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What Effects Do Political Relationships Have on Free Trade Between States?

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Abstract

This thesis analyses what the effect of political leader relationships is on free trade between states relative to other influencing factors through qualitative case study analysis. The thesis reviews the relationship between Sir John Key, prime minister of New Zealand from 2008 to 2016, and Barack Obama, United States of America president from 2008 to 2016. It also reviews the relationship between John Key and Hu Jintao, president of the People's Republic of China from 2003 to 2013, and Xi Jinping, president of the People's Republic of China from 2013 to present (2020). Interviews with John Key and former New Zealand minister, Murray McCully, are presented in this thesis. It is clear in this thesis that free trade between states is an issue that is bigger than leader-to-leader relationships. This thesis is exploratory and provides insights into certain aspects of New Zealand politics and free-trade concepts, including insights into the Trans-Pacific Partnership Agreement, from a New Zealand perspective.

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Introduction

Free trade; a concept and practise that symbolizes globalisation by the removal of barriers to trade requires the states that created those barriers to remove, or at least reduce, them through free-trade agreements. Free trade demands the opening of markets, co-operation of nation states, and the sharing of resources. In a state system where not all states are equal, (whether it be their resources, their wealth, or their size that differ) resource flows, power politics and state independence are challenged. The ultimate good of free trade, to enable resources to flow to where resources are required is why free-trade policies are pursued by many states. However, the downsides of free trade, where resource flows to where it is most *efficient*, can leave people out of jobs or a country's industry diminished. There is therefore a problem with free trade in practice. In the 21st Century the world has seen a shift by some nations away from free trade glorification and ideals of globalisation back to protectionism. Donald Trump's election campaign that saw him win the United States Presidency in 2016 was founded on protectionist rhetoric. "Brexit"¹ is another example, where 51.9% of the United Kingdom's public voted to withdraw from the European Union.

Free trade is a contestable topic. It is relevant today at the time of writing (2019/2020) as the United States President Donald Trump and Chinese President Xi Jinping are in a dispute over trade. Tariffs being applied, removed, threatened to be applied again, paused, and then applied, was the story told throughout 2019 and finally a "phase one" deal was drawn in 2020 (Politi, 2020). This trade war was spurred by Donald Trump to tackle the "unfair" practices China employs to ensure resource flow to them (Bose, 2019).

Free-trade agreements are the building blocks of free trade as a practice. They set the rules, any exceptions, and mediation policies for nations to follow. Free-trade agreements can be solid agreements that enable free trade, or they can contain multiple caveats that render them worthless. These agreements are signed between nation states leaders. Following an agreement, the principles of the agreement must be followed and if updates are required as technologies and markets develop then the nations must be able to work together (New Zealand Foreign Affairs and Trade, 2019). Therefore, a crucial part of free-trade dealings, whether it be through an agreement or the management of an agreement, is the co-operation between the nation states. It then follows that if the

¹ Brexit is a combination of "Britain" and "Exit" and is name given to the withdrawal of the United Kingdom from the European Union.

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world is to become globalised and we are still to have nation states then those nation states must co-operate.

The co-operation of states is often portrayed in the media as the co-operation of leaders. A quick survey of news media articles on the topic of the United States–China trade war, the relationship is portrayed as the Trump–Xi relationship, not so much the United States–China relationship². Leaders are a face of a nation, and they usually front the trade negotiations, usually alongside a minister (Fowler, N. 2010). Trade negotiations are not carried out solely by leaders however, and officials who do not speak to the media have a significant role to play. In New Zealand, Prime Minister John Key³ was portrayed in the media as a friend to United States President Barack Obama (2008 to 2016). They negotiated the Trans-Pacific Partnership Act together, which, had the United States ratified the agreement, would have been a major accomplishment. To me, this media representation and the weight put on one person, the leader, in negotiating deals, raised questions on the importance of leader relationships. There are many reasons and influencing factors as to why a state would want to engage in free-trade discussions, but how much is determined by the leader-to-leader relationship that is portrayed so heavily in the media? This is what this thesis looks to uncover.

Political science scholars have given more consideration in recent times to how political variables affect policy outcomes (Bäck, 2017). There are more studies that emphasise the real-world scenarios and look at a multitude of factors that could lead or contribute to an outcome. Leadership is a specific field of study that political studies encapsulates. There are multiple works that analyse the effectiveness of leaders, personality traits and how leaders can make a difference. The influence of a good or bad leader is undeniable, although dependent on various factors. What I wish to analyse is the importance of leader-to-leader relationships to free trade. As I have stated, co-operation between states is an important aspect to ensure free-trade agreements, negotiations, or discussions are fostered and thus co-operation between leaders could have some form of influence.

The research is exploratory in nature and as there are other factors that influence free trade, context is crucial in this thesis. Placing the research in its correct literature is important so the reader understands the relevance of the research and can think about other opportunities for questioning and further study. Chapter One begins with a review

² A quick google search using terms “US China Trade Discussions” results in many articles discussing Trump and Xi.

³ Key was appointed a Knight Grand Champion of the New Zealand Order of Merit in recognition of services to the state at the 2017 Queen’s Birthday Honours. His title is therefore Sir John Key. I do not refer to him as Sir throughout the thesis for conciseness and refer to Sir John Key as Key or John Key throughout the thesis.

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of the literature pertaining to the relevant fields of study, which includes analysis of other factors that could contribute to free-trade decisions.

Following the literature reviews, a chapter on the research methodology describes the process I took. The case study findings are then presented which provides the bulk of the thesis in Chapter Three, Four and Five. The findings are summarised for the reader as there are many points relevant to the research questions at hand, and some points that are not directly relevant but are interesting and provide insights to the wider field of study. Before concluding, I review the faults with the findings and research method used and then note any opportunities for further discovery. The thesis is then concluded with a short final chapter.

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Chapter One: Literature Review

Literature Review: Method

To review all the literature on political relationships and free trade would be a task for a larger work, if one could complete such a work. For the purpose of this thesis, boundaries had to be drawn on what literature to focus on. This literature review will not attempt to cover every piece written on political relations, political relationships and free trade but will by selection attempt to review the most pertinent authors relevant for this research.

The first task of the literature review, and my research in general, was to define political relationships to: relationships between major leaders; presidents and prime ministers. This meant that what I was specifically looking for in the literature was details on the relationships between leaders of states and free trade. Searching literature using phrases like *political economy*, *free trade* and *globalisation* and *free trade* enabled the formation of a catalog.

Identifying the key authors was critical, and to do this I needed to identify what academic field my research would sit in to ensure I did not exclude key ideas or theories. The two major fields my research falls under is *international relations* and *globalisation*. The goal of the research is to explore how one part of international relations (political relationships between leaders), effects one aspect of globalisation (free trade). By focusing on international relations and what constitutes international relations I was able to define some key phrases that allowed me to search the literature for what was essential for this thesis.

I relied on a clear method to identify and understand literature central to my research. This started with textbooks in order to identify the key authors in the field. I then searched within those textbooks, identifying key themes and concepts, and authors. It helped to look for chapter titles that were in line with the key terms I had identified as pertinent. I would also use search engines, such as the university library tool, bringing together a wide scope of resources such as journal articles, media press releases, and e-books.

Assessing the relevance of the literature quickly was important in order to manage the number of works and reduce the quantity to the pieces most relevant. By reading the abstracts first I could determine whether the piece was on globalisation and the effect of international relations/global politics/multilateral organizations. Although I did not exclude older works, it was more important to focus on the modern work because those authors understand the discussions of those before them, evidenced through their

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references, and modern times including how globalisation has erupted due to technology and communications. Most of the modern literature refers to those important authors who had written before them—serving as a useful cross-check.

Analysis of the literature was structured. I kept a database of my literature, noting the author, title, subject, the key arguments and the relevance for my research. It was essential to ensure I had grasped the author's key arguments, noted anything I disagreed or agreed with, and whether I thought this would become important to my research later based on the early analysis.

After a review of some literature, I soon realized that I could not limit the scope of my research to political relationships effect on free trade in isolation. Helen Milne's argument summarises the rationale for studying free trade in context. In *The Political Economy of International Trade*, Milne looked to explore why since the 1980s to 1999 (the time of writing) free-trade policy exploded and looked at various factors that influence trade policy, from domestic politics and democracies, to international institutions and to a lesser extent international politics (1999). Milne successfully considered multiple factors. In the case of this research, I could not assume that political relationships are the only factor influencing trade between nations. Therefore, my literature review broadens beyond analysis of leaders and free trade to what else might play a role in influencing free trade.

Literature Review: Structure

The literature review first looks at concepts and definitions of free trade and globalisation. I then discuss important thematic findings in the literature on free trade and globalisation. I detail the arguments for free trade and then move on to discuss various factors that influence free trade and globalisation of markets and leadership decisions on these matters. The second section of my literature review examines leadership studies in international relations. This final section examines the role of leaders, and what is commonly discussed in literature on leadership.

Section One: Free Trade, Globalisation, the Sovereign State and other central topics.

Defining Free Trade and Globalisation

I decided to adopt the Organisation for Economic Co-operation and Development (OECD) definition of free trade and not to contest or argue what constitutes free trade. The definition is: "free trade occurs when goods and services can be bought and sold

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between countries or sub-national regions without tariffs, quotas or other restrictions being applied" (OECD, 2004).

Free trade and globalisation are discussed in literature and in the media almost synonymously. I have defined free trade, which is not such a contestable topic in the literature I have read, however defining globalisation requires more thorough analysis.

Discussion on the definition of globalisation is in many works on the topic, and in many cases the centre of discussion (Beck, 2000; Scholte, 2000; Turner & Holton, 2015). As Scholte (2002) pointed out: "knowledge of globalisation is substantially a function of how the word is defined" and that a "muddled or misguided core concept compromises our overall comprehension of the problem" (p. 3) and therefore every work on globalisation has to have a clear and critical analysis of globalisation as a term. Thus, analysts of globalisation must take the appropriate care to define the term, of which there are multiple versions with different emphases.

The various dimensions of globalisation (economic, social, cultural) mean that understanding globalisation as a concept is a rabbit hole of conversation topics and debate (Beck, 2000). For the point of this thesis, choosing a clear and concise definition was important to create a clear structure within which I could then discuss the main points of my research in a comprehensible way.

The concise definitions that attempt to define globalisation commonly talk to globalisation as a process, so therefore as a concept it is continual series of actions. Albrow (1990) defined globalisation simply as: "globalisation refers to all those processes by which the peoples of the world are incorporated into a single world society, global society" (p. 45). Held (1999) took this one step further and explained that "Globalisation can be thought of as a process (or set of processes) which embodies a transformation of the spatial organisation of social relations and transactions" (p. 15). Held's definition talks to the influence that globalisation has but does not state that this transformation necessarily leads to a single society like Albrow's did, as it is not a given yet that we will end up with a completely single world society due to the process of globalisation. Shuey (2001) described globalisation as a term "that intends to describe the rapid and recent process of intercontinental economic, social and political integration" (p. 37). Again, Shuey confirms globalisation as a process and like Held did not imply there will be an endpoint of a single society, but that there will be integration that heads in that direction.

Globalisation, for the purpose of this thesis is defined as Shuey (2001) defined it, a term that "intends to describe the rapid and recent process of intercontinental economic, social and political integration" (p. 37). This definition best fits this thesis as it identifies

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the connection between the three changing spaces, the economy, society and politics. This thesis explores the connection between the economic and the political, and to some degree society too. It is clear that political and economic integration is facilitated (amongst other means) by trading between nations (inclusive of free trade). Shuey's definition does not assume an end point of a single society and I prefer for this thesis that globalisation be defined as a process, without measure of interconnection, eliminating the need to determine within the research whether globalisation has or has not occurred.

Free-Trade Concepts: Beginnings

It is important to uncover the history of free trade as a concept, as it can help locate why certain politicians in the past have been proponents of free trade. There is thinking behind why a country would want to pursue or not pursue free-trade policies dependent on the popular ideology at the time, or the nation's historical favouring of a certain ideology. It could be that a nation's history of following a certain school of thought influences their trade decisions, or a leader's bias towards one school of thought.

Free trade and the rationale behind globalisation of markets is not a modern economic concept. Although globalisation as a term and a concept was not coined until the 20th Century, arguments for and against free trade between states precedes discussions on globalisation. In other words, free trade and the arguments for and against, is not a new discussion in economics.

Adam Smith, 18th Century philosopher wrote two famous works: the 1776 work *An Inquiry into the Nature and Causes of the Wealth of Nations*, known shorthand as *The Wealth of Nations* is his most noted work, however *A Theory of Moral Sentiments* published in 1759 is also referred to widely throughout economic literature.

In *The Theory of Moral Sentiments* Smith (1759) explored the human condition, discussing morality at lengths, and argued that as humans we look out for ourselves, but also want the best for society (Haakonsen, 2002). Smith's theory argued that although individuals act selfishly, they also possess sympathy. Individuals seek balance between wanting to help others and self-interest. In this work, Smith put forward the idea of the "inner man" and "impartial spectator" (the self-serving nature of man and the justice seeking nature when man interacts with others) who both guide action. As individuals who partake in society this internal balance is what Smith argued guides economic systems, as well as other institutions in society (Sharma, 2018).

In 1776, *The Wealth of Nations* was published (Soares, 2007). This work, although not all ideas were original, was the first to put together the ideas in a readable format. Smith described the different stages of society in this book—from the lawless nation, to the

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nation with a government to protect the privileged, to the final modern stage where there exists a free market, or laissez-faire policy⁴. The book itself could be termed a promotion of the laissez-faire view, as Smith explores why and how a free market benefits all in society, and how wealth (wealth is discussed not just in terms of commerce but wellbeing of individuals) can be achieved through a free market. Central to Smith's arguments for free trade was that individuals will want to sell a product for their own money-making interest; however, it is a good/service that the public wants and that good/service benefits the public and therefore self-interest will result in the betterment of the public. However, unlike in *The Theory of Moral Sentiments*, Smith recognised a need for an institutional structure, to enable exchange and uphold justice—like governments. Smith did argue for a limitation on the intervention of government on supply and demand; that “the invisible hand”⁵ of a free market will balance supply and demand (Fleischacker, 2017; Sharma, 2018).

A younger, but of the same era, economist, David Ricardo contributed to free trade theory in the field of economics to a similar degree as Adam Smith. Ricardo wrote passionately on concepts of free trade with respect to the 1815 Corn Laws in Britain. These laws were protectionist in nature, aimed at preserving the British crops and preventing imports where consumers could buy the product cheaper from overseas. Ricardo's concept of comparative advantage is what he is most known for. Ricardo demonstrated in his work that nations should export what they have an advantage in cost and resource, which would benefit all countries trading together rather than if they tried to produce products/services alone (Formaini, 2004). Two Swedish Professors, Eli Heckscher and Bertil Ohlin developed the Heckscher-Ohlin theory (H-O model) that built on Ricardo's theory of comparative advantage, in the early 1900s. The model predicted that countries with expensive labour would import goods that require a lot of labour from where labour was cheaper, and if they had cheap capital, they would export those products (Economy Watch, 2010).

Ricardo and Smith's work, and the H-O model are renowned and have contributed immensely to economics and subsequently governments seeking of free-trade policy. However, despite the contribution the free-market concept has not been accepted by all and certainly not by all governments and leaders, as we have seen with the most obvious example in 2019: Donald Trump's message of protectionist policy and tariffs on imports.

⁴ Laissez-faire is the belief or ideal that economies work best without government interference. The word is French, meaning “leave alone”.

⁵ “Invisible hand” describes in a metaphor the forces that move the free-market economy.

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Ricardo and Smith laid out arguments for free trade between nations and are noted as the first works rationalising through economics a globalised trade world and thus globalisation (although this term was not known to them). Both Smith and Ricardo saw free markets working best with no government involvement (except for some sectors like education). The period of time they worked in, the "enlightenment period"⁶, was one where science could give facts and truths, and perhaps this is why (although Smith and Ricardo were pessimistic about how capitalism could work in the long term), the economists of the time were dedicated to free trade.

Radical thinking after Smith and Ricardo argued that some form of institution was required to provide regulation within markets. Radical thinking heightened with Karl Marx in the mid-1800s, German political economist, who argued capitalism would crumble and society would need to participate through means of production all communally owned (Wolff, 2017). Some nations (the Soviet Union for example) accepted this theory, some did not (United Kingdom).

