Te Oranga o te Iwi Maori:  
A Study of Maori Economic and Social Progress

Once Were Iwi?  
A Brief Institutional Analysis of Maori Tribal Organisations Through Time

Frédéric Sautet

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The help and comments provided by Peter Fraser in the course of preparing the paper are gratefully acknowledged. The author is also grateful to Rob McLeod and Roger Kerr for comments on earlier versions of the draft. The usual caveat applies.
There is no standardized ‘tribal way of life’. It seems to me, however, that there are some characteristics that can be found in most, if not all … tribal societies … [notably] their magical or irrational attitude towards the customs of social life, and the corresponding rigidity of these customs.

Popper (1971, p 172)

The Iwi is hereby acknowledged as an enduring, traditional, and significant form of social, political, and economic organisation for Maori.

Section 6, Runanga Iwi Act 1990
I Introduction

Maori\(^1\) comprise approximately 15 percent of the New Zealand population.\(^2\) Census data recognise over 60 distinct iwi (tribal) groups, ranging in size from fewer than 1,000 people to almost 100,000.\(^3\) However, rapid urbanisation following World War II means that the majority of Maori now live outside their traditional iwi areas (or rohe). Indeed, given urbanisation, a high rate of inter-marriage between Maori and non-Maori, and government policy that, until comparatively recently, was premised on notions of assimilation,\(^4\) it is hardly surprising that approximately 25 percent of Maori are unable to identify the iwi from which they originate.\(^5\)

Since the early 1980s Maori institutions – especially formative\(^6\) structures such as iwi – have experienced considerable resurgence. This paper explores the nature of iwi through time and is structured in three parts. First, the role and institutional limitations of a tribal collective are examined (section 2). Second, the paper looks at the evolution of Maori institutional arrangements during the nineteenth century and the issue of the ‘iwi counterfactual’ (section 3). Third, contemporary iwi are analysed with broad conclusions drawn regarding the opportunities they pose, the challenges they face, and the alternatives available (section 4).

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1 Many writers, researchers and commentators refer to ‘Maori’ with the implicit implication being that ‘Maori’ form a relatively homogenous group. While this was undoubtedly the case before colonisation, 200 years of cross-cultural exchange means that Maori are a much more heterogeneous population across a range of classifications (for example, socioeconomic status or level of acculturation with Maori language and culture). This paper, therefore, draws on the concept of ‘diverse Maori realities’ (Durie, 1995) when referring to contemporary Maori.

2 Approximately 632,000 people out of a total national population of 4 million identify themselves as Maori (from Statistics New Zealand data from the 2006 Census of Population and Dwellings found at http://www.stats.govt.nz/tables/maori-popn-est-tables.htm).

3 See Meade (2003, p 224).

4 A starting point of assimilation implies that the Maori nationalist movements of the 1970s were distinctly different from their overseas counterparts. While drawing on the techniques and language of the international civil rights and decolonisation movements, the immediate goal of Maori activists was the preservation of a unique Maori identity rather than the more typical demand for integration, equal rights or political independence. To this end, early efforts were focused on the preservation of the Maori language and stopping the alienation of communally held land. Indeed, by the late 1990s Maori nationalism was identified as a stream of ‘identity politics’ (Rata, 2003a).


6 The term ‘formative’ is used in this chapter to distinguish between traditional kinship-based groups such as iwi or hapu (sub-tribe) and ‘associational’ organisations, such as urban marae or urban authorities, which are, at the end of the day, a collection of individuals with a common goal or purpose.
This paper argues that iwi were a rational – and successful – response to the challenges of the pre-industrialised world. Indeed, while iwi have numerous parallels with tribal arrangements throughout the world, a factor that makes Maori institutional arrangements largely unique was the ongoing level of adaptation and entrepreneurial flair displayed, particularly during the initial phases of European colonisation of New Zealand before the signing of the Treaty of Waitangi in 1840. This paper focuses principally on the institutional and economic role of the iwi. It acknowledges that the cultural aspects of the iwi and the Maori world (that is, tikanga and maaturanga) enable us to better explain the present situation. They also matter to the future of the iwi. However, the discussion is restricted mostly to the institutional issue. Moreover, while there may be differences in the institutional organisation of various iwi, the paper essentially focuses on the common aspects and highlights, at the end, some differences in the contemporary setting.

It is unsurprising that Maori institutional history engenders considerable nostalgia – and even reverence – today, with the corollary being whether some adaptation of traditional collective arrangements based on kinship can form the basis of contemporary Maori economic, social, and political development. This paper suggests that while iwi have a potentially important role in managing collectively owned assets, such an ‘all-embracing’ or ‘one-stop shop’ approach contains serious limitations. The question, therefore, is how to identify these limitations, manage them if possible, and avoid them when necessary.7

2 Economic role of tribal institutions

The key idea behind the economics of institutions is that formal and informal rules are necessary for the smooth functioning of all societies. As Douglass North explains, “institutions are the rules of the game ... or, more formally ... the humanly devised constraints that shape human interaction”.8 The idea of institutions, therefore, relates to the rules and norms that individuals follow in their daily lives as well as the means for their enforcement. This section examines the general role of institutions within a tribal society with particular reference to the Maori context.

Moreover, particular attention is paid to the adaptive properties of Maori institutions, both in terms of how they help foster social change within Maori society (for example, the entrepreneurial behaviour that some Maori displayed in the early part of the nineteenth century) and how they adjust to new constraints (that is, how new rules emerge within the traditional framework). Maori institutions both shaped behaviour and were shaped by the cultural changes that Maori went through after the arrival of Europeans.

7 Before proceeding, it is important to note that the heterogeneous nature of contemporary iwi means that this analysis is based on broad principles rather than focused on specific iwi.

