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Democracies: The Case of New Zealand**

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POLICY CONSPIRACIES AND ECONOMIC REFORM PROGRAMS IN ADVANCED INDUSTRIAL DEMOCRACIES: THE CASE OF NEW ZEALAND

Joseph L. Wallis

It is somewhat ironic that at a time when many governments have been successfully implementing and consolidating comprehensive reform programmes (CRPs), the focus of a number of important streams in the public policy literature continues to be on the "factors which structure policy choice" (Moon, 1995) and on the difficulties in steering the policy process in the direction advocated by reforming politicians. Interest in the conditions underlying radical policy reform nevertheless appears to be growing.

A 1993 colloquium sponsored by the Washington-based Institute for International Economics (IIE) examined the conditions under which a range of countries have been able to implement CRPs which have contained key elements of what Williamson (1994) called the "Washington consensus". This embraced a "neo-liberal" structural adjustment framework of the type advocated by the World Bank, the IMF and the OECD which includes the now-familiar components of disinflationary monetary policy, fiscal discipline, reforms to broaden the tax base, deregulation, financial and trade liberalization and privatization. The goal of the IIE's colloquium was to devise a manual for the "technocrats" (defined as those who advocate the organization and management of a country's industrial resources by technical experts for the good of the whole community) and "technopols" (technocrats who have assumed a position of political responsibility) involved in implementing structural adjustment programmes.

It was acknowledged by the contributors to the colloquium that they might be construed as advocating a "Machiavellian" approach to policy reform but they seemed to agree that such an approach was necessary if "orthodox" structural reforms which were "generally accepted" to be in the "public interest" could be implemented in the face

of the resistance which vested interests, standing to lose their privileges , could mobilize in opposition to these reforms. One lesson Williamson, in particular, drew from the colloquium was that the democratic process did not provide an insurmountable obstacle to the implementation of these reforms. He could point to New Zealand and Australia as being examples of democracies which, since the mid-1980s , have unilaterally undertaken CRPs which clearly fall within the ambit of the Washington consensus.

The New Zealand experiment, in particular , has attracted a lot of international interest. This experiment has been hailed by institutions such as the World Bank, *The Economist* and the OECD as a model for the rest of the world¹. Retired technopols such as Roger Douglas and Ruth Richardson (finance ministers in the successive Labour and National governments which implemented the reforms) have found that their advice is highly sought after by countries still facing the challenge of structural adjustment.

The attention attracted by the New Zealand experiment can be attributed to a number of factors. Firstly, observers have been generally struck the sheer scope of the reform programme undertaken in this country. Bollard et al (1996) list more than one hundred major policy initiatives, mostly between 1984 and 1992. These include, for example , the "reduction of import tariffs from an average of 28 per cent to 5 per cent" and the "corporatisation of 24 state-owned enterprises". Not all the changes were so dramatic but taken together they constitute a remarkable legislative and bureaucratic achievement. Secondly, the New Zealand experience offers a sharply defined experiment in liberalisation which is controlled in the sense that - unlike in Eastern Europe - the basic capitalistic institutions for defining and reassigning property rights were already well-established. Thirdly, it appears to have realized the intention of an identifiable group of technopols and their technocratic advisors to take the Washington consensus to its neo-liberal extreme by devising and implementing a coherent reform package derived in a purist way from a distinct stream of economic theories. In particular, they drew from developments in new classical macroeconomics and public

choice theory to justify a policy stance which required a credible and "politician proof" commitment by both major parties to "price stability" and "fiscal consolidation" so that a framework could be established within which resources could be allocated according to the price signals transmitted by markets which had been comprehensively deregulated once the process of microeconomic reform had been completed. The approach to macroeconomic stabilization and structural reform in New Zealand has been widely recognized as being both more far-reaching and intellectually rigorous than the more pragmatic approaches followed in other countries (Hood, 1991; Williamson, 1994). Fourthly, the reform process which was initiated by a Labour government from 1984 to 1990 and continued with even greater zeal thereafter by a National government, constituted a radical break from both the social democratic traditions of the Labour party and the conservative, interventionist traditions of their National rivals. Finally, a strong bipartisan consensus has emerged which opposes any significant reversal of the reform process. For some years the central policy issue in New Zealand has been whether the government should focus on extending or consolidating the reforms. Although the referendum vote in favour of MMP in 1993 has been interpreted as an expression of "reform fatigue" (Bollard, 1994), it may have the effect of making it difficult for future governments to reverse the reforms. The New Zealand experiment thus provides a case study of not only how a reform process can be implemented but also how institutional changes may facilitate its consolidation.

Critics of the the New Zealand experiment (Kelsey, 1995; Easton, 1989) have increasingly focussed their attention less on individual components of the reform package and more on the "success" which an elite group of technopols and technocrats enjoyed in seizing an opportunity to "capture" or "hijack" the New Zealand policy process and steer it in the direction they intended. An effective rhetorical device apologists for this experiment have used to counter these claims is to simply dismiss them as "conspiracy theories" (Massey, 1995, p.77). In doing this they are lumping these claims in the same genre as that bewildering variety of untestable "secret

histories" which emerge out of a belief system that asserts that world events are being controlled in secret by a group of ultra-powerful puppeteers².

This paper seeks to rescue the concept of a policy conspiracy from these lunatic fringes of policy discourse and show how it can be formulated in a way which clarifies those aspects of the political economy of policy reform which have concerned both apologists and critics of the New Zealand experiment. It will attempt to portray a policy conspiracy, in as neutral a way as possible, as a network of reform advocates who lie in wait for an opportunity to significantly advance a particular "policy quest". The problems of mobilizing a policy conspiracy and then deploying it in a way which makes the most of an opportunity to advance this quest will then be considered with particular reference being made to New Zealand's recent reform experience.

I. The Characteristics of a Policy Conspiracy

The term "conspiracy" is usually given a negative connotation. According to the *Oxford English Dictionary*, the word "conspiracy" could mean "a combination of persons for an evil or unlawful purpose; an agreement between two or more persons to do something criminal, illegal or reprehensible" (Simpson and Weiner, 1989, p.783). This suggests that for the collusive action of a group of persons to be viewed as a conspiracy, either their shared goals or the means they use to achieve these goals must be somehow illegitimate. This ascription of illegitimacy often arises from the secrecy of the conspiracy, from the way conspirators operate according to a "hidden agenda" and seek to conceal their true intentions from public scrutiny. As a result "conspiracy theorists" generally regard themselves as duty-bound to expose the motives and *modus operandi* of conspiratorial elites who seek to shape the course of historical processes.