In the years between Marx and today there have been viewpoint shifts across nations on what political economist theorem or model is best for society. Keynes (founder of "Keynesian Economics"⁷) wrote in the post-World War One era on various economics topics; inflation, wages and the impact on economic growth. He argued that low inflation and low wages would result in more employment, stimulating economic growth. What was central to Keynes argument was that government involvement through policy could manage demand and prevent recessions and depressions (Keynes writing was in response to the Great Depression) (Britannica, 2019). Keynes was critical of economists who viewed that natural forces in markets would result in a stable economy. His views on free trade changed over time. As Eichengreen (1984) wrote in a review of these changing views: "Keynes repeatedly reversed his public position on the advisability of protection...it is by no means clear whether his legacy has promoted or hindered efforts to reduce the barriers to trade" (p. 363). Eichengreen (1984) put forward Keynes' various views on the topic and argued that Keynes' view on protectionism must be thought about "in terms of the (his) case for employment policy and economic planning" (p. 363). Whether a clear answer from Keynes can be interpreted or not, it was clear that Keynes advocated for the use of government intervention through policy formation.

In 1960 Wolfgang Stolper and Paul Samuelson created the Stolper-Samuelson theory that international trade between a nation with low-wages could hurt workers in high-wage nations and result in less income in the high-wage nation therefore not benefiting

⁶ The enlightenment was a time of new advancements in science, politics, and philosophy. Also termed the Age of Reason. 18th Century.

⁷ A theory that advocates for increased government expenditure to stimulate economies.

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that nation (S.J.C, 2016). Donald Trump's election campaign in 2016 was founded partly on the promise that he would stimulate the American economy again, by increasing income to individuals in those groups impacted by globalisation where their jobs had gone offshore (Berenson, 2015). Part of Trump's messaging was to bring jobs back from overseas and make it easier for companies to employ workers locally (like cutting taxes that reduce a company's bottom line) (Popken, 2016).

Writings on globalisation, which specifically discuss the globalisation of trade, provide some modern thoughts on the argument against free trade and globalisation. Joseph Stiglitz (2002) discussed globalisation of markets at length in *Globalisation and its Discontents*. Stiglitz (2002) wrote on how globalisation of trade, and free markets, has created inequality of wealth and that the market as described by Adam Smith is flawed as it has not resulted in a wealthy world of nation states. Free trade has instead resulted in the exploitation of cheap labour in poorer nations with limited labour and human rights standards/policies, moving companies and therefore jobs to those nations with cheap labour, less regulations, and tax benefits. In 1997, Rodrik (1997) warned of what he could see happening as the communication and technology age enabled trade between nations to be faster and more efficient, ultimately creating inequalities. Fast forward ten years and the impact of globalisation starts to be much more apparent, and writings on globalisation and inequality, or the spread of the wealth gap, become discussed at length in literature (Dunning, 1997; Stiglitz, 2002; Summers, 2008).

The aim of the literature review on trade theory and the schools of thought is to provide context to the topic this thesis addresses. This thesis does not contest whether free trade is good or bad for nations and the world, but rather to look at how political relations have interfered with or facilitated free trade. Does trade theory and a nation or leader's belief in a trade theory have influence on the policy they follow, or do leaders conform to another leader's view, or do they follow the technical advice that they receive, or do they listen to lobbyists? Understanding trade theory is important because what a government believes will benefit their country could dictate their trade policies. Pamela Smith (2013) explored, in a section of her book *Global Trade Policy: Questions and Answers*, the link between how trade theory affects trade policy. One issue that can arise, she noted, is that if trade policy is written by leaders or governments past, it can be difficult to waiver from the policy. This can influence the way that leaders engage with other nations. In my research I consider the influence of trade theory on a leader's relationship with another nation.

The Role of the State

The role of the state in free-trade policy making and globalisation is a critical issue. The state is bigger than just the leader, it is the peoples that form the community under the

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government that regulates the state. The state can be defined by geographical lines and political lines. There are multiple literary sources that have addressed the role of the state and debate its future if the world is to become more globalised (Held, 2005; Held and McGrew, 2002; Holton 2011; Thompson, 1995; Wolf, 2001). All these works are important for analysing concepts of the state and its relation to the process of globalisation.

Dicken (2007) and Weiss (2003) both contended the state does matter in today's world (Dicken, 2007) and the state is required to guide globalisation (Weiss, 2003). They argued that the role of the state with globalisation is changing, but it still has a role to play. What Dicken and Weiss both argued is the state and governments are in some form or another drivers and facilitators of globalisation.

Dicken and Weiss did not each consider the influence of the nation state alongside other influencing factors on globalisation. Brook's (2004) review of concepts of globalisation show the forces at play that enable the process of globalisation. These forces are technological, economic, social and political. Separating these forces out reminds the reader of the complex nature of the process of globalisation (and therefore implementation of free trade). The nation state does not work on its own and this raises the question of how much does the role of the state matter as a contributor to the political forces.

Of course, in a democracy there is a relationship between the voting public and the state. Watson and Hay (2003) presented a case study on the discourse of globalisation in a United Kingdom election in 1997 which shows, in economic writings, what is happening in politics has an influence on the state and the states facilitation of globalisation through policy or other means. Boss, Bang and Campbell (2010), in the book *The Nation-State in Transformation: Economic Globalisation, Institutional Mediation and Political Values* looked specifically at Denmark and Ireland and asked how some states adjust to a new globalised world better than others. The authors argued that to understand how the state responds to globalisation, one must consider the history, culture and collective identities.

Despite these arguments, the voting public does not always influence a state's trade policy outcomes and to assume a government reflects on what its people may want rather than what they, the experts, would like to do for the nation is simply assuming democracy is a process that extends beyond the vote to the view of the public on every issue. This is not the reality of democracy as this would mean every decision would have to be put to the public, instead we have parliament that represents the public, but this is not a true reflection. Jane Kelsey's book *Reclaiming the Future* looked at how New

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Zealand forms international policy; asking who influences the policy decisions and whether New Zealand's pursuit of integrating within the international economic space is the best for the nation (Kelsey, 1999). What I found interesting was Kelsey's examination of the interaction between the government officials and business elites in the formation of policy. Kelsey explored how the policy is formed between these groups without much consultation with those outside the closed-door group. Kelsey (1997) also looked at policy formation in her book *The New Zealand Experiment*. Although I read Kelsey's analysis as slightly biased as her opinion was clear from the outset of the book, understanding who makes policy decisions is important for my research in order to understand the influences behind the leaders and who they consult.

One of the questions not well addressed in the literature is how the United States has engaged in free trade, with their populist cries for protectionism (which Trump was able to tap into). Hicks, Milner, and Tingley (2014) use Costa Rica as a case study showing how parties can influence voters to support trade policy decisions. They argue top-down political factors must be considered along with economic factors. It is true, as Kirshner (2007) addresses, that American presidents have (in the past) consistently advanced a free-trade agenda, despite the domestic interests threatened by free trade. This suggests that perhaps the leader is a crucial factor. Also, perhaps Kelsey's work could be applied to the United States, where the policy decisions do not reflect a public consensus (if we were able to ascertain accurately with what this is), or the betterment of the public (Kelsey, 1999).

Sovereignty

The role of the state can be expanded to discussion on the role of the *sovereign* state. Arguments on state sovereignty, its meaning and its real-world importance have been discussed through the centuries, arguably since the creation of the Westphalian state system (Jackson, 2003, p. 786). As Robert Jackson (1999) noted, sovereignty is the basic norm on which a society of states rests (p. 432); in other words a state's authority over its own peoples and geographical border, distinct from other states, creates the sovereignty of that state and every other state.

Early theoretical thinking on state sovereignty can be traced to the 1500s. English philosopher Thomas Hobbes (1588 to 1679) argued that the state must have an authoritative sovereign person or assembly to declare law. John Locke (1632 to 1704) and Jean-Jacques Rousseau (1712 to 1778) defined the state as based on the citizens of the state's social contract to a government (Britannica, Sovereignty, 2019). Discussion on the state moved beyond this but it is still a topic debated in political literature.

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As Laski termed in 1925, sovereignty is the grammar of politics— how it is used and discussed is fundamental to arguments in political science studies (Laski, 1925). In international relations theory, sovereignty resides with the state. The state was built through struggles and contention between the society (peoples) and those who sought authority to rule the society, however concepts of the state also include the notion of the society that makes the state and only because we have society (peoples) who surrender authority to the state does the state assume authority. The arguments debating the notion of the state and its sovereignty, from the concept of power to ideas on the role of other states recognising the state as sovereign, are large and the theory is complex. This small section highlights key ideas and highlights the challenge the sovereign state faces in a globalised post-modern world.

The modern schools of thought on state sovereignty in international relations theory are vast and include liberal interdependence theories, realist interpretations, and pluralist points of view. Janice Thomson (1995) summarised in her article the various debates in the late 20th Century on state sovereignty. Liberal interdependence theorists, such as Keohane and Nye (1972 and 1977); Morse (1976); Rosecrane (1986) wrote on sovereignty, attempting to test whether sovereignty was eroding due to technology and the interdependence of states in the global world (as cited in Thomson, 1995, p. 215). Realists, such as Gilpin, (1975 and 1987), argued that sovereignty is not a given attribute of the state but a way of ordering world politics in a modern world (as cited in Thomson, 1995, p. 215). Pluralists on the other hand argued that the state is only one holder of power and therefore sovereignty in society, and that other institutions and the state share sovereignty (Thomson, 1995).

Post-modern literature on state sovereignty moved away from abstract discussions on sovereignty and its correct conceptualisation to debating the erosion (or not) of the sovereign state due to or as a stimulant of globalisation. As the world has become more globalised the true sovereignty of the nation state is challenged in literature, as international corporations extend beyond borders, nations co-operate on global issues (climate change for example) and the formation of international organisations like the United Nations, and international law makes states accountable. John Jackson (2003) stated in his review of sovereignty from an international law perspective that the integrated world:

“often demand(s) action that no single nation-state can satisfactorily carry out, and thus require(s) some type of institutional "coordination" mechanism. In some of these circumstances, therefore, a powerful tension is generated between traditional core "sovereignty," on the one hand, and the international institution, on the other hand.” (p. 784)

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From a non-legal perspective, MacCormick (1999) looked at the post-sovereign state modern world, summarised the questions raised with the union of states in the European Union and questioned what that means for state sovereignty, democracy and the concept of the sovereignty of people.

The postmodern world presents new challenges to the sovereignty of the state, in its understanding and in its ability to hold authority in a world becoming more and more interconnected. As Henry Schermers (2002) stated: "Sovereignty has many different aspects and none of these aspects is stable. The content of the notion of "sovereignty" is continuously changing, especially in recent years" (p. 185).

Discussions on sovereignty were brought to life in New Zealand in 2017 during discussions on the Trans-Pacific Partnership Agreement, a free-trade agreement that would liberalise trade between twelve pacific-rim countries⁸. A major issue of contention with the Trans-Pacific Partnership Agreement was the investment sections and the Investor State Disputes Settlement System that the agreement would invoke. In New Zealand, protest movements emerged against the signing of the agreement due to the perceived challenge it placed on New Zealand sovereignty. The Investor State Disputes Settlement system, written into many other free-trade agreement's and bilateral agreements:

"gives foreign investors the ability to seek arbitration when they believe their rights under these agreements have been breached by a host government, and when attempts to settle disputes amicably have failed. Arbitration claims are focused on determining whether a breach causing damage has occurred, and if so, whether compensation should be awarded" (New Zealand Institute of Economic Research, 2015).

The Investor State Dispute Settlements system is not a new construct, and the system is included in the text of many free-trade agreements⁹. However, in New Zealand and the Trans-Pacific Partnership protest movement the fear was that the concept within the agreement would erode New Zealand's sovereignty (Pearson, 2012). The fear that the opponents of the agreement expressed was that New Zealand companies and the government would be sued by foreign investors—therefore not just challenging New Zealand sovereignty, but potentially diminishing it. Kelsey (2017) was an opponent of

⁸ New Zealand, Australia, Canada, Chile, Brunei Darussalam, Malaysia, Mexico, Japan, Peru, Singapore, United States of America, Vietnam.

⁹ For example: China-Australia Free-Trade Agreement, New Zealand–Malaysia Free-Trade Agreement, North American Free-Trade Agreement (NAFTA).

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the agreement and was one of the scholars who discussed the reasons for the opposition in terms of sovereignty and the state to the media.

Globalisation in Reverse

When thinking and reading about globalisation and free trade, it is clear an assumption cannot be made that political relations influence free trade and that this pathway of influence is one-way. Globalisation and the pressures states feel to become more globalised and join into agreements influences how leaders interact with each other and how their relationships develop. There is literature on the role of the state in the context of globalisation and a globalised world that put forward a new ideal, or a new role of the state. What this selection of literature does is examine what the role of the state has been in the past and proposes the role or roles it must now adopt. It is almost looking at my research question in reverse – how globalisation (free trade) affects the state and its institutions (which includes political relations). Weiss (2003), in her book *States and the Global Economy: Bringing Domestic Institutions Back In* argued, as the title alludes to, that domestic institutions have a role to play in a globalised world. Weiss analysed globalisation, and argued that globalisation increases the interconnectedness of global or international institutions at the expense of the domestic institutions, and that those domestic institutions must conform to the pressures of the international institutions at times. Weiss did state that this is somewhat true, but she argued that the domestic institution has a role to play and in fact is an enabler of globalisation.

In similar fashion, Helen Nesadurai (2002) in her literature review of the relationship between globalisation and regionalism concluded that states do matter and that they have the ability “to manipulate inter-state relations to try and intervene in the international political economy with domestic interests” (p. 31). This argues that states interfere in a globalised world only to better domestic interests. Works like Weiss and Nesadurai point to flaws in previous works, accept certain arguments, and put forward their own cases that challenge the conventional way of thinking about globalisation and the pressures that lead states to conform.

Political Economy and Multi-National Corporations

The field of study that looks at the relationship between politics and economics is called *political economy*. A big question in this field of study, what I see as a political economy chicken and the egg scenario, is what has more influence on international relations (which includes trade decisions)—politics or economics? Engels (1877), in his book *Anti-Duhring* argued that economic factors are the primary factors in determining the structure of international relations (as cited in Clark, 2016). Jacob Viner (1948) also argued economic factors were secondary to political factors in international relations.

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Gilpin (1989), who reviewed the politics of transnational relations sums up the works of these mentioned authors amongst others. Gilpin saw political factors altering economies but the state as an important actor for international relations.

Gilpin (1989) also looked at the multinational corporation as evidence of economic factors driving international relations more so than political (although he did not argue this as the sole truth; he saw multinational corporations as partially responsible for the interdependence of nation states). As I reviewed the literature on global government ideas, the inclusion and role of multinational corporations was evident (Eden, 2004). Multinational corporations (or transnational corporations) can be argued as propellants of globalisation and possibly are more powerful than the nation state (depending on their relative size). Multinational corporations also engage with governments, and relationship building and networking between governments and corporations occurs to advance the interests of either side and for smoother co-operation between the two.

The question of how multinational corporations contribute to globalisation is addressed widely in the literature (Constance, 2008; Cuyvers & De Beule, 2005; Dicken, 1997; Kobrin, 2009). Dicken's work is worth focusing on (Dicken, 1997). Dicken analysed how these corporations have had an influence on globalisation, however argued that the influence is not without the help of the nation state. Dicken summarised some literature himself, looking at the older works and thoughts on transnational corporations giving rise to economic blocks and dissolving the need for a nation state, noting Robert Reich and Christopher Kindleberger (p. 77). Dicken argued that corporations have helped propel globalisation but also that globalisation has helped multinational corporations.

Korbin (2009) also argued that multinational corporations have had an influence on globalisation but went further to look at the negative impacts and the legal issues with governing transnational corporations. There is ample literature on the negative impacts of multinational corporations (Kokko, 1998). In today's world (2019/2020) we have problems with labour markets and fair trade issues due to globalisation, for example the trade dispute between China and United States in 2019 was largely focussed on China's alleged lack of fair trade policies, including but not limited to the human rights practises in China. A lot of these problems have been a result of multinational corporations not needing to comply with certain laws as different states have different regulations. A lot of questions need answering on the appropriate management of these corporations, to ensure fair-trade practises and human rights principles are adhered to (Kobrin, 2009). The lack of law and regulation (although the corporations are not necessarily opposed to law for example they like to see intellectual property law apply to them) on multinational corporations is an issue and is why writers like Wolf (2001) argued that global government has to improve. The literature then links back to the question of

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government, and again we see a relationship between the multinational corporations and the nation state.

