

New Zealand's Recognised Seasonal Employer Scheme

An Object Lesson in Policy Making - But for Whom?



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The initiative promotes understanding among policy makers, regulators and negotiators about their services sectors and the role that trade negotiations can play in pursuing their strategic interests therein.

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Foreword

Services and services trade can play a central role in promoting sustainable development, supporting inclusive economic growth, and reducing poverty in modern economies. However, LDCs, LICs, and LMICs continue to face challenges in catalysing or sustaining progress across this diverse range of economic activities. With respect to trade policy and related negotiations, services have become an increasingly visible feature of discussions – domestically, regionally, as well as at the bilateral and multilateral levels.

A number of challenges impacting services trade negotiations and policy-making have been identified however. Many lack access to reliable services trade data on which to base analysis and decision-making, and skills for processing and analysing existing services trade data to underpin conclusions. Ineffective interactions between stakeholders to support decision-making – within government, and between the government and the private sector, civil society, and other non-state actors - is also a major challenge.

Against this backdrop, ILEAP, CUTS International Geneva and the University of Sussex's CARIS have partnered to undertake a series of interventions that seek to contribute to the increased and more effective participation of LDCs, LICs, LMICs and RECs in multilateral, regional and bilateral services trade negotiations.

With funding support from the UK Trade Advocacy Fund, a set of studies, toolkits and trainings are developed to assist these countries in increasing their participation in services trade. Target beneficiaries range from negotiators, policymakers, regulators, statistical officers and various non-state actors.

In this context, this paper explores the interests, ideas and institutions behind the creation of New Zealand's Recognised Seasonal Employer (RSE) Scheme which has been a successful temporary migration programme allowing Pacific island residents to work for a season in New Zealand.

The scheme solved the horticulture and viticulture sector's labour shortages, brought income to the Islands and cemented New Zealand's influence in the Pacific region. It was underpinned by research quantifying the advantages of migration and the decreasing ability of small isolated economies to generate satisfactory incomes in the global economy. It also benefitted from two built-in formal impact evaluations which reassured politicians that it would not survive if it was not effective. In terms of institutions, the World Bank played a key role in bringing the analysts and the interested parties together and helping to design a scheme that assuaged the fears that were typically expressed about temporary migration schemes. The RSE was enshrined in formal agreements between New Zealand and each participating island, but, for implementation, was embedded within existing administrative arrangements. The RSE represents a high point in the design of evidence-based policy which will be difficult to repeat because the building blocks are so rarely all present at the same time and place.

Executive Summary

This study discusses the Recognised Seasonal Employer (RSE) Scheme which provides for up to eight thousand Pacific Islanders to work for the agricultural season in New Zealand. The RSE is one of very few migration policies to have been subject to formal impact assessment. This concluded that the RSE was

One of the most effective development interventions for which rigorous evaluations are available. ...heralded as international best practice. The large development impacts seen here should lead other countries to consider similar policies.

It discusses not the outcome of the RSE scheme, but its origins and replicability. I argue that the RSE is indeed an object lesson in policy-making – not only has it been highly successful in its own terms, but its introduction arose from a conscious and painstaking policy process. That process involved an interaction between policy makers and researchers; the intermediation of research results into a digestible format; a quiet negotiation between policy-makers, interest groups and an expert analyst; institutional support; effective implementation, and, finally, thorough evaluation. The creation of the RSE arose from such a fortuitous coincidence of interests that it will be replicable only very rarely. The analysis is designed around Jagdish Bhagwati's three 'I's of political economy – Interests, Ideas and Institutions – and starts with a brief account of the RSE Scheme itself.

The direct beneficiaries of the RSE scheme were agriculture in New Zealand, which got scarce workers, and the workers of the Pacific Islands who got jobs: horticulture and viticulture are major sectors in the New Zealand economy and had a strong interest in solving their labour shortages by bringing in foreign workers; the economies of the Pacific Islands were becoming less and less viable so work in New Zealand offered big income gains. But tiny isolated countries rarely exercise any influence on policy making in larger and richer powers and so it was as much the foreign

policy interest of maintaining Oceanic influence in the Pacific as the islanders' incomes that promoted change. In addition there were interests potentially opposed to the RSE – e.g. local workers and humanitarian and human rights activists. The RSE was notable in the extent to which it assuaged their fears through careful design and a huge degree of engagement with them.

Turning to ideas, the attractions of temporary migration schemes had been evident to scholars and policy makers for some time. However, during the 1990s, there was a prevailing pessimism about their humanitarian implications and their inability to avoid turning into permanent migration. But by the early to mid-2000s, however, two strands of research had produced sound evidence of the potential advantages of temporary migration schemes. The first showed that, as the world economy became more competitive and developing countries' preferential access to rich markets was eroded small isolated countries, whose exports had to be shipped long distances and in small consignments (and hence faced excessive costs) would never be competitive enough to generate the incomes modern peoples aspired to. The second quantified the huge benefits created by moving people from areas of low productivity to those of high productivity.

