

## Did Muldoon really ‘go too slowly’ with CER?<sup>1</sup>



CONVENTIONAL WISDOM HAS IT that the Australia New Zealand Closer Economic Relations Trade Agreement 1983 (CER) came into existence ‘despite’ rather than ‘because of’ Robert Muldoon, New Zealand’s Prime Minister and Minister of Finance from 1975 to 1984, who was not much interested in the arrangement.<sup>2</sup> The perception is that Muldoon stalled the process, confounding the efforts of policy innovators who were keen for New Zealand to deregulate. Commonly, the subsequent neoliberal experiment of Rogernomics is justified in terms of Muldoon’s failure to adjust to transformed global realities. Implicit in this view is the assumption that Muldoon, the arch-regulator, could not be responsible for what is widely praised as the world’s most successful and ‘most comprehensive free trade agreement’.<sup>3</sup> This article tests the conventional wisdom against archival sources about the negotiation of CER. It has two launching points: my previous work that argues that CER confounds any analysis of the Muldoon era as solely associated with controls and big government; and second the idea that CER is consistent with a historical pattern of long-term aspirations for trans-Tasman economic arrangements.<sup>4</sup>

The critical archival sources surrounding CER were published in a volume compiled jointly by the Australian Department of Foreign Affairs and Trade and the New Zealand Ministry of Foreign Affairs and Trade to commemorate the twentieth anniversary of CER.<sup>5</sup> In this first historical analysis of these trans-Tasman documents, I argue that the primary evidence reveals Muldoon to have been a consistent supporter of CER negotiations and a critical participant in decision-making. Further, given the political realities, including the election cycles, CER could not have happened any faster.

Principal sources for the standard interpretation of Muldoon’s role in CER are his biographer Barry Gustafson and his National Party colleague Hugh Templeton, who was Deputy Minister of Finance until 1981 and then the Minister of Trade and Industry. According to Gustafson, ‘Muldoon was not a major proponent, architect or builder of CER’. By mid-1981, however, influenced by colleagues and officials, Muldoon had become a convert and began to ‘take more credit for it’. Gustafson judged that although ‘in hindsight’ Muldoon saw CER as ‘one of his Government’s major achievements, it was one concluded despite him rather than because of him. The agreement resulted from the vision and the work of Talboys, Templeton and keen officials rather than the Prime Minister.’<sup>6</sup> Gustafson’s discussion of CER is cursory at best and thin in general on economic matters, which is ironic given Muldoon’s policy focus.

In Templeton’s earlier account, Muldoon went ‘too slowly’ with CER.<sup>7</sup> Had it not been for Muldoon’s unease about interest groups and other diverting

issues and priorities — notably sporting ties with South Africa — the free trade agreement ‘could have been completed in two or three years instead of four’.<sup>8</sup> The Tasman world’s prime ministers, Muldoon and Malcolm Fraser, allegedly did not get on and Templeton credited the two deputy prime ministers, Brian Talboys and Doug Anthony — both farmers and good friends — with laying the ground work. In Templeton’s opinion, he was the one who took up the challenge which Anthony had issued in 1979, winning over New Zealand manufacturers and Australian interests with his personal diplomacy and appeals to the Anzac bond.<sup>9</sup> Indeed, because of the work he had to do, Templeton considered it “‘my” CER agreement’.<sup>10</sup> By way of contrast, he suggested that Muldoon could have derailed the arrangement at the last minute with his ‘arrogance of power and iron determination to dictate terms’.<sup>11</sup>

Influenced by Templeton’s interpretation, Bob Catley, a former Australian Labor politician, portrayed Templeton as leading the negotiations.<sup>12</sup> Denis McLean, a former New Zealand diplomat, similarly indicated that Muldoon delayed CER because he was reluctant to relinquish the protectionist policy of import licensing: ‘Negotiations dragged on’.<sup>13</sup> Even a Marxist interpretation rejected the association of Muldoon with the trans-Tasman free trade agreement since Muldoon opposed ‘neoliberal restructuring, with the human and social devastation that he knew would result from it’.<sup>14</sup>

The biggest historiographical problem, however, concerns the nature of studies of the Muldoon era, many of which are bedevilled by the agendas of Rogernomics. Such back-projection of beliefs can be seen in Michael Bassett, *The State in New Zealand*.<sup>15</sup> Bassett followed Templeton in claiming that Muldoon stalled so that discussions ‘moved ahead only slowly’. But he added that ‘Muldoon gradually warmed to CER’.<sup>16</sup> He attributed this to self-interest: ‘Never slow to claim credit even when his enthusiasm had been lukewarm, Muldoon asserted in January 1983 that CER would come to be seen as one of his government’s greatest achievements’.<sup>17</sup> Bassett himself could not give Muldoon credit because as a member of the fourth Labour government this did not fit with his portrayal of the Muldoon era as big government gone horribly wrong. In Bassett’s argument the ‘Think Big’ projects overshadowed CER, as did the advent of Rogernomics only 18 months later.<sup>18</sup>

A further difficulty is the predominance of ‘insider’ views where authors highlight their influence as participants in the process or diminish rivals’ contributions. Reflecting on his involvement along the ‘rocky road’ to CER, for example, the economist Sir Frank Holmes, who chaired the New Zealand Planning Council under Muldoon, claimed that though he was not a negotiator like Templeton he was a ‘major driving force behind the arguments for a regional free trade area’ from the 1960s.<sup>19</sup> This is a valid claim,<sup>20</sup> but it underlines the challenge for the historian to strive for balance and detachment as well as accuracy. There is also a related problem of incomplete, one-sided or fragmentary evidence. The standard insider accounts do not draw on the full set of documents that are now available and that offer a broader trans-Tasman as opposed to national perspective. Gustafson, for instance, relied on statements by Muldoon in the press. Such newspaper sources can be misleading given that Muldoon said one thing in public and did another in CER negotiations; archival

sources reveal that his actions were often more important than his words. In fact, the documents suggest that in word and deed Muldoon performed a double act.

While Muldoon's memoirs need to be read with care, his writings provide some clues about his thinking on CER. He had most to say about the free trade agreement in 1981's *My Way*, where he described the exercise as 'a good example of cooperation', and predicted a closer relationship with 'our closest friends' and 'neighbours'.<sup>21</sup> Given that external trade was critical to small, remote New Zealand, he aimed to improve the country's terms of trade and standard of living, first by reducing agricultural protectionism, and second by encouragement of manufacturing for export, which he described in 1985 as the 'success story of the last decade'.<sup>22</sup> Back in 1981 he thought that the New Zealand public did not realize the extent to which 'our economy has been restructured. The raw statistics make it clear that the massive increase in manufactured exports represents a change from production for domestic purposes (import substitution, in many cases) to production for export. Our financial system has been restructured to a marked degree, as has our transport system.'<sup>23</sup> As these moves improved competitiveness, Muldoon predicted that CER would increase trans-Tasman trade, to the extent that he believed a single economic market was 'logical' and 'inevitable'.<sup>24</sup> At the same time, he insisted that economic management demanded attention to the reactions of the public; New Zealand was a democracy despite talk of 'dictatorships' and the 'command economy'.<sup>25</sup> By implication Muldoon intervened on the public's behalf as Minister of Finance.