8 North (1990, p 3).
2.1 Institutions: the economic framework

Due to the risk posed by everyday maladies such as accidents, external violence and disease – combined with low levels of labour productivity – pre-industrial people typically lived in some form of collective.9 These collectives were often kin-based (as familial ties reduced problems of opportunism and incomplete information) and limited in size (as this facilitated peer-based monitoring). Familial relationships also solved the problem of raising children if a parent were unable to do so (for example, Maori had child adoption practices known as whangai).

In addition to diversifying internal and exogenous risks, the collective nature of tribes also allowed groups to enjoy some degree of specialisation through an internal division of labour. In other words, collectives such as tribes provided greater certainty to individuals who lived within the group compared with those who lived outside of it, a vital survival factor given the subsistence or near-subsistence conditions of most pre-industrial societies. Within tribes, differences between factions are reduced to a minimum and thus peace enables some economic activity, the fruit of which is divided among the elite, who have access to the biggest share, and other members.

Given that tribes performed economic, social and political roles, it is hardly surprising that they developed elaborate rules and customs to regulate group activities. Indeed, this leads directly to one of the distinguishing features of a tribal society: its ‘closed’ nature. As outlined by Popper:10

The magical or tribal or collectivist society [can] also be called the closed society, and the society in which individuals are confronted with personal decisions, the open society ... A closed society resembles a herd or a tribe in being a semi-organic unit whose members are held together by semi-biological ties – kinship, living together, sharing common efforts, common dangers, common joy and common distress. It is still a concrete group of concrete individuals, related to one another not merely by such abstract social relationships as division of labour and exchange of commodities, but by concrete physical relationships such as touch, smell, and sight.

While not extensive, some of the defining factors of a closed society include:

- the primacy of the collective over the individual;
- difficulty in separating the secular from the supernatural;
- an internal hierarchy based primarily – though not exclusively – on inheritance rather than merit (that is, limited or no competition for the top positions); and
- a tendency to use violence as the ultimate arbitrator of differences with non-tribe members.

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9 See Posner (1983, chapter 6), for a general review of the economics of pre-industrial societies.
These factors suggest that pre-European iwi can be characterised as closed social institutions underpinned by tikanga Maori (Maori ways of doing) and matauranga Maori (traditional Maori knowledge).

### 2.2 Rules in the Maori world

As noted above, pre-European Maori developed numerous cultural rules and mores to regulate daily activities. For instance, tikanga-based religious or spiritual rites were rules that were strictly enforced and played a role analogous to that of regulation today (for example, the concepts of tapu (sacred) and noa (profane) often acted like public health regulations, rahui (prohibitions) helped to identify and control access to resources, and muru (rules of retribution) were a means by which access rights to resources were enforced). While Maori customs are unique, and often differed between individual iwi, their social purpose was not. The difficulty for anthropology and economics is to establish what these institutions were in order to understand their role.11

### 2.3 The nature and function of the iwi

The largest collective Maori organisation was the tribe or iwi.12 To this collective anthropologists added the sub-tribe (hapu) and extended family group (whanau).13 One common interpretation of the role of tribes, found in the work of Raymond Firth for instance, characterised iwi as political units that had jurisdiction over a territory.14 Other anthropologists, such as Marshall Sahlins, defined iwi in terms of family with the household as the centre of the relationships among members.

Another approach is to consider Maori tribes as corporate groups, that is, groups of people who act together as though they were a single legal individual. Considering tribes as corporate groups can provide useful, but limited, insights into their role. The tribe is the body that collectively holds and defends a territory or other property through wars, treaties and contracts, and exploits its resources through collective labour. It also provides stability because the group continues in spite of the death or departure of individual members (more on this below).15

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11 See Ballara (1998) for a study of iwi and other Maori institutions and the problems encountered by nineteenth century anthropologists. For instance, the subdivision of tribes may have been over-rated as an anthropological concept.

12 While outside of the scope of this essay, some researchers have attributed distinct roles to iwi, hapu and whanau. For example, Moon (1993, pp 52–53) argues that iwi were the basic political grouping, whereas hapu had an economic role with whanau being largely social in nature.

13 For lack of space, we do not examine the hapu and the whanau in this paper. For a detailed analysis of the role of the whanau, see Morgan (2004, chapter 2).

14 See Firth (1959, especially chapter 3).

Given these roles, tribes also tend to exhibit the notion of exclusion, meaning that membership is regulated. Exclusion is an important tactic for the survival of tribes. Such tactics protect the group and permit safe interaction by ‘vetting’ those who interact daily with each other. This is true for iwi, and can also be found in Western societies. Family-run businesses are a contemporary example of exclusionary tactics.16

A key function of iwi (and its subdivisions) was to allow accepted routines to develop and thereby reduce uncertainty. Social routines are cognitive shortcuts that help individuals respond to certain situations without having to spend time processing solutions.17 However, these shortcuts may make sense only to tribal members, making some form of exclusion necessary.

### 2.4 Evolution of Maori institutions

Many anthropologists have taken a pseudo-evolutionary view whereby the growth of the family circle (whanau) leads to the formation of the sub-tribe (hapu), which in turn leads to iwi. This division has led to the notion of ‘traditional Maori society’, which has the limitation of treating Maori societies as somewhat static. Scholars of the nineteenth century were interested in this ‘official system’ of Maori political and cultural organisation and confused the desire to see reality this way with what reality really was.18

More recent research has shown the faults of this approach. Angela Ballara, for instance, argues that ‘traditional Maori society’ never really existed, except in the minds of twentieth century thinkers.19 While it is true that Maori societies have been affected by the arrival of Europeans, their institutions were not fixed. As Ballara explains, some changes were deliberate (for example, the development of the King movement in the later half of the nineteenth century) and many more were adaptations to changing circumstances (for example the adoption of new weapons such as muskets and new crops such as potatoes). The critical question is whether these rules were conducive to an adaptable society or whether they limited social development.