Furthering the review of literature on multinational corporations, works that are written from a business, managerial or political standpoint were present in my research and referenced through the social science pieces on the relationship of multinational corporations to globalisation. Levitt (1983) and Ohmae (1989) both wrote on how a company can operate in globalised world. Levitt, in *The Globalisation of Markets*, argued that globalisation of corporates has proliferated due to technology, which is undeniable. Levitt envisioned a future where the multinational corporation will become a global corporation, as cultures become more homogenous and companies adapt their product to make up for any difference in needs remaining. Ohmae provided a more refined version of how corporations should do business in a globalised world. Callens (2018) summarised the importance of Ohmae in the textbook *Creative Globalisation*:

“Since 1985, it is the books of Kenichi Ohmae that have popularized the globalisation strategy for companies. His works have a precedence in this concern, and he is thus one of the primary strategists aligned with the maxim “Think globally, act locally”, accredited to Akio Morita, then president of Sony.”
(p. 3)

In *Managing in a Borderless World*, Ohmae (1989) put forward a challenge to companies to not only provide to the consumer in which the company was established, but to also think of the global consumer. Ohmae discussed how some goods can be considered universal, but not all are (fashion for example appeals differently), so firms cannot lose sight of who they are trying to sell to. Scott Fitzgerald (2012) picked this up in his book *Corporations and Cultural Industries: Time Warner, Bertelsmann, and News Corporation*, looking at the media industry. These works both highlighted to me the importance of the consumer, and significantly stated that the consumer is not a globalised consumer—showing that we have not reached complete (if possible) globalisation of culture and society yet.

Not all commentators agree on the importance of the multinational corporation in world politics. In his paper *State Power and the Structure of International Trade*, Krasner (1976) argued that the nation state is the central structure that influence policies. Krasner argued that the perspective that the state is “trapped by a transnational society created... by non-state actors” is misleading (Krasner, 1976, p. 19). At the core of his research is the contention that exerting power, through international trade policy, has been clearly seen as rationale for trade policy through history. He used the Corn Laws in Britain as an example, showing that Britain was able to exert influence over those

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colonial states it had relationships with by entering trade agreements and promoting the idea of free trade (p. 25).

Non-Government Organisations

Another topic that must be considered is the influence of non-government organisations in trade policy determination. In Doh and Teegan's (2003) book *Globalisation and NGOs: Transforming Business, Government, and Society*, the reader learns that non-government organisations have a role to play in globalisation and this role is between governments, but mainly between corporations. It is through non-government organisations that the case for a global form of governance can be imagined. In a review of Doh and Teegan's work, Lorraine Eden (2004) noted that that non-government organisations are one of three key actors in the global economy, alongside firms and governments and that non-government organisations are agents for change in the global economy (p. 564).

Non-government organisations do have a role to play in globalisation, however exactly what that role is, and the effectiveness of this role is questionable. Literature debates and looks for pathways for improvement of non-government organisations and global governance (Fowler, 1997). Wolf (2001) argued that global governance must be improved. The need for a form a global governance to ensure globalisation is effectively administered is also argued for by Dhanapala (2001) in her paper on the cartography of governance and perhaps, according to Dhanapala, non-government organisations can be the facilitator to global governance. Overall, the literature showed that non-government organisations have a place, but they are reasonably limited in their power unless they become a facilitator of a global government. I do not see non-government organisations as particularly important to my research given most of the literature on non-government organisations seeks to find what role the non-government organisation has to play, which is not directly relevant to understanding the role of political leader-to-leader relationships in the discussions on free-trade agreements.

Section Two: Leadership and International Relations

In modern times, political science scholars have given more consideration to how political variables affect various policy outcomes (Bäck, 2017). This extends to the political variable that is leadership.

The first step to understanding a political relationship is to understand what the literature identifies as forming the individual leader; what influences the individual and the outcomes of their leadership. In this section of the literature review I look at what studies on leaders have focused on, how analysis in these studies has been formed, and the inter-disciplinary nature of these studies that look also into psychology. What is

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evident when analysing this literature is that analysing a leader requires understanding of the person's traits and beliefs, and an understanding of the political context before any interpretation of the leadership can be made. This becomes a theme through this chapter; analysis of a leader and a leader's relationships cannot be undertaken in isolation.

Literature that analyses the role of the leader of a nation state (prime minister or president) in the field of international relations looks at multiple questions. The most obvious of these questions relevant to the study of politics is: "what makes a good leader?" or in other words what influences a leader's ability, as James Walter and Paul Strangio (2007) set out to answer. Walter and Strangio found that a leader with robust institutions, good public services, strong opposition and alternative policy advice at hand makes an effective leader. However, Walter and Strangio did not argue that personality, relationships and historical context had influence, which others argue are crucial to leader effectiveness (Foley, 2000; Greenstein, 1967). Evidently, there are many factors that influence a leader's effectiveness, or what makes them good (I note the subjective nature of this word). Margaret Hermann (2001) argued that "who leads matters" and that skill, style, and personality are contributing attributes to a successful, or not-so-successful, leadership. In the book *The Presidential Leadership Dilemma*, the conclusion is reached there are three aspects of a discerning leader. Firstly, the ability to read political situations; secondly, the ability to anticipate future courses of action; and thirdly, the ability to pursue clear goals (Azari, Brown, & Nwokora, 2013, p. 218). The argument therefore is that the success of a leader is based on skill and the characteristic of discipline and determination. It was also argued in this work that political structures and historical context shape a leader's ability to perform, but the leader, an individual agent, can shape context and structure. What is clear from the literature discussed is that skills, personality and the context all have a role to play in understanding the influence of a prime minister's (or president's) power (Strangio, 2013, pp. 2-3). Saunders (2016) in her work *Leaders at War: How Presidents Shape Military Interventions* looked at how leaders' personalities and bias, skills and political beliefs influenced their likelihood to enter international conflicts. She argued that those who are more focussed on their country's domestic outcomes are more likely to take transformative (in other words to enter a conflict) measures. Weeks' (2014) work *Dictators at War and Peace* is important as it uncovers how nations with dictators are limited and must answer to the domestic allies (companies, influential individuals, organisations for example) they have supporting their position of power. This brings domestic politics into the limelight, and reminds that context is important. Although it is not the point of my thesis to analyse leaders' personalities and reasons for entering

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conflict, I cannot ignore the fact that perhaps an individual leader has more influence on trade policy than the relationship between the leaders has and it is possible my research may uncover this.

Horowitz et al. (2018) looked at foreign policy in the work titled *What Makes Foreign Policy Teams Tick*. The multiple authors argued that there is an advantage for leaders to be in groups and co-operate, and that is why they seek relationships with other leaders. This idea of not wanting to be in isolation and therefore seeking security (in the sense of trade security, traditional allies, policy support on the international stage) is stressed. Christopher Coker (2002) in his analysis of the role of non-state actors went beyond the nation states security. He looked at the concept of insecurities by a person, and collectively a culture, and argued that peoples can find themselves alienated and therefore insecure on this level.

Readings on leaders in international relations and what influences leader success is found in political science literature as well as psychology and political psychology literature. This inter-disciplinary reading uncovered some pertinent points. Although I do not undertake a complete review into leadership psychology literature as this would have required too much time, acknowledgement of the field is necessary. Juliet Kaarboo (2018) noted that political psychology is often over-looked and argued it does have a place in understanding leaders (p.35). Kertzer and Tingley (2018) supported this and evaluated in their work how political leadership literature is split into sections that look at various influencing factors, like the historical reasons for an action or the psychological influences on an action. For the purpose of this thesis, which is not a political psychology thesis, the political psychologist works I did review, have highlighted that it is important to recognise that psychology could help explain actions by leaders.

Literature on leadership has shown that it is important to identify the leader not just as a job role personified, but as a human being capable of emotion, with the inner desires of a human being and with faults. Relationships are formed by two human beings. It could be that personalities affect the relationships, or that it is a result of historical context, or both. Although asking why a relationship was formed or was good is not a question for my research, it was important to consider aspects of these questions.

Literature Review: In Summary

The first section of the literature review defined key terms, discussed the role of free trade theory and the key influencing factors on free trade other than political relationships between leaders. A key finding from this section is that there are multiple

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forces at play that determine a trade outcome, and to determine the effect of political relationships between leaders on free trade all forces at play must be considered. The second section of this literature review summarised key points that came through literature on leaders with attention to international relations. The review identified that understanding the leader and the relationship between leaders as that of two human beings is important. The section on leaders noted the importance of context in analysing a leader, adding weight to the conclusion drawn from section one that other influencing factors must be considered and compared against each other to help determine how much influence political relationships have on free trade decisions.

Thomas Preston (2010), in his review of leadership literature and foreign policy analysis, summarised the work of Bass and Stodgill (who wrote *Bass and Stodgills Handbook of Leadership*) aptly:

“across many fields of endeavour, leadership has been recognized as one of the most important variables influencing the success or failure of various activities, ranging from military campaigns...to the character and quality of nation-state and domestic policies” (p. 1)

It is due to this influential importance of leadership that I sought to examine leaders, specifically their relationships with other leaders. As Hermann (1999), Greenstein (1967), Neustadt (1960) and Preston (2010), amongst others argue in one way or another, leadership matters in foreign policy. In 2019 this was evidenced as Donald Trump exerted and still (2020) exerts his unique and confronting style of leadership with dramatic effects for the United States, and other nations (for example United States involvement in the Trans-Pacific Partnership Agreement has been left in the past of Obama’s presidency). We know leaders matter in the formation of free-trade policy to some degree, but how much do their relationships with other leaders matter? Forming agreements and facilitating free trade requires collaboration between nation states—but how much is dependent on the leader-to-leader relationship rather than other influencing factors is what this thesis looks to answer.

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Chapter Two: Research Method

My research question is one that is best answered through qualitative methods. My research question looks at political relationships—an attribute that cannot be quantitatively analysed with ease, and certainly not without the analysis of qualitative sources. As Vromen (1995) aptly stated: “the focus of qualitative methods in political science is on detailed, text-based answers that are often historical or include personal reflection from participants in political institutions, events issues, or processes” (p. 249). Vromen detailed the benefits and disadvantages of qualitative analysis as well as providing some tips to researchers. Vromen examined the pathway of debate that morphed qualitative analysis in political science from one that was solely descriptive and lacked comparable recognition in journals like quantitative studies did, to one where the “real-world” of politics needed to feature more in our political analyses (p. 253). Therefore, after consideration of Vromen’s summary of qualitative study, alongside the literature review that demanded I consider context, the best way to answer my research question was to research the real-world situations; to understand the political context that surrounds the relationships.

It was important to consider the advantages and disadvantages of qualitative research. Vromen (2010) analysed the merits of qualitative analysis and then moved on to how there could be a methodology applied to such qualitative approaches. He examined how the challenges of this analysis, for example questions of causality and generalisation, raise questions of research validity. In the second half of this chapter on qualitative methods, Vromen summarised research design techniques, including interview styles and textual or documentary analysis techniques. First, Vromen emphasised the importance of context. Researchers of political science “cannot provide the full picture unless we have collected the full picture from undertaking detailed in-depth research to answer our research questions” (Vromen, 2010, p. 257). Drawing on Robert Pierce, Vromen highlighted four key attributes that a qualitative research piece possesses:

1. *Inductive analysis* or the use of exploratory questions.
2. A *holistic perspective* that involves understanding wide phenomena and avoiding reduction of variables.
3. *Qualitative and adaptive data collection* ensures the researchers is not locked into strict research design as new pathways of discovery may unfold in the research process.
4. If complete objectivity is impossible then the researcher must understand the complex world with empathy and attempt to be non-judgemental, thus showing *empathetic neutrality*. (as cited in Vromen, 2010)

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The types of techniques that could be employed by a qualitative researcher include case studies, contextual historical commentary, interviews, focus groups, textual and discourse analysis. These contrast with quantitative techniques used in political science such as surveys, questionnaires, or content analysis. To answer my research question, I used case studies and within those case studies used interviews and contextual historical commentary.

Case Studies and Interviews

To best answer my research question, I decided to focus on two case studies. I decided due to my location and knowledge base to focus on New Zealand leaders and their relationship with other leaders. Naturally, my understanding of New Zealand policy and leadership, as well as my access to primary resources is greater. The question then was what leaders to analyse? A case that stood out to me was the relationship between John Key, former New Zealand prime minister, and Barack Obama, former United States president. The pair's relationship extended beyond the political world stage; to golf courses and lunches. A google search brings headlines such as "Sir John Key really is Obama's bro" (Fonseka, 2018) and "Narrow win for 'Team New Zealand' as Barack Obama tees off with John Key in Northland" (Stuff, 2018). Just how much this relationship influenced free-trade discussions between the two nations is what this research seeks to uncover.

One method of case study analysis is to compare two different cases, as author on case study analysis Robert Yin (2014) described in his work. Case study comparison analysis can work well when some variables are kept constant. A common scientific method follows that if we have 3 variables, x, y, z and we keep y and z constant we can test the influence (or not) of x . It is not always possible in social science to keep all variables constant, which would by doing so render the case not "real-world". In this case, as a comparison to the Obama and Key relationship, I look at New Zealand and China, namely John Key and Chinese Presidents Hu Jintao and Xi Jinping. The variable kept constant is Key. However, there are many variables at play in the relationships and the wider setting politically and I ensure, through wide research and inductive questions in my interviews, that I do not limit the scope of the investigation.

These two nations, China and New Zealand, with completely different forms of government, societal backgrounds and languages, have managed to sign a free-trade arrangement together. The relationship is at first glance very different to that of Key and Obama, however the two have strong trade ties, which is why it is interesting as a comparison case study. And interesting, according to Yin, is a good reason to select a certain case study (Yin, *Applications of Case Study Research*, 2012, p. 7).

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It is important to read and analyse data critically and ensure an approach is clear when undertaking research. Throughout my research I ensured that I kept Pierce's four key attributes that a qualitative research piece possesses as central to my investigation:

1. Inductive analysis
2. Holistic perspective
3. Qualitative and adaptive data collection
4. Empathetic neutrality

These four attributes were how I analysed data and how I formed parts of the methodology (exploratory questions for the interviews is a form of inductive analysis).

Interview Method

I had access to political figures central to my research, so I decided interviews would be a key part of my data collection. I interviewed John Key and Murray McCully (former minister for foreign affairs and trade for New Zealand from 2008 to 2017, under John Key's National Government). McCully provides validation and broader context to the research as there is more to a political relationship than just the leaders alone. John Key is critical to the research, as he is one of the main actors in the relationships I analysed.

It is an obvious omission from the work that I could not interview all leaders involved. This is due to my lack of access to these leaders, such as Barack Obama, Xi Jinping or Hu Jintao. The research could be further substantiated with the interview questions posed to the other leaders.

Creating the interview questions was an important step in my research process. I kept my questions focussed on the topic, but not so definitive to obstruct the interview from exploring relevant ideas. My method was therefore exploratory in nature, and I kept true to step one of Pierce's qualitative study attributes—an inductive approach. I had thirty minutes with each interviewee, although McCully graciously allowed me more time and the interview spanned over the thirty-minute time slot.

The questions I created needed to explore aspects of both case studies. Knowing the time allotment of thirty minutes, and noting I needed to allow time for any de-railing from the questions at hand should I find something interesting to question further in the interviews, I settled on eight questions. Three questions particular to each case study and two broad questions directed at the research question that aimed to gauge the opinion of the leader on the importance of a person and relationship to free trade negotiations. Some questions were different in order to correctly address the political figure or to touch on political relationships particular to the interviewee.

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The interview participants knew my research question, giving context to the interview questions. I briefed both Key and McCully on the case studies selected, and that there were eight questions. Both John Key and McCully were given the questions prior. John Key did not read the questions beforehand; McCully did.

The questions were as follows for Sir John Key:

New Zealand and China:

1. How would you describe the relationship between New Zealand and China (with emphasis on our trade relationship)?
2. How important is consistency and regularity of communication, including visits, to the relationship with Chinese officials?
3. Were there any conversations between yourself and Chinese politicians that were not strictly political and were you able to build a personal relationship with Chinese officials?

New Zealand and United States:

1. How would you describe the relationship between New Zealand and the United States (with emphasis on the trade relationship)?
2. How would you describe the encounters you had with Barack Obama?
3. How important did you view the relationship between yourself and Obama for the Trans-Pacific Partnership Agreement to be ratified by all nations? And any comments about the relationship?

General:

1. What is the effect, if any, of a change in government official or leader to trade discussions?
2. In your opinion, do you think it makes a difference if you can bond and get along on a personal level, as two leaders or two government officials, when discussing issues like free trade?

