

# Historical corruption in a ‘non-corrupt’ society: Aotearoa New Zealand

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## Abstract

**Purpose** – The purpose of this paper is to reconsider, from a historical perspective, New Zealand’s reputation as a country largely without corruption, with particular reference to the colonial government’s confiscation of Māori land in the 19<sup>th</sup> century and beyond.

**Design/methodology/approach** – This paper is based on published historical commentary.

**Findings** – The findings are that much of the Māori land confiscation was rendered legal for illegitimate purposes, and that the colonial and successive New Zealand governments abrogated the country’s foundational document, the Treaty of Waitangi, signed between the colonial government and many Māori chiefs in 1840. Adverse consequences for Māori have been felt to this day, despite the Treaty settlements process that began with the Māori renaissance in the mid-1970s.

**Originality/value** – The academic analysis of corruption in New Zealand has seldom if ever adopted this historical perspective.

**Keywords** Māori, Pakehā, Land confiscation, Corruption, Egalitarianism, Inequality

**Paper type** Research paper

*Mā te wahine, mā te whenua, ka ngaro te tangata. [By women and land do men perish.]- Māori whakatauki [proverb].*

## Introduction

Corruption is generally defined as “the misuse of public power for private gain” (Rose-Ackerman, 1999, p. 91). The most commonly identified forms, according to the United Nations Convention Against Corruption (UNCAC), are bribery, embezzlement, money laundering, concealment, and obstruction of justice. More specifically, these broad terms can include the seeking and acceptance of secret commissions by public officials, fraud, undeclared conflicts of interest, election tampering, and nepotism. These forms of corruption are gauged by Transparency International’s Corruption Perceptions Index (CPI), which since its inception in 1995 has consistently ranked New Zealand at or near the top of its league table.



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The authors have elsewhere identified what they consider to be the reasons for the relative absence of governmental corruption in New Zealand, compared to many other countries (Gregory and Zirker, 2013; Gregory and Zirker, 2017; Zirker, 2017).

This current article sits within this conventional framework, particularly with its references to a former 19<sup>th</sup> century premier, Frederick Whitaker, and a 20<sup>th</sup> century prime minister, Keith Holyoake, to the end of patronage in bureaucratic appointments, and to current events surrounding the funding of political parties. However, it seeks to raise for future scholarly examination the proposition that New Zealand's high status on the CPI occludes an historical form of governmental behaviour that can arguably be seen as corrupt, namely, the confiscation of vast tracts of Māori land (*whenua*) by the colonial and successive governments, in breach of the Treaty of Waitangi that was signed by the Crown and by many Māori *rangatira* (chiefs) in February 1840.

This article puts this proposition "on the table", *prima facie*, in broad outline. It is not possible here, given the space available, to examine in detail a complex matter of historical conflict, which lies at the heart of New Zealand's political and democratic development. Implicit in our argument is the central question: does legalised governmental action become corrupt when those actions – in this case, the alienation of Māori land – are largely based on lies and deceit, or should it instead be understood as just a form of *realpolitik*? Implicit too is our own answer to this question, a response proffered in a spirit of understanding as much as condemnation. Our concern is that historical perspectives, especially those of Māori, are not embraced within the CPI. Moreover, we are acutely conscious of the fact that we as non-Māori cannot speak for Māori, many of whom may say that our view is too radical while others may say that it is not radical enough.

### Whose egalitarianism?

New Zealand's egalitarian political and social culture began to emerge in the late 19<sup>th</sup> century, under the Liberal governments of John Ballance and Richard Seddon, before gaining great impetus from the first Labour Government's (1935-1949) establishment of a mixed economy welfare state out of the wreckage of the Great Depression (Sinclair, 2000). The Pākehā settlers – i.e., Europeans – especially the many from Presbyterian Scotland, brought with them a strong Calvinist ethos. Values of thrift, hard work, and social cohesion were central to the country's development as "God's Own Country", with an export economy based on primary industry that served British consumers. New Zealand was seen as Britain's large South Pacific farm, distinctly non-feudal, where Jack was always thought to be as "good as his master", and anyone who was seen to rise "above their station" in life was quickly put back in their place by those around them.

Moreover, as an island nation New Zealand was largely "quarantined" from corrupt international influences. Social "respectability" was highly valued in such a small society, most people being wary about engaging in any form of behaviour which, if exposed to public scrutiny, would result in a loss of individual or family reputation. From raucous, drunken and violent beginnings in the early years of the 19<sup>th</sup> century, as whalers and sealers engaged with Māori communities in the north of the country, New Zealand later emerged as straight-laced, with virtually no organised crime built around prostitution, gambling, or boot-legging. Even low-level tipping was seldom seen as socially acceptable in New Zealand, and the police have been among the most corruption-free constabularies in the world.

