the issue. It was our job as professionals." (Male, Focus Group 1)

"For a while I didn't really think about it, I was always used to getting on with the job. Then I thought, hey we are getting rid of people here. But then I thought what about me and my family? I still had to earn money." (Male, Focus Group 2)

"There was no need to make decisions before, there were plenty of regulations and rule books. We were told what to do, it was like the army. The job could operate by rules and not rely on people. I guess we just kept going that way when things changed. We were not used to questioning." (Female, Focus Group 1)

"The way I looked at it was, it had to be done. If I had not then someone else would have, so why not? It was never a big issue for me. I was getting paid to do a job. Just get on with it." (Male, Focus Group 3)

Many participants were forthcoming in relating how they 'just got on with it' when asked to implement the new policies. A significant number of them, though, admitted to being critical of some of those policies. However, the general consensus was that they complied, even if reluctantly on occasion, seeing their actions as representing the fulfilment of their responsibilities as officers of the company. They had been trained to carry out duties regardless of personal considerations and now they were being called on to put that training into practice.

It was also acknowledged by participants that they all had a choice and could have refused to carry out their new orders. Refusal though, would have probably meant the loss of their jobs and so personal survival and self-interest was an influence as well. When prompted on that issue, though, the overwhelming response was that they acted primarily out of a sense of duty.

The above actions, especially in relation to downsizing, could be interpreted as conflicting with the ethos of organisational family, which I argued in chapter 5 as being prevalent in the former Post Office. When asked about that potential conflict, the overall response was that taking commercially-based actions was never an issue in the former organisation so the conflict had never arisen before. However, as commercialisation took hold participants believed that they too had been caught up in the mood for change of the times and this had also played a part in their actions. Thus, considerations of family or the welfare of former colleagues, took second place to getting the job done. Consequently, previous loyalties and commitments to the organisation counted for very little during times of change.

9.3.2 Technical Expertise: Redundant in the New Economy

The second characteristic of bureaucracy, technical expertise, now comes under scrutiny. There were two main themes with regard to this characteristic to emerge from the focus groups. The first of these was to do with the belief that during the commercialisation of the organisation the expertise of existing employees would still be required. The second highlights the notion held by the participants that new management, who lacked postal expertise, could not possibly come in and transform the organisation. However, in both cases, participants revealed that they had to re-examine those convictions as new management took over and embarked on a programme of radical change.

Many participants, while admitting that they were very apprehensive about commercialisation did not think the

changes it brought would be of a significant nature. That particular attitude reflected both their lack of commercial experience, and the fact that they had worked for so long in a stable organisational environment. These were factors which no doubt contributed strongly to the belief expressed in all groups that the organisation could not function effectively without its experienced staff.

"They cannot do without us, was what we thought. We provide an essential service - who else is trained to do what we do?" (Female - Focus Group 2)

"Your qualifications were only good for the Post Office but at least it took time to get them and you couldn't be replaced - or so we thought." (Female - Focus Group 1)

In the end though, it was universally acknowledged that their training and expertise were not seen as important by new management and did nothing to protect them, or other employees, from change. Generally, participants acknowledged that they had to accept the changes and get on with them or be excluded from the new company. The following responses are representative of that particular realisation.

"We were highly trained as postal workers, like in all aspects of the postal business as such. It gave you security we believed - some security!!" (Male - Focus Group 1)

"We thought, there was no way the organisation could function without us. We knew all the ins and outs."

We were even encouraged to think that way at the start. Did we get a shock? In the end we weren't worth much at all. (Male - Focus Group 3)

Participants were asked why technical expertise had been considered so important at a time when commercialisation was demonstrating the vulnerability of such skills in other public sector organisations. The overall response was that as the Post Office was one of the first public sector organisations to be commercialised they had no external benchmark from which to judge that perception. Thus they had assumed, up until the first organisational changes, that their expertise would still be needed.

The reactions to new management coming in and taking over the senior positions in the organisation are now presented. The responses generated in this part of the research pointed to a significant change in perception as to the value of technical expertise. In the early stages of change, there was a common perception amongst participants that new managers, recruited from the private sector, did not know enough about the organisation to make significant decisions. Reliving the first changes to take place, participants recalled that their initial judgement on 'outsiders' had been well founded.

"We thought the decisions being handed down by the new people did not make any sense - well to us anyway they didn't. We thought they were being made by idiots, with no knowledge of how we operated or our systems. We used to shake our heads a lot."

(Male - Focus Group 3)

"Little men up there somewhere calling the shots. Bean counters who haven't a clue what we are all about - was what we thought of the new ones."

(Female - Focus Group 2)

"They don't come in with the attitude that they are there for the long haul and they don't learn the business. It doesn't seem to be a requirement to learn the business anymore." (Male - Focus Group 1)

The comment about 'learning the business' is an interesting one, again showing the perception that technical expertise could only be gained through a thorough knowledge of the functions of the organisation. Again though, as demonstrated in the preceding section, there came an eventual realisation that a lack of expertise did not prevent change from taking place.

"I remember thinking that you new guys did not know anything about us so how would you know what to do, but it didn't stop you did it?" (Male - Focus Group 3)

"We thought at times - they will never do that - it won't work. But they did and it worked as well."

(Female - Focus Group 3)

Weber's notion that bureaucratic administration and management usually 'presupposes thorough training in a field of specialisation' (Weber, 1978:958) is one that this group could have easily identified with. These participants had all been trained for many years in the operation of the Post Office and did not believe it possible to manage the organisation properly without that

knowledge. The responses, notably the comment already highlighted above that it 'doesn't seem to be a requirement to learn the business anymore', are particularly revealing of the prevailing attitudes within the groups on the question of expertise. The responses generally I would suggest, demonstrated a form of rejection of new management, and a reaction to organisational change, which went beyond the issue that these newcomers did not have an in-depth knowledge of the business.

The above two sections, then, highlighted a number of key findings in relation to the internal dynamics involved during the restructuring of the Post Office as long-term employees came to terms with the realities of commercialisation. In the next section the analysis of organisational change in the Post Office moves to another area of interest to this thesis, as it sets out to explore the attitudes of a new generation of postal employees.

9.4 The Children of the Market

This section present the results of research carried out with a new generation¹ of employees who joined New Zealand Post after commercialisation. Their responses confirmed that they shared a very different perception of the organisation than those held by longer-term employees. That difference in perception was highlighted through the emergence of four significant themes. First, change was perceived as a normal and expected part of organisational life. Second, organisations can only progress through

¹ It was Kelsey, (cited in Matthews, 1999:20) who used the term 'children of the market' to describe a new generation of employees.

continual change. Third, participants saw no need for the organisation to provide universal social services as an agency of the state. Fourth, the participants displayed a short-term focus on factors such as loyalty and commitment to one organisation.

9.4.1 Change is Normal

The issue of change, not just in terms of the initial commercialisation process but the ongoing organisational restructuring which has continued ever since in New Zealand Post, was raised with the participants. The widely expressed view of this new generation of employees is that in today's flexible organisations, change is a normal and expected activity.

"My feeling on change is I don't give a damn. It's going to happen anyway." (Male - Focus Group 4)

"We new people were brought here to break the mould. Perhaps we needed to do it a bit differently, the change, but we still needed to do it."

(Male - Focus Group 4)

"I think the younger generation are taught to have a plan for themselves. And having to learn that we cannot rely on the government for anything." (Male

- Focus Group 6)

"I enjoy change. If it wasn't for change we wouldn't be sitting here would we?" (Male - Focus

Group 5)

"I think we all realise now we are working in a meritocracy and if you're not up to the job then you go." (Male - Focus Group 6)

The above responses reflect the unanimous opinion of participants in this part of the study, that organisational change is an inevitable part of their working environment. Some of the participants expressed surprise that it was even an issue for discussion given the amount of change they had experienced as part of their, relatively short, working lives. Sennett's view that change is now a feature of modern day organisations is reinforced by the perceptions of this group of participants. He writes:

What's peculiar about uncertainty today is that it exists without any looming historical disaster; instead it is woven into the everyday practices of a vigorous capitalism. Instability is meant to be normal (Sennett, 1998:31).

Participants, as the next responses show, were also aware of many of the factors behind change in today's organisations.

"I think a lot of the changes in New Zealand have been calculated change, that is calculated in that the calculation is to break a pattern, to create change, even if the outcome is unknown and that's a good thing in itself." (Male - Focus Group 5)

"From a younger generation perspective - I guess there always has been change - you know nothing else. My first recollections were actually during the changes. My dad worked at the Post Office and

was part of the first changes. Up until then as a young kid it was 'dad goes off to work'. Then suddenly there was this strain at home and everyone was uncertain, changing. That was the time I grew up in." (Female - Focus Group 6)

"Change has become a cyclical thing. Even if it's not required, they feel it is or they're not doing enough, or seen to be doing enough." (Male - Focus Group 6)

"Yeah, I think there is a lot of change for change sake - but sometimes that is the perception because there isn't time to consult. I worked for Telecom - they made changes for change's sake - we would make change and then we would be back to where we started from within 2 years." (Male - Focus Group 6)

"Too much emphasis on re-engineering when an adjustment would do - but that's the way it is. Just accept it." (Male - Focus Group 6)

While regular organisational change is an expectation of workers in the new economy, participants were also well aware that colleagues from the former Post Office organisation still viewed change with apprehension. As the following responses illustrate, they expressed frustration at what they perceived to be resistance to new ideas among their longer-term colleagues.

9.4.2 Change Means Progress

The following responses highlight that the new generation views change as necessary for organisational progress.

Participants revealed that on joining New Zealand Post they had met a number of long-term employees who were still apprehensive about ongoing change. They realised that many of these employees had already been through significant change when the organisation was commercialised but claimed that where possible some of them still held on to elements of the former bureaucracy. While those attitudes were on the decrease, they nonetheless represented vestiges of the former bureaucracy which new generation employees saw as inhibiting their own actions. There was substantial agreement that divergent attitudes to change and the inability of former Post Office staff to make rapid decisions had often led to misunderstanding between the two different sets of employees.

"I don't like the fact that you need to have sign off and buy in from the whole company before you do something. That's a hangover from the old days. All I want to do is get on with it. There is always someone who you did not contact. What do I have to do? They do not understand change here at all the old guard." (Female - Focus Group 6)

"When I first joined I did come across some dinosaurs from the old company who said, 'We've never done that - You can't do that.' I don't think they are around anymore." (Female - Focus Group 6)

"It's hard to know what the old organisation was like - but yes there are still vestiges of it - and maybe it's not that much different. It's still bureaucratic but is that a function of its past or a function of its size?" (Male - Focus Group 5)

"Yes it's still bureaucratic. Some of the things we want to change we're not able to do because they do not fit with the rest of Post. A lot of people still do not like change." (Female - Focus Group 4)

"In a lot of ways it's not really a commercial entity. It's quite mixed in terms of the attitudes and approaches of people within the organisation and how commercial their focus is." (Female - Focus Group 5)

The new generation widely subscribed to the belief that longstanding attitudes amongst some former Post Office employees were still significant barriers to progress. This involved the notion that an organisation can only progress through change. The fact that some of their colleagues from amongst longer-term employees still resisted change represents an interesting outcome in itself but is by no means the key one here. What I see as particularly significant is that, even though they agreed that those resisting change now made up a small number of employees, the participants still viewed such attitudes as significant and detrimental to the business. At times during the focus group sessions it appeared as if they were intolerant of anyone who resisted change. This reflects the experiences they have had so far in their working lives in the new economy, which, according to the participants themselves, ongoing change has played a major part in shaping.

9.4.3 No Room for Social Services

Having thus identified the need for ongoing organisational change, how then did the new generation see this impacting on the organisation's traditional role as a service provider? The responses of participants to that particular question, and to others which stemmed from it in relation to the provision of social services in the new economy, are presented below.

There was awareness among all three focus groups of being a part of a former icon, and also of the previous role of the Post Office in the development of the country as a communicator and service provider. While participants agreed that they had not given much consideration to these factors before they joined the company they now felt they were mildly important but only in a historical sense. They unanimously believed that the organisation must be commercially orientated, relinquishing any last vestiges of its role as an agent of the state and operated solely on a commercial basis. The strong endorsement for 'less state more market' reflects the values of the free-market era in which they began their working lives.

"One of the key things New Zealand Post has to do, as opposed to the Post Office, is to maximise the value to its shareholder. So if that is the requirement then we have to focus on things that maximise the value of Post." (Male - Focus Group 4)

"We are here to make the hard decisions. Not be a soft touch for those who think services should be free for everyone." (Male - Focus Group 4)

"I can answer that very easily - we should be concentrating purely on profit - we're not a social organisation. If there is a reason for a community to have a post office that decision has to be taken by social providers for example the government - and if they want one, fine - let them pay market rates for it and we'll provide it." (Male - Focus Group 5)

"You've got to focus on running a business the way it should be run and if there are social reasons for doing something else then that is a decision for government or some other local body. When you start to run those two together [business and social responsibility] in this day and age then you run into huge problems." (Male - Focus Group 5)

"Depends on whether or not you want to be profitable or 'touchy feellie'. You cannot be both." (Female - Focus Group 6).

There were, however, two dissenting opinions, although in both cases these were tempered with the view that the organisation could no longer provide universal services at the level of the former Post Office.

"Because we are a State Owned Enterprise we still need to have a social conscience. People still think they own us." (Female - Focus Group 6).

"I would worry about removing a public service to make more profit. It would bother me." (Female - Focus Group 5).

While arguing that New Zealand Post should still maintain postal services to communities, the dissenters also agreed that the organisation should as far as possible, separate business and social interests in its accounting and price setting mechanisms.

The remainder of the participants argued strongly that New Zealand Post had no business being in any activity which did not realise a profit. They displayed little sympathy for the public service ideals on which the organisation had been founded and operated for so many years. These participants were overwhelmingly of the opinion that if the organisation provides any public services the true agency costs should be reflected in the price. Jesson's argument (1999:51) that the new commercial ethos, after 1984, was based on 'financial efficiency and competitiveness' would find favour amongst these groups. They saw New Zealand Post as a commercial business, which, just like any other commercial entity, had to be focused on profitably.

9.4.4 Short-term Perspectives

The issue of loyalty towards one organisation - that is the longer-term loyalty which both Jesson (1999) and Sennett (1998) see as being inherent in workers of the Fordist era (and which Chapter 5 argued was found to be strongly in existence amongst longer-term Post Office workers) - did not feature as being important to these participants. Nor did the idea of loyalty towards colleagues or the people who depended on services, feature as being particularly relevant to them. Such attitudes are highlighted by the strong support across the focus groups for selling New Zealand Post regardless

of the consequences for the organisation, the public, their own jobs, or the jobs of their colleagues.

"It doesn't bother me that our forebears paid for this organisation. That's history - sell it." (Male - Focus Group 4)

"Sell it - it's the only way it will ever be commercial." (Male - Focus Group 4)

"The day we're sold is the day we become a real business." (Male - Focus Group 6)

"I'd like to see New Zealand Post privatised. I think the government restricts us a bit too much. A few years ago we tried to purchase a courier company and the Commerce Commission wouldn't let us. I think that if we were privatised we would have a bit more power to decide what we want to do ourselves."
(Female - Focus Group 5)

"Yes it should be privatised to make it more commercial. More freedom to act." (Male - Focus Group 6)

"It should be sold. I feel we just are a State Owned Enterprise playing at commercial activities."
(Male - Focus Group 4)

Again, reflecting the ethos of the new economy, the participants felt that the state had no part to play in running commercial business activities. They felt that the SOE model had run its course and New Zealand Post and all other remaining SOEs should be sold as a natural

progression of the commercialisation strategy. This attitude offers little loyalty as such towards New Zealand Post in its current organisational mode, as participants were well aware that privatisation would result in even greater changes to the organisation and its staff. It does, though, again provide evidence of their support for the ideals of neo-liberalism, which strongly advocate the privatisation of as much of the state sector as possible.

In relation to the idea of long-term commitment to organisations, the following comments provide an interesting comparison with the 'job for life' attitudes held by many employees in the Post Office.