The questions were as follows for Mr Murray McCully:

New Zealand - China

1. How would you describe the relationship between New Zealand and China (with emphasis on our trade relationship)?

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2. How important is consistency and regularity of communication, including visits, to the relationship with Chinese officials?

3. Were there any conversations between yourself and Chinese politicians that were not strictly political and were you able to build a personal relationship with Chinese officials?

New Zealand and United States

1. How would you describe the relationship between New Zealand and the United States (with emphasis on the trade relationship)?

2. How important did you view the relationship between Key and Obama for the Trans-Pacific Partnership Agreement to be ratified by all nations? And any comments about the relationship?

3. How would you describe the relationship and encounters you had with Hilary Clinton and John Kerry?

General Questions:

1. What is the effect, if any, of a change in government official or leader to trade discussions?

2. In your opinion, do you think it makes a difference if you can bond and get along on a personal level, as two leaders or two government officials, when discussing issues like free trade?

The purpose of the interviews was to, as Vromem (2010) wrote, "use interview data with political elites in combination with other case study data such as documentary evidence to be able to reconstruct a narrative of the event" (p. 258). It then follows that I did not use interview data alone.

As I have repeatedly stated, context is crucial in the analysis of the case study. To undertake my wider research and to enable my interview answers to be analysed and understood in context there were certain aspects in my wider research I knew from the outset I needed to understand. I completed this prior to the interviews. One was the background of the leader; what was their individual story, where had they come from and what was important to them as a leader? Another important factor was to understand where and why a common connection was held between leaders and to understand the history between the leader's nations. Usually relationships between people are formed because they have some sort of common tie—this could be a historical connection, it could be a common interest, or it could be that the context

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requires them to forge a relationship. In this same tone, agreements between nations are formed because of common interest in the outcome of the agreement.

I also had to note that there may be other factors that are more influential than the relationship itself. It is here where history and recognising other factors that have led to the agreements needed to be considered. To do this, history must be looked at and I needed to be open in my research to allow for deviations from the planned analysis and further explanation of certain events or interactions. This research demanded I understand the history of the trade agreements between nations, the history of the two nation's relationship (through other leaders), and the history of the nation's views on trade and the economic school of thought that nation tended to follow. This required analysis largely of secondary sources.

The third important factor I thought would allow me to understand the full picture, or real-world scenario, was to analyse the engagement between the nation's leaders. This is asking questions when critically analysing my sources such as: "how often do they interact with other issues?" and "how good is their communication?". This section required collection of data, and a form of judgement on the comparison between the two cases, and a judgement on whether this effected the relationship.

It should be noted that I decided not to analyse the relationships under the lens of political psychology. This is a field of study that could be applied to this question, however for the purpose of my study is too large and complex to include. When thinking about ensuring that the study is analysed in full context, it is easy to drift beyond the lines of political study and to think laterally of other fields of study. Analysing the psychology of the leaders, although interesting and perhaps useful if done properly, could not be effectively done within my research project. I therefore kept my analysis strictly in the political science field of study.

Organising my Findings

The findings from my research are detailed in a simple and logical manner. I first present the findings from the secondary source research and critical reading. I divide the findings by case study. This gives the historical background to the interview answers and provides context. I then present the interview findings, divided by case study, with a separate section for the general questions. I finally summarise the key findings from the case studies, consider faults in the research and draw conclusions in the final chapter of the thesis.

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Chapter Three: Case Study One: New Zealand and United States

Introduction

The relationship between John Key, prime minister of New Zealand from 19 November 2008 to 12 December 2016, and Barack Obama, president of the United States from 20 January 2009 to 20 January 2017, was reported through New Zealand news media as a relationship of two friends, a “bromance” even (Watkins, 2018). With common interests like golf and holidaying in Hawaii (AP Fairfax, 2014), the two were presented in the media as personal friends. The international celebrity status of United States President Barack Obama certainly drew attention to the budding relationship between Key and Obama in itself, but politically it was important for Key to form and nurture a strong relationship with Obama for multiple purposes, one being the Trans-Pacific Partnership Agreement (NZPA, 2011).

The Trans-Pacific Partnership Agreement (TPPA) is/was a “free-trade agreement that would liberalise trade and investment between 12 Pacific-rim countries” (New Zealand Ministry of Foreign Affairs and Trade, n.d.). The agreement included New Zealand and the United States. For the United States supporters of the deal, “such a deal would have expanded United States trade and investment abroad, spurred economic growth, lowered consumer prices, and created new jobs, while also advancing United States strategic interests in the Asia-Pacific region” (Chatzky, 2019). Discussions on the Trans-Pacific Partnership Agreement preceded Key’s government, but Key was at the forefront of New Zealand’s Trans-Pacific Partnership Agreement campaign during his time as prime minister.

The Trans-Pacific Partnership Agreement negotiations were controversial in New Zealand between parliamentary members and amongst the public. The resistance reached a peak in 2015, and although helping to initiate talks and former Labour Party leader Helen Clark supporting the Trans-Pacific Partnership Agreement, the Labour Party and the Green Party opposed the agreement in 2015 unless it laid foundations for greater control by the New Zealand government (Trevett, 2015). It sprung a lot of protest within New Zealand around protectionist fears for farmers and housing, coupled with the fear that the nation’s sovereignty would be compromised (Winley, 2015). Scholar Jane Kelsey was an active participant in the protests and was a voice heard by politicians. Kelsey wrote a submission on issues surrounding the Waitangi Tribunal hearings and the Trans-Pacific Partnership Agreement, however it was evident in parliamentary discussions that she was against the conclusion of such an agreement (NZ Parliament, 2016). The controversy appeared to provide a battle for Key and the National party, however as Helen Clark, former leader of the Labour Party, pointed out it was “unthinkable” for New

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Zealand to be left out of the agreement as this would hinder the small, trading, export orientated nation of New Zealand (Trevett, 2015). So, the negotiation of the agreement continued, despite unrest over the details within New Zealand.

For the United States, the Trans-Pacific Partnership Agreement was certainly on Obama's agenda to achieve ratification (Obama, 2016). The argument for the Trans-Pacific Partnership Agreement as described by the United States government was three-pronged. Firstly, it would strengthen the United States economy by protecting jobs and creating more American jobs as a result of such an agreement. Secondly it would ensure the global economy reflected its values of fair trade and other trade "rules of the road", and thirdly it would strengthen the commitment to the region which it has had ties with in the past and deems an important strategic region (USTR. Strategic Importance of TPP Fact Sheet). Fact sheets detailing the United States Office for Trade can be found on their website from when the Trans-Pacific Partnership Agreement looked like it was almost agreed upon, however now, in 2019, we see the effects of a change in president and a change in view as the website reflects that the United States have formally pulled out of the deal (USTR. Trans-Pacific Partnership (TPP)). The other nations still went ahead to sign an agreement a year after the United States withdrew called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), however the weight of the agreement relied on United States involvement due to the significance of the nation in terms of Gross Domestic Product and trade size.

The Trans-Pacific Partnership Agreement, although not the only formal trade discussion between the United States and New Zealand, was one of the major focuses of Key and Obama and what many of their discussions on trade centred around. The case study focuses on these two leaders, portrayed as friends in the media, who in the lengths of their leadership terms, were dealing together and discussing free trade in relation to the proposed Trans-Pacific Partnership Agreement.

John Key

John Key grew up in Christchurch, in state housing with his mother after his father passed away. He finished high school and studied at Canterbury University where he gained a commerce degree and shortly after began work as an auditor in 1982. He then moved to Wellington in 1984 taking a job as a foreign exchange dealer. His career excelled from there, moving across companies in Auckland, Singapore, New York and London. He also completed Harvard management courses. Key had always planned to get into politics (Rapson, 2005). Upon learning this, John Slater, National Party president alongside then Prime Minister Jenny Shipley, recruited John Key. Key entered politics in 2002, representing National's Helensville electorate in Auckland. He then became finance spokesman for National in 2004, and in 2006 he became party leader, succeeding Don

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Brash, and brought the National Party to victory in 2008 where he served as prime minister of New Zealand until his voluntary resignation from the role in December 2016 (McMillan, 2019; Roughan, 2017).

One of his biggest strengths as a politician was that he seemed relatable and normal which aided his popularity as prime minister (Campbell, 2016). Biographer John Roughan (2017) made an observation about Key in the book *John Key: Portrait of a Prime Minister* that "Key treats the great and famous much as he treats most people – with genuine interest" (p. 14). However, when he talks on serious topics his intelligence shines and his experience in finance and politics gives him credibility to come to the conclusions he does. From the interview and his mannerisms, I can see just how he would be before a boardroom meeting and then at the boardroom table; friendly and jovial to compelling and impressive. His approach to conflict, although not shy, is also one of tact and reason; when he dismissed two of his cabinet ministers during his term, he described it as "a dispassionate political calculation" and not personal (Roughan, 2017, p. 257).

China and free trade were high on the agenda for the Key government. John Key became prime minister in 2008, in the middle of the Global Financial crisis and New Zealand's economy was priority for the government. The previous Labour government had signed a free-trade agreement with China. This gave Key access to the Chinese market who had a need for New Zealand products. Thus, Key prioritised the Chinese economic relationship within his government. John Key placed trade high on his agenda in general, which stretched beyond China to include the United States and other nations in the Trans-Pacific Partnership Agreement.

Barack Obama

The 44th president of the United States of America, Barack Obama, was born in Hawaii in 1961. Barack Obama grew up in Hawaii until he finished high school. He then moved to Los Angeles to study and then moved to New York to finish his Political Science degree. His passion for civil justice and human rights commenced from an early age, joining Harvard Law School in 1988. He was the first African-American editor of the Harvard Law Review. He then practised as a civil rights lawyer. In 1996 he decided to translate his passions to politics and ran for and won the Illinois state senate seat. Running as a Democrat, his next move was to try and gain a United States State Senate seat, the first time he failed but in 2005 he successfully gained a seat. In early 2007 he announced his candidacy for the presidency and beat Hilary Clinton in running for the democratic nomination. He won the presidency, beat Republican John McCain and became the first African-American president of the United States. He was sworn in in January 2008, with Joe Biden as vice-president. (Biography.com editors, 2014)

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President Barack Obama represented hope through change; his famous campaign line "Yes We Can" becoming an aspirational slogan for many followers in the United States. (Villanueva, 2010). Barack Obama had clear passions and was an inspiring figure during his campaign, however, is noted for being one who did not change much during his two presidential terms (Ayres, 2014). This has a lot to do with the structure of the United States system; a largely republican congress (majority republican after the 2010 midterm elections) created a battleground for passing legislation (MacAskill, 2010). I did not have the opportunity to interview Barack Obama, however the secondary sources available are vast.

His legal background is possibly the reason he was meticulous and relatively slow in his decision making as president. As Professor of Government from Georgetown University Dr Stephen Wayne (2010) stated:

"Obama adheres to an elaborate and time-consuming decision making process in which he identifies and assembles policy experts, listens as they debate the issues, asks tough questions throughout, requests the opinions and recommendations of everyone in the room—all of which inform his policy judgment" (p. 10).

In an assessment of Barack Obama's personality, using various methods, Aubrey Immelman (2010) at the time of her writing determined that Obama was "more pragmatic than ideological" and likely had a "preference for gathering information from a variety of sources rather than relying solely on advisors and administration officials" (p. 15). Immelman's study was completed prior to Obama's presidency however the conclusions were evidenced during Obama's terms. Obama made decisions carefully, he was a good listener, and he wanted decisions made that were sensible. In a speech given after his presidency, Obama (2017) said that the mistake of activists in his view was to rush forward with change, and the challenge he saw "is once you've gotten the attention of people in power then you have to engage them and have sensible ideas".

A main priority for Obama in his first term as president was to get America out of the recession (Obama, 2008). Obama inherited the global economic conditions like Key did, as they both entered their leadership roles in 2008. This was of course a focus for both as it was a major issue globally, however the approach was different. Key saw China as an opportunity, with a freshly signed free-trade agreement to provide growth in New Zealand. Obama recognised the benefits of free trade but the main method to manage America out of recession was to save some of the key banks and pass through tax cuts (Wolf, 2017). A difference in opportunity perhaps.

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New Zealand–United States History of the Relationship

It is important to understand the history of the United States–New Zealand relationship. In order to understand what other factors might be at play and to understand the leader's relationships influence, as Stogdill and Fiedler (1975) highlight, we must understand the person *and* the situation.

New Zealand and the United States relations can be traced back to the first United States consul established in New Zealand in 1838. Formal diplomatic relations began in 1942 between the United States and New Zealand after New Zealand was recognised by the United Kingdom as having "domestic and external autonomy within the British Empire" (U.S. Embassy & Consulate in New Zealand, 2019). Culturally, New Zealand and the United States are similar; both English speaking nations with similar values, predominantly Christian religious beliefs, and the two nations are upholders of democratic institutions. This has meant that the two nations have a natural political affinity. In 1951 a formal strategic/security agreement was signed with Australia: Australia, New Zealand, United States Security Treaty (ANZUS)¹⁰. This security treaty promised consultation between the three signatories in the event of an attack in the Pacific region.

The relationship between the United States and New Zealand blew up in the 1980s (US Department of State, 2018). The United States increased their military power as a response to the rising Soviet Union. The Cold War period caused a lot of tension and fear around the world, and one was the fear of nuclear power and nuclear weapons. New Zealand declared itself nuclear-free under David Lange's Labour government in a time of growing nuclear warfare threats. This meant that no ships that carried nuclear power, or that had the capability to, could dock in New Zealand ports. New Zealand refused entry to the U.S. Buchanan ship on the possibility it might be carrying nuclear weapons (Ministry for Culture and Heritage, 2016). The United States suspended military and intelligence co-operation under the ANZUS agreement (National Security Council).

As the years continued, the relationship mended itself, all while New Zealand's anti-nuclear policy remained. As David Capie (2019) wrote, "New Zealand is not a formal United States ally but now has closer defence relations with the United States than it has had for more than four decades" (p. 380). Into the new millennium, the co-operation between New Zealand and the United States in international conflicts and counter-terrorism efforts showed a return to a strength between the allies (Hiebert, 2015, p. 3). In 2010 the Wellington Declaration was signed under John Key's government, a United

¹⁰ Australia, New Zealand, United States Security Treaty is a military co-operation treaty that was signed in 1951.

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States ship could dock in New Zealand, and, in 2012, the Washington Declaration was signed by the defence ministers of the two nations putting forward a framework to further strengthen the defence relationship (Hiebert, 2015, p. 4). Through these decades, trade and cultural ties remained, and continued to improve even through the 1980s and 1990s despite the military rift. The New Zealand and United States relationship has been heavily influenced by the anti-nuclear stance of New Zealand.

The United States–New Zealand relationship is also defined by trade relations, although the trade and security relations have been intertwined (Harris, 2014). The 1990s and 2000s saw New Zealand governments seek free trade as a foreign policy priority (Buchanan, 2010, p. 278). The New Zealand and the United States signed a Trade and Investment Framework Agreement (TIFA) which the United States has with a lot of nation states¹¹. This agreement (not a free-trade agreement) was signed in October 1992, and it gives structure and protocol to how the conversations on trade relations between the two countries should proceed. The New Zealand United States Council website (2014) describes the agreement: “The agreement provides a framework and common vision for co-operation to strengthen and expand the bilateral defence relationship.” Despite the efforts of New Zealand leaders since the early 2000s there has been no free-trade agreement signed between the United States and New Zealand, and surely the military relationship has had influence on this (Harris, 2014). The largest change to the United States–New Zealand trade relationship could have come in the form of the Trans-Pacific Partnership Agreement, which Harris (2014) described as “the most crucial contemporary and future influence on the New Zealand–United States relationship” (p. 177).

New Zealand and Free Trade

In the literature review the chronology of the various schools of thought on trade and globalisation (although it was not called so in the past) was identified, and the different debates on free trade and its benefits were highlighted. The writings of Adam Smith, the ideas of open markets and the benefits of free trade are contended by the views of Stiglitz and Rodrik, to name a few. Just as the academics do not all have the same opinion on the real benefits of free trade and globalisation of markets, neither do nations and publics. Both sides of the political spectrum in New Zealand, the Labour Party on the left and the National Party on the right, have been proponents of free trade since the 1980s. It was under Helen Clark’s government that a free-trade agreement with China

¹¹ For example, with Uruguay, Taiwan, and ASEAN countries which includes Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, and Vietnam

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was signed prior to John Key and Helen Clark was also a promoter of the Trans-Pacific Partnership Agreement¹².