Soon after World War II, Leslie Lipson published a strongly influential treatise on New Zealand society. Lipson was an Englishman who became in 1939 New Zealand's first professor of political science. He later gained American citizenship and was a professor for decades at the University of California Berkeley. In his 1948 book, *The Politics of Equality: New Zealand's Adventures in Democracy*, Lipson thematised what he saw as the country's committed egalitarian ethos. He carefully identified both the positive and negative effects of

“equalitarianism” on the New Zealand national character and political culture, but his overall tenor was approving. In his words:

... New Zealand has a genuine passion for social justice. . . Poverty is well nigh eradicated from the Dominion and in its worst forms does not exist at all. There is no underdog, nor is anybody exploited – unless it be the housewife and mother. New Zealanders insist that the essential minima for civilized living be guaranteed to all and shared around, that everyone be given an equal chance, and that the aged and the weak be cared for (Lipson, 1948, pp. 488-489).

Lipson strongly implied a direct connection between the country’s egalitarianism and the absence of corruption in the bureaucratic hallways of New Zealand’s government. He remarked upon “the generally high standard of personal integrity prevailing among its civil servants” and observed in the New Zealand civil service “a commendable absence of graft and a strict code of honesty”. He attributed this to job security, strict accounting and audit requirements, and an “inner check” reflecting public servants’ “professional devotion to the ideal of the public interest” (Lipson, 1948, p. 479).

Lipson argued that the state in New Zealand was not an entity that most New Zealanders felt as some external force, but was regarded rather as the people themselves in action, nation-building in pragmatic rather than ideological ways, and only too ready and willing to develop national infrastructure in the absence of commercial competition. As he put it, “The people, or at any rate most of them, look upon the state quite healthily as being themselves under another form. When it acts, they feel that they are acting. What it owns, they own. . . To them it is simply a utilitarian instrument for effecting their will” (Lipson, 1948, pp. 481-482). The key words are “or at any rate most of them”, because many Māori – who at that time constituted just 6.5 per cent of the population – did not share this view. Rather, they would have seen the state as a foreign entity representing the interests of an untrustworthy Pākehā elite, as they knew that much of what the state owned had been stolen from them. To these Māori the state was a utilitarian instrument pursuing colonial settlement *against* their will.

### **An alternative view: the oppression of Māori – another form of corruption**

Lipson observed the relative absence of women from top positions in the New Zealand public service, while claiming that the service “forms a large cross-section of the community” (Lipson, 1948, pp. 478-479). He did not see fit to record the total absence of Māori from this cross-section, for his treatise reflects the dominant mono-cultural Pākehā interpretation of life in New Zealand. While being sympathetic to Māori, Lipson opined that, “Race equality for the Māori people has . . . become a cardinal principle in this Dominion, formalized into constitutional law and proclaimed in the perorations of political spokesmen”. In his view, “New Zealand [was] relatively free from race friction” (Lipson, 1948, pp. 3-4). At the time Lipson wrote there was little overt racial conflict, largely because most Māori lived in rural New Zealand. However, their migration to the cities and towns gained momentum in the 1950s and 1960s, often giving rise to racial tensions.

The reasons for this change are not far to seek. At the heart of the matter are continuing misunderstandings and corrective actions involving the 1840 Treaty of Waitangi, still the formative founding national document despite its relative absence in New Zealand’s anti-corruption narrative. The Treaty was written in both English and *te reo* Māori (the Māori language), with the Māori translation (*Te Tiriti o Waitangi*) signed by 40 *rangatira* at the initial signing ceremony at Waitangi, in the far north of the new country, on 6 February 1840. Copies of the Treaty were later signed that year in various parts of the country by about 540 *rangatira*. Only 39 signed the English copy, however. This version translated the Māori concept of *rangatiratanga* (loosely chieftainship) as if it were the “National Sovereignty” referred to in the English version, a concept foreign to the myriad of small political units in

Māoridom at that time. The Lieutenant-Governor of the colony, William Hobson, who signed on behalf of the Crown, quickly claimed British sovereignty over all people in New Zealand, a claim hastily ratified in October 1840 by the British government.

The Treaty has in recent decades been the subject of continuing legal, constitutional, and political interpretation, mainly because of its bi-lingual expression. Nevertheless, it has become widely agreed that it promoted a vision of shared authority between the Crown and Māori, and sought to protect the rights of Māori to their land, forests, fisheries and *taonga* (treasures) (Orange, 2020). It has increasingly come to be seen as a partnership between Māori and the Crown, and especially since the late 1980s the principles of the Treaty have become embedded in much of New Zealand's legislation, especially that pertaining to land and other natural resources.