"It used to be thought of as unstable if you moved a lot, now it's the norm. They think there's something wrong if you do not." (Male - Focus Group 4)

"Changing jobs is part of our life. My father just retired after working for one company all his life. That doesn't happen these days - nor would I want it to." (Male - Focus Group 4)

"We do not really come into a company thinking it's for life, so we do not see it [the lack of long-term employment] as a threat as such. You have to take responsibility for yourself." (Female - Focus Group 4)

In discussing organisational commitment, Sennett notes that 'the most tangible sign of change might be the motto - no long term' (Sennett, 1998:22). This particular

motto would certainly fit with the attitudes of the participants in general, and especially with those presented below. None of them expected to remain with the organisation for very long.

"I never saw myself as staying more than five years - and I've been here for three already."

(Female - Focus Group 6)

"Older people let their lives be governed by the company benefits, pensions and so on - not a good thing." (Male - Focus Group 4)

"They have a good super scheme. They will look after you when you leave. A lot of companies cut off that benefit. But it won't keep me here." (Male - Focus Group 6)

"70% of companies say they do care for their employees but it's just lip service. I do think New Zealand Post care, but that won't keep me here forever." (Male - Focus Group 6)

"My loyalty is to people I work with - not to the organisation. Loyalty is a personal value."

(Male - Focus Group 4)

"I will stay at least another couple of years I think - no one sees themselves staying here for life anymore." (Female - Focus Group 5)

"It's nice to have some benefits - but they are not that important. It's up to us to take care of ourselves." (Female - Focus Group 4)

The responses reveal that generally there is no expectation of a long-term association with New Zealand Post. Nor did the participants express a desire for such an association with any organisation so long-term loyalty is not a factor they subscribe to as being important. There was a strong awareness that people had to take care of themselves in the new economy. In their view, organisations or indeed the state, should not be relied on to provide long-term employment opportunities.

While acknowledging that New Zealand Post is generally a good employer the idea of staying with the organisation, or any other organisation for that matter, long-term, was an anathema to many participants. The question that Sennett (1998:26) raises when he queries 'how can long-term purposes be pursued in such a short-term society', provide a strong guide to explaining the attitudes towards long-term employment expressed by these participants. Their working experiences in the free-market economy and the resultant changes to New Zealand society, in particular the labour market, have been important in shaping these attitudes.

9.5 Conclusion

In this chapter I commenced the process of analysing the perceptions of New Zealanders who had differing experiences of the reforms. This process resulted in a number of key findings, which are outlined below.

The responses of commercialisers revealed the advent of a new global economy in the early 1980s as being a significant factor behind the decision to implement

reform in New Zealand. Participants highlighted the way in which the global trends to free-market economies and advances in information technology had convinced them of the need for reform. They also claimed that New Zealand was lagging behind on many areas of economic performance, was insulated from the global economy and that the necessary investments to keep up with advances in information technology had not been made. The previous National Government came in for a significant amount of criticism for continuing with interventionist policies, when, as some participants argued, it should have been reforming the economy to reflect key aspects of economic globalisation. There was also acknowledgement that a transformation of the state sector was a necessary step in order to maintain New Zealand's competitiveness in the global economy. Participants were aware that such a transformation would be in keeping with the 'less state - more market' approach of other Western countries, which were reforming their economies at the time.

The new economy had significant implications for long-term employees of the Post Office. Participants from the former Post Office revealed how they came to terms with the commercialisation of the organisation and played their part in constructing the new entity of New Zealand Post. The agency-specific actions of former Post Office managers, which had been previously focused on carrying out administrative duties, were redirected to meet the objectives of new management in New Zealand Post. Their actions were primarily motivated by impartiality of action, but were also linked to a degree with individual survival in the new organisation, and the general impetus for change under way in the new organisation.

Participants agreed that technical expertise, previously considered by staff to be a protection against change by outsiders, offered no such assurances. They described how new management, without such expertise, rapidly transformed the organisation after 1987. In the new economy, Post Office employees had to accept change imposed by these newcomers. The rapid restructuring process dispelled any beliefs that they would be somehow protected from change. It also reinforced to employees that if they did not adapt to the new direction there was no place for them in the organisation.

A third set of findings revealed the views of a new generation of workers in New Zealand Post whose attitudes and expectations reflected many of the economic principles of neo-liberalism. The responses of this generation, shaped by their experiences of working life in the new economy, were analysed and also compared with the ones of longer-term postal workers who had grown up and worked most of their lives in the interventionist era. While commercialisation had raised fears of unemployment and disassociation among long-term employees, for the new generation of workers such factors were seen as expected and indeed welcome aspects of the new economy. Nor was it their expectation that jobs and services be provided by the state and in this regard they underlined their independent attitude by clearly stating that in the new economy people had to take care of themselves. These participants also preferred to take responsibility for decision-making, as opposed to relying on the collegiate approach, which had been prevalent in the former organisation. They also believed strongly that New Zealand Post should be operated solely as a business rather than have any obligation to supply

universal public services as the Post Office had done in the past.

Participants accepted continual organisational change as a normal part of working life, seeing it as necessary for growth and progress. Factors such as loyalty to one organisation and long-term commitment were not seen as being important to this group. This short-term approach was reflected in their belief that New Zealand Post should be eventually sold. It was also underscored by their attitude that long-term associations with one organisation were no longer relevant, or indeed possible, in the new economy.

It will be my task in the concluding chapter of the thesis to analyse and explain what the above findings meant for New Zealanders in the overall context of this study. In doing so I will also link them to findings in the next two chapters in order to achieve my stated aim of 'capturing and analysing the perceptions of New Zealanders who had differing experiences of the reforms'.

Chapter 10 Changing Connections: Coming to Terms with the New Economy

10.1 Introduction

This chapter focuses attention on the ways in which New Zealanders came to terms with a period of rapid political, economic and social change in their country's history. The perceptions of the commercialisers who implemented the reforms and those New Zealanders, from communities and the Post Office, who were directly affected by them are presented and analysed.

The first part of the chapter concerns the changing expectations of those New Zealanders who, as I argued earlier in the thesis, had come to expect universal public services and long-term employment to be supported through policy objectives of the state. It highlights the connections that existed between New Zealanders and the Post Office and reports on how those were affected by the commercialisation of the organisation in 1987. The second part, involves members of the commercialisers, whose Labour Party backgrounds were, as I also revealed earlier, shaped by ideals of social equity and consensus on which those former policy objectives were founded. I will explore how, on a personal level, they dealt with inner conflicts caused by supplanting the interventionist economy they had grown up in, and on which the origins of the Labour Party itself was based, for a system that exposed New Zealanders to market forces.

The research findings in this chapter also identify opposing social standpoints which were created by the reforms. They reveal on the one hand, a group composed of people from communities and the Post Office whose

attitude was expressed by saying 'these things were valuable to us and now you have changed them forever'. On the other hand, they reveal a group of commercialisers who claimed, 'we know how much you valued them, they were once valuable to us as well - but they had to be changed'. A key task in the following discussion is to explain those standpoints in terms of how they occurred, and what they meant to the New Zealanders who held them.

10.2 The Community

The responses of people from communities which experienced post office closures are analysed in this section. Four significant findings, all of which pointed to strong connections between the organisation and communities, emerged from this area of research. First, there was confirmation that the Post Office provided an important service role in communities. Second, the local post office was seen as providing an identity and a focal point of the community. Third, there was a strong belief among participants that the closure of the post office heralded the economic decline of many communities. Fourth, many people felt an acute sense of loss when they had to come to terms with the closure of their local post office.

10.2.1 Strong Connections

This next group of responses reinforce the idea that strong connections existed between people in communities and the Post Office. They help to establish a background from which the impact of post office closures on communities can be measured in the remainder of the section. The following responses reinforce the existence

of many of the factors, such as 'a means of identity' and the 'link with government', which were identified in Chapter 5, as contributing significantly to the connections between New Zealanders and the Post Office.

"You asked us what did the Post Office mean? I grew up in a small city, Wanganui. And the local post office I feel was the first place you went to when you went into town. You either had mail to post or bills of some sort to pay. I don't remember what my parents did, but there were bills that you paid and the savings bank was there. You went to the savings bank as a kid. I went in and got my money out so I could go and do whatever I needed to do. It meant a good deal, the Post Office." (Male - Te Kauwhata)

In addition to providing services the local post office was also somewhere to go for help in the community.

"All the services we had. If somebody had trouble they only had to ring the post office or rush in they'd help you, no matter what. It might be anything at all unrelated to post office business."

(Female - Tuakau)

In the next response, the link with the state is highlighted through the symbolic importance of having the Post Office as an official presence in their community.

"The flag, the crown, those were symbols that had to do with the empire. We did not see it so much as part of the empire later on, but as part of central government." (Female - Lincoln)

There was strong evidence that people from communities felt a sense of ownership of the Post Office. As the following responses reveal, participants subscribed to the idea of ownership of the organisation, not just in an emotional capacity but also in an economic one.

"It belonged to the public and we did not give a damn whether it lost a few dollars each year as long as we got the service we were paying for. We were paying for that service through our taxes." (Male - Bulls)

"They said it was unprofitable, but it wasn't there to make profits. It was a public service that we needed. We were paying for it and when they took it away we were still paying." (Female - Leeston)

Participants claimed that New Zealanders did not mind taxpayers' money contributing towards the upkeep of the Post Office. The important thing, as far as many of them were concerned was that the provision of full postal services should have remained a prime objective of the state. There was also widespread support in all focus groups that the state should still provide universal public services to all New Zealanders as it had during the previous interventionist era. Despite many years living in the new economy, participants had not changed their views on that particular issue.

10.2.2 A Focal Point

Participants were asked about the presence of a post office in their communities and what it meant to them. The research data strongly supported the idea, also

expressed earlier in Chapter 5, that the local post office was a focal point of the community. As the following responses reveal, communities had formed an attachment to the Post Office organisation that was symbolic, as well as historical, in its nature.

"It was the centre of the town. Probably twice a day it was the place where you'd meet and talk to people in the town." (Male - Tuakau)

"We did not have to go anywhere, only to our post office when it was in full operation. We could do everything there. Car registration or whatever it was then, your postal services, your banking, social security." (Male - Lincoln)

"We were from the country and we used to say we'd meet you at the post office. It was the centre of town and we used to call it the hitching post because it had an old hitching post for the horse and then you could get married there as well. We always used to call it the 'hitching post'. Everybody knew what it was. The post office was the central part of our town." (Female - Tuakau)

"The post office itself, it had a big clock. I can still remember many New Year's Eves around that clock. The whole town went there. We had the bagpipes. We had everything." (Female - Bulls)

These participants clearly saw the local post office as a central point of their community. This can be traced back to the early days of colonial settlement when the local post office had provided a meeting place for

European pioneers and their families. In those times, when communication was often difficult due to the terrain and sparse population, the local post office was also seen as a place where messages could be securely left and uplifted and where people could arrange to contact each other (Smith, 1997:13). The organisation also had represented a symbolic presence from the 'old country' for these settlers, as the Post Office had been established as part of the colonial administration in the new colony as far back as 1840.

10.2.3 Economic Decline

Anxiety over post office closures was not just confined to the decline in services, and the loss of a symbolic identity. Participants also claimed that they had a number of economic concerns about the post office closures. They were of the unanimous opinion that while the loss of any business had financial repercussions for the community and its people, the closure of the post office was a special case in its own right. This was because, in their view, many other services and businesses were lost as a consequence of the closure of the local post office.

"It started a big part in the decline in a lot of these services in small towns because if you have to go away for one thing, you do all the shopping or whatever, out of the town too. (Female - Methven)

"What about the people who lost their jobs? Those pay packets helped support the town." (Male - Tuakau)

"A backwards step and that we were going to become a ghost town. A lot of things happened there at the post office. So many things happened there. You went there for your pension and you went to post your letters. How could we cope without it?"

(Female - Lincoln)

"The other thing too with the post office here was that years ago they used to have births, deaths and marriages. You could do it through the post office. You can't now. To do that you've got to go to Christchurch [the cost of such trips was discussed - many claiming they had no transport of their own]. If you're dead I suppose they just put you down there and forget about you." (Male - Leeston)

"When the post office closed many people no longer came into the town. They went to Feilding or Palmerston North or Marton and that was a big downturn in the commercial side of people who actually came into town to do their business."

(Male - Bulls)

Many participants admitted to the economic decline, even demise, of their community, as being a fear they had harboured when the reforms swept through New Zealand. They had seen the closure of their own local post office as a first step in that decline. Smith also confirms that fear in her description of the protests over the post office closure at Waipu:

There was a wider issue at stake which the closure of the post office capped off. Like many other rural communities, Waipu was witnessing the withdrawal of

services: New Zealand Road Services, GPs and hospital services were starting to shift away (Smith, 1997:107).

In linking the demise of the post office to economic decline generally, participants raised an interesting issue in relation to the wider implications of the reforms for communities. In other words, if government-funded services could no longer justify their existence in the community, what hope was there for any other businesses to remain?

However, whether or not the closure of the post office in communities actually precipitated a large-scale withdrawal of other services is difficult to confirm. Generally, it does seem that other business closures were part of a wider economic restructuring, in that small communities were no longer seen as viable places to operate by many businesses (Russell, 1996:127). However, the important outcome for this study is the consensus view expressed by participants, that the closure of their local post offices heralded the demise of other local businesses. In recalling post office closures in their communities, participants often adopted an air of frustration in relation to the impact of the reforms overall. To them, these closures and what they saw as the repercussions typified the effect of the market driven economy on communities.

10.2.4 Confronting the Loss

There was much debate in the focus groups about the loss of their post office and all that it meant for communities. Participants claimed that once they had accepted the fact that their postal service was gone for

good they were resigned to coming to terms with the loss. However, as seen from the next set of responses, this coming to terms with the departure of the post office was not so easily achieved.

"I thought, how are we ever going to manage without it?" (Male - Methven)

"There was a hue and cry when we heard the post office was closing. The damn government took no notice. We all wondered how we were going to manage." (Female - Methven)

"We worked and worked hard and it was part of our life. When the Labour Government took it away, that was it, we didn't care any more." (Male - Lincoln)

"It was the centre of town for us. We've lost a centre of the town to me." (Female - Bulls)

"What we've lost in Tuakau is hard to relate to. Any other small town has the same thing happening."
(Male - Tuakau)

"At that time I do not think we could see that a replacement of services in another form could really work as well as the Post Office did then, and especially for the older people who collected their pensions, who saved their money, all that type of thing that was going on. As far as the building itself went, I think everybody felt that we were losing our heritage, our town centre as it were. Suddenly it wasn't there anymore." (Female - Bulls)

"I wonder if perhaps when all these things did happen, starting with the Post Office, everything happened within such a short time, everything was so quick that we did not get a chance really to adjust to one thing before they had something else on the go and I found that very difficult at times."

(Female - Methven)

The responses generally also provide an example of how the extent and rapidity with which change was enacted created difficulties for communities. As such, the following quote from Jesson on the consequences of reform is one that many participants would have empathised with.

Considerable harm had also been done to New Zealand economically and socially since 1984 (Jesson, 1999:18).

While Jesson's view would have found little support from the commercialisers, for the participants from communities it accurately describes the way they perceived the closures and their wider impacts.

The impact on many communities who struggled to come to terms with the loss of state-provided services maintained for so long in previous eras should not be underestimated. The material generated in this part of the research programme pointed to a firm belief that in closing their post office, the government of the day had let communities down. The fact that it was a Labour Government who implemented the reforms also caused considerable angst among many people in the focus groups. They saw such actions as a betrayal of traditional Labour values. This is a facet of the research to which I will return in more detail in the next chapter.

10.3 Inside The Post Office

The responses from long-term Post Office workers, who experienced the commercialisation policies of new management after 1987, are presented in this section. The research material to follow highlights the way in which that transformation process affected the strong connections that existed between employees and the organisation. The first responses set out below confirm the position taken in Chapter 5, that those who worked in the Post Office for a long time had developed a sense of loyalty and commitment to the organisation. The second highlights the way in which the organisation was seen as a source of secure, long-term employment. The third set of responses reveals the reaction of employees when their employment conditions and expectations came under threat as a result of commercialisation.

10.3.1 A Sense of Belonging

These participants reveal the existence of strong attachments between employees and the Post Office organisation.

"There was a sense of family. I would say you were even more loyal to your own working environment than you were to the organisation. We had a great social scene, like a family. You had to hire a hall for functions they were such big events." (Female - Focus Group 3)

"Family members and friends were given preference in recruitment. It was like our own organisation."
(Male - Focus Group 1)

"We really felt we belonged to the Post Office and it belonged to us. Over time, yes that was it."