Analyses of the economic and political ruptures in late twentieth-century New Zealand are dominated by interpretations which focus more on market forces and policy debates than the role of individuals. In his analysis of the origins of CER, the economist Peter Lloyd deliberately omitted the parts played by politicians, officials, the private sector and interest groups, emphasizing economic events which he believed determined the 'thrust of bilateral relations'.<sup>26</sup> Lloyd concluded that the preceding New Zealand Australia Free Trade Agreement (NAFTA), signed in 1965 and introduced in 1966, provided the empirical data by the late 1970s to support the case for trade liberalization advanced by neoclassical economic theory.<sup>27</sup> Those responsible for NAFTA were Anthony's and Talboys's predecessors, the deputy prime ministers 'black Jack' McEwen, leader of Australia's National Country Party, and Jack Marshall, the New Zealand National government's Minister of Overseas Trade and of Industries and Commerce. A joint committee of officials supported them. Under NAFTA a list — Schedule A — of items that could be traded duty-free sat atop an edifice of tariffs that had their legacy in the British preferential system. NAFTA symbolized the trans-Tasman resolve to work together in the context of Britain's turn towards the European Economic Community (EEC).

The fullest analysis of the origins of CER to date is by political scientist Stephen Hoadley, who surveyed New Zealand's negotiations with Australia in order to glean lessons for closer economic and defence relations in the 1990s.<sup>28</sup> His study was one of the last to be supported by the Australia–New Zealand Foundation, an entity which shared its origins with CER. Hoadley asked

questions about the negotiating and bargaining process, the issues in dispute and how the negotiators resolved those issues. Another useful secondary source is an early discussion paper for the Australia–New Zealand Foundation prepared by the journalist and political commentator Colin James, who reported the process until 1981.<sup>29</sup> Sounding a warning to contemporaries, James observed that Muldoon spoke in the 1981 Budget as if a ‘closer economic relationship’ had already been approved when CER ‘hangs now on the details’.<sup>30</sup> From James’s observations Muldoon was more cautious than Templeton.<sup>31</sup> Hoadley reached the same judgement: Muldoon ‘was much more cautious than Templeton’.<sup>32</sup>

There remains scope for the historian to assess whether CER really did eventuate ‘despite’ Muldoon because the scholarly literature has yet to evaluate his contribution *in relation to* that of others working between Wellington and Canberra, let alone to evaluate Muldoon’s economics. As Hoadley observed, the ‘question whether he was personally undecided or only seemed to be so as he tailored his remarks to different audiences, is unresolved’.<sup>33</sup> This article aims to settle this question and thereby fill a gap in the historiography about who made the CER agreement. An empirical, outsider approach is possible thanks to the trans-Tasman collaboration that gathered together the New Zealand and Australian documents in the first place. The analysis that follows explores how Muldoon performed a double act in two senses: publicly and in private discussions, and trans-Tasman, particularly with Doug Anthony, the leader of the National Country Party and Australia’s Deputy Prime Minister, with whom he signed the formal Heads of Agreement — by the then latest technology of video link — on 14 December 1982.

Contextually, official files suggest a counterfactual whereby closer economic relations could have been achieved by Labo(u)r governments, had their reformist prime ministers Gough Whitlam and Norman Kirk stayed in power through the 1970s. Templeton is incorrect that the Kirk government ‘showed no interest’ in a review of NAFTA which it ‘should have worked for’.<sup>34</sup> External dynamics compelled a rethink in 1973 with Britain’s entry into the EEC and the first oil shock. In May 1973 the Kirk and Whitlam governments signed an interim agreement as a step towards free trade that guaranteed tariff preferences in each other’s markets to ensure that tariff rates would be kept as low as possible. By February 1975 New Zealand’s balance of payments deficit had ballooned to the point where the Minister of Overseas Trade, Joe Walding, sought trade credit from Australia since two-thirds of the deficit derived from trans-Tasman exchanges. At their regular NAFTA meeting in Canberra Frank Crean, Walding’s counterpart in the Whitlam government, concluded that ‘something will have to be done for New Zealand’.<sup>35</sup> Crean pursued this idea with Whitlam, who suggested that NAFTA be looked at closely ‘on a “clean sheet of paper” basis’.<sup>36</sup> But it was the Fraser government that replaced NAFTA with a new agreement designed to manage the latest phase of globalization.

For his part, Muldoon consistently acted as if he believed in the ‘sense of partnership’ between Australia and New Zealand, despite his reputation for capers to the contrary.<sup>37</sup> In this he was no different from his predecessors and later successors.<sup>38</sup> His adviser Gerald Hensley, head of the Prime Minister’s Department from late 1980, later explained that the public image of Muldoon’s

relationship with Malcolm Fraser, the Australian Liberal Prime Minister, was of one-upmanship, which often assumed the form of a 'cartoon contest between the lofty, rather ponderous Fraser and the stumpy, quick-witted Muldoon'.<sup>39</sup> Though the prime ministers were not friends, their ministers became so because the pair made trans-Tasman relations a priority from their first meeting in 1976, when Fraser's visit to New Zealand coincided with the South Pacific Forum. 'What Mr Fraser and I want to do', Muldoon declared, 'is to ensure that at the top political level we shall be approaching the whole issue of building up the Australia–New Zealand relationship from the same general standpoint'.<sup>40</sup> Until CER materialized, there is no evidence that he swerved from this aim to create favourable conditions for dialogue from the top. This included the freedom to be direct with Australians. He had a 'free and frank exchange of views' with Fraser when he visited Canberra in 1977; such a 'strong airing of views' was 'possible in a family relationship', without endangering its fabric; and after all, he asked, was not frankness an Australian attribute?<sup>41</sup>

Circumstances favoured trans-Tasman economic integration by the late 1970s as both countries continued to diversify and dramatic changes occurred in the structure of their economies. At the NAFTA ministerial meeting in 1976, Talboys and Anthony, and the New Zealand and Australian ministers of industries and commerce, Lance Adams-Schneider and Robert Cotton, agreed to extend NAFTA's minimum life to 1985.<sup>42</sup> New Zealand's Treasury aspired to free up trans-Tasman trade by 1977, while the Ministry of Foreign Affairs urged a broad reappraisal of trans-Tasman relations, concerned that structural shifts in the Australian economy could work against New Zealand interests, and that both countries should become more competitive internationally.<sup>43</sup> Australia, for example, devised an export-oriented manufacturing policy in 1977. Think tanks were busy on both sides of the Tasman by 1978. Australia's Study Group on Structural Adjustment, chaired by the ANU economist Sir John Crawford, who had been a key figure in NAFTA negotiations, included the future Labor Prime Minister Bob Hawke, and heard a submission from Sir Frank Holmes about the need to work together to face shared external challenges.<sup>44</sup> Muldoon delivered the same message at a banquet given by the New Zealand-born Queensland Premier, Joh Bjelke-Petersen, in September 1977 when he spoke in favour of free trade to strengthen the Tasman economies and defence.<sup>45</sup>

The Minister of Foreign Affairs and Overseas Trade, Brian Talboys — not Muldoon — prepared the ground for CER when he travelled to Australia for three weeks in March 1978. If the press focused on the Colin McCahon painting that Talboys presented to the National Gallery of Australia, politicians were impressed that he bothered to make an extended visit. In his welcome address Andrew Peacock, the Australian Foreign Minister, reflected that the 'ease of communication between Australians and New Zealanders' could cause misunderstanding when people did not 'take the pains to explore each other's point of view'.<sup>46</sup> Talboys, typically, behaved in an exemplary manner; his tour demonstrated that he valued trans-Tasman relations rather than took them for granted.