The technopols and technocrats who have come to be identified by their strong advocacy of the New Zealand experiment would find it easy to rebut claims that they were involved in any such conspiracy. They could point out that not only did they advocate a policy direction which they believed to be in the public interest but that the

means they used to achieve their goals were neither illegal nor atypical of those used by any other "advocacy coalitions" (Sabatier, 1988) or "issue networks" (Hecl, 1978). They could also point to their willingness to "open the books" and enhance the transparency of the policy process during the past decade or so of reform. As Massey (1995) contends, "New Zealand has the benefit of a very effective Official Information Act" which makes full disclosure of official policy advice possible, "thereby opening it up to detailed public scrutiny" (p.64).

I would suggest, however, that the concept of a conspiracy could contribute to a understanding of the ways technocrats and technopols can strive to dominate the outcomes of a policy process if it is possible to conceive it in a more or less neutral way, without focussing on the illegitimacy or otherwise of its ends and means. Some scope for pursuing this possibility seems to be allowed by the *Oxford English Dictionary* which defines a conspiracy alternatively as "a union or combination for one end or purpose" and the verb "conspire" as being to "combine, concur, or co-operate as by intention to effect a certain result" (p.783).

The type of policy conspiracy examined in this paper will be one which is directed toward goals which are quite legitimate. This does not mean that they are uncontroversial. Indeed participants in the conspiracy are likely to attach such primacy or importance to their goals and to become so single-minded in their pursuit that they are likely to provoke a backlash from "outsiders" who do not share their belief that these goals are in the public interest. Some participants in the conspiracy may, to a degree, conceal their intentions, not because they are unwilling to defend them in a public arena, but as a temporary tactic, designed to deprive their likely opponents of the "ammunition" they need to mobilize a public backlash against the conspiracy before its social benefits become apparent. A policy conspiracy which is legitimate and believed by conspirators to be in the public interest is likely to have a number of characteristics which must now be examined in more detail.

The advancement of a policy quest. Firstly, to the degree that it is sustained over time rather than being directed toward the realization of limited, short term goals, it

will be directed toward the advancement of a "policy quest" which embodies a particular value or cluster of values which the conspirators are striving to realize across a range of policy subsystems. They may therefore view their quest from a dynamic perspective as a "vision" of history-to-come, not just a headline or snapshot, but a story or drama which unfolds over time in which they are the principal characters (Gardner, 1995) who can expect to encounter certain obstacles or resistance which must be overcome if it is to advance in the hoped-for direction. Their shared sense of engagement on a common quest supplies a coherence to their activities even if their understanding of what they are striving to realize develops over time³.

The New Zealand experiment has come to be understood in this way as a fundamental change in policy direction, replacing "Keynesian" interventionist policies which focussed on job protection with a mix of macro- and microeconomic policies designed to remove the legislative and regulatory obstacles which prevented decisionmakers, in both the public and private sector, from undertaking the "structural adjustment" necessary to boost their efficiency and competitiveness in the global economy and place this country on an economic growth path which could be sustained with a very low inflation rate and comparatively low levels of debt in relation to GDP. This quest to improve New Zealand's international competitiveness has been directed toward the advancement of economic efficiency values in one policy subsystem after another. The successful implementation of a reform which embodies this value in one subsystem generates "spillover effects" (Kingdon, 1984) which create opportunities for similar reforms to be pushed forward for consideration in other policy subsystems⁴. The conspirators will therefore be concerned not just with the immediate effect of having one of their reform proposals blocked but also with the impact this blockage will have on the momentum of the reform process which is required to achieve a significant advancement of their quest.

A social network. Secondly, the conspirators are likely to relate to one another through an informal social network which cuts across a range of institutional affiliations. Although the members of this network may be in a position to exercise

leadership in their own sphere of influence, they will tend to relate to one another on a more or less equal footing. For this reason it may be difficult to identify who is actually leading the conspiracy and, at times, it may have a "leaderless" quality.

There may nevertheless be a division of labour between the "visible" and "invisible" members of the conspiracy. Its invisible membership will largely comprise those technocrats, consultants, policy specialists and researchers who generate, float, discuss and refine policy proposals, not in response to particular problems but in order to package them together into a coherent programme which can be rapidly implemented when the opportunity for comprehensive reform arises. The invisible branch of the network advocating the New Zealand experiment centred around its key institutions of policy advice, the Treasury and the Reserve Bank, which developed strong links with "new right" think tanks such as the Centre for Independent Studies and its like-minded overseas counterparts and corporate lobby groups such as the Business Roundtable.

The Business Roundtable seems to have been a particularly important arm of this invisible branch. It began informally in the 1970s and became more organized after 1984, setting up an office in Wellington under the direction of former Treasury technocrat, Roger Kerr. Membership of this organization was by invitation only, ensuring a consistent policy line which generally appeared to be several steps ahead of the prevailing official view. The Roundtable has persistently functioned as a "ginger group" preparing the policy community for its radical neoliberal solutions advocated in the steady stream of reports and "blueprints" which have been generated under its auspices. Kelsey (1995) found that in 1995 the Roundtable comprised 57 chief executives from companies with a stock market capitalisation estimated at 85 per cent of the national total. Although technopols such as Douglas (1993) have been unstinting in their praise of the Roundtable for the way it "put self interest and privilege aside in the national interest", issuing "reasoned, research discussion papers in the full glare of public debate" (p.57), other commentators have been less forthcoming. Haworth (1992), for example, has described the Roundtable as "simultaneously the purveyor of ideology and policy and the locus around which key national players in the business

world develop their project for the integration of New Zealand into the globalisation process on the basis of comparative advantage". If it is accepted that a policy conspiracy was perpetrated in New Zealand, then it would be difficult to deny the role of the Roundtable as a key invisible participant.

The visible membership of a policy conspiracy will comprise those technopols who, regardless of their formal party allegiance, can be trusted to use whatever political power they acquire to advance its policy quest. They will typically be given privileged access to the fund of policy advice developed by invisible members so that their "policymaking capacity" can be enhanced relative to those members of their party who do not belong to the conspiratorial network.