(Female - Focus Group 1)

These are sentiments described by Jesson as typical of an ethos which dominated the New Zealand working environment from the 1950s to the 1980s, when people would:

learn to co-operate in their work and form bonds of mateship. They have their own folklore. Stories are told over a beer on a Friday night about the characters of the industry (Jesson, 1999:51).

Certainly the Post Office staff who participated in this study recalled working environments similar to those described by Jesson. There were, for example, recollections, anecdotes and reminiscences regularly swapped about the old organisation throughout the focus group sessions. These all served to reinforce the idea of an organisational culture built on long-term association and commitment, which were earlier depicted in Chapter 4 as features of the interventionist era in New Zealand.

10.3.2 A Job for Life

The following responses further support the notion that, prior to commercialisation, strong connections existed between the Post Office and its staff. They portray the organisation as one where the 'job for life' expectation was strongly in evidence.

"A government job was the elite in those days. We all wanted to get in there and stay." (Male - Focus Group 1)

"My father and my sister worked for the Post Office, so did all sorts of people I knew." (Female - Focus Group 1)

"I was told by my uncle 'get into the Post Office young man, keep your nose clean and you will have a job for life'." (Male - Focus Group 3)

"Mum put all of our names down at the local post office. By the time my two brothers and I left school there were jobs for us at the post office. It was the thing to do." (Male - Focus Group 3)

"My mmm would have killed me if I left. It was seen as a good steady job. A good place to get into and stay." (Male - Focus Group 3)

The evidence indicates that social and family influences played a part in encouraging people to join the Post Office. Thus, being a Post Office employee met with the approval of peers and family members. Many participants described the organisation as a good employer and a place where people aspired to remain for a long time. A number of participants mentioned that their parents, as a result of being through the insecurities and hardships of the Great Depression, were very keen for them to obtain secure employment. This relates to a generational issue as the Post Office and what it represented in terms of secure employment, was held up as a model of stability and security by parents to their children. Thus, as a

number of participants themselves could personally attest, many of those children were encouraged to join and remain with the organisation.

10.3.3 Changing Expectations

The changes, which took place in the Post Office after 1987, had a significant effect on the connections between worker and organisation. Organisational stability was a factor which had shaped the work experiences of Post Office employees up until 1987. However, once the organisation was commercialised both the sense of belonging and the idea of secure employment came under pressure.

As these next responses demonstrate, participants were also affected by change being imposed by newcomers to the organisation. This led to feelings of exclusion, and the connections between employees and what they had perceived to be a place of secure employment were severely disrupted as new forms of agency between management and staff redefined employment conditions.

"They [the new management] should have been made to go out and work in the front line and face the people who they were sacking at their desks in Wellington by drawing a pen through names. No way - but they expected us to go along with it. They just didn't care." (Female - Focus Group 1)

The following quotes are representative of the majority of participants when asked how the former Post Office compared to the New Zealand Post as a place to work.

"Definitely not a better place today. It's just a different place entirely. The old organisation was human - the best. It provided a lot of services for people that aren't there anymore." (Male - Focus Group 2)

"It is an employer today who I feel is untrustworthy. No loyalty, no accountability - no face to our organisation. Nobody believes all the ra ra. No truth. Do not treat us as being stupid. We're not stupid." (Female - Focus Group 2)

"You certainly do not feel you are part of it nowadays. We used to provide public services for people. It's just like any other big company, here one day, gone the next." (Male - Focus Group 3)

"There is a different working mix now - new and old organisation. Relationships are different than in the old company. No loyalty in the new breed of worker." (Male - Focus Group 1)

The new organisation, in contrast to the former Post Office, was viewed with a considerable degree of mistrust, and seen as a much less desirable place to work by most of the participants. There were a few dissenting opinions (4 out of 36), two of which are presented below, which expressed the view that the new organisation provided a better working environment than the Post Office. Those respondents did, though, qualify their comments by relating them to economic performance and a need for the organisation to be commercially focused. These were factors, which they considered New Zealand

Post was much better at achieving than the former organisation.

"Definitely a better place today. You can get things done." (Male - Focus Group 1)

"At least we know where we are today. You can set some objectives and get on with it. It used to take ages to get decisions made." (Male - Focus Group 3)

It is likely that most people subscribed to the view that New Zealand Post is a more efficient organisation than the former Post Office. However, it was impossible to draw the participants further on that issue. The consensus view was that it is not the organisation it 'used to be' as far as being a good employer was concerned and this attitude held considerable sway in the groups. Thus, overt support for the new organisation would not have been a popular position to take.

The impact of change on the connections between these long-term workers and the organisation was significant. While organisational efficiency was a perceived benefit of commercialisation to those who promoted reform, these participants did not see it that way. For them, the new commercial ethos impacted on their former way of working and communicating within the Post Office.

When faced with this new working environment, there was a need for employees to re-evaluate their relationship with the organisation and come to terms with change. They did not, for example, feel any loyalty towards New Zealand Post as an organisation but then again, they claim there is no loyalty towards them on the part of new management.

It is apparent that the previous connections have changed to the point where these employees no longer feel part of the organisation in the same ways as they did pre-1987. However, as I argued in Chapter 4, as the finance culture of the new economy replaced the production culture of the Fordist era, the development of such attitudes among employees is not an unexpected phenomenon.

10.4 Conflicts of Interest

This part of the study presents the perspectives of commercialisers, who exercised either political or managerial power in enacting the reforms. Here I will explore the notion expressed in Chapter 7 that conflicts between two sets of ideologies, one based on social equity, the other grounded in free-markets, were experienced on a personal level by the commercialisers. I will also examine my assertion that the resolution of such conflicts were all the more difficult, as many of these individuals were themselves from Labour Party backgrounds and the shift in ideology represented a significant move away from their traditional political leanings. As O'Brien and Wilkes describe it, the reforms created a situation where many senior Labour politicians had:

Consciously ignored the social origins of their own political movement, much to the confusion of those whose memory went back more than five years (O'Brien and Wilkes, 1993:29).

I will now present research findings which reveal the extent to which politicians and their agents consciously ignored their social origins, the degree to which they

experienced inner conflict over their actions, and, how they resolved such conflicts. I will also examine the limitations of such conflicts on their resolve to implement the reforms.

Three key findings emerged from this part of the research. First, all participants admitted to experiencing inner conflicts over their actions. Second, some participants claimed to have resolved conflicts easily in the knowledge that what they were doing was for the overall benefit of the New Zealand economy. These participants though, did make it clear by their responses that they had been supporting a free-market ideology for some time before the reforms took place in New Zealand. Third, other participants admitted to experiencing difficulties in coming to terms with their actions and indeed with the overall impact of the reforms on New Zealanders. It appears that those participants were caught up, in various ways, in the momentum surrounding the implementation of the reforms, rather than being strongly committed ideologically to them.

10.4.1 Legitimising a New Rationality

This next group of respondents claimed to have resolved personal conflicts quite easily, by justifying their actions as being for the greater good of the economy.

Thus, and as the first respondent, a key member of the Fourth Labour government, claims below, factors such as loyalty to previous systems, moving away from their social origins or the impact on New Zealanders, were of secondary importance when it came to ensuring that the reforms were implemented.

Mr Prebble, commented that he understood very well the ideological associations in my questioning, as that prior to taking office he had supported interventionist policies.

"I started off when we took office absolutely convinced that the government could run these businesses - and that it was very important that government do so because I thought that only the government would be motivated to provide those services. So when I run into people who hold that view, I'm sympathetic to them because it's a view I once held and therefore think it's a pretty intelligent view to hold." (Richard Prebble)

In giving his reasons for holding that view Mr Prebble described his 'Labour party roots' in detail as a way of explaining how conflict between former ideals and the new free-market rationality evolved at an individual level.

With regard to the commercialisation of the state sector, Prebble went on to say that once he was in Cabinet and saw the 'appalling inefficiencies of state-run businesses' he quickly realised that they would be better off being managed along commercial principles. This was not a task he believed government could accomplish and so he commenced to restructure them as commercially managed entities 'for the benefit of all New Zealanders'. Prebble's belief that the reforms benefited New Zealanders served to override any sentiments that may have arisen over the demise of many aspects of the former system which had fashioned his own social and political origins. He also claimed to have taken a personal interest in the fate of those workers who lost their jobs

as a consequence of restructuring, and justified post office closures by alluding to the number of postal agencies that were opened.

"I knew the redundancy packages were very good - No I didn't lose any sleep. I was Minister at the time, and I was actually conscious of the total number of services and while we closed on one day some 400 post offices, I knew New Zealand Post actually was opening more services. Yes we closed down some old post offices some of which would be hardly used. It's a visible thing because you went from a big bricks and mortar post office to across the road to the dairy where the dairy had a smaller counter but was open 7 days a week fourteen hours a day and was doing more business than the old post office. So when you ask me did I have a conflict about it - no none at all." (Richard Prebble)

Thus, Mr Prebble seems to have resolved any personal dilemmas he faced about his actions resulting in the loss of jobs and services. However, he did not refer to the fact that many of those made redundant were not experienced in any other form of work outside of the Post Office and had difficulty in finding jobs. Public service skills are not easily transferable to the private sector and opportunities in the state sector were at the time very limited through the restructuring of many other government departments. Nor did Mr Prebble seem to realise that while alternative outlets did perform certain postal services such as the sale of stamps or acceptance of parcels, they could not provide the full range of postal services to which communities had been accustomed.

The next respondent, a key advisor to the new government, revealed that he did not have any strong personal affiliations with previous ideals of social equity. He did acknowledge that he grew up in that era and was well aware of its importance to many New Zealanders. However, he claimed to have experienced little conflict in promoting the policies of reform to the government.

"If you're asking, as a person do I not get emotional - like when watching movies with my kids - well of course that's one thing - but if you're asking if as a Treasury official acting to carry out policy do I have any qualms - then that's entirely another." (Senior Treasury Official)

This response demonstrates that as far as the respondent was concerned, policy implementation overrode any personal conflicts or considerations over their possible impact on other New Zealanders. Thus, he claimed that such conflicts were easily resolved by separating emotion from personal responsibility.

However, as the respondent also acknowledged, many New Zealanders did not share the perception that the reforms were for the greater good. He also agreed that there was very little attempt by his Department to persuade the government to explain the rationale behind the changes. Had that knowledge cause any reflection on his part with regard to the way the reforms were articulated to New Zealanders?

"Yes of course I experienced conflict in that regard at times. I mean who wouldn't? The sort of changes we were making were of an enormous magnitude and we

knew very well the impact they would have on many people. The rationale was that the reforms were for the greater good and that eased any personal conflicts. Not to proceed would have been more disastrous but of course not everyone could see that." (Senior Treasury Official)

The above response underscores the legitimacy with which this respondent viewed his actions. The inference here is that it was not only a case of doing his duty but also of the rightness of the policies, which removed any potential conflict over his actions. The respondent clearly believed that any personal inner conflicts over the way the reforms impacted on many New Zealanders could be resolved by relying on the rationality that his actions were for the 'greater good' of the country.

Harvey Parker, the chief architect behind the downsizing programme at New Zealand Post, claimed he did not experience any difficulty in resolving conflicts over his actions. He described the reform of the state sector in New Zealand as 'courageous', and clearly supported its restructuring. Parker said that as he grew up in 'one of those communities', he was well aware of the consequences of closing down post offices on the people who lived in such places. This insider knowledge though, did not, as the following response makes clear, result in any significant inner conflict on his part.

"No they never bothered me [the redundancies] - I knew there were a third of the staff who probably needed to go anyway. The wider issues I could see. As for the impact on communities, well I grew up in

one of those and so I did think about it but I could see what had to be done." (Harvey Parker)

While Parker's comment on the changes seems almost callous, it probably reflects the way in which he focused on his job, rather than any lack of sensitivity. He was, after all, directing a process of downsizing the workforce and reducing services, both highly emotive issues. Thus, he needed to take a rational stance and put any inner conflicts behind him in order to focus clearly on his objectives.

In describing similar actions on the part of management in the new economy, Sennett offers an interesting perspective on Parker's position, when he claims that such actions are based on a certain type of 'neutrality' which when enacted, allows those in control to 'reorganise without having to justify themselves or their acts' (Sennett, 1998:115). This approach to implementing change, he points out:

permits freedom of movement, a focus just on the present. Change is the responsible agent; change is not a person (Sennett, 1998:115).

Parker's attitude to the changes at the Post Office certainly reflected the sentiments in the above quotation. He also said that he was well aware of the political consequences for the government from an electorate concerned over elements of Post Office restructuring, an issue which he claimed he was prepared to leave 'to the politicians'. It was never, he argued, 'his concern'. Parker simply saw himself as their agent, and ultimately it was the politicians who had to face the

voters, not him. Parker's responses epitomise the new economy executive, focused on commercial principles and acting clinically and unemotionally. They also, interestingly enough, mirror much of what was described in Chapter 6, as the actions of former bureaucratic officials refocused to reflect the demands of the new economy.

While the representatives of the government, its key advisors and new management, who expressed their views here, all acknowledged some degree of inner conflicts these did not impact on their ability to enact the reforms. All of those interviewed agreed that, given the chance again, they would implement even greater change and do it more quickly. Their attitude is in accord with Roger Douglas, who provides unequivocal support for that perspective when he argues in support of further commercialisation. He wrote that:

In terms of the wider picture, reform of the public service in New Zealand is far from complete (Douglas, 1993:192).

Douglas also claims (ibid) that the job is only half finished and that until all SOEs are privatised they will never be truly commercial entities. This was a view not surprisingly, also subscribed to by Prebble who claimed during his own interview that 'as long as Chief Executives of SOE's were responsible to political masters, then political considerations could impact on business decisions'. Parker also explained that this issue was the reason he left New Zealand Post in 1992. He felt that he had taken the organisation as far as he

could under its current structure and governance and that privatisation was the next logical step.

It appears the real conflicts experienced by these agents of the free-market were to do with their frustration at the lack of continuing reform, and not their part in implementing change in the first place. The severance of connections with former economic systems and ideologies was not an issue for them. I did also probe them on the possibility that once they saw the impact of the reforms on others, another form of conflict may have arisen. I took the position that it is one thing to replace a system with one you personally subscribe to and feel no conflict at the demise of the former. However, once those actions begin to have an effect on people then another type of personal conflict could arise over those actions - one that was created by a concern for the people who were being affected. However, these participants claimed to feel very little of either type of inner conflict. As the next section reveals though, for others, implementing the reforms did cause some personal difficulties.

10.4.2 A Question of Values

While the previous set of participants had little difficulty in implementing reforms, others though revealed the personal difficulties they experienced over their own actions. The next responses emanated from individuals who reported that they had experienced conflicts in implementing the reforms, even if these did not change the eventual outcome. The former Prime Minister, for one, coming from a family, which he described as possessing 'very strong socialist

traditions', claimed to have experienced deepening personal conflicts as the reforms progressed.

"Yes, certainly I experienced internal conflicts. That was the silly side of being a Labour Party person so there were real problems. In terms of the other changes we were actually very faithful to our constituents. All sorts of benefits to compensate the lower paid were created, and social welfare was increased. I went to a caucus in 1985 where we stopped all farming subsidies - and the caucus cheered. I said - 'Well you might well cheer but we're not going to be the government forever and one day our opponents will get in and they'll hang our people out to dry - just as we hung farmers out to dry.' And of course even before the first budget of 1990/91 they cut pensions by 20%. So we were protective of that traditional base to that extent. But when you analyse it - what we had to do - I was conscious of that then - in retrospect it's even more transparent - that we were changing the nature of New Zealand society." (David Lange)

Mr Lange made it clear that he had never been 'committed to a free-market ideology' but as Prime Minister he agreed initially with the reforms, which he was convinced at the time were an economic necessity. He justified these actions to some extent by claiming that in 'many other ways his Government kept the faith with their constituents' by increasing social welfare payments. However, as Labour's policies were responsible to a large degree for increasing welfare dependencies in the first place, this represented perhaps more an effort to justify the reforms and the abandonment of former ideologies,

than any rational economic decision. Lange's inner misgivings about the direction of his Government are underlined below by Castles et al., who describe a particular instance where the former Prime Minister took a stand against ongoing reform:

Initially an ally of Roger Douglas, David Lange took a stand on his social democratic principles, drew the line between the acceptable and unacceptable, and unilaterally declared the flat-tax proposal a non-starter despite earlier Cabinet approval and public announcement (Castles et al, 1996:17).