In 1840, the total population of New Zealand was about 92,000 people, 98 per cent of whom were Māori, a fact that perhaps induced many Māori chiefs to sign the Treaty. Twenty years later settlers had come to outnumber Māori, a trend which continued until 2021 when those who identify as Māori constitute 17 per cent of the total population. Today, for electoral, census, and treaty settlement purposes, a person is Māori if they claim Māori heritage (*whakapapa*), but the binary notion of Māori and non-Māori is now much more problematic than it was at the time of the signing of the Treaty, because of miscegenation, especially after the Māori urban migration. Nevertheless, most Māori *iwi* (loosely tribes) and *hapū* (loosely subtribes) have retained strong cultural identities, increasingly adopted by many urban Māori who had earlier lost active touch with their *whakapapa*.

Progressive British settlement of its new colony came at a huge cost to the indigenous population. No sooner had the Treaty been signed than it was largely ignored by the colonial government, which instead used it as a means of securing Māori land for the growing number of migrant settlers. According to Jackson (2020, pp. 144-145), "The colonisers' need to impose their laws and institutions on people who already had their own allowed no room for an honourable relationship with *iwi* and *hapū*. Instead, colonisation fomented injustice: a systemic privileging of the Crown and a relationship in which it assumed it would be the sole and supreme authority."

This betrayal and violation of the Treaty was in itself a form of state corruption, driven by the settler quest for land at the expense of Māori. It generated a Māori backlash. This resistance was led by Hōne Heke, a *rangatira* (chief) of the Ngāpuhi tribe in the far north of the country, and the leader of what became known as the Flagstaff War in 1845-1846. It was so named because Hōne Heke, who had been influenced by the American War of Independence, several times chopped down the colonial flagpole at the colonial town of Kororāreka (today known as Russell), across the bay from Waitangi, where the Treaty had been signed. He led a Māori force of about 600 warriors, attacking the town in March 1845, causing the 250 British soldiers and settlers to abandon it. Hōne Heke's rebellion was not, however, supported by other Māori leaders in the region, who chose to remain loyal to the Crown. The colonial governor, George Grey, though later reconciling with Hōne Heke, was convinced that the latter had no valid justification for his rebellion: "I cannot discover that the rebels have a single grievance to complain of which would in any degree extenuate their present conduct and . . . I believe that it arises from an irrational contempt of the powers of Great Britain" (quoted in Moon, 2001, p. 157).

Grey's attitude enabled the progressive appropriation by the Crown of Māori land over the succeeding 15 or so years, before he signed into law on 3 December 1863 the New Zealand Settlements Act (NZSA), which together with its concomitant Suppression of Rebellion Act (NZSRA) was not only designed to crush the incipient Māori rebellion, but allowed the government to confiscate land, without compensation, from any North Island tribe deemed to be "in rebellion against Her Majesty's authority". A similar scheme had been adopted by the British government in Ireland.

These moves had not been enthusiastically supported by the colonial office in London, and New Zealand's first chief justice, in office from 1841 to 1857, warned that they would create "a brooding sense of wrong" among Māori, which would be passed down from generation to generation. According to O'Malley (2018), land confiscation was "an integral part of the overall invasion plans", and that the sale of Māori land on the open market meant that Māori were effectively being required to underwrite the costs of their own suppression. The public good was equated with the prevailing interests of settlers.

The colonial government used the NZSA and the NZSRA to confiscate land not only from tribes that had fought against the Crown in the ensuing Land Wars of the mid-1860s in the Waikato and Taranaki regions of the North Island but also from tribes who had not been rebellious and who had actively supported the Crown (Belich, 1998). Vast tracts of land were taken by the Crown under the law, with deplorable consequences for Māori whose whole existence had for centuries been based on the land and its productivity. However, in his 500-page book Lipson mentions the Māori land issue just twice, and then only in passing, and speaking of Māori land being "purchased", and never referring to its confiscation. He also refers to the "Māori wars" just twice, and fails to elaborate as to why they were fought.

By the late 1850s the Māori King movement, *kingitanga*, had emerged among some central North Island *iwi*, intending to stop the alienation of Māori land. The movement was seen as a counterweight to the British Crown. Some of the main battles that took place during the subsequent Land Wars were between these two adversaries. Yet the King movement, although surviving strongly to this day, had only mixed success in pursuing its original purpose.

The NZSA made legal what had been illegal, but land confiscation remained as unjust as it had always been. The Crown's actions were arguably disingenuous at best, and duplicitous at worst. The more so because the New Zealand premier at the time the settlements act was signed into law was Frederick Whitaker, an Auckland businessman and land speculator who acquired a lot of land under the act and stood to make huge profits from his investment. Even in those times this would probably have been regarded as corrupt practice. And Whitaker – described by Lipson (1948, p. 42) as "a person of lax political ethics" – was not alone among government officials who benefitted personally from the land grab. Whitaker served a second term as premier, 1882-1883, resigning "because embarrassing publicity was given to his private financial speculation" (Lipson, 1948, p. 83).