Roger Douglas, who was Finance Minister in the New Zealand Labour government from 1984 to 1989 and Ruth Richardson, who occupied this position from 1990 to 1993 in the successor National government, both exemplify this type of technopol⁵. Although they seem to have autonomously formed a similar vision for radical "free market" reform, their knowledge of new theoretical developments in economics and capacity to advocate ready-made solutions to the issues confronting their political colleagues appears to have been enhanced by the assistance, support and advice given them by Treasury officials seconded to their party research units. They were well-groomed to dominate Cabinet-level debate with their less well-briefed colleagues when their parties came to power so that the clear direction imparted to the policy process during their tenure has been attributed to their "policy leadership" despite the fact that neither was head of government nor particularly charismatic (Bollard, 1994; Kelsey, 1995; Massey, 1995;).

Access based on trust. The members of a conspiratorial network are not just committed to advancing a particular policy quest. They are also committed to advancing one another, to pushing co-conspirators into key positions where they can influence the policy process. To be included in this tight circle, to be accepted as a fellow-conspirator, a person will have to build up a high level of trust with the other

conspirators. To elicit this trust the person would need to exhibit at least two qualities to a degree which passes the thresholds expected by them.

In the first place, the person would need to have the skills, resources or position of influence required to make a significant contribution to advancing the quest. The capacity to make this contribution would however, be a necessary but not a sufficient condition for inclusion in the conspiracy. This person would also need to have the "right" motivation. The trust which the members of a conspiracy place in one another will also be based on the persistence with which they are expected to keep striving for the advancement of their common quest. Conspirators are more likely to show this persistence when their commitment to the quest is expressive rather than instrumental. This is because while the emergence of an opportunity to significantly advance their quest may also give rise to opportunities to promote one another and enhance their own standing and influence in the policy community, they may have to spend years "lying in wait" for such propitious moments to arrive. It would seem that to earn the trust of co-conspirators, these policy advocates must prove their persistence during the "hard times" when the policy community is largely unreceptive to their "pet" problems and solutions.

This persistence will depend on the reserves of hope which these conspirators can draw on as they prepare and keep themselves ready to take advantage of opportunities to advance their quest⁶. A contemporary attempt to highlight the role hope plays in purposive action has been made by Snyder (1994). This writer defines hope as "the sum of the willpower and waypower that you have for your goals" (p.5). This concept of hope seems to be particularly germane to understanding the behavior of policy conspirators. In the course of striving to advance their quest, they will need to exercise (i) "willpower" as they draw on their reserves of emotional energy or "determination and commitment", and (ii) "waypower" as they generate one or more effective paths to their realization. They will particularly need to exercise willpower and waypower in the face of opposition or resistance or when the path they are pursuing toward a goal comes to be blocked.

The willpower and waypower which enables hopeful agents to strive toward specific goals would seem to be based both on the beliefs they have about these goals and the passion or intensity with which they hold these beliefs. Hope can be viewed as arising from two core beliefs. The first belief is that the achievement of the goal toward which hope is directed is "neither impossible nor inevitable" (Sutherland, 1989). This belief does not have to be based on probabilistic calculation. In the case of policy conspirators, it is sufficient that they believe that they have the "waypower" to react to future obstacles by devising and pursuing alternative paths to their common goals.

The second belief is that the goal is "worthwhile" or "important" in the sense that it is "worthy of pursuit in a special way incommensurable with other goals we might have" (Taylor, 1985, p.135). The process of placing our hope in certain goals seems to involve an investment or commitment of self to the realization of these goals. Policy conspirators can be viewed as advocates whose identity is, at least partly, constituted by the significance they ascribe to their quest (Taylor, 1989).

Hope involves more than the beliefs people have about the worth and possibility of their goals. These beliefs must be expressed with a degree of passion. This passion underlies their willpower to keep striving despite the emergence of obstacles to the realization of their goals. It also functions as a "focus mechanism" (Simon, 1983), keeping their attention focussed on the goals they judge to be important so that they less readily succumb to "the tyranny of the urgent" and the pressures to make compromises which are likely to arise during the course of their participation in the policy process.

This type of passion seems to have infused the behaviour not only of the technopols and private sector advocates of the New Zealand experiment. It also seems to have become entrenched within the culture of the New Zealand Treasury. Indeed Treasury officials seem to fit the image of policy advocates much more closely than the traditional picture of neutral, disinterested policy advisors who supply policy advice by setting out the pros and cons of a range of options rather than advocating any one particular course. A distinct culture appears to have developed in the Treasury by the early 1980s with its officials being identified by their persistent advocacy of a

"consistent and focussed (if uni-dimensional) model of economic reform" (Bollard and Mayes, 1993, p.93). Moreover, although Treasury officials drew from some related developments in economic theory they do not appear to have been much interested in engaging in the academic debates and controversies out of which these developments emerged. As Bollard (1994) has observed:

In general, however the Treasury's ideas were not much debated with the economics profession outside the department. The department held a coherent internal position and was impatient with dissenting views. In such debates the Secretary to the Treasury repeated Margaret Thatcher's dictum that there is no alternative to the reform programme (p.91).

But how can this type of passion be sustained over time? How can an exclusive conspiratorial elite screen out of its membership all those who do not share this passion? To address these questions it is necessary to examine the role of social interaction in such networks.

A culture of passion developed through social interaction. Perhaps the most immediate indicator of passion is a person's level of emotional energy. Collins (1993) has formulated a theory in which emotional energy is "the common denominator in rational social action". This treats emotional energy as both a resource which can be invested in and a product of social interactions. In most social interactions this emotional energy is at a "medium level" which is unnoticeable. Only people with very high or very low levels of emotional energy will pass the attention threshold at which their degree of emotional intensity becomes "empirically visible, both in behavior (especially nonverbal expressions and postures) and in physiology" (p.211). It is suggested that "passion" consists in the high and observable level of emotional energy which can either draw people toward, or repel them away from interactions in which it is generated by participants.

A fourth characteristic of a policy conspiracy would therefore be the regular interaction of its members in situations which allow them to express and mutually reinforce and strengthen one another's passion to strive for the advancement of their quest. The passion which conspirators invest in these "interaction rituals" (IRs) will,

according to Collins (1993) , only be strengthened if they pass thresholds of (i) "physical density" and (ii) "boundedness of group interaction" (p.206).

The threshold of physical density is passed if participants are close enough for a sufficient period of time to be moved by the direction of one another's passion. Conspiratorial elites are typically kept sufficiently exclusive to ensure that this occurs in the regular face-to- face interactions between its members.