When it came to resolving personal conflicts over this issue, their differences, as highlighted earlier in Chapter 7, resulted in a very public split between Lange and Douglas.

Another respondent also admitted that he had experienced personal conflicts while carrying out elements of the downsizing programme in the Post Office organisation.

"Well, I was - a lot of us were - Labour Party people. It was against the grain to throw people out on the street but I knew we had to do it to survive. Yes, I did have some inner turmoil but it did not stop me although it certainly hurt me to do it." (Senior New Zealand Post Manager)

Again, as in the case of Mr Lange, there is an acknowledgement that inner conflict caused this individual to question his actions. He resolved the conflict through adhering to the belief that changes were necessary in order for the organisation to survive. If it was as he claims 'against the grain' to remove people

from the organisation, then he had also to embrace a new set of values in order to deal with the conflicts thrown up by his part in such activities.

A senior Post Office manager also acknowledged his family had a tradition of Labour Party politics and strongly supported the ideals of social equity. He too, had the task of implementing policies which meant the severance of former colleagues from the organisation. This respondent claimed that often he did not agree with these policies, nor did he like carrying them out.

"Yes, I suffered terrible conflicts. It was all completely foreign to me. Not what we were used to in the Post Office at all. It hurt me deeply - people I had grown up with were suffering. In the end though, my loyalty was to the people who paid my wages and they were calling the shots so I did it. But I did not like it at all. I really questioned what I was doing but someone was going to have to do it and at least I knew the organisation and could do my best for people." (Senior Post Office Manager).

One way this manager dealt with the conflict was to take the position that he was getting paid to do a job. He explained that as long as he accepted the salary he felt duty-bound to implement the policies of new management. By clearly defining his responsibility in this regard he attempted to overcome any sentiments that he might be doing the wrong thing by his former colleagues as an agent of reform. He also, I might add, displayed many of the characteristics of impartiality of action, which were highlighted in Chapter 6 as being refocused to deliver the policies of new management. I suggested that he did

have a choice at the time, and that perhaps he was more concerned with personal survival than anything else. He responded by saying that while there was an element of truth in that assertion it was not, he felt, the prime reason for his actions. He argued that apart from the fact he had a job to do he also felt that as he 'knew the people very well' he could make things easier for those who had to go by handling the situation 'with dignity'. However, that approach created its own personal difficulties as he was greatly affected by the reactions of people who had lost their jobs in the organisation.

Don't think it did not cost me. Some nights I went home and cried. But I loved this organisation and its people and I wanted to see it through. The only way I could deal with it was to look at it from the fact that it was my duty, but it was a duty which I was reluctant to perform. (Senior Post Office Manager)

Indeed, the three participants who claimed to have suffered personal conflicts over the reforms all revealed that these were not resolved without personal cost. However, ultimately they were able to resolve such conflicts and their actions in implementing key aspects of the reform programme were not limited to any significant degree.

10.5 Conclusion

Three key findings emerged from this part of the research. The first was that office closures, which occurred as a result of the commercialisation of the organisation, had significant impact on people in

communities. In many ways the Post Office organisation was representative to communities of the social objectives of the interventionist era, such as equity and a consensus between capital and labour. The demise of the organisation in many communities was seen by participants as a watershed and a harbinger of the changes yet to come. The community had lost an identity, a provider of services, and a contributor to local economies. Participants were firmly of the opinion that many communities experienced considerable economic and social harm as a result of the commercialisation policies of the Fourth Labour Government and its agents. The link with the body politic, which itself had contributed significantly to the strong connections between community and organisation, was also severely affected by the changes brought about by commercialisation.

Second, the modern day New Zealand Post is not perceived to be an organisation that fosters long-term associations with employees. Participants viewed the former Post Office as an institution that employees could identify strongly with on a personal level. The organisation was portrayed as a source of secure employment and an entity within which feelings of loyalty and belonging had been fostered. This was evidenced through the strong feelings of nostalgia amongst the focus groups when the 'old organisation' and the inherent features such as family values which were a part of it, were discussed. However, it is clear that the feelings of association between the participants and the organisation had changed significantly since commercialisation. The adoption of new forms of public sector management by the modern-day New Zealand Post organisation has therefore had significant implications for the former employees of the

Post Office. Long-term employment opportunities and the family atmosphere within the organisation have disappeared. Previous values held by employees, such as loyalty and commitment, have all but ceased to exist. Most of the participants expressed the view that the commercial focus of new management did not encourage long-term associations with employees.

Third, commercialisers experienced certain value conflicts when implementing the reforms but these were resolved, albeit with varying degrees of difficulty, by the individuals concerned. Participants confirmed that, generally, they had held strong links with the previous political rationality based on interventionism, which the reforms of the 1980s replaced so rapidly. There was sufficient evidence to show that some participants, those who were not so ideologically motivated by free-markets, had experienced inner conflicts, and had questioned their actions in implementing reform. These participants also claimed to have been concerned about the impact of their actions on fellow New Zealanders. Ultimately though, such inner conflicts were resolved and they continued to enact the reforms. Other commercialisers, who were more committed ideologically to the reforms, claimed to have experienced little or no conflict over their actions. They believed that regardless of the wider consequences, they had acted in the best interests of New Zealanders in implementing reform. Thus, there was little evidence that personal conflicts created any significant limitations to the enactment of reforms, either in terms of their magnitude or the speed of their implementation.

Chapter 11 Shifting Alliances and Social Divisions: The Reforms Take Hold

11.1 Introduction

This chapter delves further into the experiences of New Zealanders who held opposing views of the transformation of the economy. The focus will be on the way in which social divisions emerged over the outcomes of the reforms between the commercialisers and those most affected by their actions.

First, I will set out to explain the social actions at play when the Labour Government abandoned its former ideology and traditional support base in favour of the free market. To this end I will examine the perceptions of commercialisers in relation to the assertion made in Chapter 7 of the thesis that they had acted out both ideological and economic objectives in implementing reform. I will also use this part of the analysis to explore the ways in which they viewed, and justified, their actions in underpinning a new political rationality in New Zealand.

Next, I will report on how people reacted as the expectation of social conditions shaped by the interventionist state, which I claimed earlier had contributed to the ontological security of many New Zealanders, was redefined. To this end, the perspectives of individuals who relied on the Post Office for jobs and services are presented and analysed. By comparing the perspectives of this group of participants with those of the commercialisers, I will explain the origin and nature of social divisions which appeared as the reforms materialised and gained momentum in New Zealand.

11.2 Underpinning the Free-Market

This section reports on two major themes to emerge from research carried out with commercialisers regarding the implementation of reform. First, the participants confirmed that while ideology shaped the initial approach to the reforms, once they were under way economic goals were established to underpin the new rationality of the free-market. Second, the participants reveal that they were well aware that many aspects of the reforms, including the commercialisation of the Post Office, would increase tensions and create divisions between themselves and others in society who did not share their views on the need for change. So convinced were they of the legitimacy of their actions though, this knowledge did not inhibit the process of reform, either in terms of magnitude or rapidity.

11.2.1 An Ideological Shift

The responses in this section reveal a shift in ideology on the part of the Fourth Labour Government, as it moved away from the traditional Labour Party ideals of social equity and consensus politics. Participants confirm that soon after assuming power in 1984, in direct contrast to its social democratic origins the new government embraced the market economy. This involved a major and rapid ideological shift, driven by those within Cabinet who were committed to reform. As Jesson puts it:

Cabinet dominated caucus and the wider Labour Party organisation found itself committed by the actions of the parliamentary party. Perhaps the most astonishing thing about this coup was the lack of resistance to it. Every

level of the Labour Party succumbed before the free-market and monetarist onslaught (Jesson, 1987:31).

The research material which follows analyses the views of Cabinet members and their agents, as it traces the way in which free-market ideology became the dominant driver of reform in New Zealand.

The Prime Minister of the time, David Lange portrayed the majority of his new government, at the time of taking office, as subscribing to a 'liberal social policy' and 'lacking in financial experience'.

"Let's be quite plain about it, when we came to office we were a group of people who were essentially 'touchy-feelie' types. We had a background in education and law, very little direct trade union involvement and we were the sort of people who would have been wonderfully nice to women, Maori, foreign affairs but wouldn't know how many beans made five - would have tried to give away six and been dumped after three years. The situation of the election and immediate disclosures after that turned us against manifesto instinct training and experience into rough riders." (David Lange)

The former Prime Minister acknowledged that because of what he perceived to be the poor economic situation New Zealand was facing, he had initially supported the need for reform. Mr Lange confirmed that in moving to a free-market ideology, the Labour Party had to 'change its traditional manifesto', an action he claimed which did not 'sit well with its supporters'. When asked about the

amount of economic and social analyses that took place before the first stages of reform, he said that the rapid adoption of free-market policies had involved 'little or no substantive analysis of the likely outcomes'.

"That's a very common theme [the idea that the reforms were put in place with little or no analysis of their outcomes or impact on society] and that's actually something that badly affected the government and in the end affected me. And the result of that was that we never thought through the scenarios. We demonstrated early in the piece in 1987 that really we did not know if there was going to be enough money. Our targets were ludicrous. Our figures were wrong, interest was wrong - wrong everything. Which meant we took lots of darting runs forward and then decided to have another go. And of course all the time we had alienated more and more New Zealanders because of every disposal which we tried to offload for the maximum return without involving New Zealanders in equity arguments."

(David Lange)

Mr Lange claimed that the introduction of the reform programme had stemmed initially from the ideological leanings of its key proponents in Treasury and Cabinet, rather than any empirically-based economic analysis.

Easton, in a critique of the way the reforms were implemented, also expresses that viewpoint when he says that in adopting free-market policies:

It seems likely the majority of Cabinet went down this path without fully understanding its implications (Easton, 1997:23).

Treasury, then, as the dominant economic advisor to government, was a highly influential force in shaping the reform strategy. Mr Lange, himself, was in no doubt about Treasury's ideological leanings and motivations.

"Very ideologically motivated, I mean they, Treasury, were driven ideologically. They had a plan, an agenda where they wanted to see New Zealand go. They [senior Treasury officials] were very strong on mechanics, ideology." (David Lange)

The following quotation from Harvey Parker lends weight to Lange's claim that Treasury's agenda was ideologically motivated. As one of the new managers employed by the government to change the public sector, Parker met regularly with Treasury officials in the course of his work.

"These changes were needed. Treasury had a vision that entailed the free-market economy improving the state of business in New Zealand and they pushed it to the government, and yes, the government embraced it." (Harvey Parker)

Mr Lange was also forthcoming on the question of whether or not Treasury had put much pressure on the new government to embrace a free-market ideology.

"Oh yeah, that was what it was at the time. You have to remember that they had a Minister who was -

it is wrong to say he was captured by them - in some respects he captured them. But they made a very coercive combination and there was little you could say which distinguished the thinking of either of them. And if you wanted to look at the degree of intellectual analysis and political assessment that took place - not a lot." (David Lange)

Certainly, Treasury and the former Finance Minister, Roger Douglas (whom Lange confirmed he was referring to in the above quote) shared a common ideology and approach to the reforms. As Larner notes:

The adoption of a free market version of restructuring is attributed to Finance Minister Roger Douglas who, in turn, was considerably influenced by key Treasury advisors (Larner, 1988:4).

Larner is supported in this view by a number of New Zealand authors, among them Easton (1997:85-99), Dalziel and Lattimore (1996:23-24) and Boston, (1991:30-31) all of whom underscore Treasury's influence on the government, and its collusion with Douglas in particular. The role of Treasury in influencing the Labour Government's promotion of neo-liberal economics at the expense of social policy was therefore significant. Easton (1997:89) describes successive governments since 1984 as 'economically naïve' in allowing Treasury to 'dictate ideology'. Jesson (1987:31) comments that it 'must have been a welcome change for Treasury officials who had been virtually excluded from power for many years and had their advice ignored', to be in such an influential position after 1984. However, significant though Treasury's influence may have been, in the eyes of

the electorate the Labour Government carried ultimate responsibility for the reform programme. This is a point to which I will return later in the chapter.

Mr Lange went on to claim that the free-market ideology eventually became entrenched within Cabinet to the extent that change became self-perpetuating across many areas of the economy. It was, he said, the prevailing attitude of 'change for change's sake' which in the end contributed to his decision to resign as Prime Minister.

"Change for change's sake? Oh yes, definitely - that's why I ceased to be Prime Minister. When it became rampant ideology and insanity that's when I got off the bus! I mean, it's just completely dopey. So there is a total failure of reason in this area. Ideology is very seductive because you can rally to it - and that's what we did. I mean, if you look at it, we were driven by well-meaning ideology." (David Lange)

The ideological differences between Lange and Douglas deepened throughout 1988, as the tensions between the two politicians became clearly obvious (Douglas, 1993:51). For Lange, free-market ideology had already gone too far and for Douglas it had not gone far enough. What had started out in 1984 as a Government embracing a new ideological stance had resulted in a Government divided over ideology. As O'Brien and Wilkes (1993:29) note, much of Labour's traditional support also became alienated because of its policies. As reported earlier in Chapter 7, Lange resigned in late 1989 and six months later a National government swept to victory at the polls.

The ideological experiment for Labour was over, with much of the Party now divided over the reforms. For New Zealand, though, a new economy was firmly in place because of the policies of the Fourth Labour Government. Also, as will be seen in the next section, during that government's time in office, free-market ideology had been translated into rational economic action.

11.2.2 Economic Objectives

Motivated by free-market ideology, a relatively small number of commercialisers had driven the reforms forward. This took place in an atmosphere where the impetus for change had initially overridden any in-depth analysis of the economic benefits or social consequences of reform. However, as the following participants reveal, once the market economy had been articulated and established as the new rationality, the pursuit of neo-liberal economic objectives soon followed.

According to the following respondent, Treasury was well aware of the need to underpin the new rationality with measurable economic objectives.

"Yes, I would agree that initially we had to set the market environment in place and this didn't leave time for analysis and debate. However, there was also a need for a calculated and measurable response to New Zealand's economic position and that also contributed to strategy formulation in the Department." (Senior Treasury Official)

As well as acknowledging that ideology had played a major part in getting the reforms under way quickly, the

respondent also claimed that, as far as Treasury was concerned, quantifiable benefits were always 'part of the longer-term strategy'. He argued that these 'returns were necessary for New Zealand's economic survival' and that without them there would be little point in making such 'wholesale change to the structure and focus of the economy'. This respondent went on to emphasise the economic benefits of reform by highlighting the interventionist policies of the previous government as contributing to poor economic performance.

"Muldoon's freezes couldn't last. They caused an almost incipient tendency to hide double-digit inflation, while at the same time giving the impression that all was well. In fact, all was not well - far from it. We were living beyond our means, and vast economic improvements were necessary to sustain our role as a modern economy." (Senior Treasury Official)

Richard Prebble also saw the previous system as failing to produce the desired economic result.

"You have to appreciate the appalling state of not only the government's books, but the country's rising unemployment, unsustainable government spending on subsidies, and an economic crisis that was extremely serious. I sat around a cabinet meeting where the Reserve Bank said we couldn't meet the next overseas loan repayment. But, now looking straight at the Post Office. The Post Office was one of the drivers of the State Owned Enterprise policy and the reason for it was the Post Office was unable to advise the government of its economic

forecast. If you want to know what was the key driver behind the SOE policy it was that we felt as Ministers the service provided was poor. Well we knew that - and we were frightened by the fact we had no idea, nor did the managers, how much money they were spending and whether they were running at a profit or loss. It was having an effect on the whole economy." (Richard Prebble)

In a particular episode to do with the Post Office, Mr Prebble revealed how he had to consider questions of efficiency and profitability with his own position as a Member of Parliament. He claimed that he was prepared to put economic objectives before personal popularity.

"Everybody knew there was this list of uneconomic post offices. They gave me the list. I said to the new CEO Harvey Parker looking through this list 'was it a coincidence that on the first page a third of the post offices are all in my electorate?' I looked at the list and thought this is going to be a test of credibility of the whole system. I looked at my own post offices and I knew that while in fact it would be an unpopular move to close them, none of these offices were required." (Richard Prebble)

Prebble at the time held the seat of Auckland Central, a highly urbanised electorate with many post offices where the closure of a few outlets would have evoked little public reaction. However, Parker knew this electorate also included Great Barrier Island and Waiheke Island both of which had sparse populations and local communities dependant on post offices for services and jobs. These were the offices Parker had designated for

closure and to which Prebble was referring to as causing him potential problems with voters.