However, not all the public all the time agreed with particular free-trade agendas. Concerns on sovereignty, intellectual property effects and distribution of generic drugs were among the concerns raised by many commentators (Harris, 2014, p. 177). During John Key's leadership, factions of the New Zealand public protested the Trans-Pacific Partnership Agreement. Across New Zealand the media reported on "thousands turn[ing] out to protest Trans-Pacific Partnership Agreement" (Radio New Zealand, 2015). The main reason the protesters were against the Trans-Pacific Partnership Agreement was the Investor-State Dispute Resolution provisions in the agreement¹³.

Those against the Trans-Pacific Partnership Agreement also argued that the processes of negotiating and agreeing to the Trans-Pacific Partnership Agreement were secretive and undemocratic (as cited in McCallen, 2015). In the literature review I addressed the case study of Denmark and Ireland, where the voters had influence, and then compared to the thoughts of Jane Kelsey that in New Zealand the state makes decisions in relatively closed-door discussion groups. This view was upheld by Kelsey into 2018, as Jacinda Arden's government has signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership after the United States did not sign the Trans-Pacific Partnership Agreement. Kelsey feared this agreement still had the possibility if the United States joined to be the same as it was positioned to be under Key. According to Kelsey, the current (at her time of writing, 2018) Labour government will "roll over" if the United States re-joins (Satherley, 2018). My interview findings present Key's thoughts on the protestors.

Aside from the Trans-Pacific Partnership Agreement, New Zealand has been a long-standing proponent of free trade:

"In the 1980s we were forced to forge our own path. We went through enormous reforms, cutting subsidies, tearing down trade barriers and opening ourselves up to the world. And we emerged as a free trade trailblazer, setting the standard in a variety of industries and helping create the prosperity we enjoy today. The differences between then and now are stark" (Key, 2016).

This statement is backed by a passage on the Ministry of Foreign Affairs website, where the official ministry view on free-trade agreement's is clear:

¹² This identifies a gap in my research where perhaps interviewing a Labour minister would be useful.

¹³ Refer to Literature Review chapter.

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“An FTA (free-trade agreement) can help both sides to manage risks associated with imported products more effectively and efficiently as well as promote co-operation and collaboration to build strong institutional relationships to resolve specific trade concerns.” (Ministry of Foreign Affairs and Trade, n.d.).

Of course, there are individuals and groups in New Zealand who do not share this view, however it certainly is the view of both sides of the government, Labour and National, and most New Zealanders who understand that the nation, heavily reliant on an export industry, requires free trade and believes in its benefits. In my interview findings I present Key's view on this. Despite protests on the Trans-Pacific Partnership Agreement, New Zealand governments have, since the 1980s, continually sought to conclude free-trade agreements with trading partners.

The United States and Free Trade

America's history with free trade has not been as straightforward as New Zealand's, with differences through the decades in the level of commitment to, and belief in, the advantages to the United States of free trade. This uneasy history and the debate within the United States is “intertwined with economic theories of competition and geopolitics” (Destler, 2016).

As early as the 19th Century, trade was a controversial topic in the United States. In 1930 the Smoot Hawley Act was implemented, placing tariffs to protect United States producers. Soon after its implementation, President Roosevelt's Secretary of State, Hull, proposed free-trade agreements as a way of pleasing his voters and as a superior way of managing trade compared to tariffs (Woolner, 2011). Bilateral agreements followed, and after World War Two, the General Agreement on Trade and Tariffs, known as GATT, was created and the United States were heavily involved in this multilateral agreement designed to lower trade barriers. In the 1980s and 1990s there was the creation of multiple free-trade agreements; United States-Canada Free-Trade Agreement, North Atlantic Free-Trade Agreement (NAFTA), and the early 2000s under George Bush seven free-trade agreements were made with multiple countries including Australia, Chile, Singapore and the Dominican Republic (Destler, 2016). The creation of the World Trade Organisation in 1994 following the Uruguay round reduced trade barriers further, and the multilateral Doha round occurred in 2001 (however the success of that agreement was almost negligible). By the early 2000s, the United States interest in free-trade agreements had surged (Cooper, 2014, p. 146). America, with its large exporting industries and benefiting from imports, was thriving from the effects of globalised markets. However, not all was well in the American economy and as markets around the world continued to globalise, and labour started to be out-sourced as changes in

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communications technology changed the world of trade, and discontent began to rise with the middle-class Americans and subsequently with politicians.

As I addressed in my literature review, anti-globalisation arguments contend that the globalisation of markets favours the elite, multinational corporations, and ultimately the state's ability to protect and support its people gives way. As Shaun Narine (2018) pointed out, "over the past forty years the United States has been one of the chief advocates and beneficiaries of international economic and financial liberalisation. However...the country has experienced considerable social and economic disruption" (p. 57). By looking at economic data for the United States in the early 2000s, it is clear to Narine (2018) there are major disparities within the economy and between different occupational groups. Education and health care access for the low and middle class is difficult and expensive. As free trade was seen to take work away from working class America to nations where it could be executed cheaper for the corporations, the middle-class opinion on international economics drifted back to that of protectionist policy.

Donald Trump won the presidential election in 2016 by capitalizing on a large portion of the American people's dissatisfaction with globalisation and distrust in Washington (being an outsider of Washington himself). Narine (2018) pointed out, with multiple sources cited, that many Americans felt deeply alienated by their political system, with most believing that the system is "'rigged' in favour of wealthy interests" (p. 8). This claim is evidenced by the election of President Donald Trump, who mobilized this fear in his campaign, presenting himself as an outsider to the White House, and not part of the Washington elite. Coupled with his protectionist economic philosophy, embodied in the slogan "Make America Great Again", Trump tapped into the population who had those anti-globalisation beliefs and distrust of the Washington elite. Trump won the presidency, and pursued protectionist measures, removing the United States from a commitment to the Trans-Pacific Partnership Agreement and preferring bilateral trade agreements to multilateral or regional, to ensure America's interests were protected and that an escape route from agreements was easy (Correll, 2018).

The Pursuit of the Elusive Trans-Pacific Partnership Agreement

In contrast to Donald Trump, Obama was a supporter of free trade, and he believed in the benefits for America of pursuing free-trade agreements. It was his predecessor, President George Bush Junior, who expressed interest in joining the Trans-Pacific Partnership Agreement, and Obama carried the baton into his presidency. However, it was not a marker of his presidency, and the pursuit of international free-trade agreements was not something he was known for (in contrast Trump is well known for protectionist policies and starting trade wars) (Von Drehle, 2016). The Trans-Pacific Partnership Agreement caused controversy within the American public and in

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Washington Donald Trump was fervently opposed to the deal and Hilary Clinton, leader of the Democratic Party, was opposed to the agreement after its text was finalized (Abadi, 2016). It is therefore obvious that the issues with the Trans-Pacific Partnership Agreement, including copyright disputes, investor-state arbitration, alongside the general anti-globalisation rhetoric, meant that neither party in the 2016 presidential campaigns looked to ratify the agreement. Whether this is because the public were mobilized by campaign rhetoric and politicians could use this a way to provide answers to domestic economic issues, or because America do not see the need for free trade with their economic superiority are worthy questions.

The Interactions Between the Two

The final part of my analysis is to look at the interactions between Obama and Key. Relationships are formed through interactions—regardless of whether these are good or bad relationships. Understanding the frequency of meetings or what type of interactions are made between two leaders is important for the context of the relationship.

There is no single source I could locate documenting every meeting between John Key and Barack Obama, so I relied on news media reported meetings to document, at the least, the most important interactions between the two leaders. Key and Obama first met in 2009 at the United Nations in New York, and the engagement was brief and casual (Tait, 2009). They talked further at this summit, but the more meaningful meeting came later in the year at the Asia-Pacific Economic Cooperation (APEC) meeting in Japan (Small, 2010). Obama and Key attended a total of six Asia-Pacific Economic Cooperation meetings together (the annual summit) (APEC, 2019)¹⁴. The Nuclear Security Summits in 2010, 2012, 2014, and 2016 were also attended by Obama and Key (Nuclear Security Summit Washington 2016, 2016). In 2014, the pair, both with holiday homes in Obama's home state Hawaii, played a round of Golf that was heavily publicised (APNZ, 2014). The pair met again at the United Nations headquarters in 2015 (Key, 2015), and other interactions would have been had at various Association of Southeast Asian Nations (ASEAN) events, United Nations meetings and G20 meetings.

John Key was invited to the Oval Office in the White House in 2011 and 2014, and the press statements detailing their topics of conversation give insight into the relationship. In the 2014 press release, Obama refers to Key as his good friend and divulges detail about their golf game in Hawaii with Key's son Max. This starts the press conference on a friendly note, reminding the viewers that first and foremost they get on as people. Obama notes that the relationship between the United States and New Zealand has

¹⁴ Key attended all eight annual meetings; Obama did not attend in 2012 and 2013.

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never been stronger and importantly emphasises that this relationship has “strengthened in their tenure” as leaders (The Obama White House, 2014).

A very important meeting between Key and Obama was their golf day in 2014. Max, Key’s son, flew last minute to get to Hawaii to join the game which was only arranged a couple of days prior (Roughan, 2017, p. 10). The game was a win for Key on two grounds (three if you count the golf). First, he had a common interest outside of business with Obama, and suited personalities and passions help to build relationships. Secondly, golf is a long game. The length of the game gave Key time with President Barack Obama.

Another symbol of their relationship came in the form of a photograph, taken by White House photographer Pete Souza. Every year, during Obama’s presidency, the photographer released photos of Obama’s year, and in the final year, 2016, John Key made the cut. The photo is a candid shot of Key, Australian Prime Minister Malcolm Turnbull, and Obama. The three are laughing and Obama has his hand on Key’s shoulder as he laughs. The photo (below) shows the relationship goes beyond formal boundaries, as the acceptance of touch in this form of embrace shows.



Source: Peter Souz (as cited in Clayton, 2016)

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Interview Responses

The following is findings from the interviews. The interview references are noted in the bibliography.

To both John Key and Murray McCully:

Question One: How would you describe the relationship between New Zealand and the United States (with emphasis on the trade relationship)?

This question was posed to both Murray McCully and John Key. It was the fourth question of the interview (I am presenting findings by case study). The key finding from this was that the relationship between the United States and New Zealand on a political level during John Key's term as prime minister was described as very good by both Key and McCully and part of that was due to the conscious decision by Key to build that relationship. Key notes that compared with the Chinese relationship, the United States–New Zealand relationship was "more genuine", and that conversation was not restricted to points of business.

McCully began answering this question by stating that the "normalisation" of the New Zealand–United States relationship was one of his, and his colleagues', "biggest achievements". McCully was certainly proud of the way that after "thirty-something sub-optimal years" his "mission to rectify" the relationship was, in his view, achieved. Certainly, the shift from the tension in the 1980s and 1990s (as noted in the previous chapter) with the signing of the Wellington Declaration, a monumental moment that required a lot of trust from New Zealand, showed it was achieved, according to McCully.

One of the purposes of interviewing Murray McCully was to determine if the relationships he had with United States officials influenced the United States–New Zealand relationship and how much of the relationship between United States and New Zealand, in relation to free trade, was reliant on those more background relationships. In answering the question on the United States–New Zealand relationship McCully discussed the trade relationship in terms of the wider network of government agents, in what he refers to as "the system". Throughout McCully's interview, McCully mentioned many names and notes the importance of various diplomats across the world, as agents of spreading the New Zealand agenda in whichever country they are placed. McCully noted how Daniel Russel (United States assistant secretary of state for East Asian and Pacific affairs from 2013 to 2017) was pivotal in securing Key's first invitation to the White House. McCully also worked alongside Hillary Clinton and this was pivotal in the Wellington Declaration and Washington Declaration that were a signal to the normalisation of the United States–New Zealand relationship. He described the trade relationship between New Zealand and the United States as "very good", despite not

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having a free-trade agreement. He emphasised the role of Mike Moore, former Labour prime minister with a trade background, who McCully appointed, controversially due to him being a former leader of the opposition, as ambassador to the United States in 2010. The rank of Moore, being an ex-prime minister, boded well with the Americans, and his trade experience was vital. Moore was able to build relationships in the United States, and McCully accounts this decision to send Moore as a key player in the United States–New Zealand relationship. It was clear after conversation with McCully that the interactions between diplomats and officials other than Obama and Key were important in maintaining a relationship between New Zealand and the United States.

John Key answered this question by making a comparison with the New Zealand–China relationship. He stated that the New Zealand–China relationship was an economic relationship, whereas the United States–New Zealand relationship was a broader, more interweaving relationship. Culturally, New Zealand and the United States are more similar, and Key noted that lent itself to a deeper relationship. Key stated that in dealings with China the conversations were box-ticking, whereas the United States the conversations were more “genuine”, and not always about New Zealand but covered wider topics, like climate change which Obama was passionate about. Key did not mention the history prior to his terms as prime minister, nor did he talk about the growth of the relationship, however the way in which he compared the two is insightful.

Question Two and Three:

To John Key:

2. *“How would you describe the relationship and encounters you had with Barack Obama?”*
3. *“How important did you view the relationship between yourself and Obama for the Trans-Pacific Partnership Agreement to be ratified by all nations? And any comments about the relationship?”.*

To Murray McCully:

2. *How important did you view the relationship between Key and Obama for the Trans-Pacific Partnership Agreement to be ratified by all nations? Any comments about their relationship?”.*
3. *How would you describe the relationship and encounters you had with Hillary Clinton and John Kerry?)*

Question two and three lead into each other and therefore it is best to present the findings as such. I asked John Key about his relationship with Obama. John Key started by stating that the relationship “was and is a really good relationship”. Key alluded to the relationship formation with Obama almost as a result of circumstance and circumstance

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only. He talked about the international conferences that had multiple leaders attending. In the room with him only half could speak English, and of those who did there were not many who had anything in common, so he was left with a small group of people at the lunch breaks. Secondly, Australian leadership was a “revolving door”, so there were different Australian leaders whom Obama didn’t know, meaning Key was the familiar face for the Pacific region. This perhaps indicates that the circumstances so aligned that meant a better opportunity for Key to have a more meaningful relationship with Obama than otherwise would have been fostered, had Australia had domestic political leader stability. Did John Key and Obama form a relationship by default? This does not have any major implications for the findings of this thesis, but perhaps raises some, although marginal, questions about how important forging a relationship with John Key and New Zealand was to Obama. Without posing this question to Obama this cannot be measured.

Key then went on to note that this relationship created by circumstance, overlaid with the fact they had common personal interests (golf for example), meant they did form a good relationship. This confirms what the media presented as detailed previously in this thesis. Key noted in the interview that Obama pointed out to Key that Obama had spent more time with him (Key) than previous presidents of the United States had spent with New Zealand prime ministers *combined*. This is an indication of a closer personal relationship than those between United States presidents and New Zealand prime ministers previously.

Key then made a point that even with a strong relationship, sometimes free-trade agreements will not happen, as they are difficult, political, and New Zealand has issues that make the bargaining piece hard. Key notes that large nations tend to find it hard to justify a free-trade agreement with New Zealand because the benefit is only on the side of New Zealand. New Zealand has a small market and nations like the United States or Europe do not depend on having free access to the New Zealand market. Also, the New Zealand market is de-regulated market and the larger countries know that New Zealand would not put tariffs on imports because of the impact it would have on prices in New Zealand with little impact relatively on the larger nation. Another issue New Zealand has, that Key pointed out, is that a lot of its exports are those that challenge some of the domestic producers in the larger nation, like agriculture. Thus, when negotiating a free-trade agreement, Key calls the argument for it “circular” for the larger nation in the sense that it comes back to the question of: “why bother?” (with a smaller nation). This brings forward a point that there are one-sided relationships and that power politics do matter. The concepts discussed in the literature review on political super-powers are evidenced by Key’s comments. This becomes very evident in the China case study presented later in this thesis.