Nearly two years after the NZSA was enacted, the Native Lands Act (NLA) came into force, enabling the conversion of customary communal landholdings by Māori to be split up into individual titles, thus facilitating increased purchase of Māori land for settlement. Only ten joint Māori owners per block were allowed, which meant that large blocks with many owners could be sold off more readily, as other owners were dispossessed.

After a further two years a Native Schools Act was passed, which saw schools set up in Māori communities, but which required all teaching to be done in the English language. In the meantime, the government had established a Native Department to deal with Māori issues, a department which, according to Lipson (1948, p. 411), Māori generally viewed with suspicion and reserve, disliking the term "Native", which implied that Māori were an inferior race.

A subsequent NLA of 1873 pressed individual ownership further: no title could be awarded to Māori *iwi* or *hapū*, as had been possible under the 1865 act. In the meantime, immigration proceeded apace, accompanied, especially from the late 1870s, by a massive governmental public works programme to develop national infrastructure. This saw a further decrease in Māori land holding, partly because under the Public Works Act of 1864 land for roads, railways and other purposes could be compulsorily acquired by the Crown, and not necessarily with compensation. Māori land was often acquired in preference to Pākehā land, and some roads were built circuitously through Māori reserves.

At the signing of the Treaty in 1840 Māori owned almost the entire North Island. They could not foresee that within several decades they would be a relatively small minority, and that by 1892 they would own just over a third of North Island land, with a quarter of these holdings being leased to Pākehā (Figure 1). From 1844 to the mid-1860s the Crown acquired about 80 per cent of Māori land in the South Island and Rakiura (Stewart Island) for about one penny per acre. This dealing was at the core of the Treaty settlement signed in 1997 between the Crown and the Ngāi Tahu *iwi*.

By 1877 the country's chief justice, Sir James Prendergast, had comfortably declared the Treaty to be "worthless" and a "simple nullity", a judgment that was to heavily influence decision-making on the Treaty for decades to come. Lipson (1948, p. 60) observed that well before the end of the 19<sup>th</sup> century, "Relations with the Māoris [sic]. . . became a matter of secondary importance to the white politicians. That burning issue of the sixties was extinguished to smouldering point in the seventies and eighties".

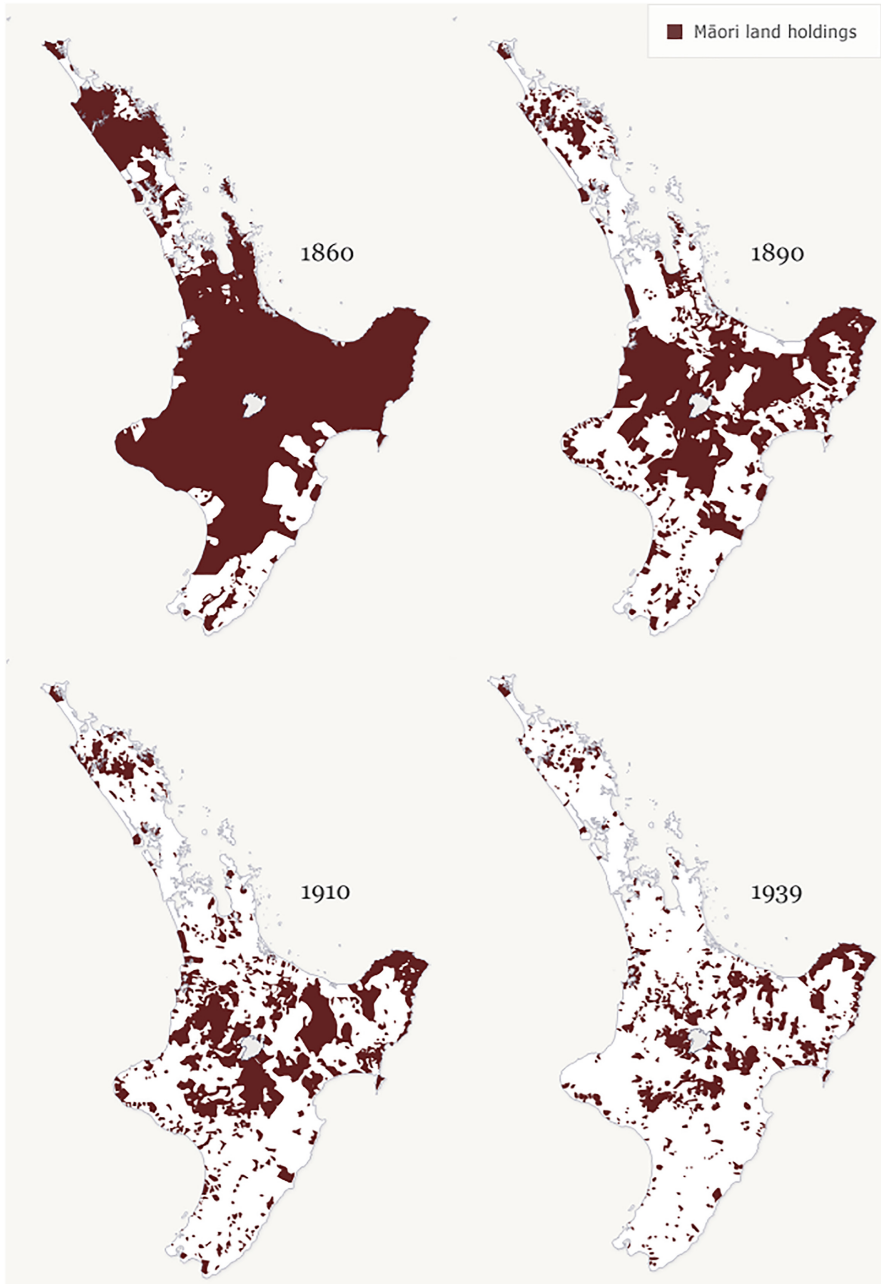
O'Malley (2018) argues that, "Beneath the deceptively soothing name [NZSA], there lurks a darker tale of dispossession and colonial greed whose consequences are still felt today". Now, elements of this narrative are for the first time being included in the national school curriculum. While Māori-Pākehā relations over the years have in many ways been warmly positive, most children, including Māori, have learned little if anything about this darker side of their country's history.