Talboys achieved a breakthrough with the signing of the Nareen Statement in March 1978, named after Fraser's rural property in Victoria. The Nareen

Statement became the policy statement for CER. Colin James correctly predicted that the Nareen declaration would ‘probably be seen by historians as a turning point’.<sup>47</sup> In this joint statement, Fraser and Talboys agreed that the two countries would collaborate on working for a larger and fairer world trade system. They affirmed: ‘Australia and New Zealand are linked by deep ties of common origin and shared ideals and institutions which give a sound basis for the closest co-operation’. Given an interwoven future, they would gain mutual strength from continuing to work together to ensure the region’s ‘peace and prosperity’.<sup>48</sup> Further opening of bilateral trade would assist both countries to compete internationally, while regional stability required that both have healthy economies.<sup>49</sup> A subtext from Canberra’s vantage point was that if the health of New Zealand’s economy improved then New Zealand might spend more on defence.<sup>50</sup>

Related events were Talboys’s speeches in 1977 and in 1978 to the Foreign Policy School in Dunedin, that ‘the time had come for New Zealand to recognize that our relations with Australia are more important to us than our links with any other country in the world’.<sup>51</sup> Talboys reiterated that economic recession in the 1970s had strained trans-Tasman relations and that he hoped to ‘ease the strains’ by reminding Australians and New Zealanders of how much they benefited from the relationship.<sup>52</sup> Australians and New Zealanders needed to work together because they were ‘in the same boat’; did ‘very well out of each other’, for example by providing jobs; and could ‘do more to help others’, that is, neighbouring developing countries in the Asia–Pacific region.<sup>53</sup>

Joint endorsement of the opening of bilateral trade marked the new element in the Nareen Statement. Undertakings to ensure regular exchanges of parliamentary delegations and officials, and to consult on international issues, merely repeated what had become standard practice from the 1960s.<sup>54</sup> New Zealand supplied the idea of the Australia–New Zealand Foundation, which first convened in 1979, and in New Zealand was chaired by the economics professor A.D. Brownlie. For his part Fraser expected New Zealand to contribute realistically to the economic relationship.<sup>55</sup> New Zealand had to pull its weight, implicitly in defence as well as trade, if CER were to be founded on the ‘fair go’ principle, a principle which both sides agreed underpinned the eventual agreement.<sup>56</sup>

According to the November 1978 *Australian Financial Review*, business led the moves to free up trade.<sup>57</sup> By ‘business’ the paper meant the Australia–New Zealand Businessmen’s Council (as it was then named) which was incorporated in 1978, its New Zealand branch chaired by metal products importer W.J.R. (Bill) Scollay. However, business opinion was divided between firms which manufactured for the domestic market and business, including agriculture, oriented towards export.<sup>58</sup> While business groups were shifting policy with the restructuring of capital in the 1970s from industry and commerce to finance, manufacturers faced changing circumstances in the form of a decline in manufacture for the domestic market and the rise of manufacturing for export markets.<sup>59</sup>

Following Nareen, officials from Foreign Affairs, Treasury, the Department of Trade and Industry and the New Zealand High Commission began informal discussions with their counterparts in Canberra. The Iranian Revolution

provided a further catalyst. In April 1979 Doug Anthony, as Australia's Minister for Trade and Resources, took the initiative. Anthony recalled the context: he and his head of department, Jim Scully, were on their way home from the GATT Tokyo round en route to New Zealand for annual NAFTA talks. Steeled by the Tokyo round's failure to reduce European and American agricultural subsidies, he balked at the trivia that cluttered the agenda for the trade meeting in Wellington. The New Zealanders sought tariff reductions on wallets, taps and cocks, and frozen peas, while the Australians urged cuts in import licensing. Anthony asked Scully why he was going to New Zealand and relished the 'Yes Minister' response: 'Well Minister it's on the program'.<sup>60</sup> Having no authority to change the agenda, Anthony and Scully instead consolidated the idea of CER. At the NAFTA ministerial meeting on 10 April Anthony expressed concern about New Zealand's economic problems, stating: 'Let's be frank — temperate agricultural producers are in for a rough time. We've got to hold hands'. Business leaders had got together; governments also had to 'ask where we go from here'.<sup>61</sup>

At an unscheduled meeting between Muldoon and Anthony the next morning, requested by Anthony, he asked for fresh thinking about closer economic relations. Muldoon earned Anthony's respect with his decisive response at this impromptu meeting, when he seized the moment to advance on New Zealand's long march to liberalize agricultural trade. The 'internal map'<sup>62</sup> of relations between the Fraser and Muldoon administrations was decided in a classically informal style on 11 April: henceforth CER would develop thanks to good relations between Anthony and Muldoon, balanced and complemented by Talboys's rapport with Fraser. It did not matter if Fraser and Muldoon disliked each other; their deputies were friends who worked effectively together and, more importantly, with the Prime Minister on the other side of the Tasman. Anthony later divulged that he got on well with Muldoon, whom he 'quite liked . . . in the end'.<sup>63</sup> To his officials' surprise, Muldoon said that he agreed in principle with Anthony and that he would put the issue before Cabinet; and he directed Bernard Galvin, head of the Prime Minister's Department, to put his Advisory Group of young talent to work 'straight away'.<sup>64</sup>

With officials left unclear about what Muldoon and Anthony intended, however, the question was who would study what, and how and when would the two sides confer.<sup>65</sup> Parallel studies ensued in both countries alongside trans-Tasman meetings of officials. The New Zealand Officials' Economic Committee met informally with John Stone, the Australian Treasury Secretary, on 28 May 1979 to try to fathom out what Anthony meant. Stone's name is linked to the influence of neoclassical economic theory on the Australian Treasury in the 1970s.<sup>66</sup> On familiar terms with staff in New Zealand Treasury, he advised the New Zealanders not to be too analytical and that both Fraser and Anthony were thinking in general terms.<sup>67</sup> Muldoon was definitely not moving slowly at this stage. On the contrary he exasperated his officials by wanting to put concrete proposals to the Australians when he saw Fraser and Anthony at Commonwealth Heads of Government (CHOGM) and other international meetings. By contrast, his advisers thought that proposals would take at least a year to prepare properly.