A third important idea was the passion that grew over the 2000s for formally evaluating development interventions and policies. Both the New Zealand government and World Bank, which was advising on the development aspects of the RSE, appreciated the need for evaluation and were able to set the RSE up in a way that permitted – for the first time in migration – a sound evaluation. This mattered because it reassured New Zealand's policy makers that the policy would not continue unless it was doing material good in the Pacific and not causing harm at home – i.e. it created some political space for what was a very sensitive policy experiment. In addition, because the evaluations turned out to be very favourable, they offered the policy political cover once it was established.

Ideas do not sell themselves to policy makers – rather, they require intermediaries able to understand and adapt academic research and to present it accessibly to policy makers as and when they need it. This needs to be done by people with both ability and reputation and is a classic function of the technocratic end of the policy community – development institutions. Pre-eminent among such people are the international development institutions and pre-eminent among them is the World Bank. The RSE can be traced directly back to one such effort and the temporal dimension was important within it. One of the less commonly recognised roles that institutions play in the propagation of good policy is as repositories in which ideas can lodge temporarily before being brought out at an appropriate moment. Thus the Bank's East Asia and Pacific Region was exploring temporary migration and initiating a conversation in the Pacific before the New Zealand government knew that it needed it, and its staff was ready with ideas, evidence and practical advice.

The engagement with the New Zealand authorities to tailor the policy to their needs and fears was extensive and exhausting, and involved experts in the Bank's Research Department and elsewhere. It was during this process that the idea of evaluating the RSE formally emerged. Such interactions depend very critically on mutual trust between the parties – especially of confidentiality. Governments need to know that they can back out of sensitive policies without repercussions if they are ever to get into discussing them.

If the World Bank played a key role in designing the RSE, the parties also had to create or use existing institutions to implement it. In fact they mostly extended existing bodies and institutions to provide the RSE's various functions, including recruitment and initiation, pastoral care in New Zealand, checking work conditions and ensuring departure. By giving it a solid institutional foundation, policy makers not only increased the RSE's chances of working, but they also gave it a degree of persistence – an attempt to unravel it would have to deal with custodians of several different parts of it.

Few policies in any area emerge from seven years' experience and two formal evaluations with as clean a bill of health as has New Zealand's Recognised Seasonal Employer (RSE) Scheme. There are many contributory reasons, but good design clearly lies at the heart of the matter. And good design reflects the careful process of analysis and engagement that preceded its implementation. This process is indeed an object lesson in making evidence-based policy. But can others repeat it? The technical challenges are large but not insurmountable; the real challenge to replication is to assemble such a coherent set of interests as New Zealand discovered or created.

Introduction

This study discusses the Recognised Seasonal Employer (RSE) Scheme which provides for up to eight thousand Pacific Islanders to work for the agricultural season in New Zealand. Temporary, seasonal and circular migration schemes have frequently incurred the disdain or wrath of policy commentators – see, for example, the discussion in Castles (2006) or Ruhs and Martin (2009). But the RSE has conversely been termed by the authors of a formal impact assessment

One of the most effective development interventions for which rigorous evaluations are available. ...heralded as international best practice. The large development impacts seen here should lead other countries to consider similar policies [Gibson and McKenzie (2014a) p.242].

It discusses not so much the structure and outcomes of the RSE scheme, but its origins and the extent to which the policy process that gave rise to it is replicable elsewhere. To save the hurried policy-maker some time, let me start by answering the question in the title: the RSE is indeed an object lesson in policy-making – not only has the policy been highly successful in its own terms, but its introduction arose from a conscious and painstaking process rather than from luck or blind inspiration. That process involved a highly focussed and analytical interaction between policy makers and analysts involving research, the intermediation of research results into a more digestible format, a quiet and extended discussion between policy-makers with a set of objectives, various interest groups and an expert advisor and analyst, institutional support, effective implementation and, finally, thorough evaluation. In one sense it is a lesson for everybody interested in policy; but in another sense it represents such a fortuitous coincidence of factors that it will be replicable only very rarely. We should aim to include as many of the elements of the RSE story as possible in future policy creation, but not be discouraged if it does not always work out.

The argument of this article is designed around Bhagwati's (1988) three 'I's of political economy: Ideas, Interests and Institutions. "Ideas" are the academic and policy analysis that defines problems and/or solutions, "Interests" are the various gainers and losers from a policy decision, and "Institutions" include both the fora in which decisions are negotiated and taken and also the bodies which have 'standing' in an issue and which, once they have adopted an idea, can give it greater currency and durability than can individual analysts or policy makers. It starts, however, with a brief account of the RSE Scheme itself.

The Recognised Seasonal Employer (RSE) Scheme

One indicator of the success of the RSE scheme is that it has survived. Started in 2006 with a cap of 5,000 workers, it now permits up to 8,000. Box 1 describes the system in its own words with material drawn from Immigration New Zealand's contemporary web-sites

(consulted in early February 2015): the details are barely changed from their original, 2006, form. I do not rehearse the details here in the text, but highlight a number of significant features of the RSE.

BOX 1

THE RECOGNISED SEASONAL EMPLOYER (RSE) SCHEME - IN ITS OWN WORDS

'If you cannot find New Zealand citizens or residents to plant, maintain, harvest and pack crops in the horticulture and viticulture industries, you can apply to be a Recognised Seasonal Employer (RSE). Once you have RSE status, you can apply for an Agreement to Recruit (ATR), which allows you to recruit non-New Zealand citizen or resident workers.

