

had a strong sense of the evil latent in the world. He saw as clearly as anyone — and more clearly than anyone else in New Zealand — the threat from the dictators and their aggressions in the thirties. On communism and Stalin his distaste was also earlier and stronger than that of many New Zealanders, but the perspective of history has supported him, if not always the ways in which he expressed it. But not every diplomatic issue was a test of the world's resolve to face down evil and as he grew older his judgment was less sure.

His memoirs are a flow of entertaining reminiscence, like listening to an experienced diplomat after dinner. Though Hugh Templeton has managed a difficult task with grace, Berendsen's achievements are sometimes overshadowed by his own accounts of who he met, the speeches he made and the compliments he received. That Carl Berendsen was an energetic, opinionated and influential diplomat comes out well; that he was also a great man will have to await a full biography.

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NEW ZEALANDERS HAVE DIFFICULTIES with the notion of Europe, despite the vast majority being of some European descent and the culture primarily deriving from Europe, albeit with Pacific and, latterly, Asian modifications. It is partly the problem of a fish coming to terms with water, but it is also because the locus of New Zealand's Europe is the British Isles which is perhaps the least European part of Europe. So rather than see the European Union as a cultural, economic, political and social idea — a grand conception to resolve a millennium and more of warfare and cultural conflict — New Zealanders tend to see it as an economic entity only, rather as the British do.

As it happens, a crucial element of the mechanism for the resolution of aeons of conflict has been economic integration. The first institution in the development of the European Union was the European Coal and Steel Community, which aimed to so integrate France and Germany's industries that they could never go to war again — a view consistent with the notion that markets resolve certain sorts of conflicts and trading partners do not (or cannot) make war on each other. Then there was the European Economic Community; many New Zealanders continued to use the term long after it became obsolete over a quarter of a century ago. It would be difficult to justify the EU's anthem — Beethoven's *Ode to Joy* — in terms of a customs union.

It is perhaps, then, not surprising that the ambitious title *New Zealand and the European Union* should belong to a book largely about New Zealand's economic relations with the EU. Five of the six contributions are on that topic and only one — the fifth chapter — is on 'people to people and political links'. That chapter is superficial and disappointing, drifting into a discussion on the marketing of tourism but neglecting many cultural aspects. It does not even mention that more New Zealanders can speak European languages (other than English) than can speak Maori.

After an introduction by Matthew Gibbons, Carol Neill provides a detailed statistical account of New Zealand's pastoral exports to the EU-15 (the membership before the enlargements since 2005), followed by Gibbons's overall review of the pattern of merchandise trade in the second chapter. Chapters three and four, also by Gibbons, cover expert opinions and exporting to the new EU countries. To one's amusement, Gibbons finds that the forecasts of 'experts' reported in the earlier Frank Holmes and Clive Pearson *Meeting the European Challenge*, proved to be not very successful. (The

new book is much more satisfactory than its 1991 predecessor, which was widely greeted with disappointment.)

The final chapter by Caroline Saunders is about New Zealand's access to European markets for its agricultural products. This is a matter of very great importance, but it is not only the access to European markets which matters. Europe has been a major dumper into third markets of the surpluses arising from its agricultural protection and subsidization. In the 1950s Europe was a net importer of dairy products; today its dairy exports are at a similar order of magnitude to New Zealand's, thereby driving down our returns. Saunders reports that the EU promises to eliminate subsidized exports by 2013.

Neither individually nor collectively do the chapters address what seems to me to be the central problem of trade relations between the two entities. It is true that the book points out the fall in overall share from about 80% of all merchandise exports going to the current members of the EU in 1960 to about 20% today. Of course there is pride in the diversification to new markets and new products which the falling share implies and it is easy to explain it in terms of British decline and protectionism. But it is generally accepted that New Zealand's exports have not grown fast enough, so we could have had the diversification together with more success in European markets. Why did we not? It is even more surprising that this decline has not been a matter of national angst. After all, the EU is a slightly bigger economy than the US by output (though its larger population means it has a lower per capital income).

Any systematic analysis needs to look at shares by export product for all the world's economies. There is a methodological issue here. Today no bilateral trading arrangement (or indeed a cultural or diplomatic one) is so strong that it can be evaluated without reference to other parties — to the rest of the world. I am not even sure that disregarding the rest of the world would have been possible when New Zealand was a colony of Britain.

There are of course, particularities which explain some of the decline (Neill nicely sets out the pressure on wool from synthetics), but what must be feared is that New Zealand lost the huge European market because it could not produce the sophisticated products that Europe wanted, nor cope with its complex and heterogeneous markets. Such a gloomy conclusion would suggest that the previous government's Economic Transformation Strategy would have fallen foul of our lack of the necessary skills (and even energy and innovation). More cheerfully Gibbons reports European growth in the share of tourists, our single biggest exchange earner. It is also possible that we do well in other 'invisibles' to Europe; unfortunately the incompleteness of the data makes it difficult to be sure.

The failure to pursue — not just in this book, but generally — the big economic question of why we have not been more successful in exporting to Europe is all the more surprising, given New Zealand's obsession with the EU as an economic entity. Because of our affections for our cultural roots and the commonalities of our visions in the world order (in addition to the need to have an international counterbalance to the US) a New Zealander might hope for an ongoing and constructive relationship with the EU. But it has to be multidimensional and, hopefully, it will not be based on the single (and declining) dimension of trade (and investment, which hardly comes into the study). This, then, is a monograph rather than a book. It contains much useful and some original material on economic relations which will contribute to a comprehensive study of New Zealand and the European Union, but it is a long way from the promise in its title.

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