Ideas and events had yet to move into alignment. Any going slowly was more the result of disagreement at the official level between the cautious sector-by-sector approach preferred by the Department of Trade and Industry, which one diplomat wrote was being 'unforthcoming', and the broad brush approach of Dr Graham Scott in the Prime Minister's Department.<sup>68</sup> Scott was an influential advocate of deregulation who would preside over the Rogernomics reforms as Assistant Secretary to the Treasury (from 1979) and as Treasury Secretary from November 1986. After Roger Douglas, Scott has been nominated as the second most influential person in economic policy-making in New Zealand under the fourth Labour government.<sup>69</sup> Even if Trade and Industry did not oppose the idea of trade liberalization,<sup>70</sup> there is evidence that some of its senior officials and its minister, Adams-Schneider, opposed the more radical concept of a free trade area. They had no doubt about the value of the Australian market, but queried whether many New Zealand industries could survive complete free trade with Australia, without import licensing protection.<sup>71</sup> The Australian High Commissioner, L.H. Border, thought that some officials in New Zealand's Foreign Affairs and the Treasury were keen to move beyond NAFTA but there was a split in the bureaucracy because others in Trade and Industry aimed to protect manufacturers and, accordingly, some ministers' 'political prospects'.<sup>72</sup>

Continuing the Australian pressure for trans-Tasman policy directed at the opening of world trade, Fraser made it clear to Muldoon that the lead in this 'mutually beneficial initiative' had to come from New Zealand.<sup>73</sup> Fraser's language was as frank as Muldoon's: he did not want to create the impression of a 'big brother takeover'.<sup>74</sup> Templeton, however, believed that he took up the Australian challenge by talking to Fraser at a United Nations conference on trade and development (UNCTAD) meeting in Manila in 1979. Encouraged by Templeton's efforts, the Australians then launched negotiations.<sup>75</sup> Undoubtedly Templeton worked assiduously to confer with Fraser, Anthony and other Australian politicians, and to place closer economic relations on the public agenda.<sup>76</sup> At the same time, however, a speech by Templeton to a business audience in which he advocated trans-Tasman free trade had a counter-productive effect on Muldoon, who was wary about the response of pressure groups. Templeton's public advocacy exasperated Muldoon because, as he told Fraser when they met at CHOGM in Lusaka, Zambia, in August, 'what were hitherto confidential studies' were now 'publicised in the media'.<sup>77</sup> Muldoon indicated to Fraser that Templeton's public speaking obliged him to give an impression to the press of appearing to go slowly. At the same time he advised Talboys that he and Fraser agreed that they should be looking to maximize trans-Tasman economic co-operation.<sup>78</sup> Here we have an instance of the Muldoon double act.

At Lusaka, the two prime ministers decided that 'Australia and New Zealand should join forces wherever possible in facing the outside world', and that they would meet again in February 1980 to explore options that they would request their officials to devise jointly.<sup>79</sup> That decision required three inter-connected layers of trans-Tasman meetings over the spring and summer of 1979–1980: of officials from Foreign Affairs, Agriculture and Trade and Industry, who had



their own separate working groups on each side of the Tasman; of permanent heads of departments; and of the prime ministers. Within this matrix, working parties together and separately set out the issues for their permanent heads, who in turn advised the prime ministers.

As the chair of the New Zealand interdepartmental working party, in October 1979 Graham Scott prepared a report on closer economic relations with Australia, which guided the approach taken from this point by officials. He advised that the government's recent economic strategy was fundamental to a closer relationship, and concluded that CER and harmonization of the two economies would be possible only in the context of 'outward looking development policies'.<sup>80</sup> In turn economic restructuring was necessary because the Tasman economies had diverged. Officials carefully worded their advocacy of globalization, advising that closer economic relations would only succeed 'against the background of close political and social sympathies'.<sup>81</sup> The Ministry of Foreign Affairs was well aware that the Muldoon government would have to be able to sell CER to the electorate.

A packed schedule ensued to draft proposals and prepare a platform for agreement. Fourteen Australian and New Zealand permanent heads conferred at joint trans-Tasman meetings in Wellington in November 1979 and again in Canberra in February 1980. The seven-strong Australian delegation comprised Jim Scully of Trade and Resources; Sir Geoffrey Yeend, head of the Prime Minister's Department; N. Currie, Secretary of Industry and Commerce; P. Henderson, Secretary of Foreign Affairs; D. Moore, First Assistant Secretary of the Treasury; J. Cahill, First Assistant Secretary, Business and Consumer Affairs; and G. Miller, Director of the Bureau of Agricultural Economics. The New Zealanders comprised N. Lough, Secretary of the Treasury; Bernard Galvin, head of the Prime Minister's Department; J.W.H. Clark, Secretary of Trade and Industry; Frank Corner, Foreign Affairs; M.L. Cameron, Director-General of Agriculture; P.J. McKone, Acting Comptroller of Customs; and R.W.R. White, Governor of the Reserve Bank. Scully thought that New Zealand's Trade and Industry officials had reservations about CER, especially the liberalization of import licensing, payment of world prices for raw materials and the pressure to abolish export incentives. His Australian colleagues, on the other hand, were mindful that closer relations with New Zealand would change the rules for Australian states' relations with the federal government.<sup>82</sup>

Tim Groser, as Muldoon's foreign affairs adviser, summed up progress by mid-1980: the CER exercise had produced a 'huge volume of paperwork', its own language and 'some results too'.<sup>83</sup> Muldoon, Fraser and senior officials reached the core of the future CER agreement in March 1980 when the prime ministers issued a joint communiqué from their meeting in Wellington in which they agreed that it was 'timely for Australia and New Zealand to take the special relationship between them a step further'.<sup>84</sup> That step, and the agreement's hub, was gradual trade liberalization. It was accepted that this would demand a restructuring of the New Zealand economy. Applying the vocabulary of globalization used by Scott and other officials, the prime ministers endorsed the basic principles of the 'freest possible movement of goods between the two countries' and 'an outward-looking approach to trade', as well as the free

movement of people and frequent consultation on issues of shared concern.<sup>85</sup> The objectives of CER would not merely extend to trans-Tasman benefits, but would give Australia and New Zealand a stronger base to expand links with other countries, especially in South-East Asia and the Pacific. In contrast to NAFTA, what was new about the idea of CER was that it addressed issues of access; as Groser advised the new Secretary of Foreign Affairs, all goods were 'in' unless explicitly noted. Groser saw the exemptions list as the key to securing CER. The Australian list could be short but would include all the items of most interest to New Zealand, such as cheese, whiteware and carpets. The main problem was the lack of a timetable, and the reason for this was political: the New Zealand and Australian elections were no longer synchronized. An Australian election was due in late 1980, New Zealand's in 1981.

Muldoon's caution at this stage was understandable. While he had settled the principles with Fraser within a remarkably short time frame, there was much work to be done on the details of a closer economic relationship. Indeed, it was prudent to consult interested parties, which is what Muldoon did. He told the press that while consumers would benefit from cheaper goods, he was intent on demonstrating to manufacturers that he was not in a rush.<sup>86</sup> In July, he assured the National Party conference that there would be 'no sell-out of New Zealand'.<sup>87</sup> The press interpreted such statements as a change of mood because the Prime Minister alluded to difficulties, which they assumed reflected manufacturers' fears that CER would benefit Australia more than New Zealand.<sup>88</sup>

Generally, however, the New Zealand Manufacturers' Federation (MANFED) and the Confederation of Australian Industry agreed that NAFTA no longer worked. They could support the concept of CER because major firms were increasingly manufacturing for export, and most of the increase in trans-Tasman trade was in this sector.<sup>89</sup> The manufacturers' associations had met annually as a Tasman grouping since the 1960s, and at their seventeenth such meeting in September 1980 this lobby endorsed the idea of a closer relationship. The manufacturers also established their own trans-Tasman working party.<sup>90</sup> Given internal tensions arising from different aspirations and outlooks — wool-rich carpet and NAFTA's cornerstone, forest products, were already duty-free, for example, whereas domestic clothing and footwear manufacturers feared the removal of import licensing — Muldoon ensured that there was time and space for manufacturers as well as officials to confer trans-Tasman as well as locally.<sup>91</sup>