Harvey Parker had also adopted an approach based on economic performance in managing the new State Owned Enterprise of New Zealand Post. Sentiments such as loyalty, or past history between the organisation and New Zealanders, had no place in the scheme of things as far as he was concerned.

"Efficient service would be the result, and dividends and taxes paid for by the efficiencies would produce more than what was needed for the dole. A profitable SOE is a much better business than one which is an employment agency. The longer term financial benefits we were certain of, yes, we were quantitatively driven." (Harvey Parker)

Parker advised that his strategy for reforming the Post Office was to apply measurable objectives across many areas of the organisation's operations. These were based on key economic principles of neo-liberalism such as efficiency and profitability. He was, as Smith confirms, determined to turn his managers into 'quantitative managers - people who knew how to read the pulse of the business' (smith, 1997:72).

It is apparent from the above responses that some commercialisers had the aim all along of pursuing economic efficiencies once the economy had been initially restructured. For example, as highlighted in Chapter 6, the large scale commercialisation of the public service did not really get under way until 1987, but the time leading up to it had been spent changing laws, bringing

in new Acts and ensuring the deregulation of much of the economy.

11.2.3 Justifying the Changes

A new political rationality was well under way in New Zealand by 1987 as the Labour Government began its second term in office. Commercialisers were asked as to whether or not they had been aware of the impacts of reform on wider society, and how much that had guided their actions. The intention here was to assess the extent to which they were aware of the potential for divisions to emerge between themselves and others who were opposed to the reforms. The aim was also to enable a comparison, later in the chapter, of their responses with those of participants who had been affected by the reforms.

Former Prime Minister Lange claims to have been very aware of the potential for tensions to increase as a consequence of the reforms. He felt this was especially so within his own electorate.

"Yes, we were very aware of that [an increase in social tension]. None more so than me because this is my electorate - highest unemployment - lowest incomes - largest families, and I couldn't understand why we did not have rioting in the streets - which is still amazing me." (David Lange)

Mr Lange raises a significant point when he questions why protests over the reforms were not more vigorous in New Zealand. Certainly, in other countries, notably Britain and the United States of America protests and social divisions over commercialisation were of a more overt and

animated variety (Garland, 2001:101). New Zealanders did engage in protest but most of this was confined to orderly actions such as the various public meetings and legal challenges opposing post office closures highlighted earlier in Chapter 5. There were also protests by clergy, social groups and unions over hardships caused by cuts in social welfare and unemployment. Nowhere, though, did New Zealand witness the large scale, often violent, street protests which occurred for example during the Waterfront strikes of 1951 and the Springbok demonstrations of 1981 when Kiwis took to the street in violent confrontations (Brooking, 1988:179).

However, the past instances of violent opposition to government policy concerned issues that had been long-simmering in New Zealand society. The reforms of the 1980s were carried out with such momentum that most people could only watch as events unfolded. As I will reveal later in the chapter though, strong opposition to the reforms did exist amongst those New Zealanders who most felt their impact. These people may not have taken to the streets in large number, but their opposition to the reforms was intense all the same.

Richard Prebble, believed that tensions in society were a price that had to be paid for the potential future benefits of the reforms. He was adamant that short-term popularity was not an option as far as his own actions were concerned. In his view the changes had to be made regardless of the 'tensions they created in the short-term'.

"I would accept that argument [that tensions increased as a result of the reforms]. And it is one of the reasons I resisted 'people's capitalism'¹. In Britain in order to make privatisation popular the Tory Government sold businesses at a discount so people could get a better share price and like the government more. And there was a very strong argument by officials and some of my parliamentary colleagues that we should do that. And what I said was this; 'No these businesses belong to the country and therefore I should sell them at market price' no matter what people say." (Richard Prebble)

The point raised by Mr Prebble of public ownership of such assets is an interesting one. On the one hand he acknowledges that the assets belong to the country, on the other hand, he assumes that he has the right to sell them on behalf of many other New Zealanders. The fact that a good number of those New Zealanders did not share that perspective will be raised later in this chapter.

However, it was not only the politicians who were aware of the impact of the reforms on many New Zealanders. The government's key advisors, as well as those given the responsibility for implementing the reforms, were also aware that the tensions would increase. As a senior Treasury official confirmed, the Department knew the magnitude of change would cause concern amongst many New Zealanders.

¹ A term used to describe a British model, which under the Thatcher administration in the 1980s, allowed for investment by the public in what had been previously state owned assets. The policy was often referred to by cynics as a so-called 'soft option', in that as investors themselves, the public were less likely to object to the large scale privatisation policies which were a feature of the broader economic reforms of the time (Keegan, 1984:138).

"We were aware that the magnitude of change was a concern to many people in New Zealand. We were really facing an agenda of major structural change in society but were stopping short of saying there was only one way to do it. Nonetheless it had to be done." (Senior Treasury Official)

This response is indicative of the way in which Treasury saw its role as an advisor to the Fourth Labour Government. It displays an approach that was focused on moving on the reforms as quickly as possible, even as the following comment indicates, Treasury was under no illusions as to the eventual reaction.

"Well, yes we knew there would be an adverse reaction to the changes. People had lived for too long in the notion that we were somehow insulated from the rest of the world. Inevitably there would be a reaction." (Senior Treasury Official)

Harvey Parker was equally pragmatic regarding any adverse reaction to the restructuring of the Post Office either from communities, or staff.

"Yes I was aware of the tensions that the closures would cause out in the community but it did not stop me. One of the problems we face is that rural economies in both Australia and New Zealand can no longer have an economic justification for their existence. The people who live there cannot see that but that's the way it is." (Harvey Parker)

Parker displays the thinking of a free-market rationalist when he promotes the view that small communities no

longer have a viable place in the new economy. He also said he was aware that the unemployment caused by his strategies would cause 'difficulties in the eyes of the public' but that downsizing the organisation simply reflected the 'economic reality of the times'.

"Jobs had to go, these organisations were over-staffed, had been for years. People in general, never mind our own staff, could not see that but then I did not expect them to. It was a matter of survival for the organisation." (Harvey Parker)

Thus, representatives from the Labour Government, Treasury and SOE management acknowledged that their actions contributed to a reaction against the reforms from many New Zealanders. The participants were also well aware that in wider society people could not fully understand the reasons behind reform. They were not, though, unduly influenced by that knowledge. Such an attitude implies they were assured of full support from their political masters. Easton makes reference to this when he says that when any opposition to commercialisation was raised:

a small group were in the right institutions, and received the right political support, and were able to use their preferential position, to block and destroy alternatives (Easton, 1997:138).

The above quote also underlines how the Labour Government underpinned the new political rationality by strongly supporting the reforms, regardless of the reactions of people who did not agree with the magnitude and speed at which they were enacted.

11.2.4 Post Office Closures

In light of the part played by the Post Office in this study, the commercialisers were asked specifically about the reform of that organisation. As the following responses will demonstrate, there was an acknowledgement that commercialisation of the Post Office directly contributed to an increase in social tension. Participants related the concerns over local post office closures to the way in which many people had perceived the organisation as a national icon. They were aware that many New Zealanders viewed the restructuring of the organisation as a symbol of the wider reforms and the changes overall they were experiencing as a result.

Former Prime Minister Lange was well aware that the Post Office was an institution which many people related to and would see its transformation as a symbol of the reforms generally.

"But the Post Office was different. The Post Office was an institution people related to. That's why it was absolutely critical not to get rid of the Post Office. In my mind it was the last sign, the last symbol, the last emblem of government being involved in people's lives in a positive way. We have the Police but they aren't necessarily positively viewed, but the Post Office was. It was almost theological, it was always there and you saw ER on the vans and that sort of thing. And that became even more important as government had less to do with, became detached from, other activities. It became a very important sign that government was even slightly interested in the people and you had

to urge to keep it at all costs. We would have been better if we had retained all the services, contracted them out even to start with - but we did it back to front. No wonder there was tension."

(David Lange)

Mr Lange makes a meaningful observation on the importance New Zealanders placed on the Post Office. His remarks support much of what has been said earlier in this thesis concerning the connections that New Zealanders had formed with the organisation. He also revealed that his first job was working at the local post office after school - yet another New Zealander who can claim to have links with the organisation.

Richard Prebble also acknowledged that post office closures caused tensions to rise not only in areas where they occurred but also throughout society. This was, he claimed, because people saw the changes to such a high profile organisation as a 'further attack on existing social conditions'.

"I knew I was going to have difficulty closing them. With Great Barrier for one in my own electorate being one of New Zealand's most remote communities. I decided we were going ahead with the closures regardless. Then I thought, - there is no easy way to do this. If we did one a week it would be hopeless, the complaints and so on, so let's close all of them on one day and get it over with."

(Richard Prebble)

In fact, as was highlighted in Chapter 5, Mr Prebble did just that. Under his direction the Post Office embarked

on a radical closure programme of unprofitable post offices, an action which he agreed had caused considerable protest from communities throughout New Zealand, many of them Labour electorates at the time.

A former senior manager in the Post Office, who was also a Labour Party official, acknowledged that the closures, and other elements of the restructuring of the Post Office, contributed to tensions in the community.

"Yes, I was aware that restructuring the organisation would increase tensions because the Post Office was much loved in wider society, and they wouldn't like what we were doing to it. It [the restructuring] had a catastrophic effect out there. People loathed us for what we were doing. I was embarrassed. I used to shudder when we closed a post office near where I lived. It had a huge effect on people." (Former Post Office Manager)

This respondent admitted to feeling the tension himself as he experienced the reaction to the closures. He revealed that neighbours, Labour Party associates, work colleagues and even family members who knew of his involvement, let him know in 'no uncertain way of their opposition to post office closures'. The fact that it was the Labour Government behind the closures, he claims led to more distress on the part of many people who had always been supportive of Labour's ideals in the past.

Another respondent from within the organisation, this time one of the new management, while acknowledging the tensions created by the closures was not so concerned about them.

"Yes I knew what effect the changes would have both within the organisation and on the outside as far as the public were concerned. If I was in any doubt people soon told me. Both staff and the public saw them as negative - but in my opinion we had no choice but to make them." (New Zealand Post Senior Manager)

There is an understanding among the above participants of how the restructuring of one single institution would impact on a great number of New Zealanders. However, they still played their respective parts in creating the environment for commercialisation of the Post Office and indeed much of the state sector, regardless of the adverse reaction they well knew would eventuate. This demonstrates the extent to which their actions were dominated by the need for reform, whatever the social or political cost. While the commercialisers may have felt justified in abandoning their former ideology and implementing economic reforms, as the next set of findings reveal, others in society who experienced a decline in social conditions as a result became increasingly opposed to those actions.

11.3 Divisions Emerge

This part of the chapter centres on the divisions that emerged between the commercialisers and those New Zealanders most affected by the reforms. To this end, I will present and analyse the views of participants whose communities depended on the Post Office organisation for services, and employees who relied on the organisation for job security and advancement. While, it will be recalled that in their responses in the previous chapter

these participants revealed that the reform of the post office impacted on them on a number of ways, here the research was extended to focus on their attitude to the wider reforms and those who implemented them.

Three key findings emanated from this area of research, all of which pointed to there being quite intense opposition to the reforms. These also reveal a significant level of antagonism towards those who enacted the changes. The first of these involved a questioning of the need for reforms in the first place, as participants expressed concern over the loss of many features of the former system. The second involved a sense of betrayal over the commercialisation of many state sector organisations which had sustained the social conditions of the previous era. The third concerned the feelings of exclusion from the decision making process. Here it will be shown that participants saw the reforms as being enacted unilaterally by the commercialisers, regardless of the feelings and expectations of the many New Zealanders who would feel their impact.

It will also be noted that, generally, the reactions of participants expressed in this part of the chapter mirror the forms of traditional and emotional action as linked in Chapter 7 to the loss of ontological security.

11.3.1 The End of an Era

While still retaining the commercialisation of the Post Office as a platform for debate, in this part of the research programme I also questioned participants about the reforms in general. However, as the next set of responses will show, they clearly linked these two

events. Across all the focus groups, participants from communities could see no good reason for the reforms. There was a yearning for the 'old days', and much reminiscing about the times when 'Kiwis helped each other'. The consensus was that New Zealand was a closer knit and happier society 'back then' when public services and jobs, as underwritten by the state, were part of the expected social conditions of the time. They saw the reforms as impacting negatively on the above conditions and making New Zealand a less attractive society in which to live.

"New Zealand was a relatively wealthy country and we could afford these services. The economy was based on agriculture and anybody with an agricultural surplus was inherently wealthy but all of a sudden there was this massive change. I think New Zealand could have done without all this commercialisation."

(Male - Lincoln)

"This was all started by the government with their supposed economic reforms. Now I don't know who owns New Zealand, but the kids - where are they going? What happened to Bulls is happening to New Zealand. They're going overseas to Australia, England wherever, and you might as well say it started back then in '84." (Male - Bulls)

"I think everybody thought it was a negative step and by a Labour Party as well. They'd have to. It feels as if you're taking away something which has been traditionally always there." (Male - Tuakau)

"We thought it was a disaster for everyone in the community for miles around when they closed our post office. We thought we'd lost something, it was gone. That's what I thought. And as you know, once you lose something you don't get it back, not the same way as we had it. We'd lost something there. Everyone in New Zealand had." (Male - Lincoln)

"There was a time in this country when people helped each other. I think it started when people came out here first to settle. There was nothing provided by the government and so you had to help each other. Then over time government provided everything, maybe too much but that's what we were used to. Now suddenly it's all taken away again but the people, I mean the people had forgotten how to help each other." (Female - Bulls)

The above responses illustrate the reaction when a form of ontological security created by social objectives of equity and supported by a period of economic prosperity since the 1950s, was exposed to the economic rationality of the commercialisers. This was reflected through the perceived sense of loss amongst participants of something that had traditionally been part of their lives. The responses also underscored their failure to understand the rationale behind the policies that had caused that loss to occur. As the next responses will demonstrate, emotions ran particularly high over the loss of community post offices.

"Sometimes I feel very annoyed. Some days I get quite angry about some of these things." (Female - Methven)

"If I could get my hands on the bastard who closed our post office, I'd string him up!" (Male - Bulls)

"What made it worse for us was that our office was closed by a local man [here he named a senior New Zealand Post manager]. He grew up here and then he got in a big job and the next thing he closed our bloody post office. He didn't show his face around here for a long time. Still doesn't." (Male - Leeston)

"We're angry that these things are being taken from us that we've been used to having. You cannot cope when you get to the stage that you can no longer drive and you haven't got a local bank. You're left floundering and when you've got to rely on somebody else to take you. That's not what life's all about." (Female - Te Kauwhata)

"I thought it was a waste of time, the changes. I felt like I shouldn't have been born. Seriously. All the work we'd done. We'd worked hard, really hard. All hours of the day and night. What for?"
(Male - Lincoln)

A number of the above comments regarding the commercialisation of the Post Office were particularly vitriolic in nature. This certainly underlines the depth of feeling in existence over the post office closures - even though these events had occurred some eleven years previously. The level of emotion throughout the focus groups also underscored the opposition to the reforms as participants clearly linked the loss of postal services to the wider aspects of restructuring.

The responses of former Post Office employees to changing working conditions brought about by commercialisation, are set out below. In many ways, while lacking the same degree of anger, they mirrored the earlier reactions of participants from communities regarding the reforms. Their responses were also emotional in nature, again demonstrating the depth of feeling that was created by the commercialisation strategy.

"When they started closures it seemed heartless. I never knew what profit and cost meant. They never told us. We weren't given the skills to deal with change." (Female - Focus Group 1)

"People were scared to go on leave. There were horror stories. People came back from holiday and no job, no desk or anything. It was hard - losing benefits and all that we were used to." (Female - Focus Group 2)

"It hurt, and I did not want it to change at all."
(Male - Focus Group 1)

"Did the government know what they were doing to people who had worked for them all these years? I was upset, angry about it. Still am." (Female - Focus Group 2)

Post Office employees had developed a form of dependency on the public service employment ethos based on job security and equity of employment. During focus group sessions many people acknowledged they had held the expectation that job security and steady progress through the organisation would continue until retirement. They

felt that in return for their loyalty and commitment to the Post Office, the government had a responsibility to provide them with long-term and secure employment. When these conditions were threatened by commercialisation, the reaction was typically one of not wanting things to change and responding negatively when they did.