### 2.5 Tribal institutions, trade and the extended social order

Institutions matter in terms of the trajectory for social and economic development.20 Tribal systems, while by no means static, often (but not always)

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16 Indeed, in both cases kinship becomes the critical membership criterion.
17 Social greetings, for instance, are routines embedded in social institutions that most people follow without asking themselves ‘how can I greet this new person?’.
18 Confusing desires with reality has been a problem in anthropology at times. The most famous instance is Mead (2001).
19 See, for instance, Ballara (1998, chapter 8, p 93).
exert an institutional ‘speed limit’ on change. Due to their exclusive nature and rigid internal rules, closed societies such as iwi can absorb only so much exogenous change without terminally damaging the social bonds that bind them together. Furthermore, tribal societies typically have problems generating rapid, endogenous change due to difficulties in managing internal dissent. While dissent could theoretically be talked through with ‘exit’ acting as the ultimate sanction (that is, the formation of a new tribal entity by disgruntled members), such a strategy is costly. A less costly – and more likely – alternative is the preservation of tradition and subjugation of individual preferences to the perceived ‘good’ of the collective. The problem this latter strategy poses is that it typically stifles entrepreneurial activity that is not consistent with cultural or social mores.

In other words, difficulties in managing exogenous shocks and generating endogenous change are common features of closed societies; with the corollary being that tribal arrangements typically limit the expansion of society, as they favour intra-tribal over inter-tribal trade, thereby forgoing the benefits that a greater division of labour based on an extended economic order provides.

Given these limits, it is interesting to examine how exogenous change and entrepreneurial opportunities were handled by iwi. Archaeological evidence suggests inter-tribal trade existed in pre-European New Zealand, but was limited due to factors such as intermittent warfare or, more practically, transportation difficulties (the main transport methods were portage or canoe).\(^{21}\)

At the heart of entrepreneurship is the ability to take advantage of a trading opportunity (that is, discovering the unrealised gains from trade). When European explorers arrived in the eighteenth century they quickly started trading with Maori, and the first three decades of the nineteenth century witnessed the development of important trade relationships.\(^{22}\) Indeed, many Maori tribes\(^ {23}\) quickly sought resources and products such as:

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\(^{21}\) Archaeological research has found items such as basalt and greenstone throughout New Zealand, indicating that extensive trade networks existed. However, given the absence of metallic tools this is hardly surprising as stone played the same role that iron and steel did in other societies. Indeed, iron tools such as axes were highly prized trade items between Maori and Europeans. See Davidson (1984, pp 195–200).

\(^{22}\) For references on trade in nineteenth century New Zealand, see Tapp (1958). See also Wright (1959).

\(^{23}\) For example, Maori tribes in the Bay of Islands understood the importance of the potato as a consumption product as well as a trading item. The potato was better adapted to New Zealand climes than the traditional staple of kumara, allowing a considerable surplus to be produced. Maori, therefore, sold potatoes to English and French whalers and exported huge quantities to Sydney in the 1800s. Products such as kauri spars and flax followed with the value of the export trade between the Bay of Islands and New South Wales being estimated at £80,000 per annum by the time the Treaty of Waitangi was signed in 1840 (see Binney, 1987, p 24).
• foodstuffs such as potatoes, chickens and pigs;
• tools, especially metal tools such as axes;
• weapons such as muskets; and
• clothing such as cotton, wool and leather.

It therefore seems reasonable to conclude that the ‘institutional speed limit’ mentioned above was set somewhat higher for Maori than for some other indigenous peoples (such as the Aborigines from Australia). It also seems reasonable to suggest that Maori institutions possessed features that made Maori able to withstand the initial stages of colonisation comparatively well; and in numerous cases Maori took advantage of colonisation by participating in an extended social order. In comparison, the institutional arrangements of indigenous peoples such as the Australian Aborigines were considerably less successful in either regard.24 While not intending to serve as an extensive list, the following factors explaining Maori adaptation appear critical.

• A de facto notion of property rights: a working equivalent of property rights meant that the gains from trade could be secured (at the iwi level).25
• A comparative advantage in certain goods and services: Europeans had a near-insatiable demand for Maori-provided goods (such as foodstuffs) and services (such as shore-based recreation for sailors26) while possessing the manufactured goods that Maori wanted (particularly muskets).
• The easy adaptation of existing economic activities to pursue new goals: for example, tribes that were engaged in horticulture were able to adapt this to the export market given the arrival of new crops.
• A durable Maori military power: Maori were well armed, so able to protect their assets from physical attack.

These institutional features were buttressed by cultural values such as the notion of mana (similar to the notion of ‘prestige’), which meant that individuals within

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24 This does not mean that aboriginal settings were not adapted to their environment. On this subject, see Blainey (1976).
25 While indigenous people in many cases owned land collectively, the tools to work land or cook food, for instance, were owned individually. See Bruce (1998).
26 Like some of the less than savoury origins of European capitalism (for example, slavery and the opium trade), the subject of prostitution is typically one that contemporary historians tend to avoid in the interests of maintaining sensitivities. The simple fact, however, is that prostitution was rife in colonial New Zealand with many tribes providing these services, often to secure muskets. Indeed, while distinctly different from prostitution, European traders often took Maori wives as acceptance within the tribal organisation not only brought access to tradable resources but also afforded their protection as well. To this end these ‘marriages’ were the extension of political and economic interests by both parties in addition to bringing new, European members into the tribe.
iwi were eager to expand their consumption possibilities through exchange. The result was an economic relationship between Maori and Europeans that lasted until the mid-nineteenth century and is described by James Belich as “as a collaborative association” with “economic interaction [being] vital to both [Maori and Pakeha] zones”.

It is, therefore, important to note that the tribal structure did not stop Maori from embracing trade and being entrepreneurial. Land held in common and various other tribal aspects of life did not seem, at least in the first few decades of the nineteenth century, to have been an impediment to trade and to the adoption of institutions leading to the emergence of an extended social order. The early nineteenth century showed the remarkable adaptability of Maori institutional structures to the new economic and political realities.