Officials spent the rest of the year on detailed studies about the removal of barriers; they met again jointly in Wellington in October, reporting to the permanent heads, who met for the third time in Wellington in December 1980. Ian Douglas, head of MANFED, played a critical role in securing support for CER from his members. The Treasury-led Cabinet Economic Committee, preparing for a NAFTA Ministerial meeting in Canberra in August 1980, reminded Muldoon's Cabinet that 'the goal was not to substitute "Fortress Australasia" for "Fortress New Zealand"; the establishment of a freer market . . . was just the first step in the major enterprise of making the New Zealand economy more efficient and productive by having it play a more active role in the international economy'.<sup>92</sup> When the Cabinet Economic Committee

consulted the Manufacturers' Federation in November, Douglas told officials that the MANFED Council was 'broadly positive' towards CER but that certain trade groups and companies had misgivings (he was not specific). The two main issues of concern were access and whether export incentives would continue.<sup>93</sup> Meanwhile the Federated Farmers of New Zealand and the Australian National Farmers' Federation reached an agreement in December 1980 supportive of CER.<sup>94</sup>

Trade negotiations are by definition slow, especially in primary produce, and by late 1980 the forces for CER had outpaced the officials' ability to achieve consensus on details. The major obstacle was access for New Zealand dairy products to the Australian market, a blockage that required the expertise of the two farmer politicians, Talboys and Anthony.<sup>95</sup> Anthony was a dairy farmer as was this lobby's political leader. Cheese was the stickiest problem. By December 1980 the permanent heads were able to agree on a formula to phase out tariffs in five years. But they could not agree on trade in dairy products.<sup>96</sup> Momentum slowed not because of Muldoon but because three main issues remained outstanding: access for New Zealand dairy exports; New Zealand reluctance to phase out import licensing rapidly; and New Zealanders wanting equal treatment with the Australian states in government purchasing arrangements. While the third item could be left for later, the dairy impasse could not.<sup>97</sup>

Still, negotiations had progressed sufficiently for the permanent heads to draft a Heads of Agreement document, which repeated the objectives of liberalizing trans-Tasman trade to achieve benefits for both countries and a strengthened 'partnership with an increased capacity to contribute to the development of the region'.<sup>98</sup> Thus, by the end of 1980, negotiations by officials had narrowed the gap between the positions. But for the gap to close the two governments had to show the necessary will and initiative. This required action by Muldoon. According to Templeton, Muldoon stalled in 1981 because he was mindful of that year's election. Fraser was angry about the Springbok tour, which he feared would lead to an African boycott of the impending Brisbane Commonwealth Games, and Muldoon agreed with Fraser not to proceed with CER until 1982.<sup>99</sup> The archives disclose that Anthony did the most work to achieve CER when this phase was reached, in 1981, confronting the practical difficulties; while on the New Zealand side, Muldoon deserves the most credit.

Muldoon's quip about an Australian 'wide yellow streak' (in response to cricket's infamous under-arm bowling incident in 1981) was merely a distraction.<sup>100</sup> When he decided to set aside CER in the run-up to the 1981 election the press speculated that Muldoon might be devising an escape route. But Muldoon scoffed at suggestions 'that he might be looking for excuses'.<sup>101</sup> In March, to the press, he gave the chance of CER's success as 50–50.<sup>102</sup> He did not seek an escape; he simply 'did not want the issue argued through the election campaign'.<sup>103</sup> Muldoon sought an agreement that he could sell, especially to the small New Zealand manufacturers who feared that they would go out of business. But as he made clear to Anthony in May 1981, and had earlier made clear to Fraser, the New Zealand government 'did not share' New Zealand manufacturers' resistance to complete liberalization.<sup>104</sup>

In April–May 1981 a delegation of five New Zealand politicians visited Australia where they met with Anthony and Fraser, after which Anthony returned to Wellington with Scully to discuss the ‘hard core’ issues.<sup>105</sup> As usual Anthony was ‘forthright and positive’ in his commitment to CER. He explained that he faced difficulties with the dairy industry, which was his biggest problem as the leader of the Country Party, and with persuading his Cabinet colleagues that New Zealand could not rapidly dismantle import licensing. Other factors were also intruding on trans-Tasman relations, affecting the ‘atmosphere’ around CER, namely the Springbok tour to New Zealand and the introduction of passports.<sup>106</sup>

It was significant for the eventual success of the agreement that Anthony and Muldoon were able to talk freely. In Wellington, the two agreed that the outstanding issues were import licensing; export incentives, though these had ‘come a long way’; wine; and dairy products.<sup>107</sup> As one journalist observed of their May talks, ‘Muldoon and Anthony cut through all the political friction over controversies like the Springbok tour and passports and moved with surprising speed through the comprehensive agenda that officials had drawn up’.<sup>108</sup> On the question of access for New Zealand dairy products, Anthony, confident of his influence over dairy representatives, ‘hoped New Zealand would leave the matter in his hands to use his diplomacy and wit to bring the Australian industry along’.<sup>109</sup> He also exchanged direct words with Muldoon over wine, on which the National government had just raised the duty. For his part, Muldoon emphasized how manufacturers had ‘gone a long way towards agreement’ on export incentives, which would be phased out by 1987. Anthony added that Victorian and Tasmanian horticulturalists were also anxious that export incentives might give New Zealand growers an advantage, and remarked that he would ‘lose Tasmanian support for CER “if they go silly on vegetables”’.<sup>110</sup> On the removal of import restrictions, Muldoon warned that his government had the support of the ‘top people in the Manufacturers’ Federation’ but they ‘had to keep their troops in line’. Anthony acknowledged that New Zealand had made a ‘very big concession’ but repeated that there had to be an end date to the more than 40 years of import licensing or he would run into difficulty again with his government.<sup>111</sup>

The CER proposals were made public after this meeting in May 1981. In June, Templeton led a mission to Australia to discuss the remaining question of state government purchasing with state premiers and ministers.<sup>112</sup> Australia’s federal system made necessary a round tour of the state capitals given that the federal government could not impose an agreement on the states. Victoria was happy to extend to New Zealand the arrangement it had with South Australia for the abolition of preferences, while Western Australia’s Premier stated categorically that ‘New Zealand would never be given less favourable treatment than the other Australian States’.<sup>113</sup> His problem was with eastern state manufacturers in Sydney and Melbourne, not with New Zealand. In September, Fraser and Muldoon met during CHOGM in Melbourne. They set March 1982 as the date for completing the agreement and 1 January 1983 for its commencement.

At this point, did Muldoon really ‘go too slowly’ with CER? In his view

the Australians were stretching out the timetable for CER and Fraser agreed that Australia was 'going slow', one reason being the New Zealand election. Muldoon advised Fraser that New Zealand manufacturers were now positive about CER but Fraser replied that the Australian manufacturers and dairy farmers were not, which might prompt the New Zealand manufacturers to reconsider. It was Muldoon who suggested the start date of January 1983, to which Fraser was agreeable. On government purchasing, Fraser divulged that 'anything the New Zealand Government could do to get the States off their "crazy" preferences system would be welcomed by the Commonwealth Government'.<sup>114</sup> Despite reports that Fraser was angry about New Zealand sporting contacts with South Africa, then, Muldoon and Fraser were able to speak frankly and effectively.

