

Two Models of Welfare. The Origins and Development of the welfare state in Sweden and New Zealand, 1888-1988. By Alexander Davidson. Political Science Association, Uppsala, 1989. 432 pp. Price: \$US33.95.

DAVIDSON HAS chosen to study these two pioneer welfare states — New Zealand and Sweden — not only to compare and contrast two different approaches to welfare but also to examine why the Swedish system survived the economic decline of the 1970s while the New Zealand system did not. He believes that the answer lies in the evolution of the two systems, and explores their historical development over the past hundred years. Writing primarily for a Swedish audience (the book is written in English but published in Sweden), he devotes much space to outlining political and social change in New Zealand. The end result is a book useful to non-New Zealanders. Davidson rightly points out that, while there is a general awareness that New Zealand was a pioneer social welfare state, few details of this are known outside Australasia. Yet this book will also prove beneficial to New Zealand historians of social policy.

Social welfare in Sweden is universalist, centrally funded, and insurance-based. The 'New Zealand model', which Davidson considers was at its peak between 1948 and 1968, is by contrast selectivist (means-tested or restricted) and paid for through general taxation. However, Davidson believes it is not enough merely to focus on welfare benefits or public spending to explain the different welfare systems in these countries. There is also a need to take account of other equalizing social instruments, such as incomes policies. Referring to the work of F. Castles¹, Davidson claims that the New Zealand model can with some justification be called a 'wage-earners' welfare state'. The primary element of welfare strategy from the 1890s in New Zealand was an incomes policy based on the Industrial Conciliation and Arbitration Act of 1894. Rather than leaving wage levels to evolve from a purely economic price/cost equation determined by the needs of the capitalist production process, arbitration guaranteed a 'social wage'. This concept of the social wage meant that welfare benefits were directed primarily at those outside the wage structure. The New Zealand model incorporated first a high wage level together with a uniquely low spread of incomes and a policy of full employment which provided 'universal income-earner prosperity'. Secondly, progressive taxes were combined with selective benefits in an 'unusually redistributive' manner to increase the equalizing effects of this incomes policy. Those outside the system were protected by generous benefits provided on a selective basis, generally means-tested.

Why did the New Zealand model not survive the economic decline starting in the 1970s while the 'Swedish model' grew to become a world leader? Davidson postulates that the New Zealand system had a tendency to move towards residualism because the middle class had no stake in the system. In the Swedish case, based on universality, this group did have a stake, even if the tendency of the system was not vertically redistributive between classes but horizontally redistributive on the basis of the life-cycle. While not 'egalitarian', this gave the Swedish welfare state an overall stability.

Also important in the decline of the welfare state in New Zealand was the weakness of the labour movement and the changing nature of the Labour Party. From 1950 the two major political parties in New Zealand began to converge. Davidson believes that by the beginning of the 1960s it was misleading to regard Labour as a leftish social democratic party and National as a conservative party, as many analysts (for example, Castles) have done in their cross-national comparisons. Not only have the two parties converged, but they have crossed paths. Consequently it was the Labour Government of 1984-90 which

1 *The Working Class and Welfare*, 1985.

carried out 'the most extensive experiment in free market neoliberalism that has yet been attempted anywhere in the world' (p.311). In Davidson's view, 'No other country has moved so far or so fast in its attempts to "dismantle" a traditional welfare state and introduce the full monetarist and neoliberal prescription' (p.325). The end result, he predicts, if 'Rogernomics' (or presumably the equivalent) were to continue, must be a residualism even more extreme than that of the 'American model'. The conclusion is that a system based on social insurance is inherently more stable than any attempt to base welfare on 'egalitarianism' or on redistribution between classes. The implication is that the New Zealand model was a failed experiment.

While Davidson deals in 'models' he does not lose sight of the historical complexity in his analysis. Although his recounting of New Zealand history is based on secondary sources, he throws new light on the history of social policy in New Zealand through his extensive knowledge of welfare in Sweden and other countries.

LINDA BRYDER

University of Auckland

Te Tala o Niuoku, the German plantation on Nukulaelae Atoll 1865-1890. By Doug Munro, Suamalie N.T. Iosefa and Niko Besnier. Institute of Pacific Studies of the University of the South Pacific, Suva, 1990. 50 pp. NZ price: \$17.50.

IN 1865, a sailing vessel of the trading company Godeffroy & Sohn, with a pioneering cohort of London Missionary Society teachers on board, arrived at Nukulaelae, the southernmost of the eight main islands of Tuvalu. In addition to providing passage for the religious mission, the German captain obtained a 25-year lease on the islet of Niuoku. Whether or not he obtained genuine title for that length of time is a moot point. The Nukulaelae consensus is that he did not. What is clear is that the company established a copra plantation, managed and worked by off-islanders. The locals, having initially accepted this venture because it provided some employment, turned against it during the depressed decade of the 1880s. Conventional historical research lends weight to factors such as lower copra prices, drought and hurricanes; but the oral traditions which are at the core of *Te Tala o Niuoku* highlight opposition to the amount paid for the lease and its duration. The authors have uncovered documentary evidence suggesting the contract was valid (at least in European terms) and not quite as ungenerous as legend states. Nevertheless, there was misunderstanding, if not blatant exploitation. The islanders' resentment expressed a real fear of land alienation that remains powerful to this day. Given their powerlessness and lack of allies, their only recourse was endurance. The eventual expiry of the lease is still commemorated annually on the island. Indeed, this book was published to mark the centenary of the return of Niuoku to local control.

For all the intriguing details of the dispute presented here, there is a tantalizing sparseness of information on the economic circumstances behind the Niuoku occupation. The authors argue that a Peruvian blackbird's raid in 1863 made a foreign plantation more difficult to resist, but it may also have made the offer more attractive. Given that Nukulaelae probably had 'spare carrying capacity' in the 1860s and 1870s, a number of questions arise. Was the decision to accept the contract reached collectively, or were specific landholding groups more centrally involved? Were there internal disputes over land ownership rights in addition to the dispute with Godeffroy & Sohn? Why was the