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After this discussion, I then asked John Key about how important the relationship was with Obama in terms of ratifying the Trans-Pacific Partnership Agreement (Question: How important did you view the relationship between yourself and Obama for the Trans-Pacific Partnership Agreement to be ratified by all nations? And any comments about the relationship?). This was a very interesting part of the interview, where Key stated that the real reason Obama wanted the Trans-Pacific Partnership Agreement was for geopolitical purposes—and it was not about trade at all. It was for “the strategic containment of China” in the region. Putting this claim into context and understanding America’s history with free trade, it is clear free trade is not an actively sought policy for the sake of free trade in the United States, even with so called “free trade” presidents, like Obama. (Brattber, 2016). When talking about the United States and New Zealand, Key explained why the pursuit of free-trade agreements with the United States is difficult. The United States due to its size, commands power economically – it is the biggest economy in the world. Therefore, it dictates a lot of world trade flow and demands that nations supply to it and receive exports from it¹⁵. Almost every nation it would enter a free-trade agreement with would have a natural disadvantage in its pre-agreement state to the United States. Although there are arguments for the economic benefits of multilateral free-trade agreements for the United States (Executive Office of the President of the United States, 2015), when the economy has a natural advantage and has intrinsic domestic political issues and a significant portion of the voting public against free-trade agreements (New York Times, 2007), the attraction of the free-trade agreements is low. What could get a free-trade agreement over the line in the United States is the geopolitical rationale, that the United States needed to protect its position of sovereignty and influence in the Asia Pacific region. For Obama that is what the Trans-Pacific Partnership Agreement was—an embodiment of his “pivot to Asia” policy and for the containment of China in the region, as Key explained. Without geopolitical rationale, according to Key, the United States would not have pursued the Trans-Pacific Partnership Agreement, and as Rachael Harris argued: “America’s involvement in the Trans-Pacific Partnership Agreement is [was] a direct result of the perceived threat of China” (2014, p. 180).

Key then explained how Obama asked Key to play the “tough guy” with the aim of ensuring if an agreement was made it was a strong agreement (one without numerous exceptions). It was decided between them that Obama would play the “nice guy”, to try to get nations to follow suit with his excitement and rally behind the agreement. Obama needed Japan, Mexico and Canada to be part of the agreement for it to be a big enough deal for the United States, whereas this posed issues for the strength of the agreement

¹⁵ This argument is also presented in the previous paragraph.

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as Japan and Canada were not likely to be signatories to a strong deal (actually they did agree to terms more stringent than expected, Key noted). This story is evidence that the relationship between two leaders may have an influence on free-trade agreement negotiations, and furthermore that a leader's individual motives do not necessarily influence the result. In fact, despite different motivations, the connection between the two was undeniably strong, the ability to interact to come up with this tactic shows that they could trust each other and that they wanted to work together. The fact that the relationship moved beyond business settings to the golf course enabled them to have a more personal relationship and spend more time together without which, the strategy taken in regards to the Trans-Pacific Partnership agreement negotiations, in my opinion, would not have occurred. This illustrates how their relationship was important to some degree for decision making pertaining to the free-trade agreement of their times as leaders, the Trans-Pacific Partnership Agreement.

McCully's answer to question two (How important did you view the relationship between Key and Obama for the Trans-Pacific Partnership Agreement to be ratified by all nations? Any comments about their relationship?) was that it was "critical" and acted as a "signal to the systems" (New Zealand, United States, other nations) on where the agreement was heading. Thus, other officials have roles to play, but when it came to the Trans-Pacific Partnership Agreement, one of the most important free-trade agreements to be proposed in the 21st Century, the relationship between Key and Obama, according to Murray, was critical to the success of the Trans-Pacific Partnership Agreement. Again, McCully noted the importance of the "systems" —a reminder the United States–New Zealand relationship is not a reflection of just two leaders.

I asked McCully about his relationship with John Kerry and Hilary Clinton (Question: How would you describe the relationship and encounters you had with Hilary Clinton and John Kerry?) and he described the relationship between the two as very different. He said that Clinton was a "terrific advocate for New Zealand", and although John Kerry was not *not* a good advocate, if one was to compare them, he was more focussed on the bigger issues. McCully also noted other important figures, Daniel (Dany) Russel, assistant secretary of state for East Asian and Pacific affairs from 2013 to 2017, and Kurt Campbell, assistant secretary of state for East Asian and Pacific affairs from 2009 to 2013, with whom he had a lot to do during his terms as Minister of Foreign Affairs, (including helping to orchestrate the first Key White House visit). This again highlights that these networks were important to the relationship between New Zealand and United States. It was clear, again, after conversation with McCully with question two and three that the interactions between diplomats and officials other than Obama and Key were important, and possibly are more important in the long run, in maintaining a diplomatic relationship.

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John Key on Trans-Pacific Partnership Agreement and the Protestors

Part of the interview with John Key delved into an his argument for free trade, and his dismissal of the protestors in New Zealand on the signing of the Trans-Pacific Partnership Agreement. Key discussed the Trans-Pacific Partnership Agreement protests in the interview and his decision to ignore the protests and focus on the formation of a major trade agreement. Key argued that the protestors were not against free trade, they were against aspects of the Trans-Pacific Partnership Agreement¹⁶, and Key explained why they need not be against the agreement by explaining that their fears around sovereignty and the investor state disputes (like those presented by Kelsey) were not legitimate. Recalling the findings in the literature review chapter on the protests, it is now clear what Key's views are; he thought that the protestors had exaggerated their fears of losing sovereignty. He did discuss the Investor State Disputes Settlement system and argued that it is something that has been used before but, in his opinion, it is not something to be concerned about. I did not question much further on this, but it was evident that Key dismissed the views of the protestors. In sum, the opinion of the protestor was not influential in the creation of the Trans-Pacific Partnership Agreement.

¹⁶ This thesis does not take a view on the merits of the Trans-Pacific Partnership Agreement or the merits of dismissal of the protestor's opinion.

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Chapter Four: Case Study Two: New Zealand and China

Introduction

One country that has dominated New Zealand trade discussions in the 21st Century, and that the New Zealand economy relies heavily on is China. As the second largest economy and most populous (Ministry of Foreign Affairs and Trade, 2018) China has created opportunities for itself in the world, and for New Zealand. New Zealand signed a free-trade agreement with China in 2008, under Helen Clark's leadership, which was a first for any developed nation (Beehive, 2008).

China has since become New Zealand's largest trading partner, with two-way trade valued in 2018 at \$28 billion New Zealand dollars (Ministry of Foreign Affairs and Trade, 2018). The 2008 Free-Trade Agreement enabled better access to Chinese goods, tariff elimination, easier travel for businesspeople between nations, clear dispute resolution mechanisms, and agreements on labour and the environment. In 2016, negotiations were launched at the Asia-Pacific Economic Cooperation (APEC) summit in Peru under Key's government to update the agreement (Beehive, 2016). Conversations focused on reduction of technical barriers to trade, rules of origin, the environment and competition policy to name a few. The aim of an agreement upgrade is to ensure an agreement remains current and reflects any changes required as the world and the nations develop. There were a series of negotiation rounds over 2017 and 2018 and upgrades have since been made. The Ministry of Foreign Affairs and Trade website (late 2019) details the upgrades to the agreement: "new chapters in co-operation on competition policy, e-commerce, government procurement and environment and trade" (New Zealand Foreign Affairs and Trade, n.d.)

The 2019 state of the New Zealand–China relationship, at the time of writing (2019), was embroiled in the Huawei controversy, however Prime Minister Jacinda Ardern's March 2019 visit to China salvaged the tear in the relationship. To summarise, Huawei, a technology manufacturer, have superior networks and capabilities to many other communication technologies. The company has had major scrutiny globally, initially over intellectual property theft claims, but now mostly because of its close ties with the Chinese government and fears the devices are being used for spying purposes. Many countries banned Huawei (BBC, 2019). The New Zealand Labour-led government banned a telecommunication company from using the advanced Huawei equipment which caused a rift in the relationship between New Zealand and China (Roy, 2019). Prime Minister Jacinda Ardern, after her important visit to China amid "strained relations" (Radio New Zealand, 2019), made it clear that New Zealand did sell Huawei products and the issue with this case was to do with local law and New Zealand would not ban a product based

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on other nations decisions. By April 2019 it seemed her visit was somewhat successful in that it has not worsened ties, and she also reopened the desire to continue the 2008 Free-Trade Agreement upgrade negotiations, which were completed later in the year (Patterson, 2019). This example shows how detrimental decisions regarding China and conversations with China are to New Zealand's continued working relationship with China.

This case study is different to the United States case study. Firstly, there was already a trade agreement in place for the period I am analysing (John Key's leadership 2008 to 2016). Secondly, there were two Chinese presidents during the period 2008 to 2016. I analyse both those presidents and their relationship with John Key. The first president is Hu Jintao, President of the Peoples Republic of China from 2002 to 2012. His vice-president from 2008 to 2013, Xi Jinping took the presidency role in 2013 after Hu voluntarily retired. These two leaders had a large engagement with New Zealand, during the formation of the Free-Trade Agreement with Helen Clark's Labour government in the mid-2000s, and with John Key's National government in the implementation of the agreement and the early stages of the Free-Trade Agreement upgrade negotiations. The strong trading relationship, embodied in the Free-Trade Agreement, is despite New Zealand's and China's differences in culture, values, language, and government.

This case study follows the same structure as the New Zealand–United States case study, however the analysis on John Key is not repeated. I analyse both Chinese leaders in the time frame of 2008 to 2016. I also set the case study in context by looking at the history of the nations in relation to free trade and the history of the two nations relationship. I then detail the interview findings.

Hu Jintao

Hu Jintao's political career began after he had completed his engineering degree and became involved in provincial Communist Party groups, including the Communist Youth League). He became the secretary for the Communist Youth League and in 1992 was elevated to one of the seven seats on the Politburo Standing Committee in Beijing—the Communist Party's inner circle. In 1998, he was named vice-president of China. In 2002, President Jiang retired, and Hu became president. In 2004 Jiang relinquished the powerful position as leader of the Central Military Commission, and Hu took over becoming then the undisputed leader of China (The Editors of Encyclopaedia Britannica, 2019).

Hu Jintao was known for his reserved nature and his cautious temperament (Zoellick, 2007). As Kerry Brown explained in his books title, Hu Jintao was "China's silent ruler" (2012). New York Times authors Sanger and Wines noted that "By any measure, Mr. Hu

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is the most constrained Chinese leader in modern times" (2011). According to Alfred Chan quoted in New York Times article in 2004:

"My general impression is that Hu is a Communist of the old mode. His career has been totally shaped by the Communist system. I think many expectations of him are exaggerated because he works under the constraints of party discipline." (as cited in Kahn, 2004)

Upon analysis his persona as a politician can therefore be described as bland, but bland only because he did not step out of line of the constraints of the party his political career was fostered in. Hu was a largely domestic style politician, with limited foreign policy experience prior to his taking over the leadership of the nation (Sutter, 2006). His inward-looking approach was reflected in his nature; he did not give much away. Hu's lack of charisma could come across as a negative, but as Chan pointed out in his interview with Joseph Kahn there are reasons for this, and as the examples of China's actions speaking louder than words this did not mean he was not powerful or decisive (2004). Hu campaigned for "the peaceful rise" of China, although the irony of this was clear internationally as they increased their military power in the region (Pathak, 2015). His quiet persona did not indicate a lack of ability; it was under his leadership that China's economic uprising was fostered. China became the second largest economy in the world in 2010 (Lee, 2016). Hu was a thoughtful leader and although quiet and not open to public speaking in many cases, he was intelligent (Hays, 2008).

In terms of what Hu prioritised as president, the factors that dominated Hu's attention were:

1. Peaceful rise of China. This was the slogan that accompanied the foreign policy approach of China. It was important for Hu to come across as peaceful, which to some critics in China, including his predecessor Jiang, was seen as soft. The rise of a soft power was not new to China, and Chinese scholars "had been discussing soft power as early as 1993, when H. Wang (1993), a professor at Fudan University, who later became the Director of the Chinese Communist Central Policy Office, was engaged in a comprehensive discussion of soft power" (Lee, 2016).
2. Scientific Outlook on Development. Hu first began speaking of his "scientific development concept" in 2003 where he elaborated in multiple speeches what this vision was; it aimed to reduce poverty in the rural regions and bring more equitable wealth through the development of the rural areas utilising technology (Fewsmith, 2004).

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3. Harmonious society. Another policy or phrase used by Hu to signal direction for China is that of wanting to achieve a harmonious society. This phrase showcased the apparent desire for China to come together domestically and partake in a “harmonious world” (Zheng, 2007).

Xi Jinping

Xi was Hu’s vice-president from 2008 to 2013, becoming president after Hu retired. His transition to leader in the space of a year from 2012 to 2013 was rapid and he took control of majority of the most senior positions in the Chinese government. Xi grew up in politics, his father Xi-senior, was once vice-premier of China and a comrade-in-arms of Mao Zedong. The family was sent to the countryside in 1969, as his father was stricken out of the Beijing elite compounds they lived in as he was out-of-favour (this was common) with the government. This brief stint helped Xi later, to claim he understood the poorer regions of China. Xi, like Hu, studied engineering, and after becoming a party member in 1974 and graduating university, Xi commenced his political career as secretary to the vice-premier. Xi held many different positions, including various governorships of different regions in China. In 2007 he was elected as a member of the party’s politburo, and in March 2008 he became vice-president to Hu. In 2010 Xi was named vice-chairman of the Central Military Commission, a powerful appointment indicating a stepping-stone to presidency (Albert, 2019; BBC, 2018; China Daily, 2014; Zhou, 2019).

A standout feature of Xi’s presidency has been his dominant and autocratic approach to leadership, striking a difference between his predecessors’ style. He is compared to Mao Zedong in media and his dictator presence, use of nationalist propaganda, and dominance in the world stage cuts a more powerful presence than Hu (Shirk, 2008). Kerry Brown brings forward some important points, humbling Xi’s leadership style and reminding that Xi is but a figure of a communist regime and that his powerful persona reflects his need to control (2017, p. 17). Brown explains that China is a nation that relies on result driven politics, and if Xi cannot deliver perhaps his party will relinquish Xi’s position. In summary, according to Brown, Xi makes his decisions with precision and discipline with unwavering commitment to his party line.

In a speech to the party in October 2017, that was over three and a half hours long and had more words than this thesis, Xi made clear the priorities for his government (Jinping, 2017). In sum, Xi promised to uphold party leadership (control within the party and ensure no dissent in the populous), deepen economic reform (continue to make China wealthy) and to enlarge China’s influence globally. In this speech, Xi’s view on globalisation was clear—international issues can only be solved by international co-operation and collaboration (and trade) can be a win-win situation. Xi, like Hu, sees free

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trade as a tool to enlarge influence in the region but also to help with their domestic economic situation; the development of China has been driven by trade, specifically export led growth (Huang, 2013).

New Zealand–China Relationship

Despite different values and different governments, the New Zealand–China relationship has gone from strength to strength in the 21st Century (Huang, 2013, p. 68). It was only in 1972 when Chinese diplomats first came to New Zealand to seek a relationship between New Zealand and China (Peters, 2017). Once formal diplomatic ties were established after the visit in 1972, the China–New Zealand relationship continued with many exchanges and meetings between various leaders. A major step forward that exploded trade between the nations was the signing of the Free-Trade Agreement in 2008.

Meetings and exchanges were very important in establishing and growing the relationship between New Zealand and China. The Chinese website: “Economic and Commercial Counsellor’s Office of the Embassy of the People’s Republic of China in New Zealand” lists the amount of diplomat and leader meetings from 1972 forward, including cultural interactions after China’s opening post 1980, and military exchanges (PRC, 2004). This signifies the importance interactions have to the Chinese judgement of a relationship, as the list of interactions is displayed on the website. A significant event according to the website was the “first visit to New Zealand ever by Chinese navy fleet” in 1998 (PRC, 2004). This signified a relationship growing beyond economics and formed on trust.

The relationship accelerated in the late 1990s and 2000s as the New Zealand–China relationship accomplished the “four firsts”; a title given to the four first accomplishments between China and any OECD nation¹⁷ (Huang, 2013, p. 68). In 1997 New Zealand became the “first western country to sign a bilateral agreement on China’s ascension to the WTO” (New Zealand Contemporary China Research Centre, 2015, p. 22). The second “first” was in 2003 and 2004, when talks between New Zealand and Chinese officials led to the build of discussions on a free-trade agreement, which involved New Zealand recognising China as having Market Economy Status. The third “first” was the commencement of negotiating the Free-Trade Agreement which went for three years over 15 rounds of negotiations, and the fourth “first” was the signing of the New Zealand–China Free-Trade Agreement in April 2008 (Huang, 2013, p. 68).

¹⁷ OECD = Organization for Economic Cooperation and Development. A forum where the governments of 36 member states with market economies work with each other, and help other nations to foster economic growth and sustainable development.

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The trade relations between New Zealand and China grew extensively after the Free-Trade Agreement. China is now New Zealand's largest trade partner (second is Australia) (Workman, 2019). New Zealand's top exports to China are meat, dairy and wood (New Zealand Foreign Affairs and Trade, 2019). Services including education and tourism are large exports to China, with many Chinese students opting to study in New Zealand and Chinese tourists visiting in the hundreds of thousands each year. The rate of growth of the relationship in terms of trade figures has grown exponentially since the beginning of the relationship in 1972, and further since the signing of the Free-Trade Agreement in 2008 (New Zealand Foreign Affairs and Trade, 2019).