Hard bargaining ensued in 1982. In another diplomatic round of talks, Templeton met Anthony and John Howard, then the Australian Treasurer, in Canberra in March 1982, as well as Fraser. The first meeting was encouraging but the latter meeting was not. Fraser expressed doubts about the January deadline, and would not accept 1995 as the end date of import licensing; it had to be within five years of the start of the agreement.<sup>115</sup> Anthony had more success in April when he once again flew to Wellington to talk with Muldoon and other ministers. However, he expressed his 'very deep concern' about the New Zealand proposal on export incentives, emphasizing that the Australians would not allow an end date beyond 1987.<sup>116</sup> The meeting between Anthony and Muldoon achieved results. In June 1982 both governments simultaneously released an exposure draft on the proposed CER relationship.<sup>117</sup> Trans-Tasman agreements within the dairy, wine, carpet and steel industries assisted this development. But it was Muldoon who eventually made the critical decision to settle on the contested date of 1995 for the end of import licensing in New Zealand and to agree that export incentives would end in 1987.<sup>118</sup> He could do so because Anthony set the terms and thereby suggested a way out of the impasse that both Anthony and Muldoon found politically palatable.

Once Fraser instructed the Australian government to establish a monitoring group of senior officials to watch responses to the proposals in June 1982, Anthony took care to advise Fraser that the monitoring group favoured CER and that the proposals were a considerable improvement on NAFTA. He also emphasized that there had to be an element of compromise on both sides, and that the New Zealand government had had to convince manufacturers to compromise against strong criticism.<sup>119</sup> In October Anthony put to Muldoon the tough final points of dispute, specifically about the end of import licensing and export incentives. Anthony asked that export incentives be phased out not from, but in 1985. As for import licensing, Anthony demanded that import restrictions be gone by 1988.<sup>120</sup> Three days later, Muldoon was driving the Tasman dialogue, when he met Fraser in Brisbane. Fraser asked what did Muldoon have on his agenda, and Muldoon replied 'CER'.<sup>121</sup>

Anthony advised the Australian CER delegation, who were in Wellington when Muldoon was in Brisbane, to leave the question of export incentives for Anthony and Muldoon to resolve.<sup>122</sup> The joint working party met in Wellington while the permanent heads met in Canberra earlier in October to prepare for

when Anthony returned to Wellington on 28–29 October. It was at this critical meeting with Anthony on 28 October that Muldoon agreed to the phasing out of export incentives: 50% in 1985, 75% in 1986 and totally in 1987. Discussion continued on access for New Zealand goods under import licensing.<sup>123</sup> While the trans-Tasman differences had shrunk,<sup>124</sup> there were still tensions between New Zealand Treasury and Trade and Industry officials. Anthony and Muldoon met privately in Wellington before they met with officials on 28 October to settle the outstanding issues.<sup>125</sup> At this latter meeting where officials were also present Templeton made the occasional remark, but Muldoon and Anthony dominated the conversation. Together they achieved a joint breakthrough and sealed the CER agreement. Anthony suggested the successful formula for the removal of export incentives ‘so that it could be claimed in public that within a year or so of the commencement of phasing New Zealand’s incentives would be three-quarters gone’, and Muldoon ‘replied that although it would require some effort by the Government to “sell” such [a] proposal he could accept it’.<sup>126</sup>

The New Zealand Cabinet approved the agreement on 1 November and the Australian Cabinet gave its approval on 9 November. Given their critical team work, it was fitting that Muldoon and Anthony, rather than Fraser, signed the Heads of Agreement by video link on 14 December 1982, with Muldoon in Wellington and Anthony in Canberra. For Anthony and Muldoon made CER, albeit with the support and hard work of a cast of officials and contributions by Fraser, Talboys and Templeton.

From the archival evidence it cannot be inferred that Muldoon proceeded ‘too slowly’ with CER. Initially he stepped ahead of his officials, some of whom would go on to drive neoliberal reforms locally in the 1980s and internationally in the 1990s. Subsequently he stepped behind, not to thwart the deal, but moving to the tempo of what he perceived to be manageable politically, according to what he could ‘sell’. Given the political realities, including election cycles, it is difficult to imagine how such a landmark agreement could have been achieved more rapidly.

This article set out to test the conventional wisdom that CER was concluded ‘despite’ rather than ‘because of’ Muldoon, and finds more explanatory power in the converse argument that this trade agreement owes much to Muldoon in the period of his active involvement from 1979 until 1982, when he gave it his signature. He may not warrant the epithet of the ‘architect’ or ‘builder’ of CER, but he was the project manager. This is how his chief adviser thought that Muldoon saw himself: as a ‘political manager’.<sup>127</sup> Through dictating terms he made a defining contribution. Muldoon was justified in believing that CER would ultimately be seen as one of his government’s, and his, greatest achievements.

Muldoon led in decision-making throughout the process, consistent with his belief in economic management on behalf of the people, and did not falter in his commitment to obtain a result. The evidence suggests that Muldoon consistently supported the negotiations which culminated in the free trade agreement that underwrites New Zealand’s relations with Australia, through his productive engagements with Anthony and generally effective communication

with Fraser, frequently at one step removed, via Talboys and Anthony. His commitment showed in what he did and in decision-making at critical moments rather than in what he said, particularly to the media. It also helped that he was always frank with the Australians.

Muldoon's contribution to CER can only effectively be assessed through a trans-Tasman lens applied to traffic between Wellington, Canberra and the Australian states. At all times, Muldoon deliberately performed as the Prime Minister of New Zealand rather than as a premier of the seventh state of Australasia, leaving the diplomacy with the states to his trade ministers. The insightful comparison is transnational, of Muldoon with Anthony and Fraser, not at the national level, with Templeton or Talboys. These ministers did the necessary work at the state level to clear a path for a free trade agreement. Circumstances in Australia rather than in New Zealand frequently dictated the pace of developments. This was the case in 1982, when the Australian government needed time to allow consultation with interest groups, which had already occurred in New Zealand. Structurally, the more complex, larger society ultimately determined the timing for the smaller partner, though local political realities contributed to the mix.

There remains the question of Muldoon's double act. Insiders agree that Muldoon seemed to be undecided, at least until what Hensley identifies as the 'decisive point': Anthony's visit of May 1981. Until that moment his instructions 'were that he was happy for officials to explore and map the outlines of a possible agreement but that he remained uncommitted'.<sup>128</sup> Then 'he came off the fence', and 'with his backing it was never likely that the effort would fail'.<sup>129</sup> An archival reading on the whole supports this view, but does not proffer evidence that Muldoon was at first uncommitted. With his backing the enterprise was bound to succeed. Whether Muldoon was undecided, or only seemed to be undecided until 1981, is a subtle issue. The question can be asked: does it matter? Ultimately it did not, because the evidence is irrefutable that Muldoon decided to support CER. The only people Muldoon deliberately deceived were the press, and thereby the public at large. He did not deceive the Australians. It was expedient for him to seem undecided until 1981, when the CER proposals were placed in the public arena and the Australians' pace slowed, because that allowed room for manoeuvre and to explore details and points of dispute. Overall, his briskness suggests that he was decided, from the April 1979 meeting with Anthony which started the process, to the October 1982 meeting with Anthony which completed it.

Anthony and Muldoon performed a double act. Through team work and good personal relations they achieved a remarkable deal that was timely and has endured. Muldoon deserves less credit relative to Anthony, who was the initiator and innovator at key moments. Anthony defined the turning points in the passage towards CER, whereas Muldoon politically managed the trans-Tasman debates. Each depended on the contribution of the other. Together they succeeded when the time was right.