11.3.2 A Sense of Betrayal

As reactions to the reforms were explored further during the research, it became apparent that participants from both communities and the Post Office were particularly opposed to the commercialisation of state sector organisations. The prevailing attitude among all these participants was that organisations such as the Post Office were in place to provide public services for all New Zealanders regardless of their economic circumstances or geographical location.

Participants from communities were of the unanimous opinion that former government departments were 'public assets' that had been paid for over many years through taxation. Indeed, the overwhelming response from all focus groups was that the government had no mandate to commercialise or sell these assets. As the following responses make clear, a sense of betrayal was evident amongst many participants from communities. They felt that they had been 'sold out' by the actions of the commercialisers. The following responses typify that sentiment.

"I don't accept it all. It's only for the Bob Jones' of this world to make money. The shareholders come first. That's what they always fall back on.

Our shareholders need to get more profit they say. It's a load of nonsense." (Male - Te Kauwhata)

"Lack of social responsibility. Really the dollar drives everything." (Male - Lincoln)

"When these things were sold off, they were sold off to companies and shareholders. Those shareholders have to get a return on their money, whereas if the government owned it they didn't expect a return, so there's a difference there." (Male - Methven)

"If they make their mind up we've got no way of stopping them. It's the same with everything. There's all big talk of this and that and the next thing you find it's all sold and it's all overseas."
(Male - Te Kauwhata)

"They have sold us down the drain. They are all traitors to our country. That's how I feel about it." (Male - Bulls)

"It wasn't just the loss when they changed the Post Office. It was also a betrayal. That loss of a New Zealand icon - that part of it had gone. It was part of our lives." (Male - Lincoln)

While communities perceived the commercialisation of the Post Office as an economic sell-out, former employees saw it as resulting in the disappearance of their long-term career prospects. In their eyes, the implicit understanding between themselves and the government - a job for life in return for loyalty and service - had been destroyed. The responses of long-term employees were

interspersed in many cases by references to the 'Labour Government' who in past eras had supported public services and full employment, as being responsible for creating this situation.

"It was a historical thing for me - they had looked after me all this time - I was still thinking about my job for life. I was angry at Labour for doing this, they sold us down the river." (Male - Focus Group 1)

"Suddenly it was all gone - job security, status, prospects, benefits, work-mates - all we were used to - and all you new guys coming in and taking over. We were not used to this at all, we felt we had been undermined by the bloody Labour Government." (Male - Focus Group 2)

"We thought we were O.K., that we had.. a job for life. I remember thinking, I was afraid of the future. What would I do if I lost my job? I only knew the Post Office. A lot of those who had to go were very worried. After all those years the Labour Government of all people had no right to put us in that position." (Female - Focus Group 2)

The above responses from both communities and former Post Office employees demonstrated an acute difference in perception with the commercialisers over the need for reform. It will be recalled that earlier in the chapter, many commercialisers had expressed the view that such adverse reactions were simply an inevitable part of the reform process. Indeed as I argued in Chapter 7, such reactions are quite typical of people going through a time

of intense change. Easton also refers to the differences in perception between many New Zealanders and the commercialisers when he claims that:

The commercialisers and the rest of the nation have quite different perceptions about the outcome of commercialisation (Easton, 1999:98).

I am not arguing here though, that all New Zealanders were opposed to commercialisation. However the reactions of participants in this study provide strong evidence of an intense opposition to such policies. The rationale behind the restructuring of the Post Office organisation, and other publicly owned corporations, was lost on them as they struggled to come to terms with the new political rationality.

11.3.3 Excluded from the Process

The following responses reveal how participants from communities and the Post Office felt excluded from decisions that had a direct effect on their lives. In this part of the research programme they were responding to questions about why they felt so strongly about the impact of the reforms. From their perspective, changes were being made by the commercialisers with no thought of the effect on jobs and services.

The first set of responses point to resentment towards the government and their agents over the reforms generally. Again, the issue of ontological security coming under threat is quite apparent here, as people reflect on the changing times and the impact on them personally of the actions of the government.

"It makes a big difference with people in our age group to how we feel about government. It's a resentment we felt and still feel at what they did."

(Male - Te Kauwhata)

"Anyway, our days are getting numbered. In ten years time, our opposition - well it won't be a problem anymore." (Female - Te Kauwhata)

"Also if we did complain about losing all these services, who is going to listen up there in Wellington? I have no idea who is. In fact I don't think they listen one iota actually." (Female - Methven)

Many participants claimed that they did not feel a part of what was going on in the country anymore and this had led to a sense of 'powerlessness'. This was something they claimed never happened 'in the old days' when everyone received 'a fair go' and they felt more included in what was going on in the country.

"There's now very smartly a 'them and us' attitude whereas before it was very much of a community thing. It's now much more sharply divided between management and the workers." (Male - Leeston)

"I didn't agree with what they said on the need for economic restructuring because I don't believe half of what they tell you out of Parliament. People have had it pulled over their eyes for so long now that they've got to the stage where they don't even bother finding out what's caused it." (Female - Leeston)

"I would say in the last 15 years the powers that be seem to have a right to do anything. It doesn't matter what manifesto is put up. They just go ahead and do what they want anyway. Since 1984 on the government have done what they liked regardless."

(Male - Methven)

"When Muldoon established the Prime Minister's Department there was one guy who coped with the press, one spin doctor. Now there are 43. You're fobbed off all the time. You're kept at arms length. If people do express something they're often ignored. They do what they like."

(Male - Lincoln)

Amongst participants who had worked in the former Post Office the feelings of exclusion were also apparent. This form of exclusion was expressed through an inability to influence or control events which were taking place within what they perceived to be their 'own organisation'. The following responses centre on the issue of change being imposed by 'outsiders'.

"They told us nothing. They said they would keep us informed but in the end they did what they liked. I was raging at them. We were treated like bunnies, like kids."

(Female - Focus Group 2)

"No, I couldn't understand what the government or the new management was doing. A bunch of bean counters were making the decisions. They wouldn't know or care what the workers do. It wasn't fair, and we used to be fair in this company."

(Female - Focus Group 1)

"If they had *communicated* with us it might have been different. *Communication* was non-existent. For an organisation whose business was *communication* they didn't *communicate* very well. We didn't know what was going on - there was like, fear of the unknown."

(Male - Focus Group 2)

"Our opinions, they were ignored, they counted for bugger all. Never mind we had worked here for years, what did we know? All the new ones knew best, we were out of it, history."

(Female - Focus Group 3)

There was universal resentment among participants from the former Post Office that the actions of new management had excluded them from the decision making process, and having any significant role in the running of the organisation. They felt that years of loyal service to the organisation counted for nothing as commercialisation policies replaced the more equitable public service management principles of the past.

The idea of exclusion persisted throughout the groups, whether it was people from communities debating the reforms in general, or employees bemoaning changes to the organisational ethos of the former period, which in their view the reforms had caused. For both groups of participants, the feelings of exclusion stemmed from the demise of what was perceived to be the more inclusive social contract of the interventionist era. Significantly, they had 'felt' more included in New Zealand society in the past and saw the actions of the Fourth Labour Government as uncaring and ruthless. Whether or not people were actually included more in

decision making during previous eras in New Zealand is a moot point and one that I did not pursue in any detail with participants. It is highly likely that the rhetoric of both government and public service management in the past had served to convince them of inclusion rather than really involving them to any significant degree in what went on. Also, these people had lived most of their lives in a period of relative stability, so any major change programme would be seen as unusual and possibly deemed to be exclusive of their input.

Nonetheless, an important point to take from the research is that the nature and speed of the reforms and the attitude of the commercialisers, caused these participants to feel more excluded from events in their country than at any time before. This factor alone, it is argued, would have created divisions between them and those they saw as responsible for the changes.

However, for all the participants whose views were expressed in this part of the chapter it was not just feelings of exclusion or what they saw as a lack of mandate to make these changes, which set them at odds with the commercialisers. Their opposition to the reforms was also heightened by the way in which the commercialisers had apparently acted without any regard for the social consequences - consequences, which they claimed had affected them personally. Their responses also lend credence to Jesson's comment that New Zealand's modified marketplace and welfare state lasted for the space of a generation and 'appeared to succeed brilliantly during that time' (Jesson, 1999:73). It certainly seemed that way to these participants who had relied on that previous system for many aspects of their

ontological security. As such, they could see no good reason to replace it with a new system within which ideals of social equity and the all-embracing state were so emphatically rejected.

11.4 Conclusion

This chapter continued with the comparison between the perspectives of two groups of New Zealanders who had different experiences of the transformation of the economy. The focus was on the opposing positions taken over the reforms by those who implemented them and those most affected by them.

In setting out to legitimise a new political rationality in New Zealand the commercialisers were motivated by a combination of ideological and economic objectives. While ideology was a key factor in initiating reform, the realisation of economic benefits also became a key part of the overall strategy. Thus, liberalisation of the economy went hand in hand with efficiency gains, as measured by increased productivity and profitability. This approach was evidenced in many areas of the economy including the state sector, which was a particular focus of attention.

Commercialisers also acknowledged that their actions resulted in significant changes for many New Zealanders, including traditional Labour supporters who saw their Party move rapidly away from its social and political origins. This move led to public divisions within the Labour Government itself, which ultimately contributed to it losing the 1990 election.

Commercialisers claimed to have been aware, well before they implemented reform, that liberalisation of the economy and the rapidity with which it was enacted, would increase tensions and create divisions between themselves and other New Zealanders. Participants, whose free-market ideology was firmly entrenched, saw such reactions as an inevitable consequence of reform. However, for other commercialisers not so ideologically committed, there was concern over the impact on New Zealanders as the transformation of the economy continued at apace. Nevertheless, the reforms were implemented despite the knowledge that many people would oppose them, and of the potential for divisions to be created in society.

Participants from communities and the Post Office, who were affected by the reforms, revealed how, in a number of ways, they were generally opposed to their implementation. They also subscribed strongly to the view that the changes had been made with no thought of the consequences as far as social conditions were concerned. Their opposition over changes to traditional aspects of life in New Zealand was intense, and often highly emotional in nature. Such reactions, I believe, reflected a loss of ontological security, which the conditions of the interventionist era had built and sustained.

The vast majority of these participants felt betrayed by the commercialisation of state-owned organisations, which had been paid for by New Zealanders over many years. They also argued that many of these organisations, such as the Post Office, had played an important role in providing services and jobs for many New Zealanders. Thus, the commercialisation strategy was portrayed as

opening up the way for speculators to benefit from the reforms at the expense of people like themselves. The participants felt they were in the right in opposing the reforms and they questioned the legitimacy of the commercialisers in making such far-reaching and rapid changes. Their unanimous view was that as key stakeholders, they had been excluded from the decision-making process.

It is concluded that the findings in this chapter typified a widening gap between those individuals who implemented the reforms and many other New Zealanders. Indeed, the commercialisers themselves perceived this to be the case, offering comments which showed they were well aware that many people would have problems in accepting their actions. It is further argued that the social divisions that resulted from the reforms of the 1984-1990 period contributed significantly in altering the ideology of social equity and the expectation of consensus politics in this country. Thus, the notion of the benevolent state and a fair go for all Kiwis, which had sustained previous generations, was shattered by a new political rationality that was based on the ideology and economic principles of the free-market.

Chapter 12 Outcomes and Conclusions

12.1 Introduction

Between 1984 and 1990, the Fourth Labour Government initiated a series of neo-liberal reforms which transformed New Zealand's political economy. By any standards, these reforms were notable in that they were enacted with such magnitude and rapidity. As a result, the interventionist state, prevalent, albeit in varying degrees, since the 1940s was rapidly supplanted by a market-driven economy. New Zealanders had to come to terms with a new and dynamic environment, which had implications for not only the jobs and working conditions of many people, but the delivery and content of public services. This thesis has sought to describe and analyse these changes and to evaluate their impact on New Zealanders.

The interventionist economy and the Post Office organisation were two socially constructed institutions used to provide conceptual frameworks through which to view and analyse the reforms. The analysis centred on the way social conditions were significantly affected when both the above institutions were subjected to rapid transformation during the neo-liberal reforms initiated by the Fourth Labour Government and its agents.

It has also been possible to extend the focus of this study beyond the impact of political and economic reform on the interventionist economy and the Post Office. In this regard the wider issue of how a new political rationality was articulated and underpinned in New Zealand as the state enforced a philosophy based on

market forces, has become a key focus of the thesis. The intention in this final chapter is to draw together the various theoretical and empirical issues that emerged through the course of my work.

12.2 Methodology

The New Zealand reforms meant significant changes for a large number of New Zealanders. The first step in developing a methodology was to establish a suitable framework from within which the impact of such change could be investigated. In working through areas of relevance to the reforms in New Zealand, I had taken particular notice of Nash's comments that explanations are sociological, in as much as they provide analytical accounts of 'social events, practices, and phenomena in terms of agents operating within a set of social structures' (Nash, 1997:40). I further extended that contention to incorporate the Weberian idea that individuals interact within those structures in their collective or individual interests. That particular premise shaped much of the approach to my methodology and analysis throughout the thesis.

The actions of key agents and actors as changes took place within the structures of the economy and Post Office in New Zealand represented, I believe, the actions of people generally when caught up in a period of intense political and economic change. For example, as I argued in Chapter 1, the transformation of government trading entities, such as the Post Office, provided an ideal framework, although I acknowledge not the only one, from which to view the impact of reforms on New Zealanders. This is because of the scope and scale of the changes to

the state sector, the widespread effect on jobs and services and the fact that the government used such changes to extend their reform programme to many other areas of the economy.

The second step was to arrive at an underlying theoretical perspective, which would enable events of the type and complexity anticipated in such an analysis to be evaluated and explained sociologically. To this end, the concept of rationality, in both Weberian and contemporary configurations, was chosen to underpin the theoretical requirements of the thesis. This neo-Weberian approach facilitated the study of a number of important sociological phenomena, which stemmed from events relating to the reforms. These included: groups and their conflictual relations; the idea of politically powerful elites taking control of the economy; the interpretative understanding of social action and the need for an analysis of economic and organisational change to be historically grounded. A more detailed account of how those concepts were incorporated in the study is provided later in the chapter.

All of the above concepts are very much at the heart of Weber's classical exposition of rationality. Their integration with contemporary works on such issues as the implementation of new political rationalities and the rise of modern power elites enabled a number of highly important social actions to be framed and analysed. An analytical model based on a Weberian ideal type methodology was designed to help facilitate that analysis. The use of this model also underscored the way in which I see the interpretive approach as enriching sociological research.

Ideal types are used to construct imaginatively hypothetical scenarios from which actual events can be compared and analysed. Weber (1978:20-21) utilised such methods in his analysis of social action. A similar style was reflected in this thesis to construct a theoretical base from which to compare and analyse significant events that occurred during the reform process. This methodology was utilised to construct a number of ideal type images representing what, in all probability, occurred as changes to the economy and the Post Office were taking place. These images were used to design further empirical research, which was aimed at capturing and analysing the perspectives of New Zealanders involved in the above events.

12.3 Looking Back: A Comment on Empirical Research

The highly interactive nature of an empirical research programme enabled me to communicate with a significant number of New Zealanders (both individually and in groups) who had varying perspectives on the reforms. These were representatives from the 'commercialisers' who implemented the reforms and participants from communities and the former Post Office who had relied on that organisation for services and jobs.

Incorporating the results of this research into the thesis has established a point of difference from other works on the New Zealand reforms. This has been achieved by going behind the data tables and the phenomenon of reform itself, and carrying out investigations with New Zealanders on how they viewed the impact of reform on both their country and themselves personally.

For example, in this thesis I provided perspectives on the reforms and argued, as have a number of other authors, that they caused hardships and distress for many people. I have, though, through research, tested those arguments by obtaining the views of people so affected. I also, like many others, formed opinions on the motives of the commercialisers and in doing so have often pointed out the rapidity and ruthlessness with which the reforms were enacted. Again, though, I have asked these agents of change directly about such issues, and enquired as to how they felt personally about visiting so much change on their fellow New Zealanders. I was able to extend that inquiry by investigating how others felt about the way in which the commercialisers went about implementing the change process. Similarly, where data has informed me about high levels of unemployment and a reduction in services, I have taken steps to obtain the reactions of people who were directly affected by such issues and to compare these with my own observations.