This explains why prime minister Keith (later Sir Keith) Holyoake could in the early 1960s boast of New Zealand having "the best race relations in the world" (Richards, 2020). Holyoake, while deputy prime minister and minister of agriculture, had in the 1950s used the influence of his offices to secure governmental construction of an access road to a new village he and his business partners were developing on the northern shore of the North Island's Lake Taupō, the biggest lake in the country. He had negotiated a dubious land deal with local Māori for that purpose (Hamer, 2012). However, his actions in pursuit of a project that he described on his deathbed as his finest achievement aroused little public concern, probably because few people at the time knew about it. Ironically, Holyoake was a member of the Parliamentary group that in 1956 wrote the conflict of interest rules for Members of Parliament (MPs) – rules that remain largely the same today – but which he himself ignored. It is inconceivable that such actions would today not result in a major corruption scandal.

Holyoake was prime minister at the time of the massive migration of Māori from the countryside into the towns and cities, in search of employment and entertainment. This disconnected many young Māori from their tribal roots and their *tūrangawaewae* (their place to stand with *mana*, loosely pride). The consequences have been real and obvious: higher unemployment rates among Māori, higher crime rates, poorer health, and lower educational achievement (Thom and Grimes, 2022). The disproportionate rate of Māori imprisonment – today Māori make up more than half of the prison population – reflects so-called "institutional racism" in the criminal justice system (Jackson, 2018), a similar situation having been identified in the 1980s by a government report on the administration of social welfare (Department of Social Welfare, 1986).

In the face of these emerging social problems, the governments of the time promoted the view that the best way ahead lay in the integration, even the assimilation, of Māori into the dominant Pākehā society and culture. However, while Pākehā-Māori relations may have appeared to be smooth on the surface, especially in the eyes of the overwhelming Pākehā majority, Māori resentment over land confiscation festered under the social surface until the 1970s. By then Māori leaders had emerged, deciding that enough was enough.

There emerged what is often called "the Māori renaissance" – the reassertion of the rights of Māori under the Treaty, and the recognition and promotion of Māori language and culture. A group of politically vociferous young Māori named *Ngā Tamatoa* (the warriors), took the lead; a former Labour minister of Māori affairs, Matiu Rata, who had introduced the Treaty of



**Figure 1.**  
North Island Māori  
land holdings,  
1860-1939

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**Source(s):** Orange (2020, pp. 440-441). Reproduction permission granted 21 December 2021.

Waitangi legislation in 1975, left his party in 1979 to set up a new one, *Mana Māori Motuhake*, to promote Māori self-determination; and – perhaps the most significant event in the renaissance – a protest march from the far north of the country to parliament in Wellington took place in 1975, during September and October. It was led by a prominent and elderly Māori woman, Whina (later Dame Whina) Cooper, who had for many years been a leading light in the promotion of Māori community welfare. This was followed soon after by high profile land protests led by Tuaiwa Hautai (“Eva”) Rickard, at Raglan in the Waikato, and by Joe Hawke at Bastion Point in Auckland. The former was driven by an egregious governmental act, whereby the Māori owners of their land at Raglan had been evicted during the Second World War so that the government could build an airfield on it. After the war instead of being returned to its original Māori owners, as had been promised, the land was turned into a public golf course. Because of Rickard’s successful leadership the land later became a farm for the local Māori people. The latter case involved similarly duplicitous acts by governmental authorities, dispossessing Māori people of their land – an area of prime Auckland real estate – and then proposing by the late 1970s to sell the land for expensive private development. (Both cases were instrumental in later law changes that provided for land taken but subsequently unneeded for public works to be returned to its original owners.)