## NOTES

\* This research was supported by the Marsden Fund of the Royal Society of New Zealand, ‘Anzac Neighbours’ project UOC208. I would like to thank the Australia Division of the Ministry of Foreign Affairs and Trade for the gift of *The Negotiation of the Australia New Zealand Closer Economic Relations Trade Agreement 1983*, and Peter Hempenstall, Stuart McMillan and the audience at my University of Canterbury seminar on 16 March 2007 for their comments. Two anonymous referees wrote helpful reports, which were greatly appreciated.

1 Hugh Templeton, *All Honourable Men: Inside the Muldoon Cabinet 1975–1984*, Auckland, 1995, p.128.

2 James Belich, *Paradise Reforged: A History of the New Zealanders from the 1880s to the Year 2000*, Auckland, 2001 (quoting Gustafson, *His Way: A Biography of Robert Muldoon*, p.273), p.455.

3 For example, see Phil Goff, ‘The Doha Suspension — What Next?’, *New Zealand International Review*, 31, 6 (2006), p.2.

4 Philippa Mein Smith, *A Concise History of New Zealand*, Melbourne and Cambridge, 2005, p.207. This trade research forms part of the ‘Anzac Neighbours’ Marsden project UOC208.

5 Pamela Andre, Stephen Payton and John Mills, eds, *The Negotiation of the Australia New Zealand Closer Economic Relations Trade Agreement 1983*, Documents on Australian Foreign Policy, Canberra and Wellington, 2003, courtesy of Australia Division, MFAT (hereafter *Negotiation*).

6 Barry Gustafson, *His Way: A Biography of Robert Muldoon*, Auckland, 2000, p.273.

7 Templeton, *All Honourable Men*, p.128.

8 Templeton to Hoadley, 7 April 1995, personal communication footnoted by Stephen Hoadley, ‘Trans-Tasman Relations’, in Bruce Brown, ed., *New Zealand in World Affairs III: 1972–1990*, Wellington, 1990, p.202, note 21.

9 Templeton, *All Honourable Men*, pp.128–30, 178–80.

10 *ibid.*, p.194.

11 *ibid.*, p.198.

12 Bob Catley, *Waltzing with Matilda: Should New Zealand join Australia?*, Wellington, 2001, p.87.

13 Denis McLean, *The Prickly Pair: Making Nationalism in Australia and New Zealand*, Dunedin, 2003, p.167.

14 Brian S. Roper, *Prosperity for All? Economic, Social and Political Change in New Zealand since 1935*, Southbank, Vic., 2005, p.152.

15 Michael Bassett, *The State in New Zealand 1840–1984*, Auckland, 1998. An Australian example is Paul Kelly, *The End of Certainty: The Story of the 1980s*, Sydney, 1992. A critique of the ‘Polish shipyard’ myth mistakenly claims that my *Concise History* echoes Bassett because I quote him. Shaun Goldfinch and Daniel Malpass, ‘The Polish Shipyard: Myth, Economic History and Economic Policy Reform in New Zealand’, *Australian Journal of Politics and History*, 53, 1 (2007), p.121.

16 Bassett, *The State in New Zealand*, pp.358–9.

17 *ibid.*, p.359, citing Templeton.

18 *ibid.*, ch.12.

19 Frank Holmes, ‘The Rocky Road to CER’, IPS Policy Paper 17, School of Government, Victoria University of Wellington, 2003, p.1.

20 See, for example, anon. [F.W. Holmes], *Should We Have Free Trade between Australia and New Zealand?* Discussion Paper 1, New Zealand Institute of Economic Research [NZIER], 1961, and F.W. Holmes, *Freer Trade with Australia?* Discussion Paper 10, NZIER, 1966.

21 Robert Muldoon, *My Way*, Wellington, 1981, pp.81, 105, 106, 107.

22 R.D. Muldoon, *The New Zealand Economy: A Personal View*, Auckland, 1985, p.158.

23 Muldoon, *My Way*, p.107.

24 Muldoon, *The New Zealand Economy*, p.160.

25 This was in 1983, before Rogernomics: R.D. Muldoon, *The Art of Political Economy*, Discussion Paper 27, NZIER, 1983, pp.1, 4, 7.

26 P.J. Lloyd, ‘Australia–New Zealand Trade Relations: NAFTA to CER’, in Keith Sinclair, ed., *Tasman Relations: New Zealand and Australia, 1788–1988*, Auckland, 1987, p.142.



- 27 *ibid.*, p.149.
- 28 Hoadley, 'Trans-Tasman Relations', in Brown, ed., *New Zealand in World Affairs III*, pp.181–8, and Stephen Hoadley, *New Zealand and Australia: Negotiating Closer Economic Relations*, Wellington, 1995, ch.4.
- 29 Colin James, *A New Path: The Tasman Connection*, Wellington, 1982, chs VI and VII.
- 30 *ibid.*, pp.46, 64.
- 31 *ibid.*, pp.45, 63.
- 32 Hoadley, 'Trans-Tasman Relations', p.183; *New Zealand and Australia*, p.36.
- 33 Hoadley, *New Zealand and Australia*, p.37.
- 34 Templeton, *All Honourable Men*, p.129.
- 35 Australia–New Zealand Trade Relations 1975, Agriculture (AG) 40 1975/21B, Archives New Zealand, Wellington (ANZ).
- 36 Australia–New Zealand Trade Relations 1975, AG 40 1975/22A, ANZ.
- 37 *New Zealand Foreign Affairs Review*, 26, 2 (1976), p.35.
- 38 The exceptions are the nationalists David Lange and Paul Keating.
- 39 Gerald Hensley, *Final Approaches: A Memoir*, Auckland, 2006, p.242.
- 40 *New Zealand Foreign Affairs Review*, 26, 2 (1976), p.36.
- 41 *New Zealand Foreign Affairs Review*, 27, 1 (1977), p.21.
- 42 *New Zealand Foreign Affairs Review*, 26, 5 (1976), pp.23–25.
- 43 Australia–NZ Trade Relations 1975, AG 40 1975/22A, ANZ; *Negotiation*, doc. 9, pp.15–19.
- 44 Holmes, 'The Rocky Road to CER', p.15; *Negotiation*, pp.1–2, doc.33, p.80.
- 45 *New Zealand Foreign Affairs Review*, 27, 3 (1977), p.27.
- 46 *New Zealand Foreign Affairs Review*, 28, 1 (1978), p.18.
- 47 James, *A New Path*, p.43.
- 48 *Negotiation*, doc.1, p.2.
- 49 *ibid.*, pp.3–4.
- 50 *Negotiation*, doc.36, pp.113–16.
- 51 B.E. Talboys, 'Australia and New Zealand: A Ministerial View', in Ralph Hayburn, ed., *Foreign Policy School 1978: Australia and New Zealand Relations*, Dunedin, 1978, p.10; B.E. Talboys, *New Zealand Foreign Affairs Review*, 27, 3 (1977), p.28.
- 52 *Negotiation*, doc.11, p.21.
- 53 Talboys, 'Australia and New Zealand', in Hayburn, ed., *Foreign Policy School 1978*, p.12. See also *New Zealand Foreign Affairs Review*, 28, 2 (1978), p.17; *Negotiation*, doc.11, p.22.
- 54 *Negotiation*, doc.11, p.23.
- 55 *Negotiation*, doc.13, pp.28–29.
- 56 Francis to Lange, 25 January 1985, MS Papers 7006-1, Alexander Turnbull Library (ATL), Wellington.
- 57 'Towards a Trans-Tasman Common Market', *Australian Financial Review*, 30 November 1978, pp.2–3.
- 58 Hoadley, *New Zealand and Australia*, pp.37–38.
- 59 Brian S. Roper, 'From the Welfare State to the Free Market: Explaining the Transition. Part II: Crisis, Class, Ideology and the State', *New Zealand Sociology*, 6, 2 (1991), pp.149–52; Brian S. Roper, 'Business Political Activism and the Emergence of the New Right in New Zealand, 1975 to 1987', *Political Science*, 44, 2 (1992), pp.6–8.
- 60 Doug Anthony, '20 Years of Trans-Tasman CER: Where to Now?', speech at CER 20th anniversary luncheon, Sydney, 2003. See also Anthony interviewed by Ian Grant, *New Zealand Management*, 50, 4 (2003), p.30. Muldoon recounted his version of this episode in *The New Zealand Economy*, p.54.
- 61 *Negotiation*, doc.15, attachment 11 April 1979, p.34.
- 62 Idea from Hensley, *Final Approaches*, p.267; Hensley depicted a government's 'internal map' as the 'network of personal links, antipathies and informal pathways that — whatever the formal arrangements — determines how each administration works'.
- 63 Anthony, '20 Years of Trans-Tasman CER: Where to Now?'.
- 64 *Negotiation*, doc.3, pp.5–7. Present on the Australian side were Anthony, Jim Scully, N.S. Currie, Secretary of Industries and Commerce, and L.H. Border, the Australian High Commissioner. Representing New Zealand were Muldoon, Talboys, Adams-Schneider, Bernard Galvin, J.W.H. Clark, Secretary of Trade and Industry, and Laurie Francis, the New Zealand High Commissioner in Canberra. On the Advisory Group in the Prime Minister's Department, see Hensley, *Final*