'For employers, there are four steps in the RSE process:

- Becoming an RSE
- Getting an Agreement to Recruit [ATR]
- Offering a job and employing overseas workers
- Bring[ing] your workers back next season¹

Requirements you must meet to become an RSE

'Only a New Zealand employer can become a recognised seasonal employer.

'You will have to show us that you:

- are in a sound financial position
- have human resource policies and practices of a high standard
- promote the welfare of workers
- have dispute resolution processes
- have demonstrated your commitment to recruiting and training New Zealanders, and
- have good workplace practices and have, in the past, met all relevant immigration and employment laws.

.....

¹ <http://www.immigration.govt.nz/employers/employ/temp/rse/default.htm>

What other things do we take into account when deciding your application?

'In determining whether you will be granted RSE status, we will take into account:

- how long your company or organisation has been in business
- whether you have engaged with the Ministry of Social Development – Work and Income
- whether you have engaged with the relevant Industry Training Organisation (ITO)
- whether you are a member of any relevant industry bodies
- whether you are certified by any quality standard organisation (eg NZ GAP)
- whether you have previously held RSE status which was rescinded.' ²

Requirements for an Agreement to Recruit

'You will need an Agreement to Recruit (ATR) before you can make a job offer to an overseas worker. An ATR can only be approved once you have RSE status.

'To get an ATR, you must continue to meet RSE requirements by:

- paying the market rate for the work carried out by the RSE workers
- paying for half the return airfare between New Zealand and the RSE worker's country of residence
- ensuring your RSE workers have access to suitable accommodation, food and health services, at a reasonable cost
- letting us know as soon as possible if any of your RSE workers breach their visa conditions
- letting us know as soon as possible about any disputes with RSE workers that have resulted in suspension or dismissal of the worker
- having direct responsibility for the daily work output and supervision of the RSE workers ...
- not using the services of a contractor who does not meet their statutory obligations with regard to employment, health and safety and tax laws, or who uses illegal labour.

...

'You are required to take all reasonable steps to recruit and train New Zealanders for available positions before trying to recruit non-New Zealand citizen or resident workers [and] avoid using a recruitment agent to recruit non-New Zealand citizen or resident workers who seeks a commission from workers in exchange for securing an employment agreement.

...

'You will also have to show us how you will make available the following to ensure your workers are well looked after (we call this 'pastoral care').

- Transportation to and from the port of arrival and departure
- An induction programme
- Suitable accommodation
- Transportation to and from the worksite(s)
- Access to acceptable medical insurance
- Access to personal banking

² <http://www.immigration.govt.nz/employers/employ/temp/rse/RSERequirements.htm>

- Personal protective equipment
- Onsite facilities (toilets, hand washing, first aid, shelter, fresh drinking water)
- necessary language translation (e.g. for health and safety purposes)
- Opportunities for recreation and religious observance.

'If any of your RSE workers breach the terms and conditions of their visa you will need to pay any costs (to a maximum of NZ\$3000) required to return them to their country of residence. You will have to provide a repatriation agreement guaranteeing that you will pay these costs.'³

Recognised Seasonal Employer (RSE) Work Category

'If you are overseas, aged 18 years and over, want to work in New Zealand's horticulture and viticulture industries, and have a job offer from an employer whom we have approved, you may be eligible for a visa under the Recognised Seasonal Employer work category. Please note that people approved to work in New Zealand under this category will be issued limited visas.

'You may be eligible for a visa under this category if you:

- are aged 18 or over
- have a job offer in New Zealand from an employer who meets our requirements
- meet our health and character requirements ...
- are genuine in your intention to work
- have been approved for acceptable medical insurance
- are offshore ...

'There are several restrictions on people who hold a limited visa with stay conditions:

- You must leave New Zealand no later than the date that your visa expires.
- You may not apply for a different kind of visa while you are in New Zealand. You can apply for a further limited visa with stay conditions, but it must be for the same express purpose.
- You may not request a special direction or a visa under section 61 of the Immigration Act 2009 while you are in New Zealand.

'You do not have any of the appeal rights that holders of other kinds of visas have, such as the right to appeal to the Immigration and Protection Tribunal or High Court. If you are in New Zealand unlawfully after your limited visa expires, you will be liable for immediate deportation from New Zealand.'⁴

There is a very strong focus on 'New Zealand first' in the labour market – the sectors open to RSE workers are tightly restricted, as is the duration of their employment; employers have to prove at the outset and continuingly that there are no New Zealand citizens or residents who want these jobs – even if training is included in the package; and workers are

highly restricted in their labour market rights. Firms have to have demonstrated their commitment to New Zealand first before receiving permission to recruit. The insistence on market rates of pay also contributes to the New Zealand first element of policy by trying to avoid the undercutting of local by immigrant labour. While the workers are doubtless pleased to receive

³ <http://www.immigration.govt.nz/employers/employ/temp/rse/ATRrequirements.htm>

⁴ <http://www.immigration.govt.nz/migrant/stream/work/hortandvit/rse/>

local pay rates, they equally doubtlessly would be prepared to work for less; thus the wage parity policy is more about the maintenance of local wages than protecting workers' rights to something they earnestly desire but cannot enforce.