Māori political leadership in a predominantly Pākehā political culture had been re-asserted, leading to the establishment of the Waitangi Tribunal, a statutory body to administer a newly devised Treaty settlements process compensating Māori for the confiscation and appropriation of their land, forests and fisheries, that had occurred over the previous 135 years. These Treaty settlements have been substantial in themselves, but the losses suffered historically by Māori are incalculable, and are undoubtedly much greater than the compensation paid.

In 1987 the court of appeal judged to be unlawful the transfer of state assets to state-owned enterprises without any system to determine whether such transfers were consistent with the Treaty. That same year Parliament declared the Māori language to be an official language of New Zealand. Today, *te reo* is commonly used in television and radio broadcasting, a far cry from the situation as late as the 1990s, when it was seldom heard on the mainstream media. Thus, the Treaty had come a long way from being Justice Prendergast’s “simple nullity”, and the decision by the appeal court began the development of a body of common law on Treaty principles.

Along with the Māori urban migration, there was a huge influx of Pasifika people at the same time, brought to the country by government policies aimed at providing cheap workforce labour. Once the urgent demand for cheap labour had subsided in the early 1970s successive governments from 1974 to 1976 responded with racial bias against Pasifika overstayers, who were often the targets of “dawn raids” conducted by the police and immigration authorities. Just as the confiscation of Māori land had been, so too was the importation of Pasifika labour a feature of a capitalist political economy that invited corrupt practices by eagerly placing the profit-making imperative ahead of the need for social justice.

While the Crown has apologised to some *iwi* in the course of Treaty settlements – directly by the Queen herself in one case – no general apology has been issued.

### Conventional anti-corruption leadership in New Zealand

Lipson (1948, p. 489) averred that New Zealanders, unlike Americans, prioritised equality over liberty, an assessment that was repeated many years later by Fischer (2012) in his comparison of the political cultures of the two societies. However, 19<sup>th</sup> century history gives the lie to this judgment. Fairness was hardly the dominating value which drove the legalised alienation of Māori land, unless fairness is seen as a function of superior strength. As O’Malley (2018) argues, “In many ways, we still live with the legacy of the NZSA today. It



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is there in the negative socio-economic statistics of many Māori communities in those regions subject to *raupatu* [the confiscation of Māori land].”

Lipson (1948, pp. 498-499) himself observed, New Zealanders were constantly assured that their country led the world in “this, that, and the other”, and this “delusion of the self-satisfied” is held as an unquestioned faith. Unlike in many other countries, corruption has seldom if ever been a topic of political controversy used by political leaders to generate electoral appeal. There has been no effective platform on which politicians can promise to reduce governmental corruption, simply because, according to mainstream opinion, there has been so little of it. While other issues in New Zealand easily gain political traction – for example, the usual suspects of economic management, health, housing, social welfare, income maintenance – corruption does not feature among them.

No New Zealand politician has ridden into office on the back of a metaphorical corruption-fighting white charger, though one – New Zealand First party leader Winston Peters, who was deputy prime minister in two coalition governments – accused the Serious Fraud Office (SFO) and the Inland Revenue Department (IRD) of corruption and incompetence in regard to certain taxation matters. (A commission of inquiry found nothing illegal.) New Zealand’s reputation as being largely free of corruption contrasts starkly with other jurisdictions like Singapore and Hong Kong, where government leaders took decisive action to combat corruption.

This is not to say, however, that there has in New Zealand been no scope for political leaders who could, in Samuels (2003) terminology “stretch the constraints” and induce enduring institutional transformation in New Zealand’s political development, including the country’s ability to sustain a largely corruption-free governmental system. Prime minister (Sir) Geoffrey Palmer led the establishment of the SFO itself in the late 1980s, although it was not set up as an anti-corruption agency *per se*, but as a body tasked with investigating and prosecuting major fraud. Without doubt, however, the most compelling example of the stretching of political constraints was the passage of the 1912 Public Service Act by the conservative Reform Party government led by prime minister William Massey, who held office from 1912 to 1925. The push for this new act was led by a senior minister in Massey’s government, Alexander Herdman, who was a disciple of the “scientific management” then being advocated by the progressive movement in America, envisioning a more “business-like” approach to public administration. The Massey-Herdman leadership was a counterpoint to the prevailing system of political patronage in public service appointments, which had been prominent under the previous prime minister, the Liberal Party’s Richard Seddon.