A challenge in the relationship is the simple continuation of the relationship, significantly more so for New Zealand who relies heavily economically on Chinese trade relations. The relationship continuation has been strategic, evidenced by foreign policy strategy such as the "New Zealand Inc" China strategy that was launched in 2012 that seeks to "maximise the benefits to New Zealand from having a coordinated approach across as many sectors as possible" (New Zealand Contemporary China Research Centre, 2015, p. 26). The strategic approach that New Zealand has made in the continuation and further development of the relationship with China is an aspect that both Murray McCully and John Key discussed in the interviews with me in March 2019, detailed later in this thesis. The approach to the relationship was therefore critical. It was during Key's government that the New Zealand Inc China strategy was proposed and implemented. The first goal of the strategy was "to build a strong and resilient political relationship with China" (New Zealand Foreign Affairs and Trade, 2019). Making a relationship a priority certainly helps a relationship as attention and care is given.

The relationship has not been without bumps and the relationship could be described as one where New Zealand must walk on ice around its diplomatic friend. Former executive director of the New Zealand China Council Stephen Jacobi noted in a speech published in the New Zealand International Review, that the relationship with China needs to be carefully handled as China changes and the landscape around China changes (2016). Although New Zealand was the first developed nation to seal a free-trade agreement, it was not the last and in order to maintain strong relationship engagement, building on the relationship must continue. In 2016 discussions started on the upgrade of the 2008 Free-Trade Agreement, as parts of the agreement have become outdated (New Zealand Government, 2016). The agreement was updated in late 2019 at the time of writing. The Huawei issue showed New Zealand must manage its relationship with China, and Arden's visit to China was important in March 2019 (Small, 2019). Relations have had some hiccups in the past year; however, these have since been resolved.

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China and Free Trade

As noted in the literature review of this thesis, academics, like Krasner, 1976; Rodrik, 1997; Stiglitz, 2002 as examples, do not all have the same opinion on the real benefits of free trade and globalisation of markets, neither do nations and publics. Strikingly different is the view on free trade that China has expressed compared to the United States. In sum, China is (2019/2020) and has been an advocate for free trade and pursues free-trade agreements with nations.

Free trade and globalisation rhetoric in speeches made by Chinese leaders Hu and Xi identifies the positive and favouring attitude of China to free trade as an economic policy. In Hu Jintao's 2008 speech at the opening ceremony of The Boao Forum for Asia Annual Conference, he noted the changes to China as a result of reform and opening up its markets to the world, and commented that "China cannot develop itself in isolation from the world" (2008). Xi Jinping also made speeches championing China and free trade. In his address to the United Nations in 2017 Xi made a speech asking for harmony and peace in the world, including in the world of global economics where he stated "trade protectionism and self-isolation will benefit no-one" (Speech By President Xi Jinping At the United Nations Office at Geneva, 2017). Xi went on to note that there are challenges faced with economic globalisation, such as wealth disparity, however, called them teething problems.

China therefore has become an advocate for free trade and globalisation, however the reality of how open their markets are is different. The World Bank's Ease of Doing Business index¹⁸ rates China as 46 out of 190 nations (World Bank, 2018). The United States is eighth and New Zealand is first. According to Christopher Baldwin, Trump's protectionist rhetoric has allowed China to seize the moral high ground, "even if the reality is very different" (as cited in Denyer, 2018). The index mentioned above shows the summary and comparison to the rest of the developed world and indicates there are still steps needed and more co-operation required between China and other nations to achieve the type of free trade and globalisation the Chinese leaders champion in their speeches.

This contrast of ideas and practice, that China champions free trade yet still has protectionist measures (for example China's government aims to be self-sufficient in its national supply chains in robotics, pharmaceuticals, aerospace, advanced materials and information technology although states to open its markets more) is somewhat a reflection of what the Chinese Communist Party is trying to achieve (Smith, 2019). In

¹⁸ A high ease of doing business means the regulatory environment is more conducive to the starting and operation of a local firm. (Doing Business, n.d.)

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the addresses that the president of China makes to the nation, through televised broadcasts on New Year's Eve (China Daily, 2011), or at the opening of the party meetings (China Embassy, 2012), the overall message is that the aim is to grow the wealth of all in China and to build China's wealth.

The contrasting policies are perhaps a reflection of the stage of development China is in, and the goals for where the nation wants to be in terms of its individual economic growth. The protectionist policies and state help to foster national development is somewhat like the rise of Japan and Singapore (Mishra, 2018). These two countries went through periods of strict government focus on national development and employed protectionist policies to boost their individual economies to become the developed economies they are today. It is also like the United States in the late 1800s and early 1900s, where protectionist measures, like tariffs, were used to protect the industries that required supply to the domestic buyer (Destler, 2016). In a world of opportunity presented by globalisation, China cannot afford to miss out on those prospects, however at the same time the Communist Party of China wants to ensure its nation comes first and it above all develops itself.

Development of China has been central to the nation's goals for decades. Pankaj Mishra places China in context of its beliefs on free trade and how markets can work best to benefit the nation (2018). Mishra noted how Milton Friedman, well-known advocate of open markets and free trade, visited China in the 1980s and his lectures were met with disapproval. Friedman's position was that unregulated markets would work efficiently to create wealth for all (Gewirtz, 2017). As Mishra stated, Friedman may have been right that the Chinese Communists were "hopelessly ignorant of how free markets work but ending state intervention in the economy was never on the agenda" (as cited in Mishra, 2018). These policies, according to the views of economists like Friedman, hinder fair free trade and hinder market efficiencies as they give a comparative advantage to China over those who do not have the same aide.

Power politics is an influencing factor on how far China advances its market openness and free trade policies. As Mishra noted, "there is little doubt that Beijing is presenting itself as a benign alternative to the United States" (Mishra, 2018). Xi stated in the Party's 19th party congress that China offers "a new option for other countries and nations who want to speed up their development while preserving their independence" (Full text of Xi Jinping's report at 19th CPC National Congress, 2017). Evidence of China actively seeking economic hegemony is the multiple free-trade agreements it seeks with neighbouring Asian-Pacific countries (Export.gov, 2019).

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An example of China exerting further dominance globally is the beginnings of its Belt and Road Initiative; a massive infrastructure project which aims to connect China to more than sixty nations through overland *belts* and maritime *roads*. The project has been labelled “a state-backed campaign for global dominance, a stimulus package for a slowing economy, and a massive marketing campaign for something that was already happening—Chinese investment around the world” (Kuo, 2018). Xi Jinping explained through speeches the goals of the Belt and Road Initiative as to bring peace, prosperity, co-operation, openness, inclusiveness, and mutual benefit (Full text of Xi Jinping's report at 19th CPC National Congress, 2017). As Golly and Ingle explained: “it [the Belt and Road Initiative] plans to direct investment into state-favoured regions by predominantly state-owned firms and financed by state-controlled banks. For all its altruistic rhetoric, the initiative is clearly not entirely compatible with the current global economic order that Xi has pledged to uphold (2017). The motivations of the initiative and the potential disruption it could cause raises concerns globally and it is and has been seen by commentators as China’s new way of seeking a new global order (Perlez & Huang, 2017).

The Interactions Between the Two

The final part of this section is the analysis of the interactions between Xi and Key, and Hu and Key. This section helps place a scale of importance on the political relationship between Chinese leaders, Xi and Hu, and Key on free-trade decision making between the two states.

Regarding the number of meetings between John Key and Hu Jintao and Xi Jinping, a detailed list of formal state visits can be easily located online on the Ministry of Foreign Affairs of the People’s Republic of China website (Ministry of Foreign Affairs of the People's Republic of China, 2019). This is evidence that there is an attached importance to these meetings for Chinese officials, or at least importance in the documentation. Other meetings, such as meeting at forums can be found by searching online for those forums. John Key first met with President Hu at the Asia-Pacific Economic Cooperation (APEC) summit shortly after his swearing in as prime minister of New Zealand, where Hu invited him to visit China (NZPA, 2008). Key and Hu met at Asia-Pacific Economic Cooperation summits and Baoa forums over the course of the years, as well as meeting then Xi Jinping who came to New Zealand as vice-president and later as president (Ministry of Foreign Affairs of the People's Republic of China, 2019). In a recent interview with Newstalk ZB, after my interview in March 2019, Key highlighted the official trips to China:

“as prime minister I went there [China] seven times, a huge number of our ministers went there and over time every member of the political bureau

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[politburo; Communist Party of China inner circle], came to New Zealand” (as cited in Newstalk ZB, 2019).

A signal of the strength of the relationship is the official visits from Chinese presidents to New Zealand, including the 2015 visit by Xi Jinping. Meetings face-to-face are extremely important to the Chinese culture. Protocol and respect for protocol are important cultural values to the Chinese.

The many face-to-face meetings, and each nation hosting the other is a sign of the strength of the China–New Zealand relationship; as John Key pointed out in his interview to Newstalk ZB it was a good sign current Prime Minister Jacinda Ardern received the invite to go to China as this is important to Chinese officials (Newstalk ZB, 2019). It also reveals the style of the relationship as formal and driven by Chinese culture of protocol and respect. Another insight is that no United States president has visited New Zealand when they are in office; Obama only visited after his term ended. This perhaps shows that Chinese officials/leaders place a different (higher) value to visiting a state they have a relationship with than the United States officials/leaders do.

Interview Responses

The following is findings from the interviews. The interview references are noted in the bibliography.

To both John Key and Murray McCully:

Question One: How would you describe the relationship between New Zealand and China (with emphasis on our trade relationship)?

The first question led to reasonably lengthy discussions from both Key and McCully and the themes of the two conversations were similar.

To begin answering this question, John Key explained that on a country-to-country level¹⁹, the relationship with China had been a good one, spanning many years and many governments. Key detailed the four firsts, which I mention in the context subsection of this case study, and how that set New Zealand up in good stead for a strong relationship. Key then explained that on an individual-to-individual level, the relationship can strengthen and weaken, and this is where the analysis of the relationship and its effect on free trade becomes interesting. Key noted that his government was very good at managing their relationships and better than others—he supported this by stating that he has visited Xi Jinping many times after resigning from prime minister and that this is,

¹⁹ Key is talking about the New Zealand and China relationship without referring to individuals.

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according to Key, not because he was a prime minister but because he was a “very liked one”.

Key also noted that the centre-right side of New Zealand politics tends to find it easier to have a relationship with China. This is because, according to Key, the left feel more obliged to be vocal about issues that China would prefer not to discuss or hear the opinion on. These are what are referred to as the “five poisons”²⁰. Key said he would bring up issues of human rights, but he would make a statement rather than an accusation and would not imply what he thought China should do. The approach taken by the National government was very considered and this was elaborated on by Key and McCully. McCully noted that it was essential that New Zealand showed respect to China, and if New Zealand were to have differences of opinion that China was to know that this was not because it was China. This made New Zealand “user-friendly” for China.

Key noted that they knew China looked at every detail of any speech or comment made by anyone on China. This meant that Key knew his government had to be measured. It was clear after the interviews that the relationship between China and New Zealand was one where John Key had to act tactfully. Tact was not his word exactly; however, it aptly describes the way in which John Key describes his interactions and the approach taken to China. Managing disagreements in private and wording phrases certain ways to not offend are examples of how decisions around actions and words had to be undertaken tactfully. Below, I elaborate on a key insight that Key made on the Taiwan Free-Trade Agreement that was dictated by China and how Key managed this.

Part of the reason the New Zealand–China relationship under Key’s government was described by Key and McCully as a good economic relationship is certainly due to the priority Key and his government placed on the relationship. McCully noted that Key realised that China was essential to New Zealand’s economic future, and that the relationship was therefore crucial. Key reiterated this sentiment in his interview, noting he saw an opportunity with China in 2008, and they had just inherited the signed Free-Trade Agreement with China that the Labour government had negotiated.

A significant attribute that has helped the New Zealand–China relationship flourish has been the location of New Zealand in world politics; as a nation New Zealand has its own independent foreign policy. This point came up in my interview with McCully, where he noted that it is important for New Zealand in terms of the New Zealand–China relationship that New Zealand is not “part of the chorus”. New Zealand must have its

²⁰ These are what Communist Party of China refers to as threats to its nation; Taiwanese and Tibetan separatists, Falun Gong practitioners, democracy activists and Uyghur. (Gordon, 2014).

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own views and own decisions and not be persuaded or in blind alignment with other nations. China, as the next section of this chapter shows, faces criticism for its communist government, unfair trade practises, and human rights record. There have also been questions around the use of Chinese soft power abroad to extend influence and the possibility of the use of internet networks distributed by China for spying purposes. Ann-Marie Brady presented this view in her 2017 paper *Magic Weapons* where she outlined that “Xi Jinping is leading an accelerated expansion of political influence activities worldwide” using technologies as one method of influence (2017). The criticism and distrust towards China was (and is in 2019/2020) prevalent particularly from the United States (and vice versa) (Kausikan, 2016). Key noted in the interview how it is important New Zealand is not seen in the eyes of China as following the United States for the sake of following the United States.

A major bump in the relations between China and New Zealand, which I discussed with Key, was the incident in 2010 involving Russel Norman, Green Party member of parliament, protesting outside New Zealand parliament waving the Tibetan flag when then Vice-President Xi visited New Zealand²¹. Key’s assigned police officer stepped in as the Chinese security “attacked” Norman with an umbrella (The Telegraph, 2010). Key stated this caused a major issue “behind the scenes” in the relationship. Key had to apologise to Xi, even bought him a personal gift, as a signal of apology and condemnation of the act by Norman. Key noted that the response to this was critical for the New Zealand China relationship, but did have some positive influence in that it enabled Key to drive a more personal relationship with Xi, as a personal apology had to be made. McCully also mentioned this incident in the interview and expressed how well Key handled it on a personal level with Xi.

A large part of ensuring that the relationship between China and New Zealand was kept on track was ensuring engagement continued, and across all diplomatic levels. McCully stressed the importance of the system to the New Zealand–China relationship, much like with the New Zealand–United States relationship, and that the extra stations and New Zealand diplomats in China added to the continual engagement required to keep the dialogue and build the rapport from all levels. McCully visited China on multiple occasions, and as foreign affairs minister his role was very important to building that rapport at all levels. McCully also described the importance of being predictable with

²¹ The China–Tibet tension has been ongoing for many years. The core issue is over sovereignty; Tibetans believe they are independent of China and accuse China of supressing their culture including their spiritual leader the Dalai Lama. China says Tibet has been a part of China since the 13th Century and should be ruled by Beijing. (BBC, 2011)

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China, and that the approach with China was more important than the topic at hand (again; tact).

Question Two: How important is consistency and regularity of communication, including visits, to the relationship with Chinese officials?

The second question was in part answered by both Key and McCully in the first question, and the answer from both was that consistency and regularity in the relationship was important. McCully elaborated a lot on this point, explaining that it was essential that New Zealand was predictable and that there were no surprises for the Chinese government thrown from New Zealand. McCully felt the "system" was very good at ensuring New Zealand officials knew how to best approach certain topics.

Third Question: Were there any conversations between yourself and Chinese politicians that were not strictly political and were you able to build a personal relationship with Chinese officials?

In terms of how John Key engaged on a personal level with the Chinese presidents, McCully and Key both explained that the personal relationship with Key and Xi was good. John Key noted that Xi told him he was one of three leaders (including Angela Merkel, Chancellor of Germany, and one other he could not remember) that would be invited back to China after his term as the prime minister. This shows some form of connection beyond politics. McCully noted that the relationships at one level are very transactional; they count the number of visits you make and then you become an "old friend" after a certain number, but also that you could have conversations beyond the brief of the political agenda although the language barrier sometimes made this difficult depending on the Chinese official you were talking to.

One-Sided

John Key's insights into the dynamic of the relationship with China explains the relationship is one where China holds the authority. The story on Taiwan deserved to be pulled from the rest of the interview data because of its significance.