The pre-departure health checks and the insistence on medical insurance are designed to ensure that RSE workers to not become a drain on the New Zealand state. The explicit exclusion of workers' rights to appeal to migration tribunals or the High Court is also a way of limiting the extent to which unforeseen problems with RSE workers can impose costs on the government.

Employment conditions are carefully controlled not only in terms of minimum wages, but also in those of sharing transportation costs, offering training, supervising the work and providing safety briefings and equipment.

Employers are responsible for the behaviour of their workers and for managing the 'migration situation' while they are at work. They pay for premature repatriation if workers are delinquent and must report to the authorities if workers do not honour their commitments.

A major objection to temporary migration schemes has been that workers may run away. The requirement that employers take responsibility for their workers is part of the response to this concern (a stick), but another part is the fact that good workers can return season after season (a carrot). Cornelius (2001), among others, has shown that as it becomes more difficult to return to a country in which you are already located, the less likely you are to leave it voluntarily – the option value of running away is that if you are already in the host country you can continue to work and something might show up to regularise your position. The RSE reverses this: workers understand that by returning home as agreed at the end of the season, they increase the chances that they can come again because they will have a clean record.

There is a strong emphasis on the pastoral care of the workers – they are to be fed and housed appropriately, trained, transported, given access to medical, recreation and religious facilities, and have access to translation to their own languages. Relatedly, RSE

firms have to be of good standing so far as labour law and practices and financially secure in order to join the scheme. Requirements are also imposed on the minimum amount of work an RSE worker must be offered during his stay in New Zealand. This helps to avoid the creation of a pool of workers desperate to cover the costs of their trip and thus open to exploitation.

There are considerable efforts to ensure that workers are not exploited by unscrupulous recruitment agents. Employers have to ensure they do not recruit from agents who seek fees from the workers and, while not evident in Box 1, considerable effort is devoted to informing workers about the scheme and ensuring that local recruitment is undertaken fairly.

The requirement for the RSE workers to work effectively and regularly is enshrined in the contracts, and (again not reflected in Box 1) the pre-departure briefings and selection of candidates are also designed to make sure that only 'good' workers are recruited. At least in one island that benefits from the RSE (Vanuatu), local recruitment stresses that workers are representatives of their society and must bear their reputational responsibilities in mind.

The Outcome of the RSE

Before going on to discuss the provenance of the RSE, this section very briefly describes why we should want to replicate it. It works!

An independent evaluation conducted for the New Zealand Department of Labour (2010) used classic ex post evaluative techniques such as key informant interviews, online surveys and examination of administrative data to evaluate the first two years. It concluded (p.xvii) that:

‘Overall, the RSE Policy has achieved what it set out to do. The policy has provided employers in the horticulture and viticulture industries with access to a reliable and stable seasonal workforce. The labour supply crises of previous years have been avoided and employers can now plan and manage their businesses with confidence. As the policy enters its third year, there are indications many employers are now also benefiting from skilled labour as workers return for subsequent seasons. Significant productivity gains were reported in the second season, together with improvements in harvest quality.

‘Alongside the employer ‘wins’, Pacific workers and three Pacific states have benefited financially from participating in the RSE Policy. Skill development has also been identified as a positive outcome for workers.

‘.....

‘Alongside these achievements is an issue requiring attention: worker support and access to dispute resolution. The evaluation findings highlighted factors that reduce the ability and opportunity for individual workers to raise issues about workplace conditions and pastoral care and to have such issues addressed.’

These reservations are, to an extent, echoed in MacLellan (2008), who also raises concerns about infringements of the rights of workers, such as,

allegedly, being sent home for drinking too heavily in their leisure time. Similarly, Cameron (2009) and Bailey (2009) note that the restrictions on workers’ ability to move between employers or out into the New Zealand labour market in general can also be seen as a rights issue. None of these commentators, however, appears to feel that such reservations undermine the basic benefits of the RSE scheme.⁵

A second evaluation conducted by the World Bank considered the RSE’s developmental impact in the Pacific Islands – using Tonga and Vanuatu as examples – Gibson and McKenzie (2014a). It concluded:

‘The RSE ... is viewed as a possible model for other countries [in the ILO good practices database].

‘Our evaluation was designed prospectively, alongside the launch of the program [with] baseline surveys ... before workers left to work in New Zealand, and then re-interview[s] ... 6, 12 and 24 months later.

‘The results show that the RSE has had large positive effects on sending households in Tonga and Vanuatu. We find per capita incomes of households participating in the RSE to have increased by over 30% relative to the comparison groups in both countries... Subjective economic welfare is estimated to have increased by almost half a standard deviation in both countries... School attendance rates increased by 20 percentage points for 16 to 18 year olds in Tonga... Overall these results show that the seasonal worker program has been a powerful development intervention for the participating households’.