Thus, Massey’s government institutionalised in New Zealand the emerging idea of a politically neutral, merit-based, professional, public service career system, one which prevails to this day, despite major structural changes introduced by the fourth Labour government from the mid-1980s to the early 1990s, which replaced a unified career system with a position-based one. Such political patronage could in hindsight be seen as a form of endemic governmental corruption, in that public office was used as a form of trading in influence: party supporters gained employment, while the government of the day secured the *quid pro quo* of political advantage within the bureaucracy.

The National Party government in office from 1960 to 1972 under prime ministers Keith Holyoake and (in 1972) John Marshall, had presided over a stable economy which had until the early 1970s successfully managed to achieve, by following Keynesian prescription, full employment, financial stability, favourable terms of trade, and high productivity. Holyoake was rewarded politically with four successive election victories. However, by the late 1970s the Keynesian consensus had begun to break down, and into the early 1980s the National government of Robert Muldoon, elected in 1975, was struggling with rising unemployment and “stagflation”, exacerbated by the two “oil shocks” of those years. Muldoon’s last-ditch attempts to control high inflation and interest rates by imposing wage and price controls

could only fail, and after calling a snap election in July 1984 he was roundly defeated by the Labour Party led by David Lange.

A key figure in this fourth Labour government was the finance minister, Roger Douglas, who led a radical programme of rapid neoclassical economic restructuring known eponymously as “Rogernomics”. This strongly centre-right strategy had not been heralded in the preceding election campaign and was publicly justified by its proponents, who claimed there was no alternative (Easton, 2020). While it brought relief from the country’s overregulated “Muldoonist” economy, it paved the way for the sharpest rise in income inequality in any OECD country, an increase mainly generated by the succeeding National government’s 1991 “Mother of All Budgets”, which drastically cut welfare benefits. This saw a dramatic rise in rates of child poverty (Gregory and Eichbaum, 2014).

Hence, New Zealand’s fair and egalitarian society became much less so from the late 1980s. A heavy impact from this has fallen on Māori and Pasifika people, who are proportionately overrepresented in the lower socio-economic stratum. Few people would have known or noticed how the excesses of the 1980s, displayed overwhelmingly by Pākehā opportunists, was eerily reminiscent of the 19<sup>th</sup> century *raupatu*.

Property ownership has for a long time been a vital component of New Zealand’s political and social culture. It has strong colonial origins, as many of the settlers from Britain came to the country in the 19<sup>th</sup> century, escaping cramped living conditions at home, and on the promise of sufficient land not only to build a home but also to grow food, run chickens, and even maintain a few livestock. It was, however, largely Māori who bore the costs of this Pākehā-driven aspiration.

The 1980s saw the deregulation of trading banks, which became empowered to finance homeownership through a plentiful and seemingly unlimited supply of relatively cheap money. Today, this has resulted in property investment becoming the primary source of wealth for those able to buy more properties other than their own home, renting these houses and apartments out at high rates. Consequently, the housing market has become the dominant feature of the country’s economy, with the main banks – all Australian-owned – recording huge annual profits, while productivity rates have declined sharply. It has been the major driver of growing wealth inequality.

By September 2021 New Zealand’s house price boom was ranked second fastest among 55 countries. Prices had increased rapidly during the Covid-19 pandemic, which rather than suppressing the boom, as many had expected, instead further inflated a market that had been greatly overheated for several years. No government has ameliorated the situation significantly, mainly because too many property-owning voters have benefitted hugely, including large numbers of MPs, who are required to list their assets on a publicly accessible register. The quest for fairness seems no longer to be a prime motivator in public policymaking.

A disproportionate number of poorer people are Māori and Pasifika, many of whom are now forced to live in conditions and circumstances that would be completely unacceptable to middle class Pākehā. The Human Rights Commission (HRC) has proposed that an independent commissioner be authorised to monitor progress on governments’ attempts to ameliorate the problem and to enhance accountability. The Commission has described the housing situation as a “human rights calamity” that abrogates the International Bill of Human Rights.

Whether or not this situation can be seen as a form of what might be called “cultural corruption” is a moot point. Nevertheless, some would say, the authors among them, that the egalitarian culture has been corrupted by the growing dominance of competitive self-interest at the expense of social and community cooperation.

Less financially secure New Zealand citizens, including many Māori and Pasifika people, have also been indirectly disadvantaged by the country’s laws pertaining to political party donations. The growth of income and wealth inequality that was generated by the neoliberal economic policies of the past 30 years has greatly enhanced what Johnston (2005) calls

“influence markets” – one of his five “syndromes of corruption” – in New Zealand governance. According to Johnston, trading in influence is the most common form of corruption in developed, Western economies, and often goes under the anti-corruption radar because, though it may widely be considered illegitimate, it is not illegal.