Without explaining the history of Taiwan-China relations, the issue in brief is that the political status of Taiwan is viewed differently by the Chinese and the Taiwanese following the end of the China Civil War in 1949 and has since been characterized by tension and instability between the two governments. New Zealand, who recognised the Peoples Republic of China in 1972 and adherence to the One China policy, trying to form a trade agreement with Taiwan, an important trade partner to New Zealand, was obviously difficult. The following is an excerpt from the New Zealand Contemporary

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China Research Centre report, which explains why the Free-Trade Agreement with Taiwan was eventually allowed:

“Taiwan is one of New Zealand’s ‘Top 10’ trading partners and, as such, there was sound economic logic backing the conclusion of an FTA between the two territories. However, because of New Zealand’s firm adherence to the ‘One China’ policy, negotiating such an agreement was not straightforward. Three elements combined to make this outcome eventually possible. First, Taiwan’s entry into the WTO in January 2002 established a specific nomenclature for Taiwan as a ‘customs territory’, thus clearly differentiating it from a political entity. Second, one consequence of the signing of the Cross-Strait Economic Cooperation Framework Agreement (ECFA) between Beijing and Taipei was that it signalled that the PRC was indeed willing to see Taiwan enter into bilateral and regional economic co-operation arrangements. Third, a good relationship between New Zealand and China was an important factor. The full extent of New Zealand officials’ parallel engagement with Beijing while negotiating with Taipei is not publicly disclosed. But the “no surprises” principle guiding the relationship with Beijing was certainly relevant. New Zealand took the view that by ensuring that what it was seeking to achieve with Taiwan was clearly understood in Beijing, it was making no concessions to China (nor giving it any right of veto over New Zealand’s sovereign decisions)” (New Zealand Contemporary China Research Centre, 2015, p. 47)

The “no surprises” principle is referring to the approach of talking privately rather than publicly. When discussing with Key, it becomes evident that the relationship with China had some influence over the Taiwan free-trade agreement. Prior to entering negotiations with Taiwan, Key explored this with China first. Key explains how he got “permission”, but the extent was such that it was a conditional trade agreement, conditional on China. Key disclosed that when he went to Taipei to sign the Free-Trade Agreement, Chinese officials flew over, to meet with him for a total of a few minutes just to say the agreement was okay and they understood why New Zealand was entering it, however, (in Key’s words) “if we are unhappy you cease”. It is therefore undeniable that the New Zealand–China relationship in relation to Taiwan is dominated by China. As both McCully and Key noted, New Zealand must know its place, and New Zealand’s reliance on China and good economic relationship demands New Zealand play the role of the tactful and at times submissive partner.

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Chapter Five: General Questions

At the end of each interview I posed two general questions. The first question of the two general questions was whether a change in leader or government official has an influence on trade discussions. The purpose of the first question was to test whether a change in leader makes a difference to trade policy discussions, which would support an argument that individuals and potentially personal relationships have some form of influence. It is evident in the case of the United States that the change of leader can influence free trade decision making. Donald Trump actively took a position against free trade in his election campaign in 2016. Key noted this change and talked about how Trump is “consistently against free trade”. This is not a direct result of a relationship between a leader or two nations but could mean that individual bias and opinion can influence free trade discussions.

However, what about when leaders change, and the status quo remains? For example, the change of leadership from Helen Clark to John Key in New Zealand, where the government changed but the overarching view on free trade for New Zealand remained the same. McCully, although not referring to this example, noted that when officials change, it does not always bring change to the discussions unless perhaps you get a person in a position of importance who lacks motivation for the issue. He stated that “these issues are bigger than people”, and again referred to the “system” as an important factor for policy discussions between various people. This is a very important point and it reminds that although relationships between leaders are important, there is also a lot that goes on at the ministerial level (and beyond); diplomacy is not just between leaders. It also reminds that trade discussions are big matters, and that perhaps if an issue is big enough, people and their relationships between each other are only the conduits of the movement behind a policy that will occur, even if some of those conduits are replaced. To test whether the issue or the relationship is more important would come down to a case-by-case study of a certain policy. For example, it is easy to see in the case of Trump that his individual beliefs got in the way, and he de-railed what had been done before. This is not so much a result of his relationships with anyone but is a result of a change of leader and a change in belief. In the case of New Zealand and China’s relationship, the change in the New Zealand government is an example of how a change in leader has the potential to effect trade policy discussions. Both Key and McCully commented to some degree on how they believed the current (2019) Labour government needed to pay close attention to the China relationship, and the Huawei incidents of early 2019 show that the relationship was on rocky territory. As previously

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mentioned in this chapter, this is, according to Key²², partly due to the difference between the left and the right way of managing the China relationship. There is evidence that a change in leader could possibly effect free-trade discussion, but this is dependent on the leader or official, and whether they pick up the baton from their predecessor and run with it, whether they drop it and take a new position, or whether they hold it but aren't committed to the race.

The purpose of the second question (Question: In your opinion, do you think it makes a difference if you can bond and get along on a personal level, as two leaders or two government officials, when discussing issues like free trade?) was to pose almost the research question itself to Key and McCully, to get their immediate answer. The aim was to gauge a quick response and see what their opinion was. It was an interesting question as it highlighted some of the findings I had made without posing this question. Key noted that it does have an effect, however "none of this stuff is black and white". Key elaborated and discussed the importance of prioritization of relationships and notes that each leader has a certain amount of political capital to burn, and one must decide what is important. This is the case of Key and his government who decided to prioritise the relationship with China. McCully answered in a different way, acknowledging that our relationships matter but we need to know our place as a small nation. McCully, again, noted the importance of the "system" and that relationships must be managed by systems on both sides; which was a common theme of his interview and a clear point that the relationships between leaders are not representative of the entire government-to-government relationship.

²² It is important to understand this is John Key's interview response. Key's response does ignore the fact that New Zealand's Five Eyes partners were banning Huawei.

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Chapter Six: Key Findings Summary

The first key finding deduced from the interviews, is that both Key and McCully perceive relationships between leaders as important to free trade dealings between those two leaders. This view cannot be taken at face value. The first observation is that it seems reasonably obvious a good relationship should be fostered between leaders if a trade deal is to be made. So perhaps the natural answer to the question is a “yes”. So then, to what degree does a good relationship matter, and can anything be deduced from McCully and Key’s perception?

It is important for a small nation to have good relationships with trading partners if they wish to pursue a deal. As Key explained, the benefit of a trading deal with China favours New Zealand more so than China. Exporting to China was also the way that New Zealand could recover from the Global Financial Crisis and Key saw China as an opportunity. With the United States, who were not champions of free trade traditionally due to their size and resources, New Zealand had to have a relationship with the United States leader if they wished to form a deal. McCully refers to how important it was for Obama and Key to have a strong relationship as it signalled to the bureaucratic “systems” that they would align.

Prioritizing the relationship with China was central to the success of the relationship for John Key and his New Zealand government. It was evident through reading about the relationship, and confirmed in the interviews, that placing emphasis on building that relationship was central to his government. It was important to prioritize the New Zealand–China relationship in order to utilize the opportunity China presented to improve New Zealand’s economy in the midst of the Global Financial Crisis in 2008 and to maintain the good relationship formed by the previous Labour government under Helen Clark, and Key knew to act with tact.

The New Zealand–China relationship was one-sided in terms of power relations and Key had to accept this and manage the relationship. This is perhaps obvious by the size of New Zealand, however crucial to their relationships with other countries as evidenced in the New Zealand–Taiwan trade deal story Key told. New Zealand is culturally different from China and there are protocols and certain formalities that had to be carried out in order to maintain a good relationship with China. The management of the relationship was and is essential for New Zealand. It is apparent that a management mistake (like the protest outside New Zealand parliament or a possible comment on China’s human rights issues did) can send ripples through the relationship which could have devastating effects for New Zealand. Key viewed the relationship as “purely economic” and due to

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New Zealand's reliance on China, it had to be prioritized and managed the way China would like it to be. The management of the relationship with China was and is crucial.

New Zealand needed a good trade relationship with China and, according to McCully and Key, New Zealand needed to know its place. The relationship was driven by China and this power dynamic effected New Zealand relationships with other countries. The finding in the interview with John Key that China had power over New Zealand with the New Zealand-Taiwan trade deal, not uncovered until this thesis is a major finding for this study and studies in New Zealand-China relations.

In terms of how John Key engaged on personal level as a friend with the Chinese presidents, I can make a judgement it was limited. Firstly, the language barrier with Hu made it difficult, and the time spent together was limited compared to Obama. Xi speaks English, and although this makes it easier to form a relationship, the relationship on a personal level was lower than with Barack Obama. In the interview, John Key noted that Xi told him he was one of three leaders (Merkel (Chancellor of Germany) and one other he could not remember) that would invite him back to China after his term as prime minister. This shows some form of connection beyond politics; however, I suspect Key's business connections in New Zealand and abroad (he is currently (2020) on the board of ANZ Bank and BP Limited to name two), may be a reason for this. Key notes how after the Russel Norman incident he bought a personal gift as a form of apology, however this is more symbolic of the moment rather than a friendship.

Although the personal relationship between Key and Hu and Xi is different to that of Key and Obama, Key's genuine interest in his political counterparts certainly aided the formation of relationships and therefore possibly had an indirect influence in the trade relations between the two states. This was noted in Roughan's biography of Key with regard to the treatment of the great and famous (Roughan, 2017), and McCully noted this in regard to Key's engagements with China—that he has genuine interest in people.

The relationship with the United States was different than that with China, it was "more genuine" according to Key in the interview, but also it was and is a more natural relationship due to cultural ties. A major indicator that the New Zealand-United States relationship was gaining strength was the signing of the Washington Declaration (2012) and this is something McCully and Key were proud of. Key also made a friend in Obama, perhaps by default as he explained. The news media presented this friendship and the interview with Key confirmed the friendship was strong. This helped strengthen the relationship between the nations and enabled joint tactics for the Trans-Pacific Partnership Agreement to get other countries involved. This story is evidence of a strong relationship playing a role in free-trade agreement negotiations. I argue that without the

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close relationship between Obama and Key, this tactic would not have been able to be played out.

A key finding that deserves further emphasis from McCully's interview was the part played by what he referred to as the "system", or the large network of government officials and diplomats who work on relationships for New Zealand all over the world. This was as important for the United States relationship as it was for China. It is not only the leader, but those working as diplomats for New Zealand who foster political relationships abroad. Mike Moore's placement in the United States was key, as too was the addition of extra stations in China for New Zealand diplomats. This thesis does not test how crucial the effectiveness of these systems were but can acknowledge they had an important role, perhaps more important than the leader relationships themselves.

The interview with John Key uncovered that the decision to pursue the Trans-Pacific Partnership Agreement was one Key went in with a decision to ignore the protestors against it. Key explained in the interview why he believed in the Trans-Pacific Partnership Agreement and why the Investor State Disputes Resolution was not the sovereignty issue those protesting thought. This is interesting because it shows how important he as a person was to the pursuit of the Trans-Pacific Partnership Agreement. He was not worried about the protestors, ignoring a strong voice in democratic New Zealand. Key did not see a need to consider the New Zealand public as he felt the protestors were wrong (perhaps dismissed because they were not National supporters and would not vote for him anyway). John Key as an individual, with his own style of leadership, had influence here. This does not directly answer the research question, but it does highlight an interesting point about Key and is a useful contribution to literature on this topic.

It is also clear that governments pursue trade agreements for different reasons and these reasons show that nations have their own state driven agenda. Obama wished to pursue the Trans-Pacific Partnership Agreement to contain China. China's pursuit of free trade is to develop China's wealth and the motivations behind their pursuit of free trade are questionable, for example with the control the Belt and Road Initiative could give to China. When reviewing Obama, Xi and Hu's interactions with Key, it was not clear if the reason for the free-trade agreement mattered to the relationships.

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Chapter Seven: Issues with the Study

This thesis presents its findings as exploratory, and as an insight into the case studies and notions of leader relationships. The thesis contributes to the fields of study and offers opportunities for further testing and research. The research is not without fault. There are three areas where the research could be improved and substantiated, and there are also aspects which could be queried further.

The study could have further or different findings with more (I suggest minimum four different) nations used across two case studies. Although the method I took allowed interesting comparison between the United States and China in relation to the New Zealand relationships, it would be interesting to have findings independent of the common factor—New Zealand. The findings are really insights into the importance of leader relationships for New Zealand and perhaps this can be extended to apply to leaders of small nations. To make a broader claim on all leaders would require more case studies. Perhaps two small nations', or two large nations' leader relationships would test this problem.

One gap in the research is that I only interviewed two participants in the case studies examined. Interviewing more participants would substantiate the findings and likely result in deeper insight into the leader relationships. It would also have been beneficial to interview the leaders from opposition parties. Including leaders like Phil Goff (Leader of the Opposition, Labour Party, New Zealand, 2008 to 2011) and Helen Clark (New Zealand Prime Minister, Labour Government, 1999 to 2008) would provide a different perspective and counter the right-wing bias of Key and McCully. Although the questions were neutral, the two leaders did mention *their* government and did comment on the Labour led government of 2019²³, and it would have been useful to have two sides to those comments.

If I could interview again, I would have asked more about multinational corporations. This was a significant part of my literature review and it is an area that I did not explore in the research. It would be useful to understand if there was any pressure or involvement from multinational corporations. I would have also asked about the forces of globalisation and how the world's leaders viewed globalisation. I discussed globalisation in depth in the literature review, but I did not often refer directly to globalisation in the research findings (although by discussing free trade this implies globalisation as a

²³ This was only detailed in this thesis in relation to Huawei and Jacinda Ardern's visit to China in March 2019 to highlight the perceived importance of this visit, as well as comments on human rights discussions with Chinese politicians.

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process being at play). Key did talk about how New Zealand wanted to engage in globalisation and had been since the 1980s, but I did not question this in terms of the general mood of leaders. I think an elaborated discussion on this may have insight into why leaders wanted to push or join free-trade agreements.

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Conclusion

The thesis has analysed the influence of leader-to-leader relationships on free-trade agreements and relations between New Zealand and China and New Zealand and the United States, during the years 2008 to 2016 when John Key was prime minister of New Zealand. The research placed this study in context as a real-world qualitative study that needed to ensure that other influencing factors were accounted for. The research involved interviewing John Key and Murray McCully which, combined with research into various primary and secondary sources, enabled a detailed the review of the case studies.

There were multiple findings as a result of this research. The study, by its nature and its flaws, is limited in the depth of a conclusion it can give. It cannot broadly state that leader-to-leader relationships do not make a difference on free-trade agreements. For New Zealand, a small nation who needed a relationship with China and strongly desired a trading relationship with the United States, forming strong leader-to-leader relationships was prioritized by Key and his government. The relationship between John Key and Barack Obama was close. Their relationship was important as a symbol for the nations, and without this close relationship it is possible that the method employed to get other nations to join the Trans-Pacific Partnership Agreement would not have occurred. The trade relationship between China and New Zealand was (in economic terms) a more important relationship for New Zealand and the continued management of the New Zealand–China relationship was (and is) extremely important for New Zealand under the free-trade agreement that stands between the two nations.

This thesis has highlighted that there are many influencing factors that contribute to free-trade agreements. These include, but are not limited to: what theory of free trade the nations subscribe to, the history of the relationship, the leaders themselves, the need for a trade agreement (which can differ and may not necessarily be for trade purposes), the bureaucratic systems in place, and the political context. There are multiple influencing factors and leader relationships is just one. All these forces have influence, some are at times more pronounced than others. It is evident that the “systems”, as McCully describes, had a large influence on the maintenance and management of relations between New Zealand and China and New Zealand and the United States.

The research also provided insight into unanswered questions on wider topics to do with these international relationships. Key gave information on China’s instructions to New Zealand on the New Zealand–Taiwan free-trade agreement, and on Obama’s true reason

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for wanting to push the Trans-Pacific Partnership Agreement. These insights show the benefit of exploratory qualitative research.

One obvious factor is that New Zealand still lacks a free-trade agreement with the United States, despite the strong relationship Key had with Obama. New Zealand's anti-nuclear policy, the arguable lack of real economic need for the United States to sign an agreement with New Zealand (or other small nations in a multi-lateral agreement) and Donald Trump's withdrawal from the Trans-Pacific Partnership Agreement did not aid the signing of a multi-lateral or bilateral free-trade agreement.

Despite cultural differences, changes in governments in New Zealand, and changes in the leader-to-leader relationships, New Zealand does have a free-trade agreement with China, on the other hand. Yes, the relationship between Key and Xi and Key and Hu was well managed, however it was under Clark's Labour government that the Free-Trade Agreement was signed. The trade relationship between New Zealand and China now, in 2019, under the leadership of Labour Prime Minister Jacinda Ardern, is continuing, although there have been bumps like the Huawei debacle, just as there were problems for Key with the Russel Norman incident. Aptly then, in the words of Murray McCully at the end of his interview, it can be concluded that "these issues are bigger than people", and that regardless of leader-to-leader relationships, trade relations tend to progress, or not, on a (mostly) steady path.

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