The various innovative factors noted in the previous section and the very strong evaluation results reported in this one combine to make the RSE a model for a compassionate migration policy – bringing workers to

⁵ To scholars versed in the hardship and exploitation often associated with relatively low-skilled migration, these results may seem almost too good to be true. I suspect the favourable outcome reflects the huge effort that went into the design of the system, the strong incentives on both sides to make it work and

the fairly heavy investment in guidance and enforcement – see below on the numbers of staff taken on specifically to oversee what is in truth a relatively narrowly focussed policy.

New Zealand in a so-called triple win for employers, employees and states. The design also, however, shows clear signs of having been carefully crafted to address the fears and interests that are commonly expressed in opposition to relatively liberal migration

and labour market policy. The RSE is therefore not only a model in terms of outcomes, it is also a model in terms of the political economy practicalities of policy-making⁶.

Interests

The immediate potential beneficiaries of the RSE scheme were the horticulture and viticulture industries in New Zealand, who got scarce workers, and the workers of the Pacific Islands who got jobs, and their families. In a purely market sense these are the only interests that need to be represented and one might think that they should just reach a mutually agreeable market-arbitrated agreement about wages and terms of work. That, of course, is far too simplistic, and a modern and humane society like New Zealand has all sorts of other interests in play. Some are represented by civil society players while others are represented by the New Zealand state. But even within the latter there are several interests in the form of different Departmental objectives and imperatives. This section discusses briefly who these interests are and how they came together. A major source of analysis of these issues is Ramasamy et al (2008).

Horticulture and Viticulture are notoriously seasonal in their demand for labour, with huge peaks at the optimum time for harvesting and for pruning and preparing for next year's crops. The New Zealand sectors had long faced the problem of staffing themselves, relying traditionally on students, casual workers, the New Zealand Working Holiday Scheme, and a fairly plentiful supply of unemployed and under-employed local workers. However, the 2000s saw a period of rapid growth in New Zealand (and much of the rest of the world), which both helped to keep demand up and the traditional supplies of labour tight. Moreover, not only were bodies scarce, but skills were even more so and training did not provide an answer

because staff turnover was so high. Ramasamy et al cite studies suggesting substantial future revenues were being jeopardised by labour shortages and noting that one-off efforts to recruit foreign workers were neither very effective nor easy to keep on the right side of the law. These sectors, in which New Zealand has a strong comparative advantage, are important to its economy and future development, and so a major economic player has a strong and direct interest in solving the problem of bringing in foreign workers.

The second obvious interest is the Pacific Islanders themselves. The increasing integration of the world economy was in danger of leaving these tiny isolated countries behind as their tariff preferences were eroded and world markets became ever more competitive. Pacific Islanders had already taken advantage of emigration to New Zealand and Australia and their governments had, somewhat reluctantly, accepted that despite the possible downsides of losing skilled and entrepreneurial people, Pacific societies also benefitted from the flow. The 2000s exacerbated the pressure on them to seek migratory solutions to their problems without undermining their social structures altogether – and indeed I shall argue below that one of the influential ideas behind the RSE was to show that a migratory solution was almost unavoidable. The result was that on the labour supply side there was both pressure on New Zealand to liberalise access to their labour market, but also a greater willingness to facilitate the temporary transfer of people.

⁶ Blewden et al (2010) also offers a brief account of the analytical origins of the RSE based on interviews with nearly a dozen policy makers and researchers and focussed on the use

of research in policy making. Its conclusions are quite compatible with what follows

Despite the Pacific Islands' interests, however, tiny isolated countries generally exercise almost no influence on policy making in larger and richer powers. (In the current context, New Zealand counts as large.) So why now? I suspect that the answer is a combination of foreign policy pressures and the increasing recognition of mutual global interests that characterised the early and mid-2000s – think of the boom in foreign aid, the Millennium Development Goals and even the more interventionist styles of foreign policy based on humanitarian imperatives. Australia and New Zealand have long regarded the Pacific as of particular foreign policy interest. The disturbances in the Solomon Islands and in Fiji plus the rapid growth of China and other Asian powers, was a warning that disaffected islands could create quite serious complications by 'untoward' friendships. These concerns exercised the New Zealand Ministry of Foreign Affairs and Trade, which was involved in consultations in the mid-2000s and were then devolved onto NZAID, the Aid Agency.

With pressure to admit labour from the foreign affairs and economic sides of government, it fell to the Ministry of Labour and the Ministry of Social Development which has responsibility for Work and Income, New Zealand, to develop and implement the requisite policies and reforms. But these ministries' principal concerns are for New Zealand workers in

general and so their focus in the design of the RSE will have been at least as much with ensuring that seasonal migrants did not depress either wages or job prospects for resident workers as with any economic or diplomatic imperative. This lay behind the 'New Zealand first' element of the RSE in which employers have to prove that no resident worker wants the jobs offered to seasonal migrants and also that the latter are paid the prevailing market wage.

Linked with the New Zealand first element is the strong focus on ensuring that workers are not exploited either in New Zealand or in the recruitment process. Such requirements clearly raise the cost and reduce the flexibility of employment for the employers and so reduce the competition for local workers, but they also have direct humanitarian objectives. I have not been able to locate interest groups pressing the latter objectives in the case of the RSE, but I am confident that there must have been some from among the groups concerned about human rights and individual welfare such as trades unions and church groups in addition to any autonomous internal pressures within the New Zealand government. Certainly it is a notable feature of the RSE that the humanitarian element is so well defined and enforced.