The boundedness of the group's interaction is "highest when there are barriers to interacting with outsiders and when the same set of persons is continuously assembled and reassembled" (p.206). A threshold of boundedness may be passed where members expected to have a passion for advancing their quest. A person who does not have this passion will find it difficult to engage in the type of "preference falsification" described by Kuran (1990). It will be hard to "keep up an act", continuously "fooling" other members about their lack of passionate intensity and even if they succeed in this falsifying strategy, they will derive no satisfaction from a sense of belonging to this group. A culture of passion can therefore function as a selection mechanism since people will only be drawn to interact with other participants in the conspiracy if they share their passion. The boundedness of the group may be enhanced over time by the selective effect of this culture.

Collins proposes that when IRs pass these thresholds of density and boundedness, participants will be able to achieve a "common focus of attention" which is "highest when everyone is concentrating on the same thing - the same object or event and when each person is reflexively aware of each other's concentration" and a "commonality of emotional mood" which will reinforce and sharpen this collective focus. The "emotional energy" or passion of the members of a conspiratorial network will reach its peak at the climax of a "successful" IR in which their collective focus of attention and common emotional mood go through a short term cycle of increase and mutual stimulation until a point of emotional satiation is reached. The interaction will leave each participant with an "energetic afterglow" which "gradually decreases over time" so that individuals have an incentive to invest this passion in subsequent

interactions. It may therefore accumulate across IRs so that members "may build-up a long term fund of confidence and enthusiasm by repeated participation in successful IRs" (Collins, p.212). The process of producing and reproducing a fund of passion would seem to be essential if the members of this network are to sustain their willpower and waypower to keep alert and ready for opportunities to advance their quest, even at times when the way forward seems to be blocked, say by a government coalition which opposes its advancement.

The technocrats, technopols and key private sector actors who collaborated in the implementation and consolidation of the New Zealand experiment formed a tight enough circle, who interacted often enough, to fit this image of a social group which monitors and strengthens the emotional energy of its members. Kelsey (1995) has commented that:

In a country like New Zealand with a government circle as small as that in Wellington and a business community where directorships and commercial activities were closely interlocked, conspiracies and graft were not necessary. Like-minded people and agencies, constantly interacting with one another in business and social settings, had much the same effect (p.75).

Instead of denying that this type of phenomenon constitutes a conspiracy, it is submitted that the role of such phenomena in reform processes could be better understood if the term policy conspiracy is used to describe a type of collective action and interaction, through which an exclusive network of committed policy advocates strive to steer the policy process in a direction which they passionately believe to be in the public interest.

Theoretical parallels. This concept of a policy conspiracy has affinities with a number of recent theoretical developments which have attracted the attention of policy theorists. In the first place, it shares the growing interest in the function of trust and commitment in group interaction which is reflected in Gambetta's (1988) edited collection on this topic and in the literature on the "emergence of norms" (Ullmann-Marglit, 1977; Hardin, 1982; Elster, 1989), social custom (Akerlof 1980 ; Jones 1984 ; Romer 1984)

, leadership (Casson, 1991), commitment (Sen, 1977) and the strategic value of reputation-building (Axelrod 1984; Kreps and Wilson 1982). Unlike these approaches which typically show how trust and commitment emerge from the "strategic" behaviour of instrumentally rational agents engaged in a repeated series of pairwise encounters, the development of trust and commitment among conspirators would seem to arise from what Hargreaves-Heap (1989) called "expressively rational " behaviour. Conspirators limit their future freedom of action by committing themselves to advancing a quest not simply because this "sacrifice" constitutes an investment yielding future benefits but more essentially because they want to demonstrate and express to one another how much this quest means to them through such commitments. Their interactions take the form of "expression games" (Goffmann, 1959) in which expressive commitments are the "currency" used to build and sustain mutual trust.⁷

Secondly, the description of a policy conspiracy in this paper has close affinities with the "advocacy coalition framework" advanced by Sabatier (1988,1991). Sabatier has been particularly concerned with the conditions under which a stable line-up of opposing advocacy coalitions can emerge in "policy subsystems" which draw together participants from both the visible and invisible segments of the policy community who have sufficient specialized information about a particular policy area to be able to understand substantive debates, at a relatively technical level , about the relative merits and significance of the solutions and problems that are being advocated. He has observed this happening in the policy subsystem which has formed in the area of US automotive air pollution control in which he suggests that an "environmental coalition" composed of environmental public health groups, most officials in federal and state air pollution agencies, some legislators at all levels of government and specific researchers and journalists has, for a long time , been lined up against an "economic efficiency" coalition comprising most automobile manufacturers and petroleum companies, and their allies in the legislature, research enterprises, and the mass media. For such an alignment to emerge the following conditions should be met: (i) the participants in a policy subsystem should come to have a hierarchy of beliefs reflected in their

unwillingness to revise "policy core" as distinct from "secondary" beliefs in response to new information; (ii) advocacy coalitions should come to be identifiable by the "policy core beliefs" which their members share in common; (iii) the main controversies in a policy subsystem should involve disputes about the core beliefs of opposing coalitions; and (iv) these disputes should typically not be capable of uncontested resolution through scientific methods or according to the standards of independent professional forums but should tend to be perpetuated as each side buttresses its position by using substantive policy information in an advocacy fashion.

These conditions may come to be satisfied when policy conspirators are drawn together by the hope they share in advancing a particular policy quest, not just in one area but across a whole range of policy subsystems. The advocates of the New Zealand experiment seemed to have formed a network of efficiency coalitions identified by their hope in advancing the quest for greater competitiveness in one policy subsystem after another. As a result of this hope, their core beliefs which relate to the worth and possibility of advancing this quest will become distinguishable from secondary beliefs concerning the most effective ways to pursue this advancement. Moreover, the passion which they invest in striving to advance this quest within particular policy subsystems will cause them to focus their attention on the clusters of values embodied in their quest even when this occurs at the expense of other values. This may provoke a backlash from participants concerned with other values so that the resistance they face may not just come from special interest groups who bear the short term costs of the reforms advocated by the conspirators but also from rival advocacy coalitions who believe that the conspirators may be hijacking the policy process and steering it too far in a particular direction.