Thus I have been able to include in the thesis the first-hand perspectives of those who changed the structure and operation of the economy. I have also been able to provide the insights of other New Zealanders who most felt the impact of those changes through the restructuring of the Post Office and other institutions of the state. The outcome is a unique interpretation of the reforms shaped by the perceptions of New Zealanders who were, in a variety of ways, personally involved in their implementation.

Conducting the research was a complex exercise involving human emotions and, often, evoking animated reactions to topics that, although viewed in hindsight, had lost none

of their interest as far as the majority of participants were concerned. For example, on many occasions during focus group sessions with communities and long-term Post Office employees, the point was frequently made that this was the first opportunity many participants had been given to express their feelings on the reforms. Hindsight of course, as Marshall (1998:688) points out, can sometimes result in a form of bias in the findings from such investigations and I was well aware of that possibility. I agree with those sentiments in so far that it is always easier to reconstruct events as we would like to have seen them, or acted them out, with the benefit of reflection. However, if hindsight were a barrier, most social research would not take place at all. For the reasons set out below, hindsight proved to be a highly relevant factor as far as conducting empirical research in this thesis is concerned.

First, there is the value of temporal distance in that the research was carried out well after the reforms had taken place. This was of considerable benefit, in that participants were able to reflect on how the changes had affected them personally. Also, because participants had come to terms with many aspects of the reforms they were in a position to provide their views on life in the new economy in general. These are precisely the type of responses that I was seeking, as it was not just the impact of the reforms themselves during their implementation between 1984 and 1990 with which I was concerned, but their enduring impact on New Zealand society. Hindsight also allowed for the emergence and exploration of key themes which added to the texture of the study. One example is the pursuit of the idea that the commercialisers may have acted differently given the

eventual impact of reforms on many people and I was able to question them with regard to that possibility. Another example was my being able to investigate with a new generation of employees the business ethos and working environment in New Zealand Post and to compare their attitudes with those of longer-term workers.

Second, in New Zealand the debate continues over the neo-liberal experiment of the Fourth Labour Government and earlier critics such as Kelsey (1993) and O'Brien and Wilkes (1993) are now joined by the likes of Jesson (1999) and Easton (1999, 1997). Also, with regard to international sources, a raft of material continues to emerge on the wider aspect of neo-liberal reform in Western economies, (Garland, 2000; Woodward, 2000; Rose, 1999; Sennett, 1998; Castells, 1997, 1998) and the likelihood is that it will continue to do so for some time. This continuing interest can be explained by not only the reflection which time has allowed, but also the ongoing debate over the impacts of economic globalisation in the 1980s and the reforms shaped and sustained by that phenomenon.

12.4 The New Zealand Reforms

The reforms meant that many people in New Zealand had to come to terms with rapid change. This often resulted in a severing of links with value systems and beliefs, which had been shaped and nurtured by the interventionist state. For some New Zealanders this meant embracing new ideologies and economic theories. For others, it meant relinquishing strongly held expectations regarding social conditions and accepting that they could no longer rely on the state to provide these. The overall outcome

though, is that the reforms resulted in a redefinition of the relationship between the state and its citizens. The following presentation of the key outcomes of the New Zealand reforms traces the way in which such changes came about.

A New Economy

The New Zealand reforms were inspired by a new and intense economic globalisation, already well under way in a number of Western nations by the early 1980s. In many such countries, previous interventionist economies were supplanted by a new economic liberalism, which provided favourable conditions for the agents of the free-market. In New Zealand, the 'commercialisers', in adopting a free-market ideology, set out to legitimise and underpin a new political rationality. Such action was globally inspired, but having taken the initial steps towards reform, the commercialisers were determined that the changes to the New Zealand economy would be far reaching. The previous interventionist system had, in their view, acted to insulate the country against the reality of the global economy and had been the cause of the adverse economic situation the country faced in the early 1980s. Thus, these agents of change deemed that radical measures were needed to transform the New Zealand economy and align the country with its global trading partners.

The new market economy had significant implications for New Zealanders who had lived in a country where, from the 1950s to the early 1980s, various governments had engaged in Keynesian style economic management. The key social objectives of that period were based on ideals of equity and a political consensus aimed at maintaining a balance between the interests of capital and labour. The

resulting environment had contributed towards a sense of ontological security for many New Zealanders, perpetuating the expectation that social conditions would be underwritten by the policies of the state. These social conditions included the universal provision of many public and social services and full employment. The General Election of 1984 was to change all of this, as a new Labour Government and its supporters embarked on a series of reforms which significantly altered the ideals of equity and consensus in New Zealand.

The new economy resulted in a significant transformation of working conditions, as the previous dominance of Fordist-type production industries was supplanted by an emerging financial sector. This industry shift was again a reflection of wider global trends to neo-liberalism. Consequently, organisations became more flexible in their operation and developed a focus on short-term profitability, multi-skilling and flexible employment conditions as opposed to the longer-term approach of the Fordist era. For a considerable number of New Zealand workers, the flexible organisation meant an end to the long-term associations with one organisation, which had been a feature of employment conditions since the Second World War.

The impact of the reforms on the consensus between capital and labour in New Zealand was particularly severe, resulting in an end to policies of collective bargaining and a move to more individually-based employment conditions. Unemployment rose significantly in New Zealand between 1984 and 1990, as many organisations were radically transformed or closed down altogether. These included state sector organisations,

which in supporting the social objectives of the past era were often used to mop up residual unemployment in times of economic downturn.

One of the cornerstones of the reforms was a commercialisation strategy, the primary aim of which was to create a flexible and accountable state sector. The government also used the commercialisation strategy to send a clear message to New Zealanders that the reforms would be far reaching - if the once seemingly untouchable state sector was being transformed, then no area of the economy would be spared from the scrutiny of the commercialisers.

The fundamental approach of commercialisation was to replace the administrative function of many state bureaucracies with neo-liberal economic objectives such as efficiency and profitability. As a result, a great number of public servants were seen as surplus to requirements and made redundant as downsizing programmes on a large scale were implemented throughout the sector. Other state employees, who remained in these newly commercialised entities, had to reassess their personal values towards work and organisations as their objectives were refocused from administrative duties to reflect the business focus of new public sector management.

In the Post Office for example, a number of long-term employees, particularly middle management, were suddenly exposed to a new working environment. While it was new management who directed the commercialisation process, it was this middle management group that implemented the new policies. Other Post Office employees also had to accept that their previous expertise counted for very little as

the organisation was transformed. This phenomenon had severe implications for the idea that skills learnt during the previous era were important to the continuing success of the organisation.

Many employees had also believed that those skills would provide job security in that they could not be easily replaced regardless of the changes to come. However, they were to be proved wrong on both of the above assumptions as new management, with no experience at all of the Post Office, radically transformed the organisation. Thus, many staff, while not always agreeing with, or understanding the rationale behind, new objectives, quickly realised that there would be no place for them in the organisation if they did not adapt to the changes.

The experiences of Post Office workers mirrored those in similar state sector organisations, as the need for profitability and efficiency replaced the traditional public service ethos of long-term employment and job security.

Also, and importantly, the new economy resulted in the emergence of a generation of employees whose only experience of work was in the environment created by the reforms. For these new workers, the idea of long-term employment with one organisation was anathema and they, through a number of actions, underpinned the economic principles of neo-liberalism. These employees had no difficulty in translating such principles into action in their work places. This was highlighted through evidence from a new generation of employees, who were enthusiastically engaged in ensuring the continued

transformation of the Post Office. These participants supported the ongoing commercialisation of public sector organisations and the provision of services on a 'user pays' basis. Their attitude provides a stark comparison to those of the previous generation of employees who valued such factors as long-term associations and personal loyalty to one organisation.

The Process of Restructuring

A key feature of the reforms between 1984 and 1990 was the way in which the Labour government used each new policy shift to transfer reform to other parts of the economy. Also, notably in the case of the state sector reforms, in most cases the initial free-market ideology was well supported by the application of neo-liberal principles and objectives, such as the need for efficiency and profitability.

This is not to suggest that the Fourth Labour government had a grand plan in 1984, which it consistently implemented over the next six years. However, the reforms were sustained by a particular body of ideological theory and a common economic framework, which implies a degree of consistency in the approach. This suggests that the commercialisers were not driven solely by a free-market ideology but also, and as a number of participants confirmed, in some instances by a measured response to New Zealand's adverse economic situation. Nonetheless, a significant shift in ideology on the part of the Fourth Labour Government, from its traditional ideals of social equity towards the free-market, was required to initiate change. While alienating much of its traditional support base, this shift also caused serious divisions within that Government, but not before

the new economic rationality had been implemented across many areas of the economy.

As change was visited on this country of a magnitude never seen before or indeed anticipated, by the majority of its citizens, commercialisers were faced with a variety of personal conflicts. These stemmed from their previous engagement, on a number of fronts, with the interventionist state which they were involved in dismantling at a rapid pace. While some commercialisers claimed to have carried out the reforms without any reservations, others experienced a great deal of internal conflict in the way in which they exercised their power. These conflicts were seen at both the macro level of the economy and during the commercialisation of the Post Office. Many of those who experienced conflicts claimed to have been initially carried along by the impetus for change. However, as the reforms bit deeply into many aspects of New Zealand society they admitted to harbouring deep reservations about the impact of their actions on fellow New Zealanders. Nonetheless, as participants also confirmed, such conflicts were eventually resolved even if sometimes this resulted in great personal difficulty for many of those concerned.

Most of the commercialisers had been well aware that their actions would increase tensions and lead to divisions between themselves and many other New Zealanders who failed to understand or share the rationale behind the reforms. However, they saw such events as an inevitable consequence of reform. Generally, the commercialisers believed they were acting in the best interests of New Zealand in transforming the

economy and did not question the validity of those actions.

The Response

As the New Zealand economy was transformed a way of life was changing. Consequently, the actions of the commercialisers intersected and conflicted with the ideals and aspirations of many people who found the changes both bewildering and threatening. Thus, regardless of how the content of the reforms is evaluated or justified, the process of change was controversial.

The government often failed to consult interested business and state sector parties about its intentions. The public was similarly excluded from consultation on many issues. The lack of consultation was a reflection of the tight timeframe and the belief amongst some commercialisers that too much consensus only provided the means for opposition to gather and delay the process. For many New Zealanders though, the rapidity at which the reforms were enacted meant that, initially, they could only look on and judge the substantive effects of the changes. However, eventually they reacted, often emotionally, as many traditional features of the former system were changed in this country.

My research confirmed the existence of strong affiliations, of both an historical and symbolic nature, between New Zealanders and key aspects of the previous era of interventionism. These connections had been reflected through a sense of ownership of state-owned organisations, like the Post Office, on the part of participants from communities and a sense of belonging to them, on the part of employees. Consequently, many New

Zealanders were significantly affected by the commercialisation of organisations such as the Post Office. They opposed commercialisation of the state sector in particular, which was seen as not just impacting on services and jobs, but also opening the doors for speculators to benefit from New Zealand's assets. The extent of agreement on this issue throughout my research, suggests that those on whom the reforms had most impact did not subscribe to the view that they were in the best interests of the country.

The commercialisation and in some cases privatisation, of state sector organisations led to a sense of disenfranchisement amongst the many New Zealanders who clearly saw these institutions as belonging to the public. They also linked such policies to the wider reforms and to the impact generally on their lives and social conditions. Participants revealed how they felt excluded from a decision making process which had such a significant affect on the general economic well-being of themselves, their communities and working colleagues. Those sentiments were underlined by claims that in the past they had a greater say in what was going on their country.

The commercialisers clearly believed that they were right in implementing reforms. While acknowledging the difficulties many people would have in coming to terms with change, they felt that it was necessary for the greater good of the country in the long-term. Those who opposed the reforms took the position that they were also acting in the right. This divergence of opinion led to an increase in tension and social divisions between themselves and the commercialisers, whom they saw as

acting without a mandate in changing many aspects of their lives.

12.5 A New Zealand Perspective

What then are the major issues surrounding neo-liberal reform in New Zealand, and was this country unique in experiencing them? Certainly, New Zealand was not alone in going through the reform of an interventionist state. Indeed, similar events in other countries, identified as key strategic drivers of reform in this thesis, are important in understanding how New Zealand became part of the global economy. The reforms were globally inspired, but other Western countries that joined the trend towards neo-liberalism in the 1980s faced similar influences. Also, the creation of a new market-driven global economy led to flexible organisations, large-scale unemployment and a reduction in social services in many countries, not just New Zealand. In addition, the rise of new political rationalities was witnessed in the United States and Britain for example, and new elites emerged to enthusiastically shape and underpin reform in both those countries. The reforms created difficulties for many people in other Western economies and indeed social conflict over their implementation was often more overtly expressed in those countries than in New Zealand.

While New Zealand was not unique in experiencing reform, what is unique is the way in which New Zealanders perceived the above phenomena as affecting themselves and their country. To start with, because of the high levels of interventionism and protectionism prior to 1984, the reforms were much more noticeable in New Zealand. Thus, the impact of reform needs to be seen in terms of the

magnitude of change relative to the previous era of interventionism. My research underpinned that contention on two key dimensions. The commercialisers for example, viewed the previous era as inhibiting growth and thus were of the opinion that the way forward was to make significant change. Conversely, those affected by the reforms displayed a lack of understanding as to why so much change was necessary.

It is also widely recognized (Easton, 1999; Jesson, 1999; Russell, 1996) that New Zealand did in fact implement a more aggressive programme of economic transformation than most, if not indeed all, of the other Western nations who engaged in reform. Certainly, the evidence in this study shows that the speed of reform had significant implications for many New Zealanders. This was the case whether it was the commercialisers who were well aware of the impact of such rapid change but determined to continue, or those affected by change who saw their social conditions coming under threat as the reforms took hold.

Another significant point to be drawn from my research concerns how many of those affected by reform saw the actions of commercialisers as uncaring and without electoral legitimacy. This response depicts a society, which had for several generations, come to rely on the overreaching arm of the state to intervene and manage the economy. It was also a society used to a consensus approach to politics and thus the speed of the reforms and the lack of an adequate consultation process heightened the perception of exclusion. Such attitudes are more a reflection of the speed of reforms and the failure of the commercialisers to consult widely or

inform interested parties about many of its policies, than a firm pointer that the interventionist era was in fact more inclusive. However, for those affected by reform the perception is that the commercialisers implemented change unilaterally and without any consideration of the social consequences of their actions.

12.5.1 Another Time, Another Place

New Zealanders, from any generation, no longer expect the state to provide them with universal services. Nor do they expect it to be responsible for nurturing their ontological security in these new times. Such a realisation has not been arrived at easily or without considerable trauma on the part of many people who were of a generation in which ideals of social equity and consensus shaped the society they grew up and worked in. For a new generation though, it is not so difficult an association to make, as these New Zealanders didn't have such expectations to begin with. As they continue to populate the workforce and others from the previous generation leave it, their attitudes and expectations will ensure that the rationality of the market will become further embedded in New Zealand.

From either perspective, though, the result is that New Zealanders view social equity and political consensus as ideals of the past. The new rationality is that people need to take care of their own interests, whether this is negotiating employment conditions or paying for services. The market will provide jobs but only if you have the skills to fill them and can cope with the idea that neither the skills, nor the job, may be relevant for very

long. The market will also provide services but only if you can pay for them and in some cases are able to travel to access them. The market may not, in the words of O'Brien and Wilkes (1993:7-8) represent a 'tragedy' but for many New Zealanders it means the end of an era - the cradle to grave ideals, which they were brought up to believe in as sustaining a way of life are consigned to history.

12.5.2 Final Comments

Throughout the thesis I have refrained from taking a position on the viability of the New Zealand reforms in terms of their impact on the economy. Such questions have not been the aim of this thesis and I will leave them to the many economic commentators who continue to debate the viability of the reforms. The focus, and I believe a key strength, of this study has been on the nature and rapidity of changes to the interventionist state and the way in which many New Zealanders perceived these as impacting on their lives.