The economic role of iwi, however, went into decline from the later nineteenth century when faced with mass European immigration, large-scale loss of land, warfare, depopulation and disease. The result is an interesting counterfactual: would Maori institutions have continued to evolve had the colonisation process after 1860 been different (and what would the result have looked like)? Or would the institutional speed limit – adroitly avoided thus far – have increasingly made itself felt and eventually choked off growth?

3 Iwi counterfactual and the emergence of the modern economy

As outlined above, the nineteenth century iwi was essentially a ‘one-stop shop’ in that it successfully managed to perform economic, social and political roles. In the absence of the institutional changes (due to colonisation) that affected the iwi in the nineteenth century, some say that iwi would have developed to become a major economic institution in the twentieth century. It is the argument of the ‘iwi counterfactual’. This raises the question of where, from a theoretical perspective at least, the limitations of such an all-embracing institutional structure lie.

One type of limit is the conflict between multiple objectives. Examples of this type of limit include:

27 While beyond the scope of this paper, the concept of ‘conspicuous consumption’ (also known as ‘keeping up with the Joneses’) made famous by Thorstein Veblen originated from anthropological research into gift-giving customs of various Pacific societies. Mana is simply the Maori derivative of broader cultural practices regarding the acquisition of prestige that are found throughout the Pacific. Importantly, such practices imply that Maori conformed to the rationality assumptions of homo economicus in that ‘more is better than less’.

28 See Belich (1986, p 303).

29 Maori and European populations equalised in 1860, from a situation of an estimated ratio of 50 to one in favour of Maori only 20 years or so earlier.
The clash between social purpose and economic function. Friedrich Hayek makes an important distinction between firms and society. Within organisations, individuals share a common purpose; they are ends-related. Within society, individuals do not share a specific common goal; they are only means-related. It follows that the attributes of an economic organisation are different from those required by a social organisation. Moreover, it is unlikely that a similar institutional structure could fulfil both roles – even if the line separating the two types of orders is sometimes hard to establish.

The clash between different types of governance. It follows from the point made above that the governance requirements for political organisations are quite different from those of commercial organisations. The former are based on notions of representation whereas the latter seek to improve shareholder value or maximise profits. It is, therefore, typically unrealistic to expect a single set of institutional arrangements to simultaneously achieve two quite different ends. Indeed, one of the key governance (and incentive) problems that emerges out of a confusion of roles is ‘crony capitalism’, as self-interest that is not channelled through competitive markets can develop into forms of rent-seeking behaviour and/or nepotism.

It is reasonable to argue that when production was localised, trade was relatively simple (that is, of a repeated nature) and Maori were numerically superior (implying that iwi customs provided the dominant institutional and legal framework), the problems outlined above could be largely ignored. However, the corollary also holds true: that when these conditions did not apply, the institutional limitations of iwi would quickly become apparent. To this end the substantial differences that faced iwi in 1800 compared with 1860 and 1900 are worth noting. Key differences included the following:

The end of a Maori political, economic and military hegemony. The 1860s witnessed the granting of responsible government to the settler population (thereby establishing a rival political institution to the iwi) that, combined with mass migration, meant Maori could no longer ‘set the rules of the game’. This is clearly evidenced by changes in population ratios: from 50 to one in favour of Maori at the time of the signing of the Treaty of Waitangi in 1840, to an equal ratio by 1860, to Europeans comprising almost 95 percent of the New Zealand population by 1900.

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31 Organisations that attempt to perform both roles typically split commercial and non-commercial activities. While corporatisation offers significant advantages over a conglomerate structure in terms of performance management, it remains an open question whether such a structure is optimal in the long run.
32 This is the result of the lack of a profit-driven (and profit-sanctioned) framework. Non-profit structures can survive longer without being sanctioned for being inefficient (that is, not allocating resources to their most-valued use).
33 See Ridley (1996, especially chapter 13).
- *Dramatically increased competition from alternative suppliers.* Maori suppliers faced a ‘double whammy’ as settlers increasingly produced their own foodstuffs (an option that was not available to the more transient whalers or sealers) combined with old markets disappearing (for example, the winding down of the whaling and sealing trade, and the sidelining of Northland with the shifting of the capital from Russell to Auckland).

The focus of Maori institutions also changed. Compared with the entrepreneurial dynamism shown during the early nineteenth century, their purpose became increasingly one of combating land alienation rather than pursuing economic development. Indeed, one adaptation tactic used throughout New Zealand (for example, in the King County, Taranaki and the Uruwera) was disengagement and, in some instances, disengagement based on passive resistance. Critically, none of these strategies is conducive to fostering entrepreneurship based on an extended social order, though all are eminently logical defensive adaptations to the loss of hegemony.

In addition to the institutional limitations mentioned above, New Zealand’s economic history is hardly welcoming to an iwi counterfactual. By the 1860s the New Zealand economy was experiencing a transition to wool production as the primary economic activity. This initially favoured large pastoral estates, which arguably should have favoured iwi with large-scale land ownership. This argument, however, is deceptive: sheep farming was a completely different entrepreneurial – and substantially more complex – activity compared with earlier iwi endeavours based on horticulture. In particular, sheep farming required:

- linkages to international markets and financial settlement mechanisms;
- capital to purchase breeding stock and to improve the land (which became critical once the initial period of ‘robber pastoralism’ on the natural grasslands of the North and South Islands had passed); and
- knowledge of animal husbandry and pasture management.

A critical, though counterintuitive, issue is that land (and to a lesser extent labour) became a relatively less important factor of production compared with capital, functioning institutions (such as legal systems that enforced contracts and protected property rights), and entrepreneurial endeavour. Indeed, a similar point can be made about gold production – another key industry of colonial New Zealand. This required specialised technology and knowledge (particularly regarding the extraction of quartz gold) that iwi did not possess.