Thirdly, the explanation of conspiratorial behaviour in this section is similar in a number of respects to Kingdon's (1984) description of policy entrepreneurship. According to this writer, policy entrepreneurship is a response to the way attention scarcity and bounded rationality influence the outcomes of a decision-process which exhibits the characteristics of what Cohen, March and Olsen (1972) called an

"organized anarchy".⁸ Flowing through such a decision structure are a number of separate streams - problems, solutions, participants and choice opportunities. Each stream develops and operates largely independently of the others although the emergence of choice opportunities provides occasions for "coupling", with available solutions being linked with problems and decisionmakers in whom the responsibility for responding to the choice opportunity temporarily resides. There is only a limited number of problems and solutions which they can attend at any one time, and the duration of any issue's prominence on a decision agenda is very limited since there will always be a range of other problems and solutions being pushed forward for consideration. Moreover, choice opportunities can easily become "garbage cans" within which participants dump their "pet" solutions and problems. The outcome of the policy-making process, the decisions which are made, may thus depend on "the mix of garbage (problems, solutions, participants and the participant's resources) in the can and how they are processed" (Kingdon, 1984, p. 91). In a garbage can decision process, a temporal order appears to be substituted for a consequential order so that outcomes are dependent on elements of exogenously determined timing rather than the explicit intentions of actors. This is because solutions are linked to problems and decision-makers to choice opportunities "primarily by their simultaneity" (March and Olsen, 1989).

Kingdon, however, has drawn attention to the way "policy entrepreneurs" can influence specific policy outcomes. These actors perform the function of "coupling" solutions, problems and politicians together at the time when policy windows open. As "brokers" they seek to build winning coalitions in favour of proposals. As "advocates" they must have their pet proposals or concerns ready to be pushed when the opportunity arises. They may spend years "lying in wait" for such propitious moments to arrive. During this time they will ensure that their pet problems, solutions and theories survive in conflict and competition with alternatives, and that the policy-making community is "softened up" to a state of receptivity to them.

Kingdon conceives policy entrepreneurs in a way which is very similar to the way policy conspirators are conceived in this paper. Both seem to require not only technical and political skills, but above all, persistence which depends on the reserves of hope they can draw on in striving to realize their goals. The goals which are shared by members of a policy conspiracy will typically be broader than the rather limited individual goals which Kingdon depicts policy entrepreneurs as pursuing. They will typically strive to advance a policy quest by advocating comprehensive reform programs. For such a reform program to seem appropriate, it must be coupled with a "crisis" of sufficient magnitude to warrant a radical change in policy direction. The goals of policy conspirators are thus more ambitious and the window of opportunity they are waiting for, greater, than would seem be the case with "ordinary" policy entrepreneurs. Moreover they are not independent agents. They are highly dependent on a network of like-minded policy advocates who provide one another with the backing and resources to redirect public policy. The factors affecting the "policy window" for a policy conspiracy and the ways in which the conspirators can make the most of this opportunity must now be considered, with particular attention being given to the implementation of the New Zealand experiment.

II. Taking Advantage of a Window of Reform Opportunity

Factors influencing the opportunity. While acknowledging that differences in political institutions may make comprehensive policy reform easier to achieve in some countries rather than others, Williamson (1994) has proposed a number of hypotheses about the factors which can generally influence the opportunity newly-elected reform-minded governments have to implement their programmes. These include: (i) the "crisis" hypothesis which holds that public perception of a crisis is needed to create the conditions under which it is politically possible to undertake extensive policy reforms; (ii) the "mandate hypothesis" which holds that the size of the government's winning majority may be interpreted as giving it the mandate to introduce the reforms it

campaigns for; (iii) the "honeymoon hypothesis" which holds that incoming governments enjoy a period during which the public will give them the benefit of the doubt and blame any sacrifices and difficulties on its predecessor; and (iv) the "weak discredited opposition hypothesis" which holds that comprehensive reform is made easier by the presence of a fragmented and demoralized opposition which is identified with past policy failures.

Bollard (1994) argues that at least three of these factors were present when Douglas became New Zealand's Minister of Finance in 1984. There was a widespread public recognition that the country had experienced a long-term decline in its terms of trade and that the interventionist economic policies pursued under the outgoing Muldoon administration had merely postponed the necessary process of structural adjustment. The urgent need to implement a comprehensive reform program to facilitate this structural adjustment was reinforced by the currency crisis which preceded the 1984 election⁹. The opposition National Party was thrown into disarray as its free-marketeters used the electoral defeat as an opportunity to strive for ascendancy over the interventionist followers of ousted Prime Minister, Robert Muldoon. This ascendancy was only consolidated before the 1990 election by which time the traditionally centre-right National Party had positioned itself as the party most able to complete the reform process begun under Labour. Although Bollard questions whether the incoming Labour government had a clear mandate since its election manifesto did not signal its subsequent reform programmes to any degree, he points out that it did receive a large proportion of the popular vote and despite not being clear about what its new approach to government would involve, the electorate were prepared to give this government "an unusually long political honeymoon, even when initial results were less than had been promised" (p.93).

A special factor which contributed to the opportunity which arose in 1984 for implementing the New Zealand experiment was that the new Prime Minister, David Lange, was initially prepared to let his technopol finance minister, Roger Douglas, have virtually a free-rein in the direction of economic policy. Although some of

Douglas's colleagues clearly had misgivings about the reforms he (and his allies in Cabinet¹⁰) were advocating, they had failed to develop an alternative strategy of equivalent coherence. Moreover, the acquiescence of the left-wing of the Labour Party to the economic policies these reformers were advocating was obtained in exchange for the government's pursuit of an anti-nuclear foreign policy.

Breaking a political gridlock. Even if a reformist faction is able to seize the reins of policy leadership, it still needs to exercise considerable political skills if it is to make the most of its opportunity to advance its policy quest. This was evident in New Zealand where, after the 1984 election , technopols saw themselves facing a "race against the clock" to set the reform process in motion. This was because the time required to complete a comprehensive reform program is not only typically longer than an election term, but evidence that the benefits of reforms exceed their costs often only emerge in the "medium term" so that they must be implemented rapidly to give the reforming government the greatest probability of being re-elected. Where technopols pursue a program of economic liberalization they will have to confront and overcome the opposition and resistance of groups who stand to lose their privileges (for example, tariff protection, subsidies, tax concession, regulatory barriers to entry, monetary and fiscal accommodation of wage and price increases etc.) as a result of specific reforms included in this programme. Technopols such as Douglas will have to exercise their political skills in devising tactics to break the "gridlock" which can arise when the costs of reform are concentrated on special interest groups which can potentially be brought together in a winning coalition of minorities opposed to liberalization and committed to overthrowing the reforming government at the next election. To break this gridlock, they may need to follow the path of least political resistance in sequencing its reforms. They may therefore need to have built up a sufficient degree of what Hollander (1978) called "idiosyncrasy credit" with other members of the conspiratorial network if they are to practice the "art of the possible" and, in some cases, delay attending to the pet problems and solutions of other members without raising questions about their commitment to their policy quest.