There is some irony though, in that today in 2003, another Labour Government is considering a more interventionist approach to the management of New Zealand's economy. In recent times, for example, there has been increased state involvement in Broadcasting, the management of the National Airline and the Railways. Yet, while there may be room for a limited 'more state-less market' approach, such reversals in direction can be piecemeal at best. To renege on commercialisation and privatisation policies would send very negative signals to global trading partners. The current government is well aware of this possibility and its likely impact on

international investment in New Zealand. Even more significant is the fact that New Zealand's financial system is now inextricably linked to the global marketplace.

Regardless of how their content or impact will be viewed in the future, a striking feature of the reforms of the 1980s remains - if New Zealand wishes to remain an integral part of the global economy, they are irreversible. That is the reality of the new New Zealand and the legacy of the Fourth Labour Government on whose reforms it was founded.

APPENDIX 1

The New Zealand Post Office 1841 - 1987

The following brief chronological account of significant events in the history and development of the New Zealand Post Office, underscores the part played by the organisation in the development of the nation.

1831 The first post office in New Zealand was established at Kororareka in the Bay of Islands through an unofficial arrangement with the New South Wales Government. Mr William Powditch was appointed to be the postal official responsible for receiving and returning mails exchanged with New South Wales. The early establishment makes the organisation the oldest such department in the colony, as Mr Powditch began receiving and despatching mails two years before the arrival of the British Resident in New Zealand. The arrangement between Powditch and New South Wales was a personal one and could not be official since at that stage the British Crown had no jurisdiction over New Zealand territory.

1841 The first official post office was set up by direction of the newly arrived Governor Hobson, with the appointment of Mr W.L. Hayes as Postmaster, Kororareka in February. In the same year post offices were opened at Auckland, Port Nicholson and Coromandel Harbour. Up until May of that year, Governor Hobson was subject to the control of New South Wales, and the Post Office in New Zealand was conducted under a standing New South Wales ordinance of 1838. In a decree from the Colonial Office dated

16th September 1841, the New Zealand Collector of Customs was directed to take over the operation of the Post Office.

The first major overland route was opened, from Wellington to Wanganui.

The Head Office of the Post Office was transferred to Auckland when that town became the centre of government.

1842 The first South Island post office was opened at Nelson.

1843 Establishment of the overland mail route between Wellington and New Plymouth.

1848 Postal matters in New Zealand brought under the control of the Governor, no longer regulated from the United Kingdom. An ordinance provided for the establishment of post offices, the setting of postage rates and appointment of Postmasters. The Post Office remained part of the Customs Department.

1851 The Colonial Secretary's office takes over the management of the Post Office.

1852 First regular overseas mail system commenced via steam vessels from Auckland via Sydney to the United Kingdom.

1853 First New Zealand postage stamps on sale. These were one-penny, two-penny, and one shilling.

1854 Local Posts Act put in place to ensure general uniformity in the provincial organisation of postal services and rates.

1858 The New Zealand Post Office Act created an independent Post Office Department. This became the basis of all subsequent legislation. Control of the Post Office returned to central government.

Postage rates were standardised as 2d for inland, and 6d for overseas letters.

1859 Postmen's deliveries (and private boxes) inaugurated. Initially, home delivery in four towns only - Auckland, Nelson, Lyttelton and Christchurch.

1860 Postmaster-General's first annual report to Parliament.

1862 First telegraph office opened, at Christchurch.

Population of New Zealand est. 130,000

1863 Opening of first railway link in New Zealand between Christchurch and Lyttelton - mail sent for the first time by rail.

1865 Post Office Headquarters moves to Wellington, now the new capital of New Zealand.

Post Office Savings Act passed.

Electric Telegraph Act passed.

South Island trunk line completed.

1866 Cook Strait telegraph cable laid.

First mail coach through Arthur's Pass links Christchurch with Hokitika.

1867 Establishment of first Post Office Savings Bank branches.

British and Australian Mail Services Act made provision for fortnightly mail services with the United Kingdom.

1870 New Zealand and Australia Submarine Cable Act put in place. Panama route used to ship from England for the first time.

1871 Telegraph link completed between Wellington and Auckland.

Population of New Zealand est. 300,000

1876 Telephone invented.

New Zealand became linked with United Kingdom, via Australia, by telegraph.

1877 Second telegraph cable across Cook Strait.

1878 First telephone office in New Zealand established at Port Chalmers.

1881 Post Office Act, consolidated 1858. Post and Telegraph Departments were amalgamated that year.

First telephone exchange opened in Christchurch with 27 subscribers.

1884 Post and Telegraphs Act was passed.

Population of New Zealand est. 530,000

1890 Post Office Union formed. Originally known as Postal-Telegraph Officers Society.

1896 Withdrawals from POSB accounts arranged by telegraph.

Population of New Zealand: 800,000

1901 Introduction of universal 1d postage in New Zealand.

1902 Pacific cable laid - linking Canada, Fiji, Australia and New Zealand.

1903 Rural mail delivery service introduced.

1908 Post Office introduced own motor vehicles in principal cities to replace horse transport.

First wireless message from New Zealand to an overseas country was transmitted. This was between Dunedin and New York.

Population of New Zealand: 1 million

1909 North Island main trunk railway opened. Railway travelling post office on this route from February.

1910 First coin-operated telephone in Lambton Station, Wellington.

1911 First automatic telephone exchanges opened in Wellington and Auckland.

1919 First airmail delivery by seaplane from Auckland to Dargaville.

1920 Machine printing telegraph introduced.

1923 First radio-telephone channel installed at Awarua.

1926 Cook Strait telephone cable laid.

Population of New Zealand: 1.5million

1930 First radio telephone conversations between New Zealand and England.

1934 Airmail service commences between New Zealand and Australia.

1938 First regular air mail service to USA set up using Pan American Airlines.

Population of New Zealand: 1.75 million

1947 Inauguration of radio photograph service.

1960 International telex link established.

1960 - 1986 the Post Office becomes a major provider of services to New Zealanders.

1986 State Owned Enterprises Act put into place to facilitate the commercialisation of state trading departments.

1987 The Post Office is restructured into three new corporations, Telecom, Postbank and New Zealand Post Ltd. New Zealand Post embarks on commercial path.

Population of New Zealand: 3.4 million

Comprising:

1. Information Sheet for Interviewees

2. Interview Guide for Commercialisers

Focus Group Guides for;

3. Communities

3.1 Long-term Post Office Employees

3.2 New Generation New Zealand Post Employees

1. INFORMATION SHEET FOR INTERVIEW PARTICIPANTS

What is this study about?

The subject of the research is 'The Transformation of an Icon in the New Economy: A Theoretical and Empirical Exploration of the New Zealand Reforms'. This topic has not been researched to any great extent either in New Zealand or internationally. The purpose of the research is to examine the impact of neo-liberal reforms which occurred between 1984 and 1990 and to capture the perspectives of New Zealanders on the changes which occurred as a result.

What you will be asked to do.

If you agree to take part in the study you will be asked to meet with Bill Baird for an interview of around one and half hours duration. The interview will take place in a private setting at a time and place convenient to you. It will be tape recorded with your permission. The interview will involve Bill Baird asking you questions about your knowledge of key aspects of the reform process.

Your rights as a participant.

You have the right to:

- Refuse to answer any questions and to withdraw from the interview at any time.
- Ask further questions about the study that may occur to you during the interview.
- Expect any information provided to be treated in confidence and that you will not be identified without your express permission in any material prepared from the interview. This permission will be sought at the end of the interview.

- Be provided with access to the findings of the study when it is completed and published.
- Determine the disposal of interview tapes, transcripts of interviews and personal documents made available to the researcher.

Consent Statement.

I consent to participate in the research project outlined above. I accept the assurances given here and I give permission for Bill Baird to use the information gained during the research in any publication he may write.

Signed

Date / /

2. INTERVIEW GUIDE FOR COMMERCIALISERS

Interviewees are people who made or implemented the decisions to restructure the political economy and/or the commercialisation of the Post Office in New Zealand.

- What were the key drivers of political and reform in New Zealand when the Fourth Labour Government came to power in 1984?
- How much to you think external influences played a part? Why was this?
- How did the advent of a new global economy and the need to compete internationally figure in the decision to enact reform?
- Do you think that interventionism maintained a balance between those representing ownership of capital and those who lived and worked in the market economy?
- Were you aware that tensions in the economy between groups with opposing interests would increase as a result of the reforms? If so, did this influence any of the decision making on your part?
- What level of awareness of the possible social costs of reform would you say existed between you and your colleagues? Did this influence the decision making process? If so, to what degree and in what context?

- Did you experience any feeling of conflicting values (*explain this re concept of value conflicts*) during the decision making process? If so what were they and do you think they caused you to hold back or review your decisions on the need for change?

- Did you see your decision making as ideologically-based or had you acted to achieve measurable results? What was the balance between ideology and calculability?

- Lets move to the commercialisation strategy, and the Post Office in particular. Were you aware that commercialising the Post Office was likely to create a negative response from communities who lost their services? When people started to protest about such closures how did you view those actions?

- Did it occur to you that in restructuring the Post Office you were tampering with a New Zealand icon (and all this means in terms of links with the body politic and so on)?

- How would you describe the State Owned Enterprises Act? How did you see it in 1987? How do you see it now?

- What were the key benefits to New Zealanders of commercialisation of the state sector?

- In commercialising the state sector you were breaking up assets which had been paid for over the years by generations of New Zealanders - what is your response

to that perspective? Did you have mandate to do this? Do you think that your commercialisation strategy opened up the opportunity for speculators to make easy money from assets that were actually owned by Kiwis?

- How much change was for changes sake?
- Looking back was there any real alternative to restructuring the economy in the scope and magnitude that occurred?

3. FOCUS GROUP GUIDE - COMMUNITIES

For people in communities who lost their post office due to commercialisation. Begin with an introduction on the topic and proposed format i.e. the use of a number of questions to encourage an interactive discussion to take place around them. Present a ten-minute overview of the background to the thesis and the reason for the focus groups. Define 'community, - stress interactive process again and the facilitation of the process to obtain the most important outcome - their perceptions - this is their forum - guarantee confidentiality - then start the process.

- When you hear the words 'Post Office' what does this mean to you?
- What does 'New Zealand Post' mean to you?
- How do you think the changes to the organisation were viewed in your community?

- Is there a residue of ill will about the changes?
- What effect, if any, did the changes have on your relationship with the government of the time?
- Can you describe the reaction when the local post office was closed? What were the main things that concerned people? Did any of you personally engage in public protest? If so, why did you do so? Do you think the protests did any good?
- Do you think New Zealanders have a right to postal services? If so, why?
- Who owns New Zealand Post? Why do you think that?
- What sort of postal services are provided currently? How do those compare with the days when you had a post office?
- Why should the Government persist with non-profit making services?
- New Zealand Post is a business these days - why should it maintain non-profit making outlets?
- What is the relationship/depth of feeling about New Zealand Post these days in your community?

- Do you think the Government has a right to sell New Zealand Post? If so, why? If not, why?
- Would you agree that the reforms generally were necessary for the greater good of New Zealanders i.e. more profitability, more efficient business. If not, why do you think that is the case? Was there any option? What sort of options?
- Who do you think benefited mostly from the reforms of the Fourth Labour Government?
- Why do you think a Labour Government carried out such wide-ranging reform?
- Thinking back to the days before all this reform - did you feel that you had a greater say in what went on in the country? If so, how did that take place?

3.1 FOCUS GROUP GUIDE - INSIDE POST

This guide was designed for focus groups comprising employees who had been with the Post Office organisation for over 20 years and who experienced changes as a result of commercialisation. Explain reason for focus groups - outline part the Post Office plays in the thesis - guarantee confidentiality - no names or any other way of identifying participants in the findings - reinforce need for interactive forum - 'I'm only here to facilitate'

- Why did you join the Post Office? Had any members of your family worked for the organisation?

- What was the Post Office like when you started work? Can anyone recall their first day? What were your initial impressions of the place? Tell me a bit about those?
- Could you describe some of the rules and regulations which existed? What was it like to get decisions made?
- Did you feel a sense of loyalty/belonging towards the Post Office? If so, what do you think created those feelings? I've heard the organisation described as a family - any comments on that?
- What sort of values would you say existed in the Post Office?
- Would you describe the organisation as a good employer - a fair employer? If so, what examples can you provide in support of that contention?
- Was the job for life ethos part of why you joined? Can you discuss this more as it applied to you? Did you ever consider leaving at any time during your career? If so, why? If not, why? Did you feel you had a lack of alternatives with regard to obtaining employment outside the organisation?
- Tell me about what you learned in the organisation with regard to the job you did? How was that knowledge

imparted to you? Did you think that it would secure your employment? Did it actually do that?

- Can we discuss the idea that rules had to be followed. Can you give me some examples of that ethos was deployed in this regard.
- Let's move to the changes after 1987. What was your initial impression of the changes? What did you think of new management? How did you feel when they asked you to carry out their new objectives? Could you see what they were trying to do? Did you feel part of the process?
- Did the fact that it was a Labour government who pushed the commercialisation strategy through interest you? Why, and in what way?
- What was the reaction to restructuring? Did anyone really believe it would go ahead in such a way?
- How did you feel when people started to get laid off? How did you feel about the outsiders who came in and took senior positions? Can you give me a perspective on what it was like inside the organisation when everything you joined for was being turned on its head?
- Could you equate the potential for change with what was going on in the rest of the state sector? Did this not give you any warning of what to expect?

- Many of you took part in implementing the changes. Why was that? Did you question your new objectives?

- How did your former colleagues view your actions do you think? Can you provide some examples? How did you feel that you survived the cuts and many of your colleagues had to exit the organisation?

- The terms 'cost cutting', 'profitability', 'productivity' and 'efficiency' have been used a lot in recent times in Post. How do they equate with the concept of public service?

- Today, as measured by certain ratios the organisation appears to be more efficient and profitable. Does this mean that New Zealand Post provides a better alternative to the communities it serves and its employees than the former Post Office? If not, why not?

- What about the values we discussed earlier with regard to the Post Office? How does the new organisation compare with these?

- Did you believe that all New Zealanders were entitled to postal services? Is this a value that you still hold? If so, how do you equate this with being part of the new organisation?

- Who owns New Zealand Post? Has the Government the right to sell it? Should it be sold?

- Looking back on the changes, what could have been done differently?

3.2 FOCUS GROUP GUIDE - THE NEW POST

This guide is for employees who have been with the organisation for 5 years or less. Go through the rationale behind the research and emphasise confidentiality. Stress the interactive nature of the forum - it's their perspectives which count.

- For the people who worked in the Post Office change appears to have been a difficult experience. Often they allowed their emotions and values to guide their actions. Of course change is still happening in the organisation. How do you feel about change?
- Can you always see the rationality behind change?
- Do you ever get emotional about changes in the organisation - in your department?
- How would you describe your approach to decision-making?
- Do you ever struggle with personal conflict (such as feeling bad about reducing services to the elderly) when making decisions which may affect the organisation's image/relationship with the community?

- The Post Office offered secure employment, promotion on tenure and other long-term benefits to staff. Do you see these things as being important?
- How long do you see yourselves staying with this organisation?
- What, if any, are the current factors than encourage to stay with New Zealand Post?
- Who is responsible for your career and employment opportunities? Are you interested in a long-term career with this or any other organisation?
- The Post Office was structured around systems and procedures. What do you think of bureaucratic procedures?
- Do you ever sense the 'old guard' watching what you do? Do you think they approve of your actions?
- Do you feel a sense of history at all in that you are working in what was once a New Zealand icon? Are you aware of the strong links that many New Zealanders held with the former organisation? Does this matter to you?
- What do you think New Zealand Post's role is today?
- Do you think there is any need for Post to supply unprofitable services (subsidise) to support community needs?

- Do you think Post should be sold? How would you go about getting private investment? Would it matter to you if the organisation were sold to foreign interests?
- New Zealanders over generations (your parents and grandparents) paid for this organisation's assets and infrastructure. Do you think New Zealanders should be given a say in what happens to it? Who owns Post anyway?
- You all started work in the new economy. Can you in any way empathise with those workers, especially your colleagues, who expected long-term employment and other New Zealanders who expected universal services?
- What is your perception of the reforms of the Fourth Labour Government? Given that you have a position, do you think there was any alternative to restructuring the Post Office and other state owned organisations? Were there other options that may have been pursued by the government in relation to reform of the economy/state sector?

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