In short, while iwi had land and labour, these were no longer sufficient conditions for economic success as economic development increasingly relied on specialised skills, formal institutional arrangements and international networks that Maori neither possessed nor had ready access to.

This situation arguably became even worse with the advent of refrigeration in the late nineteenth century, as refrigeration increasingly favoured intensive farming
based on ‘family farms’ (with non-priced household labour representing a key input). Additional reasons for the emergence of family farms included the following:

- **Tenure and development issues favoured owner-occupation rather than tenant farming or leasehold arrangements.** To retain land holdings within an iwi, iwi members would have effectively been tenant farmers, a status that would have run headlong into the then contemporary debate between leasehold and freehold title (eventually won by ‘freehold’, despite concerted political pressure to the contrary). European settlers’ desire to own land freehold also makes any suggestion that iwi could have potentially leased their lands to settlers unrealistic.

- **Monitoring and productivity.** Small family farms and the intensification of production internalised incentives and provided an incentive structure that would be impossible to replicate under collective iwi-based tenure. For example, much of the North Island required extensive land clearance and improvement to produce a viable farm.

Given that refrigeration was the major driver toward the development of a complex economy (as well as the breaking up of the great pastoral wool estates) it is, therefore, critical to note that it was precisely this type of economic endeavour that was increasingly hostile to iwi-based production. As summarised by Hawke:

> The conflict was less between Maori society and the economy, and more between Maori society and the change needed to participate in the increasingly complex settler society and economy.\(^{35}\)

In short, if the transition to large-scale wool production would have presented severe challenges to iwi, the impact of intensification would have been even worse, as the locus of control would have switched from iwi (or even hapu) to an activity dominated by individual whanau. It is, therefore, difficult to see how iwi-based feudalism, a variant of sharecropping, or the development of ‘corporate farming’ (where iwi members were paid employees) could have endured in New Zealand during this period (even if a benign political and legal environment existed). Furthermore, if iwi had maintained their land holdings throughout the first half of the twentieth century, the combination of rising labour productivity and a rapidly expanding population would still have resulted in large-scale Maori urbanisation following World War II (in addition to the demand to privatise the farms to the incumbent farmers).\(^{36}\)

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\(^{35}\) Hawke (2005, pp 18–19, para 4.15).

\(^{36}\) In another context, Sir Apirana Ngata, Ngati Porou, successfully mitigated, via a cooperative mechanism, some of the institutional problems that could have emerged with the iwi structure. Beginning with the Waiapu Farmers Cooperative in 1912, and then with a cooperative dairy enterprise in the 1920s, he established a model that enabled whanau or hapu Maori farmers to access economies of scale and specialisation. Further, the cooperative avoided land alienation and enabled Maori labour to remain in the enterprise. In these particular cases, it is likely that many of those outcomes would not have been possible in a standard corporate model. See Butterworth *et al* (2002).
To be able to participate in a complex settler society (and this was the dilemma iwi faced), Maori needed the same institutions that settlers needed – notably individualised and tradable property rights in land. However, it was the individualisation of Maori land that was explicitly designed to undermine the political, economic and social foundations of iwi. It is, therefore, hardly surprising that the later nineteenth century was in many areas associated with planned disengagement by iwi. Like other closed social institutions, there was only so much exogenous change that iwi could handle before they ceased being iwi. Indeed, in some tribal areas, this is exactly what happened.

While it is clear that Maori suffered from land confiscation and other Crown abuses in both the nineteenth and twentieth centuries, it is less clear that traditional Maori institutions would have led to greater development. Terry Anderson and Dominic Parker argue in their recent research on Native American reservations in the United States that the impact of institutions on reservation economies should not be underestimated. In other words, tribal governance institutions have not significantly improved the lot of reservation economies and have, in fact, impoverished many Native American tribes. Where Native American reservations have abandoned many tribal governance institutions, their economic performance has improved. The parallel can be made with Maori institutions in New Zealand. While the counterfactual allows us to imagine a past without serious grievances, this does not prove that Maori institutions would have helped Maori to prosper.

As mentioned above, another way of seeing the nineteenth century iwi was as a corporate entity. This approach bears on the discussion in the following way. Corporations, in legal terms, are ‘legal persons’. They are entities other legal persons can deal with, and they have rights and responsibilities. An essential aspect of corporations is that they possess a ‘perpetual life’. They can enter into relationships with other legal persons independently of who (among the individual members) is in charge. Moreover, and this is important in the context of the nineteenth century iwi, corporations that enter into agreements are bound by the content of the contracts, irrespective of who signed them. Thus agreements in a corporation live beyond the lives of its individual members.

Anderson and Parker (2005).

As Anderson and Parker (2005, p 24) put it: “Economic development on American Indian reservations is likely to remain low unless the institutions that govern economic performance are reformed to encourage investment and productivity. Though cultural differences between Indians and non-Indians, between Indians of different tribes, and differences in resource endowments undoubtedly affect economic development, focus on these alone does not explain the lack of economic growth. The data presented here suggest that the same variables important to economic prosperity in developing countries are important on Indian reservations. Fee simple landownership, an impartial and stable legal environment, and a government that can resist the temptation to engage in transfer activity, improve income levels and economic growth rates.”
This is important to our discussion of the nineteenth century iwi because economic activity, especially as it is based on complex contracting, can only emerge if agreements are binding. As long as the kings of feudal Europe were not bound by their promises, economic activity was limited – the risk of predation was great. It was very common for the kings of France and England, for instance, to renege on their promises, especially in so far as debt was concerned. Loans were made to the king (as a person) not to the Crown. Following the Glorious Revolution in Britain, the king could only borrow if authorised by an act of Parliament. Lenders could then loan money to the ‘King in Parliament’ with the certainty that the Crown was liable, not a specific individual, the king, who could change his mind or die.