Where technopols "keep their nerve" and sustain their commitment to advancing a policy quest, group resistance to their reforms is likely to build up to a peak prior to their implementation and then decline significantly once they have been implemented. This type of "ratchet effect" arises because groups which have failed to block a reform will realize that it is pointless to continue campaigning for its reversal while the government remains committed to consolidating and extending its reform programme.

Apart from sustaining their commitment to their policy quest, technopols can adopt a number of tactics which slow down the build-up of a group's resistance to specific reforms and accelerates the subsequent decline of this resistance. In the first place, they can sequence the reform process so that reforms initially impact adversely on groups which do not occupy a pivotal political position between two alternative majority coalitions¹¹. Secondly, if reforms are implemented rapidly, non-pivotal groups may not have the time required to mobilize opposition to the government within their own membership or to influence public opinion through campaigning. As Douglas, himself, observed "it is almost impossible to go too fast" since it is "uncertainty not speed that endangers the success of structural reform programmes" (1993, p.224). Easton (1994) has explained how, with this "blitzkrieg" approach to policy reform, "in each case the lightning strike involved a policy goal radically different from the existing configuration, to be attained in a short period, following a surprise announcement and a very rapid implementation" (p.215). As a result critics and opponents were kept on the defensive as they were "left debating last week's reforms" (Kelsey, 1995, p.33). Thirdly, the commitment of interest group members to vote against the reforming government may be weakened if reforms are implemented in "quantum leaps" using large packages so that "individual groups lose their own privileges but simultaneously they no longer have to carry the cost of paying for the privileges of other groups in the economy" (Douglas, 1993, p.221). Indeed opponents of specific reforms may become supporters of a reform process once these reforms have been implemented¹².

Maintaining the momentum. Once "political gridlock" has been broken and reforms have been pushed through despite the resistance of groups opposing them, the reform process is likely to develop a momentum of its own. This is because the successful implementation of particular reforms generates "spillover effects" (Kingdon, 1984) which create opportunities for similar reforms to be pushed forward for consideration in other policy subsystems. Technopols will seek to take maximum advantage of these spillover effects advancing their reform programme rapidly across as many subsystems as possible. Douglas's appreciation of the importance of sustaining the momentum of a reform process is reflected in the lesson he drew from his own experience that "once you build the momentum, don't let it stop rolling" since "the fire of opponents is much less accurate if they have to shoot at a rapidly moving target (p.225).

One important spillover effect of structural reform is that it creates opportunities to advance trusted members of the conspiratorial network into key positions to influence the outcome of the reform process. In the case of the New Zealand experiment, implementation seems to have rested with a small group of "change agents" who "moved among key institutions, putting reforms in place and preventing bottlenecks" (Bollard, 1994, p.91). Kelsey (1995) refers, in particular, to the way key technocrats such as Rod Deane, Graham Scott, Roger Kerr, Ron Trotter, John Fernyhough and Alan Gibbs moved from one top job to the next either in control agencies such as the Treasury, the Reserve Bank and the State Services Commission (which oversaw state sector reform) or in the newly restructured former government departments and enterprises, all the time interacting regularly with one another through their participation in the Business Roundtable. The way this tight circle sought to promote one another to key positions was neatly summarized by Hubbard (1992).

Rod [Deane] helped Roger [Kerr] get the Roundtable job; Roger helped Rod get the Electricorp position. Roundtable stalwart Ron Trotter has held a bewildering number of positions under Labour as well as National. This is a like-minded elite which is always taking in each other's washing. (p.14).

Enhancing technocratic insulation. While the efforts New Zealand's technopols and technocrats made to break the reform gridlock in the 1980s have tended to capture the most attention, the less visible institutional changes they made to enhance the "technocratic insulation" of the policy process were probably just as significant. In particular a 1985 overhaul of the machinery through which Cabinet received policy advice saw a Cabinet Policy Committee being established with the task of ensuring the clarity and coherence of all policy. Since this structure was serviced by Treasury, this control agency could perform a "gatekeeper function", ensuring the ascendancy of its own policy line in a Cabinet which was dependent on its guidance. Although Treasury officials claimed that the new structure was necessary to eliminate ministerial capture by Niskanen-style bureaucrats since, as custodians of the nation's economy, only they could be trusted to provide independent and objective advice, it did give the Treasury an unequal advantage relative to opposing sources of policy advice. As Boston (1992) has observed "any policy analysts . . . who reject the prevailing Treasury orthodoxy are at a major disadvantage. For in order to have their views taken seriously they must first demonstrate the validity and coherence of their own analytical framework, and this is no mean feat, particularly if it has to be done in the face of determined Treasury opposition" (p.194).

Facing the backlash. It would seem then that, from the perspective of policy conspirators, the openness of a democratic policy process constitutes a problem which can, at least in part, be addressed through institutional reforms designed to insulate technocrats from the pressures of the "political marketplace"¹³. The "problem" of openness may, however, never be removed entirely and policy conspirators will have to accept that the window of opportunity for a significant and rapid advancement of their policy quest may remain open for a limited time only. To understand why this can happen, it should be borne in mind that once policy conspirators have succeeded in steering the policy process in the direction they advocate, the central policy issue comes to concern whether or not it is being steered too far in this direction. At this stage, the locus of resistance to the reform process is thus likely to shift from vested interests,

who lose their privileges as a result of specific reforms , to advocacy groups who come to share a concern that a policy elite is imparting its own "tunnel vision" to the policy process, steering it too far in a particular direction even when a growing stream of problems is being generated by the unbalanced pursuit of their policy quest. This tunnel vision, of course , arises from the culture of passion which develop and sustained within the conspiratorial network. This culture makes its members less capable of giving proper consideration to values other than those they are striving to realize through advancing their quest. It also attenuates their policy learning capacity since they will be resistant to revising their core belief in the worth of advancing this quest

In New Zealand this type of resistance became effective first in Douglas's own Labour Party. David Lange seems to have become increasingly concerned with the inequitable distributional impact of the reforms and in 1988 blocked Douglas's proposals for a flat rate of income tax and an acceleration of the privatization program. Lange claimed that it was time for "a cup of tea", to take a break from the frantic pace of reform. When it became clear to Douglas that he did not command sufficient support in the Labour Party to depose Lange, he resigned and the pace of reform slowed with the Labour government making little attempt to extend its reforms into the growing area of social services. According to Kelsey (1995) the influence of Treasury technocrats over policy direction "waned somewhat in the later 1980s, in line with that of Labour's technopols" (p.50).