*Approaches*, p.226.

- 65 *Negotiation*, doc.15, p.33.
- 66 Malcolm McKinnon, *Treasury: The New Zealand Treasury, 1840–2000*, Auckland, 2003, p.283.
- 67 *Negotiation*, doc.18, p.38. On Stone's New Zealand links, see McKinnon, *Treasury*, p.299.
- 68 *Negotiation*, doc.19, pp.39–41.
- 69 Shaun Goldfinch, *Remaking New Zealand and Australian Economic Policy: Ideas, Institutions and Policy Communities*, Wellington, 2000, pp.41, 62.
- 70 'Trade and industry was not averse to trade liberalisation', Ted Woodfield, Assistant Secretary DTI from 1979, to Hoadley, cited in Hoadley, 'Trans-Tasman Relations', p.202, note 15, and Hoadley, *New Zealand and Australia*, p.56, note 9.
- 71 *Negotiation*, doc.14, pp.29–30.
- 72 *Negotiation*, doc.29, p.67.
- 73 *Negotiation*, doc.6, p.10.
- 74 *Negotiation*, doc.20, p.44.
- 75 Templeton, *All Honourable Men*, pp.130–1.
- 76 *Negotiation*, doc.4, p.8; Francis to Lange, 25 January 1985, MS Papers 7006-1, ATL; Hoadley, 'Trans-Tasman Relations', p.183.
- 77 *Negotiation*, doc.20, p.42.
- 78 *Negotiation*, doc.42, p.135.
- 79 *Negotiation*, doc.49, pp.150–1, 152.
- 80 *ibid.*, pp.157–8.
- 81 *ibid.*, p.157.
- 82 *Negotiation*, doc.62, pp.201–2. New Zealand import licensing protected locally produced goods while allowing the duty-free import of raw materials and components to be processed further by New Zealand industry; see doc.22, p.49 and doc.60, p.195.
- 83 *Negotiation*, doc.122, p.361.
- 84 *Negotiation*, doc.93, p.285. See also *New Zealand Foreign Affairs Review*, 30, 1 (1980), p. 15.
- 85 *Negotiation*, doc.93, p.286; *New Zealand Foreign Affairs Review*, 30, 1 (1980), p.16.
- 86 'Tasman Ties Closer By Year 2000 – PM', *New Zealand Herald* (NZH), 27 March 1980.
- 87 'PM Says Tasman Talks in Trouble', NZH, 28 July 1980, p.3.
- 88 Ian Templeton, 'The Mood for Trans-Tasman Togetherness has Changed', *Auckland Star*, 9 August 1980.
- 89 Alan Bollard and Darcy McCormack assisted by Mark Scanlan, *Closer Economic Relations: A View from Both Sides of the Tasman*, Wellington & Melbourne, 1985, p.68.
- 90 *Negotiation*, doc.103, pp.313–14.
- 91 *Negotiation*, doc.35, pp.100, 101, 103; wool-rich carpet was added to Schedule A of NAFTA in 1975.
- 92 *Negotiation*, doc.127, p.375.
- 93 *Negotiation*, doc.132, p.393.
- 94 *Negotiation*, doc.113, pp.340–1.
- 95 *Negotiation*, doc.116, pp.349–51.
- 96 *Negotiation*, doc.136, pp.400–1.
- 97 *Negotiation*, doc.138, p.409.
- 98 *Negotiation*, doc.139, p.420.
- 99 Templeton, *All Honourable Men*, pp.135, 138, 177.
- 100 *Negotiation*, doc.140, p.433.
- 101 'Positive View Taken of Tasman Trade Ties', NZH, 14 February 1981.
- 102 'Tasman Talks Off Until May', NZH, 18 March 1981.
- 103 *Negotiation*, doc.223, pp.606–7.
- 104 *Negotiation*, doc.170, p.490.
- 105 *Negotiation*, docs 152 and 153, p.451.
- 106 *Negotiation*, doc.167, pp.485–6.
- 107 *Negotiation*, doc.170, p.518.
- 108 Ian Templeton, 'Anthony Cements Move for Closer Economic Ties', *Bulletin*, 26 May 1981, p.96.
- 109 *Negotiation*, doc.170, p.507.
- 110 *ibid.*, pp.500, 502; on wine, see p.515.

111 *ibid.*, pp.509, 510–11.

112 *Negotiation*, doc.171, p.522.

113 *Negotiation*, doc.224, p.608.

114 *Negotiation*, doc.229, pp.618–19. This discussion between Muldoon and Fraser is recorded as occurring in Brisbane on 29 September 1981.

115 Templeton's message to Muldoon about his discussions with Anthony and Howard is included in the published documents but his separate message about meeting with Fraser the same day (11 March 1982) is not. Cf. *Negotiation*, doc.183, pp.542–4 and doc.237, pp.628–30.

116 *Negotiation*, doc.191, p.560.

117 *New Zealand Foreign Affairs Review*, 32, 2 (1982), p.48.

118 Hoadley, *New Zealand and Australia*, p.50.

119 *Negotiation*, doc.204, pp.576–7.

120 *Negotiation*, doc.209, pp.582–4.

121 *Negotiation*, doc.210, p.585.

122 *Negotiation*, doc.212, p.589.

123 *Negotiation*, doc.219, p.599.

124 *ibid.*, p.600.

125 *Negotiation*, doc.257, pp.665–74.

126 *ibid.*, p.669.

127 Hensley, *Final Approaches*, p.230.

128 *ibid.*, p.237.

129 *ibid.*, p.238.