Development rests, among other things, on complex contracting among perpetual organisations. The corporation is a legal innovation that emerged in Britain and in Western Europe in the seventeenth century. It massively reduced the uncertainty existing in market relationships and helped Europe make the step from personal relations to impersonal relations.39

Maori tribal institutions were not corporations (even if they possessed some of their features along certain dimensions). Personal relations, especially with chiefs, were defining attributes of iwi. Even if blood relations provided some cement to bind agreements (Maori were famous for their genealogical memory), they were still subject to the whim of a particular chief or warrior. When agreements between individuals were unilaterally broken, the ultimate recourse was violence, which was costly. The nineteenth century iwi was not a perpetual organisation and, as such, personal relations with individual members (within and outside the iwi) were the norm. This greatly limited the development of impersonal relations that are the cornerstone of a market system. The ‘institutional speed limit’ was real.

In summary, while there is little doubt that Maori would have been better off had they not suffered large-scale detribalisation and the loss of land, their primary asset base, the issue of an ‘iwi counterfactual’ is arguably something of a chimera. If iwi had developed in the absence of the colonisation process, then it is reasonable to assume that they would have become significantly more specialised in terms of function, but it is unclear whether their role would have been primarily economic. The implication for contemporary iwi is likely to therefore be one of specific – and relatively limited – objectives rather than replicating the all embracing ‘one-stop shop’ model of the nineteenth century.

39 On the rise of the corporation in Europe and North America, see for instance the work of John Wallis (especially Wallis, 2005).
4 Iwi now: Contemporary Maori institutions and their future

The section above posed an intriguing counterfactual question: how would late nineteenth century iwi have evolved had Maori better maintained their asset base of agricultural land, institutional forms and cultural norms? While speculative in nature, such a question is nevertheless important given the desire to reinvigorate iwi as a platform for contemporary Maori development. In this section we examine whether contemporary Maori institutions (as they have evolved in the nineteenth and twentieth centuries) and culture can function within an open society.

4.1 Are traditional cultural values compatible with the open society?

In this section, we first define the features of contemporary iwi and ask whether tikanga and matauranga Maori are consistent with the open society or whether, in reality, they represent a revised form of the institutional speed limit outlined above. This then enables us to ask whether iwi can be reinvented in the twenty-first century as an ‘engine for advancement’; and if so, what roles and functions would it be reasonable to expect such neo-iwi to perform.

Attributes of contemporary iwi

Contemporary iwi typically pursue economic, social and cultural roles. Some of the larger iwi (for example, Tainui and Ngai Tahu) have corporate structures with an internal separation between commercial and non-commercial functions that appears similar to the structural split imposed on government departments during the New Zealand public sector reforms of the 1980s.

A critical point to note, therefore, is that contemporary iwi utilise modern institutional, legal and governance models (for example, trusts and companies) rather than being an outgrowth of traditional institutional arrangements. The result is typically a blended organisational structure where individuals are members of the iwi, which often contains some form of representative body that forms an umbrella structure that then owns organisations (whether they be ‘for profit’ or ‘not for profit’ in nature). A good example of this is the Ngai Tahu structure (see Figure 1).

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40 For example, if iwi structures had been abandoned or their role substantially modified in the 100 years between 1870 and 1970, it suggests that caution needs to be applied to expectations as to what iwi can reasonably achieve today, as factors other than colonisation were pivotal to the decline of iwi in the nineteenth century.
**Figure 1: Ngai Tahu corporate structure**

![Diagram of Ngai Tahu corporate structure]


**Importance of cultural values to contemporary iwi**

Given that contemporary iwi employ modern institutional arrangements, issues of tikanga and matauranga Maori become pivotal as it is the rules and norms associated with them that give contemporary iwi their identity as uniquely Maori organisations – and hence their cultural legitimacy. Indeed, it can be argued that an iwi without a solid tikanga and matauranga foundation is little different from a union, sports club or friendly society, which poses the question of whether ‘iwi-lite’, an iwi with a cursory foundation in tikanga and matauranga, is a ‘real’ iwi.

It is, therefore, important to note that many aspects of tikanga and matauranga are consistent with modernity (in general) and a well-run organisation (in particular). Indeed, Ngai Tahu lists the following tikanga (or values) as being critical to the iwi, and most would not look radically out of place in many other organisations. Those values are:

- whanaukataka (family);
- manaakitaka (looking after the iwi’s people);
- tohukataka (expertise);
- kaitiakitaka (stewardship); and
- manutioriori/kaikokiri (warriorship).

In comparison, there are also examples where tikanga and matauranga are limiting factors to economic, social and cultural development. Examples include:

- opposition to genetic engineering, based on notions of whakapapa (genealogy);
resource management concerns about the inappropriate mixing of water bodies, irrespective of environmental issues, due to notions of tapu;\textsuperscript{41} and

limiting the roles women can play in iwi affairs where claims to leadership are (in part) premised on cultural ability in areas such as speechmaking; yet women are (in some instances) denied access to such activities for tikanga-based reasons.

Given the importance of cultural rules and beliefs to contemporary iwi, two questions are especially important.

- Do the tikanga and matauranga Maori-based rules and norms ‘make sense’ given contemporary knowledge and circumstances?
- If tikanga and matauranga Maori cease to ‘make sense’, what are the rules or processes available to change them?

The ability of any society to change rules and utilise new knowledge becomes critical when economic and social development is increasingly linked to the trade in ideas rather than merely the trade in goods and services (which are increasingly only embodied knowledge anyway). As noted above, closed societies tend to preserve existing knowledge (especially if it is held by the elite) instead of adopting (and producing) new knowledge. Indeed, history records many instances of closed societies (or institutions) actively suppressing knowledge that challenged the status quo. The ultimate question is whether matauranga Maori and kaupapa Maori are compatible with liberal democracy (in particular)\textsuperscript{42} and modernity (in general).