It revived again in 1990 when the National Party swept to power and almost immediately focussed its energies on completing the reform process by reducing entitlements to state provision of social services (education, health care and social welfare) and reducing the fiscal deficit. The driving force behind these reforms was Ruth Richardson, Finance Minister from 1990 to 1993, who, like Douglas , enjoyed a similar high status within the Treasury-based policy network. Growing public resistance to a continuation with the reform process was reflected in National's dramatically reduced majority in the 1993 election which occurred despite the "good

economic news" associated with a strong non-inflationary economic recovery. It was also reflected in a resounding referendum vote to change to a mixed member proportional representation system. This came as a blow to both major parties who opposed the change and was widely interpreted as expression of disillusionment with the ease with which a policy elite was able to "hijack" the policy process under the old system. The demotion of Richardson from her position as Finance Minister and her subsequent withdrawal from political life seemed to signal that resistance to further radical economic reform had caused a closing of the policy window which provided both her and Roger Douglas with the opportunity to exercise their brand of policy leadership.

Consolidating the programme. The closing of a window of reform opportunity does not however necessarily signal the end of a policy conspiracy. This conspiracy could move into its second phase- where the focus of conspirators is upon ensuring that the programmes implemented cannot be reversed. Haggard and Kaufman (1992) have suggested two necessary conditions for the consolidation of a comprehensive reform programme. Firstly, they argue that consolidation requires a process of "social learning" through which an ideological consensus opposed to the reversal of the policy process emerges among "leaders, interest groups, party elites and attentive publics" (p.36). This consensus will "set some boundaries on the range of economic debate", providing a frame through which symptoms of the social damage inflicted by structural adjustment (structural unemployment, widening income inequality, pockets of poverty and so on) are interpreted as conditions rather than problems so that the groups affected are encouraged to lower their expectations and make individual, non-political adjustments. This has clearly occurred in New Zealand with key actors in the major political parties, the economy and the media coming to accept that the "norm of Keynesian interventionism (has been) replaced with that of a deregulated, internationalised market economy" (Kelsey, 1995, p.71).

A second condition for consolidation is that a powerful base of beneficiaries be constructed which has a vested interest in keeping the reforms in place and strongly

resisting any attempt to significantly change or abandon the new regime. This pool of beneficiaries must necessarily extend beyond the members of the conspiratorial network who continue to occupy the positions of influence they attained during the reform process to include powerful groups whose economic interests compel them to act as the first line of defence against any suggestion of retreat. For technocrats to sustain the new regime they require more than the patronage of technopols since the political influence of these co-conspirators can wax and wane within their own parties and with changes in government. More significantly, they must rely on external benefactors to act as "fire alarms" to raise the alert and mobilize resistance if "populist" politicians threaten to break from the new consensus, change policy direction and displace these technocrats from their pivotal positions in the key policy-making institutions.

A number of groups appear to have derived special benefits from the New Zealand experiment. Even at the early stages of its implementation it became clear to observers such as Schwartz (1991) that financial deregulation and trade liberalization "enabled takeover artists, using Euromarket funds, to gobble up firms stricken by the tight monetary policy" while the newly emergent financial empires provided a stream "of chief executive officers who were willing to run New Zealand's newly corporatized SOEs" (p.221). As a result of its integration into the global market economy, the New Zealand economy has come to be dominated by foreign- and New Zealand-owned transnational enterprises and finance capital which can use the threat of "capital flight" to discourage governments from making significant alterations to the new policy regime.

Recent research by Hazeldine (1996), using the distinction Wallis and North (1986) made between transformation and transaction activities¹⁴, found that between 1981 and 1994 the ratio of transaction to transformation employment nearly doubled from 0.64 to 1.20. This shift was particularly striking with respect to those transaction occupations performed by "managers and administrators". Hazeldine found that, measured in "full-time equivalents" the number of managers in New Zealand increased by 147 per cent from 79000 in 1981 to 195175 in 1994 and the manager to

transformation worker ratio rose by 202 per cent from 0.09 to 0.27 over the same period. He suggests that one legacy of New Zealand's reform decade is that manager-employee relations are governed less by implicit contracts based on mutual trust and the perceived fairness of a compressed pay structure and more by a competitive, explicit system of contracts which allow a much wider pay differential and require more managing and monitoring of workers in whom management is prepared to place less trust. The reform process has thus generated significant special benefits for a managerial class in the form of more job opportunities and higher pay in both the public and private sector. The vested interest of this group of decisionmakers in sustaining the economic rationalist structures and paradigms introduced through the reforms has therefore contributed significantly to their consolidation.

Conclusion

This paper has mainly examined the ways in which a comprehensive reform programme such as the New Zealand experiment can be pushed through an open democratic policy process by a policy conspiracy which the perpetrators believe to be in the public interest. It may be objected that the claims by technocrats, technopols and change agents that they have acted in the public interest are mere rhetoric to conceal their instrumentally rational pursuit of the substantial private rewards which accrued to them after structural reform. From this perspective, a more parsimonious explanation of the political economy of policy reform could be derived from rent-seeking or capture theories associated with the public choice tradition. This paper has, however, attempted to go somewhat beyond a public choice perspective. It has argued that a conspiracy will only hold together to the degree that interaction between its key players generates a persistence in advocacy, a sustained impression of commitment to a particular policy line, so that they can trust one another enough to provide each other with the resources and patronage required to take advantage of a window of reform opportunity when it is thrown up by the policy process. Like other forms of social

movement, a policy conspiracy can only be adequately explained if consideration is given to the significant expressive dimension in human action and interaction.