Whereas before the 1984 election the Labour Party had a record membership of 100,000 – greatly boosted by the rising popular antagonism against prime minister Robert Muldoon, who had been in office for the preceding nine years – by 1987, membership had dropped to about 5,000. The main reason was the growing disillusionment felt by traditional Labour Party supporters who now found themselves as members of a party that was pursuing a neoliberal programme of economic reform that essentially rewarded the wealthy and punished the poor. Public officials were by no means exempt from the new culture of personal enrichment (Gregory, 2003). The resultant large drop in Labour Party funding was more than offset by the financial support gained from business and other interests that had gained from “Rogernomics”.

The issue of political donations has over the past 30 years gained increasing public prominence, especially in the years 2017-2021, during which the Electoral Commission has referred to the police cases of alleged illegal donations to political parties. At the time of writing the validity of these charges have yet to be determined by the courts. After the 2005 general election political allegations and counter-allegations by leading politicians swirled in the news media over corruption in the spending of public moneys by political parties during the election campaign, resulting in a report from the country’s auditor-general, whose office is directly responsible to Parliament. The auditor-general found, *inter alia*, that five of the six parties in the election campaign had misspent NZ\$1.17 million of parliamentary funds, most of which - NZ\$768,000 – had been spent by the governing Labour Party. The party subsequently committed to re-paying the money to the public accounts, with repayments reportedly shared equally among Labour Party MPs. In 2006 the Appropriations (Parliamentary Expenditure Validation) Act, which validated any misspent parliamentary funding of parties between 1989 and 2007, was passed under urgency, and – unsurprisingly - with no dissent.

It is not difficult to perceive a line from this political behaviour to a major form of corruption, tampering in elections. There is no limit on how much money an individual or company can donate to a political party, and donations under NZ\$15,000 could be made anonymously. Larger donations could be split up into NZ\$15,000 blocks and passed on by intermediaries to avoid disclosure. By this means donors might be seen to be trying to buy political influence.

Therefore, electoral laws must be designed to inhibit trading in influence, the real or prospective *quid pro quo* relationship between political donors and politicians. To this end the National Party-led minority government of John (later Sir John) Key (2008-2017) in 2015 had parliament pass legislation that made trading in influence a criminal offence in New Zealand, in line with Article 18 of the United Nations Convention Against Corruption, making New Zealand the first country to criminalise trading in influence. This did not appear to sit well with the fact that the prime minister’s personal lawyer had been trying to stop a pending inquiry by the IRD into the laws on foreign, “tax haven”, trusts in New Zealand.

The wherewithal to make substantial political donations, with or without any expectation of a policy *quid pro quo*, lies with the wealthier sections of New Zealand society, as it does in other countries. Such endowments may or may not generate acts of manifest political corruption, but being overrepresented in the lower societal echelons most Māori do not possess the means to be so tempted.

Electoral laws on political donations are a crucial means of ensuring that income and wealth inequality do not translate into public policy advantages for those who are financially better off, especially if they are public officials. If purposefully drawn and rigorously implemented, they would help to ensure that fairness in the political process is a real rather than just a rhetorical commitment.

To this apparent end, in December 2019, the coalition government of Labour and New Zealand First passed urgent legislation limiting foreign donations over NZ\$50, to combat foreign interference in the country's elections, thus bringing New Zealand into line with other countries – including Britain, the United States and Australia – with similar legislation.

The Green Party was the only main party before the 2020 general election to display leadership on this hugely important issue by presenting to the electorate a comprehensive reformist policy on political donations. It proposed three electoral law changes: a total ban on overseas donations; disclosure requirements for all donations over \$1,000 to a candidate or party; and a prohibition on any one person donating more than NZ\$35,000 a year to a candidate or party. The extent to which this policy proposal affected the party's vote in the election is not known, but as yet the institutional and legal constraints have not been significantly stretched.

### Conclusion: the ahistorical CPI and New Zealand

The fact that New Zealand has consistently retained its top or near top ranking on the CPI over the past 25 years has understandably informed much of the commentary on corruption in the country. However, this commentary should be better informed by a more balanced, historical, and less monocultural, awareness of the way in which present-day, largely non-corrupt, New Zealand was built on the back of a betrayal of the Treaty of Waitangi, the dispossession of Māori land, and the suppression until the 1970s of Māori language and culture. Although it was a generally outstanding study, Leslie Lipson's 1948 seminal exposition evinced a largely Pākehā view of "harmonious" race relations in the country. However, just as "seeing is believing" so too believing is seeing or not seeing. It can be argued that in a Pākehā-dominated society most people, like the three wise monkeys, have preferred not only to see no evil, but also to hear and speak no evil.

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