**Utopian ideals and the interface between values and institutions**

The potential risk that some interpretations of tikanga and matauranga Maori pose is that they may limit institutional performance. Given this insight, the issue, therefore, is not that tikanga and matauranga Maori per se represent an institutional speed limit on development but that some interpretations of them *may*\textsuperscript{43} To this end, two quasi-utopian endeavours are highlighted as likely to limit an iwi’s ability to participate in an extended social order.

\textsuperscript{41} There is no necessary logical or causal linkage between the ‘respect’ that animist cultures, such as Maori, have for the land and resources, and resource management outcomes. Indeed, references to supernatural values such as tapu can have a negative effect on flora and fauna unless that supernatural reference has some basis in causality. Two cases – the Tongariro diversion and Kaituna river scheme – neatly illustrate this point. In the former, cultural values were purported to have been violated, although environmental outcomes were improved; whereas in the latter, cultural values were appeased but with increased environmental damage.

\textsuperscript{42} See Rata (2004a).

\textsuperscript{43} Winiata (2001).
Designer tribalism

Cultural relativism asserts that an individual’s beliefs and behaviours must be viewed through that individual’s own culture. Followers of cultural relativism included Margaret Mead, who constructed an idyllic – but fallacious – picture of tribal life in Samoa. Despite the well-known problems associated with Mead’s research, a modern version of this approach, romantic primitivism, is surprisingly common.

Romantic primitivism transforms indigenous cultures by ascribing moral superiority over the ‘civilised’ world in areas such as environmentalism, harmony and ‘ancient wisdom’ irrespective of the former’s credentials in these areas (indeed, negative characteristics such as oppression against women are conveniently ignored).

To this end, the work of Roger Sandall is worthy of consideration. Sandall dubs the international resurgence of tribalism (and its associated reverence for the past and quest to reclaim a distinct identity) as ‘designer tribalism’, which he links to eighteenth century French notions of the noble savage and nineteenth century German philosophies that emphasised the ‘volk’ or the collective over the individual.

The problems with designer tribalism are twofold. First, the entire approach is fundamentally flawed as it is not only unbalanced but also attributes cultures with a form of moral superiority that makes questioning difficult or unnecessary. Secondly, designer tribalism confounds the issue of what people do (that is, their culture) with who they are (that is, their identity) and what they are (that is, their race or ethnic origins). The result is that identity is constructed on behaviours and social mores that are largely fixed, with the corollary being that if those behaviours and mores are found to be problematic one’s entire identity is threatened.

Cultural nationalism

Given the poor economic and social status experienced by many Maori, cultural nationalism – or the notion that Maori are better able to resolve the problems faced by Maori using Maori methodologies – has an understandable allure.

An example of cultural nationalism is illustrated in the arguments of Whatarangi Winiata. Winiata argues that the contemporary economic and social plight of Maori is due to economic dualism where New Zealand is characterised by distinct Maori and Pakeha economies at different stages of development. The key problem identified is that one group (Pakeha) is making choices on behalf of the other (Maori), which leads to a problem of ‘getting it right by accident’. The solution is seen Maori regaining control over Maori development and doing so in a uniquely Maori way.

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44 Sandall (2001).
The corollary is that traditional collectives such as hapu and iwi, along with social relations based around a marae complex\textsuperscript{46} and extended whanau relationships, are seen as playing a critical role in terms of Maori development. Indeed, in some cases the notion of ‘Maori development’ is questioned with the emphasis given to iwi and hapu development,\textsuperscript{47} given the latter two are considered more ‘traditional’, so therefore superior. In reality, what is envisaged is a tikanga-based commune where characteristics such as self-interest and opportunism are replaced with universal altruism.\textsuperscript{48}

While a detailed analysis of this argument is outside the scope of this paper, it nevertheless assumes away some fundamental issues, namely:

- a comparative institutional problem: even if the problem is one of economic dualism, this does not imply that tikanga-based development is the solution;\textsuperscript{49} and
- the (political) governance problem: assuming that people will automatically act in a selfless and altruistic fashion simply because they subscribe to tikanga is not only naïve but potentially dangerous.

As political economists have argued since Adam Smith, all human beings are motivated by self-interest. The issue is the rules within which self-interest is channelled. A successful society is one where incompetent and bad people do least harm and competent and good people can act in socially beneficial ways (for example, be entrepreneurs). In this sense, race and culture do not matter much (that is, incompetence and malevolence are not racial or cultural features) except in so far as they influence the rules of the game (and here tikanga Maori may be both a hindrance and a help). Tikanga Maori can be an asset for those who subscribe to it in so far as their actions are channelled within the right institutional framework.

From a developmental perspective it is, therefore, unreasonable to equate iwi to an institutional magic bullet that will solve a plethora of real (and imagined) social, economic and cultural problems. This is, however, not the same as arguing that neither iwi nor tikanga has a role at all.

\textsuperscript{46} In its modern form the marae is a meeting house or heart of a village or community. Much of the social life emanates from the marae.

\textsuperscript{47} The distinction between iwi and hapu development and ‘Maori development’ also forces one to clarify whether ‘Maori development’ or ‘development by Maori’ is implied. Cast in this fashion ‘Maori development’ is collectivist in nature, and is thus similar to iwi and hapu development as the collective remains the base unit of society. In comparison, ‘development by Maori’ is more atomistic as it pictures the individual as the base societal unit.

\textsuperscript{48} A good example of this is ‘the fable of the fridge’. In short, given the notion that the marae is one’s first home, if a family were to purchase a new refrigerator they would be expected to donate it to the marae (or collective) kitchen and take the used fridge home in its stead.