Ideas

In principle, the attractions of temporary and seasonal migration schemes have been evident to scholars and policy makers for some time; indeed, Canada's Seasonal Agricultural Workers Program (SAWP) which is generally thought to have been successful and which helped to inform the New Zealand scheme, had existed since 1966. Hence the RSE did not stem from a 'Eureka' moment in development thinking. However, during the last part of the twentieth century, there was a prevailing pessimism about temporary migration schemes (e.g. Ruhs, 2002).

Thus the change of heart from there to actually implementing one in 2007 was quite dramatic and would not, I believe, have occurred in the absence of research coming on stream during the early 2000s.

A number of scholars and researchers were beginning to think about temporary migration by the early to mid

2000s⁷, including in New Zealand, but two strands of research arguably played an important and specific role in the birth of the RSE - they suggested that a temporary migration scheme not only dominated other possible solutions to the problems facing small Pacific economies but that they could have brought large benefits absolutely⁸. Both of these strands of work were stimulated by insightful and practical questions (and a small amount of funding) from Roman Grynberg, a top-rate practitioner who worked then as Economic Advisor and Head of the Trade and Integration Group at the Commonwealth Secretariat and subsequently for the Pacific Islands Forum (PIFs), an inter-governmental organization that aims to enhance cooperation between the independent countries of the Pacific Ocean..

First, there was increasing concern that the small and isolated Pacific Island economies, with their burgeoning populations and diminishing tariff preferences in world markets, were losing the ability to generate per capita incomes at a reasonable level. The costs of doing business in small isolated countries had always been high because any component from abroad and any export had to be shipped long distances and in small consignments sizes, and hence faced higher costs than those faced by producers elsewhere in the world. This had not been an insurmountable problem in the late twentieth century because many goods could be produced competitively without too many traded inputs, because the transportation costs of all exports were relatively high and because the Islands received trade preferences in several important markets. In addition, there remained a willingness to support these economies for foreign policy purposes. Towards the end of the century, however, trade liberalisation by the major importing economies reduced trade preferences, the containerisation revolution and falling costs of large-scale air transportation reduced transportation costs for other producers and the growing fragmentation of production with globalisation increased efficiency and

quality elsewhere in the world and so drove down the prices of small isolated countries' potential exports. These factors all chipped away at the Pacific Islands' international competitiveness.

Grynberg recognised these dangers and commissioned a survey and related analysis to try to pin down the extent of the competitive disadvantage faced by small economies. The results were eventually published in Winters and Martins (2004). The essential point was that if their transportation costs were so high relative to the rest of the world, producers in small economies may not be able to compete in world markets even if local wages were very low – in the extreme, even if they were as low as zero⁹. Winters and Martins found that, indeed, the costs of production were significantly higher for very small and isolated economies. The effect died away quickly with greater size and closer proximity to major markets, but for the Pacific Islands this analysis suggested major problems. And with the continuing trends towards reducing impediments to international trade, their disadvantages would, if anything, increase over time.

Winters and Martins considered possible policy responses to the challenges faced by these very small and isolated economies. The conclusions were that either there would need to be a conscious effort to support them indefinitely through aid (the authors explicitly argued that temporary aid flows to improve capital stocks, technology or human capital accumulation would not provide a lasting solution) or a significant share of the resident population would need to seek income earning opportunities abroad. The former is not plausible given the fickleness of aid priorities and policies, and would, anyway, be subject to all the problems associated with rentier societies based on exogenous flows of foreign exchange. Thus this analysis more or less mandated some sort of temporary migration scheme.

The second key idea behind the RSE was to quantify the potential benefits of the temporary mobility of

⁷ For example, research out of Canada's North-South Institute (NSI) in 2003 was looking specifically at Canada's Seasonal Agricultural Workers Program as a model of best practices in migrant worker schemes; see <http://www.nsi-ins.ca/publications/migrant-workers-canada/>

⁸ Bedford (2013) offers a more extended survey of the intellectual context of the time.

⁹ An analytical parallel of this effect is the negative value-added located in some studies of effective protection – e.g. Corden (1971) – in which, measured at world prices, inputs into a product cost more than the finished product is sold for.

labour – another request from Roman Grynberg to me, which found its outlet in Winters, Walmsley, Wang, and Grynberg (2002, 2003). The analysis was presented in the context of the GATS' Mode 4, but the results were perfectly applicable to any other scheme that allowed for labour mobility. What they showed was that even relatively modest amounts of labour mobility from developing to developed countries promised economic gains that far outweighed those from trade liberalisation in markets for goods. Essentially moving a worker from, say, Tonga to New Zealand affected not only factor shares in the two economies but granted the worker a huge increase in productivity because New Zealand was so much better endowed with capital and institutions - 'organisational ability' – than Tonga. Even if the Tongan's productivity was, say, only half of that of local New Zealand workers, it was hugely much higher than it would have been had they remained in Tonga.

