

The State in New Zealand 1840–1984: Socialism without Doctrines? By Michael Bassett. Auckland University Press, Auckland, 1998. 445 pp. NZ price: \$39.95. ISBN 1-86940-193-X.

HISTORIANS HAVE LONG BELIEVED that the growth of the state in New Zealand played a central and positive part in our history. In *The State in New Zealand 1840–1984* Michael Bassett largely rejects this view. He grudgingly admits that the state's growth was necessary from 1840 to 1914, given that no other entity had the power to provide certain essential goods and services. He also seems to agree that the inexorable growth has been central to our history. But he insists that from the First World War onwards we could well have done without the growth. His story is a moral tale about the expansion of the bad state.

Bassett's story largely consists of example after example of how governments of every complexion have wasted our economic resources. Hence he shows us how they funded all kinds of enterprises that generated low or negative returns; set up regulatory regimes that reduced productivity and discouraged innovation and private investment; subsidized and protected inefficient industries; and threw money at expensive and ineffective schemes of welfare and social engineering. But the story of is not just one of waste. It also tells us how the expanding state damaged the moral and social fabric by eroding individual liberties, creating a culture of envy and electoral bribery, stimulating unrealistic material mass expectations, generating complacency and conformity, weakening individual responsibility, and making possible the dark days of the Muldoon era.

His explanation of why the bad state was allowed to expand with so little impediment is cultural rather than structural in nature. The explanation, he implies, is related to national character: New Zealanders have never properly understood the realities of the material world, they have always lacked economic rationality, in one fundamental respect at least. As he puts it, 'Generations came to believe that governments could allocate resources more successfully than the market and that centrally driven economic intervention was for the wider public good'. In other words, a basic flaw in the cognitive style of New Zealanders led them not only to believe the state could do anything but also prevented them from observing the adverse and unintended consequences of state action.

This anti-state book is highly readable. It is tightly and succinctly written. It is filled with memorable phrases and amusing anecdotes (some of the latter being in the footnotes). It is illustrated with some quite brilliant photographs. It documents its case with a host of well-chosen examples, the product of comprehensive and original archival research. It tells us all sorts of new and interesting details about how government works, how certain important decisions were arrived at, and about the personalities and actions of certain key officials, including W.B. Sutch — who comes out very badly — and L.J. Schmitt (head of Industries and Commerce during the first Labour government). It keeps on opening our eyes both to the range of activities the state has become involved in over time and to some of the oddities of governmental behaviour. We find out, for instance, about the first Labour government's foray into 'industrial planning' under the Bureau of Industries; about how governments became involved in steel and paper making; about the surprising degree to which farming subsidies had developed by the end of the 1920s; and about the extraordinary nonchalance which the early Department of Tourism and Health Resorts displayed towards the persistent losses it made on its hotel operations despite the rapid growth of the tourist trade.

But there are features of this book which do not satisfy. Its view of the past is an externalist — presentist — one which is incapable of telling us how things were seen from the point of view of the people at the time. It illumines not the culturally specific

reasons and goals that people had for state action in the past but Bassett's own reasons against state action in the present. The book offers no new theory of the state, let alone fresh ideas nor an innovative and exciting research programme, about the history of New Zealand politics, culture and society. It does nothing to use cross-national comparisons to support its claim that there was something peculiar about the rise and role of the state in New Zealand. Old-fashioned and unsophisticated in its methodology, its dependence on examples and anecdotes for evidence begs questions about their typicality and weight, and makes it easy to refute through the citation of counter-examples. It fails to anticipate objections or to engage with opposing views, including Gary Hawke's argument that 'the available information all testifies against a long-term inexorable rise of government'.¹ In some of his earlier works, Bassett implicitly and explicitly approved of state intervention and of certain leading interventionists such as Gordon Coates and Norman Kirk. If Bassett had good reasons for his approval then, why are they not good reasons now?

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1 G. R Hawke, *The Making of New Zealand: An Economic History*, Cambridge, 1985, p.300.

A World Without Welfare: New Zealand's Colonial Experiment. By David Thomson. Auckland University Press/Bridget Williams Books, Auckland, 1998. 180 pp. NZ price: \$39.95. ISBN 1-86940-199-9.

A Civilised Community: A History of Social Security in New Zealand 1898-1998. By Margaret McClure. Auckland University Press in association with the Historical Branch, Department of Internal Affairs, Auckland, 1998. 316 pp. NZ price: \$39.95. ISBN 1-86940-183-2.

A FRIEND OF MINE, returning from a funeral, remarked: 'We did not realise how little we knew about the deceased until we heard the eulogies.' Perhaps a parallel could be drawn to our knowledge of New Zealand's social policy history. Readers now have two new publications to cast light on this field: David Thomson's exploration of charitable aid and state provision in the nineteenth century, and Margaret McClure's general history of social security this century. Both fill gaps that have presented difficulties for the social historian.

Thomson earned something of a reputation as an iconoclast with his 1991 work, *Selfish Generations? The Ageing of New Zealand's Welfare State*. Drawing on his background in demography, he presented a strong case for the consistent favouring of what he called the 'welfare generation' — those born between 1920 and 1945 — who drew far more from the common pool than they contributed. His findings were met with silence from prominent welfare state researchers, not because his reasoning was found deficient, but rather through discomfort that his work fell outside the small range of familiar perspectives on welfare state development. He now offers an equally provocative thesis on public provision in nineteenth-century New Zealand. *A World Without Welfare* argues against the trend of the developmental view that the welfare state 'began' in the 1890s and was 'finished' in the 1970s; a 'progress from darkness to enlightenment', as he puts it. On the contrary, he finds that last century's colonists insisted that needy individuals and families fend for themselves: 'there would be no system of public relief such as had been in place in much of Western Europe for