\textsuperscript{49} This is an example of the ‘if X fails then Y must work’ fallacy.
4.2 Iwi now: Solutions for the future

One method to address the issues outlined above is to distinguish between the types and purpose of knowledge. For example, Elizabeth Rata distinguishes between logos, which is objective knowledge (and potentially falsifiable), and muthos, which is subjective in nature. The purpose of muthos is that it acts as a form of ‘social cement’, in that it provides the necessary myths, stories and behavioural expectations to provide a unique and cohesive group identity. The advantage associated with a classification of this nature is that it allows an iwi to maintain a strong cultural basis in tikanga that can be kept inviolate, yet still permit the cultural flexibility to embrace the desired aspects of the open society.

The point that Rata makes is that “a society that has both muthos and logos is still a creative scientific society”, yet her concern with some instances of kaupapa Maori is that it emphasises the former at the expense of the latter.

A second (and not necessarily mutually exclusive) method of ‘changing the rules’ in order to reconcile tikanga and modernity is to encourage a range of institutional arrangements to co-exist (whether iwi and hapu development or development by Maori in a myriad of different forms). In short, so long as organisations are not artificially sustained by the state, rent-seeking tendencies are curbed and participation remains voluntary, then institutional forms that channel individual behaviour in socially beneficial ways may come to be selected through competition.

Roles for contemporary iwi

A key theme underlying this paper is the necessity to reduce the functions that contemporary iwi perform while simultaneously lowering the expectations as to what they can achieve, especially in terms of economic development. One future role for iwi may be to retain and foster their identity and culture (for example, genealogy, history, te reo Maori (language), marae and taonga (treasures)). Another is developing, where applicable, traditional assets such as land. Iwi also have a similar trusteeship role in developing and growing settlement assets. However, a degree of perspective is required: the total quantum of settlement assets is relatively small given the current population base. Even if these assets generate a commercial rate of return, this situation is unlikely to change given projected population growth.

The point is that focusing primarily on iwi-based development is selling Maori development short due to its narrow base. Additional areas for improvement include the need to substantially increase human capital and reduce institutional
barriers to unleash the entrepreneurial talents of individual Maori. In short, rather than being a story about iwi development, the future is likely to embrace a broader story about Maori development, with private assets like the housing stock owned by Maori combined with income streams from paid work dwarfing any realistic quantum of settlement assets. Used well, private assets and incomes can provide financial leverage to start and grow new businesses. Importantly, it is highly unlikely that individuals will want to put their private assets into some form of collective ownership via an iwi.

The above discussion (in section 3) on the emergence of the corporate organisation and the notion of perpetuity in Western Europe argued for the existence of an ‘institutional speed limit’ in nineteenth century iwi. If one combines this view with the success that some well-run iwi have experienced in recent years, it shows that the future of the iwi cannot be outside the realm of Western institutions. Successful iwi – and Ngai Tahu is the most well-known – have embraced a true corporate form with a clear division of responsibilities and good governance rules. These notions are not part of tikanga Maori per se, but are compatible with it. In this sense, successful contemporary iwi are not inherently part of ‘Maori institutions’ but rather present a mix of adopted institutional forms that enable them to overcome the drawbacks of the traditional iwi structure while keeping tikanga Maori as a point of reference. The iwi of the twenty-first century will be more a corporation with multiple objectives than a broad social institution, whose raison d’être is lost in the past of Maori tribal life.

5 Conclusion

Maori institutions played an important role in the development and survival of the Maori people. Over centuries, they evolved and gave rise to social structures based on kinship and hierarchical relationships. One of the main social institutions was the iwi. The iwi provided rules of conduct and norms for living arrangements that helped Maori survive their natural environment in New Zealand between the tenth and nineteenth centuries.

While it is difficult to establish with certainty what the entire role of the iwi was, iwi helped reduce the uncertainty of social interaction by creating cognitive shortcuts (norms and mores) that individuals would follow and respect. Though some anthropologists have often hoped that Maori institutions, like many other tribal institutions, remained constant over time, modern anthropology has cast doubt on this view. Maori institutions evolved since their inception according to the circumstances in which Maori people lived. This slow change accelerated in the nineteenth century with the exposure of Maori institutions to English laws and ways of life. As traditional Maori society evolved and opened, traditional Maori institutions evolved too.

The evolution of traditional institutions is often seen as negative. However, institutions should be understood as means rather than ends in themselves. They are (consciously or not) developed and used by people to help them fulfil their
ends. While the traditional iwi structure of the eighteenth century was indispensable to Maori societies at that time, the same institutional structure is likely to be redundant in the twenty-first century. What was required to deal with the circumstances of the eighteenth century is not necessary any more. If the iwi were to remain unchanged, the danger is that they would be prisoners of a cultural heritage, which does not equip the young generations for the challenges of their era.

The potential risk is that forms of tikanga and matauranga Maori may be incompatible with modernity and the open society. However, this need not be the case as all cultures evolve and change over time and Maori culture is no different. One of the methods for limiting the risks of fossilisation and ossification is allowing different organisational forms to exist: successful ones will flourish whereas less successful ones will not. Moreover, we know that two conditions are necessary (but perhaps not sufficient) for the successful development of modern organisations: the idea of the corporation (that is, perpetuity) and that of governance driven by external feedback mechanisms. Contemporary iwi, if they are to survive the natural selection of institutions and not become irrelevant, must embrace these two characteristics.

Maori development is based on private enterprise and the unleashing of entrepreneurial talents. While iwi have an important role, it is a limited one. Iwi are not the engine of Maori development; entrepreneurship is. Sustained prosperity only comes about if the creative talents of individuals are unleashed through the web of exchanges that constitutes the market economy. If Maori people are to flourish and live better and longer lives, traditional Maori institutions must blend within the modern structure of the market system. In other words, Maori development needs to embrace modernity and the open society, rather than retreat towards the closed society of the past. This can be done while preserving some aspects of the cultural heritage of the past (tikanga and matauranga Maori) but not all aspects, and this is the lesson of the modern world.
References