By the mid-2000s many analysts were talking about the possible economic benefits of migration (temporary or permanent) – see, for example, the references in Bedford (2013); Roman Grynberg's insight and the contribution of the research that he commissioned was that once this was quantified in a way comparable to the many estimates of the benefits of trade reform that circulated at the time, it would have real policy leverage. Simply, attaching a large number to the benefits, even if a very approximate one, captured policy makers' attention.

Academics do lots on interesting and important things, but most do not generally influence policy very much or very directly. The work on temporary mobility was championed by the Commonwealth Secretariat and was picked up by many other international institutions such as OECD, UNCTAD and the International Organisation for Migration (IOM). Thus it did have broad international currency. However, at least in terms of the RSE, the key institution to adopt it and to promote the idea was the World Bank. I will come to this in the next section, but before doing so I note one other key idea.

Possibly the greatest change in the way that development economics was done over the first decade of the twenty-first century was the passion that emerged for the formal impact evaluation of policies. It makes perfect sense to evaluate how well a policy performs in achieving its objectives, but this was never

a popular idea with policy makers who just wanted to move onto the next problem, not to wait for researchers to tell them how well (or not) their last great humanitarian idea had contributed human happiness. However, by the 2000s the idea was taking hold, partly for intellectual reasons, and partly because it was seen as a useful tool in persuading increasingly sceptical publics that foreign aid was not being wasted or that policies that involved some discomfort for some citizens actually generated global benefits. Persuasive evaluation is not easy because the effects of the policy being evaluated have to be very specific and closely focussed in order that one knows where to look for them and can reasonably attribute them to the policy rather than something else. In addition one needs a plausible way of estimating what would have happened in the absence of the policy – the counterfactual. The latter typically relies on having good information about the situation of interest before the policy was introduced – the generation of which, in turn, requires some planning and co-operation between policy makers and analysts.

The World Bank had developed a strong research programme in migration but had not been able to undertake any formal evaluations due to the inability to discover changes in a migration policy sufficiently far in advance to be able to collect information prior to the change. As described below, in the case of the RSE, the Bank was able to do this with the result that the RSE became the first (only?) migration policy whose developmental effects could be formally and effectively evaluated. In addition, the New Zealand government added an impact evaluation of the policy's effects within New Zealand.

Why did this matter? It re-assured New Zealand's policy makers and their constituents that the policy would not continue unless it was doing material good in the Pacific and not causing harm at home – it created some political space for what was a very sensitive policy experiment. In addition, since the evaluations turned out to be very favourable, they allowed the policy to continue through a variety of political stresses and strains. The idea of evaluation changed the political dynamic and gave the RSE far sturdier political legs than one would have seen had there been no objective way of assessing its value.

Institutions

Ideas do not sell themselves to policy makers – rather, they require intermediaries able to understand and adapt academic research and to present it to policy makers as and when they need it. Research needs to be packaged in an accessible form and tailored to the needs of specific users before it is likely to have much impact. This needs to be done by people with both ability and reputation and is a classic function of the technocratic end of the policy community. Pre-eminent among such people are the international development institutions and pre-eminent among them is the World Bank.

The World Bank is not important for its lending, which is now small relative to what bilateral donors and the private capital markets can generate, but it does have very considerable intellectual resources devoted to policy making and policy promotion. This resides not only in the Research Department but in the Networks and Regional staffs who, while rarely doing academic style research, are frequently involved in collating and re-interpreting evidence relevant to their regions and who often act as policy entrepreneurs harnessing ideas and the resources of the Bank's central analytical and research units to the solution of practical problems. The RSE can be traced directly back to one such effort. But the 'when' is as important as the 'as' in all this. Policy makers rarely engage with an idea that does not help them to answer some immediate problem of their own. That is, the interests pretty much have to be there first, and in the case of the RSE we have seen that this criterion was well met – both the economic and foreign affairs branches of the New Zealand government and also the Pacific Island governments needed a solution to their employment challenges.

This temporal dimension is one of the less well-recognised roles that institutions play in the propagation of good policy – they are repositories in which ideas can lodge temporarily before being brought into play at an appropriate moment. For sure, institutions are still prone to the fads and fashions that beset development economics, but at least to a limited

extent they can extend the shelf-lives of policy research.

For the RSE, the key work programme in the World Bank was an effort by the East Asia and Pacific Region to expand knowledge and develop expertise in the area of temporary migration, and a key publication in the RSE's life was a report called *at Home and Away*, which was led by a Senior Economist in the World Bank's Pacific Office – Manjula Luthria. The origins and objectives of the report are clear from its Foreword by Regional Chief Economist, Homi Kharas:

'Migration has emerged in recent years as an important development issue. There is a growing awareness of how it can improve the welfare of migrants and their dependants as well as the economies of host and sending countries. By some estimates the gains to global welfare from the liberalisation of the movement of people could outweigh the gains from any remaining trade liberalisation. Perhaps, nowhere is this more true than in the Pacific Region...

'The World Bank has launched a program to expand the knowledge base in this area by devoting the attention of staff in the central research units as well as regional departments to understanding the complex set of issues relating to migration in an effort to identify policies towards migration that are pro-development. This report has benefited from the insights of these various efforts and its findings reinforce evidence on the positive impact of migration from other parts of the world.