NOTES

¹ The following leader in October 19, 1996 issue of *The Economist* conveys some of the enthusiasm with which overseas observers have acclaimed to the New Zealand experiment:

Why on earth, you might ask, does *The Economist* devote so much of its space to New Zealand, a tiny country of only 3.5 m people, than to other nations of similar size, such as Albania or Uruguay? The answer, quite simply, is that the country merits it. Over the past decade or so, New Zealand has embraced more of the free market reforms that this newspaper espouses than any other industrial country. . . Radical reforms under both Labour and National parties helped turn New Zealand from one of the world's most hide-bound economies in the 1980s into one of the most liberal a decade later. In particular, the country has one of the least distorting tax systems and the most deregulated labour markets of any OECD economy. In this year's league of international competitiveness, the World Economic Forum, a Swiss conference group, ranked New Zealand third among 49 countries, behind only Hong Kong and Singapore. . . The country also boasts the best monetary- and- fiscal policy frameworks of any country in the world. for the past three years, the country has run a budget surplus and held inflation at around 2 per cent. More important it has tried to ensure that these policies cannot be easily dismantled (p.17).

² This world of conspiracy and secret societies, of masters and initiates, and its exploitation by publishers anxious to feed the public appetite for some overarching explanation of historical change has recently been the subject of a massive satire by Umberto Eco in *Foucault's Pendulum* (1988). The internet provides a particularly receptive medium for the dissemination of conspiracy theories. On a recent count I found no fewer than 4740 entries under "Weird Politics and Conspiracies" which was listed as being in the top 5 per cent of websites in terms of usage.

³ For example, in the case of the policy quest pursued by the Thatcher government, Moon (1995) argues that while there was a rolling agenda in which goals and means were refined in the experience of governing, a "sense of innovative purpose" nevertheless pervaded government activity giving rise to policy innovations which "were not haphazard nor explicable solely by environmental or other factors in policy choice" but "principally attributable to the Thatcher government" (p. 13).

⁴ In New Zealand, for instance, the impetus for the reforms contained in the State Sector Act (1988) and Public Finance Act (1989) seems to have been mainly provided by the spillover effects of the policies of corporatization and privatization which preceded them. In particular, once the commercial and non-commercial activities of government departments had been separated, with commercial activities being devolved to public corporations required to operate on a strict commercial basis and once a programme of privatizing these corporations had commenced, the attention of the policy community could be focussed on designing reforms to increase the efficiency of resource use in that residual part of the public sector which could not be transferred to the private sector.

⁵ In the opening paragraph of her biography, Ruth Richardson provides the following, typically self-congratulatory, distinction between this type of technopol and the type of vote-seeking politician described by public choice theory:

There are two kinds of politician. Most politicians spend their careers largely reacting to forces in the body politic. Their guideposts are public opinion, pressure groups and conventional wisdom. I was never that kind of politician, and never wanted to be. From the beginning I was driven by a desire to change the political landscape. Politicians like me may be right or wrong, successful or unsuccessful, but we see ourselves as agents of change. We are not content to be passive. We are unhappy with public policy as it stands, and want to improve it. We challenge conventional wisdom, take on pressure groups, advocate often unpopular policies. We do this in the belief that it is the politician's role to lead public opinion. We are confident to leave the verdict on our actions to history. Our political lives are often short, but they do not go unremembered. For good or ill, we make a difference. (p.9)

⁶ The suggestion that hope could be a factor to take into account in studying the practical world of policymaking is bound to be controversial. Throughout history, many writers have taken the position that hope is a form of "delusion" or "wishful thinking", totally lacking any basis in reality. A few others have, however, taken the opposite position as reflected in their emphasis upon hope as a significant factor influencing human motivation and action. For example, in his *Critique of Pure Reason* Kant gave to the question "What may I hope?" a significance and centrality without equal in serious philosophy. He treated this question as being both practical, in that it addresses the direction of our behaviour, and theoretical, in that it deals with beliefs whose articulation gives us the concepts necessary for the description of our decisions and deeds.

⁷ As Kelley (1972) has put it

There is as realistic an economy in the realm of meanings as in commodities, but the currency is different. In both cases, it obtains its value from the guarantees that undergird it: what has been invested in it, what backs it up. In the realm of meaning that backing, that guarantee or validation, is a personal and social earnestness shown in the investment by real people of time, money, effort, reputation and self in the meaning and movements which bears it (pp.52-53).

⁸ According to these writers the general properties of organized anarchies are : (i) "problematic preferences" exhibited by members who act in the absence of clearly defined goals; (ii) "unclear technology" evidenced in the fragmented and rudimentary understanding which participants have of the contribution they make to the decision-making process, so that they tend to work by trial and error, by learning from experience and by pragmatic invention in crises; and (iii) "fluid participation" which occurs as participants drift in and out of decision-making.

⁹ During the election campaign the New Zealand dollar was subject to a speculative attack in foreign exchange markets. The Treasury and the Reserve Bank advised the incumbent Prime Minister, Robert Muldoon, to devalue. He refused, and the attacks on the currency increased to crisis levels.

¹⁰ Douglas enjoyed strong support in implementing economic policy from his two associate ministers of finance, David Caygill and Richard Prebble. These were relatively senior politicians who, together with Douglas, formed a "troika" which was able to drive its economic policy proposals through Cabinet.

¹¹ Douglas was criticized because he moved first to deregulate financial markets and liberalize trade before deregulating the labour market and consolidating New Zealand's fiscal position. Whatever the economic merits of this criticism, Douglas's sequencing of reforms was clearly influenced by the perception that the high interest and exchange rates and lower rates of tariff protection caused by his "unbalanced" policy mix impacted mainly on groups (farmers and manufacturers) who were non-pivotal in that they traditionally did not vote for Labour.

¹² Douglas describes how this happened in the case of Federated Farmers, a group representing farmer's interests, which "became one of the first special interest groups to endorse the principles behind our reforms" (p.226) as it actively campaigned for deregulation of the labour market and greater efficiencies in the state-owned sector to reduce the production costs faced by members to offset the impact of their reduced levels of protection.

¹³ Another key reform which was directed toward the depoliticization of policymaking in New Zealand was the Reserve Bank Act of 1989 which gave the Governor of this institution a full discretion to implement monetary policy to achieve the sole goal of "price stability" in terms of a target range of the inflation rate specified in a Policy Targets Agreement between this official and the Finance Minister. The Governor is employed on a fixed term contract and can be made accountable for failure to deliver "price stability". Moreover this official is shielded from any covert political pressure to moderate the Reserve Bank's monetary policy stance since any adjustment of its inflation target requires a public and "transparent" renegotiation of the Policy Targets Agreement.

¹⁴ According to these writers transformers are those workers who are primarily engaged in actually producing goods and services while transactors monitor and mediate between transformers, determining and defending property rights. Managers, administrators, clerks and sales workers are counted by Wallis and North as transaction occupations while Hazeldine suggests that criminal activities and the unemployed should also be included in this category.

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