'Given the importance of labour mobility to the Pacific, and the integral role in poverty alleviation that migration can play, we hope this report elevates the discussion to a serious level in the Region. In the course of preparation of this report, constructive dialogue with various stakeholders has already begun to take shape, and the support of various donor and international agencies has proven to be critical. The World Bank stands ready to facilitate further meaningful dialogue on this issue and to assist with integration of labour markets in the Pacific Region.'

The key elements highlighted in this Foreword are the identification of the issue, the orientation of the analysis towards identifying policies, and the focus on dialogue – both in the preparation of the report and in response to it directly with stakeholders in the Region. The RSE has been a spectacular success in the translation of ideas into policy and the quotation above shows that it was perfectly conscious.

At Home and Away makes its argument in four chapters:

- Mission Possible: a framework for policy action which highlights the economic challenges of very small size and isolation, as above, i.e. that industrialisation and trade are not the answer in these cases;
- The Young and the Restless: the challenge of population growth which notes the huge population pressure in most Pacific Islands – the imperative to act;
- Cents and Sensibility: the economic benefits of remittances which demonstrates the benefits that remittances in particular and migration in general can offer in small economies; and
- Neighbors: making bilateral worker schemes a win-win which offers a practical blue-print for a seasonal migration scheme.

The logic is undeniable, but the key ingredient which is missing from many policy-research interventions is the last chapter which makes well considered and practical suggestions. In fact, by the time the report was published most of the good had already been achieved. Manjula Luthria had already worked very closely with the New Zealand authorities to tailor the policy to their needs and fears, including conducting a small pilot policy which brought 45 workers from Vanuatu to New Zealand for the 2005-06 season (under the Approval-in-Principle scheme). Vanuatu had little prior migration to New Zealand and the pilot showed that it was possible to recruit useful workers *de novo*; it quite possibly sowed the seeds that resulted in Vanuatu being the largest user of the subsequent RSE scheme (Gibson and McKenzie, 2014b).

Even though *at Home and Away* described the structure of the Canadian scheme in some detail, the

World Bank's regional staff still had to have a very extensive and intensive interaction with the New Zealand authorities, in which they took every worry seriously but at the same time sought to ensure that the heart of the programme remained intact. And in seeking solutions to the perceived difficulties they engaged heavily with experts in the Bank's Research Department and elsewhere. It was during this process that proponents at the Bank, notably myself and Manjula identified the opportunity to formally evaluate the development outcomes of the RSE and Manjula persuaded the New Zealanders that having an evaluation would be a good idea. Such interactions depend very critically on mutual trust between the parties – especially of confidentiality. Governments need to know that they can back out of sensitive policies without repercussions if they are ever to get into discussing them.

It is important to underline how expensive this sort of policy interaction is. It required the full-time attention of one skilled and dedicated staff member over several years, with large numbers of other, often quite senior, people playing subsidiary but frequently time-consuming roles. It required a good deal of patience as the process dragged on – which is contrary to the current fashion of evaluating everything more or less in real time and of conditioning continuation on early signs of success. It also required courage and determination to advocate in a highly sensitive area. At an individual staff member level, the stakes were very high: development projects fail all the time but projects that are innovative and fail can frequently leave the staff member bearing the blame for the whole Department with inevitable consequences for his/her careers. Subsequent to the success of the RSE, Manjula Luthria recounted her worries especially if my pilot project, where I had to provide proof of concept had gone sour. In fact, I was really so afraid it would not work, I went to the Rotarians to co-opt them into the experiment, the high school principals to open up sporting facilities to the 45 workers for weekends, the police to give them a heads-up, the hostel momIt was so high risk that I didn't tell anyone in HQ I was

doing it; I figured I'd just ask for forgiveness later rather than permission before.¹⁰

It also, in fact, needed courage at an institutional level and it was to the credit of World Bank management of the time that they empowered staff and were prepared to risk entry into the area of migration. Migration was an unfashionable and rare subject in mainstream economics in the early 2000s and it caused a number of World Bank delegations considerable unease. Even if the RSE was just about New Zealand and the Pacific it might encourage people to raise the possibility of instituting similar schemes elsewhere which could cause unwilling governments some embarrassment. As Director of Research I was creating and promoting a strong programme of research and analysis in migration and in its early days I certainly feared the possibility that the Board would encourage Management to move away from such potentially embarrassing subject¹¹. Migration is now sufficiently well-established as a sub-discipline of economics that it is now more or less inconceivable that it could be stopped for political reasons.

From my vantage point, I believe that the World Bank was a key (the key?) institution in getting the RSE designed and adopted. But institutions also mattered in another sense. Once designed, policies need to be implemented and this often requires the re-engineering or invention of new institutions and their associated regulations. The RSE was no exception. Moreover by giving it a solid institutional backing, policy makers not only increased its chances of working, but they also gave it a degree of persistence – an attempt to unravel it would have to deal with custodians of several different parts of it.

Thus in New Zealand, the RSE required (Ramasamy et al, 2008):

- An RSE Unit in Wellington to process all RSE and ATR applications – the conditions for which are quite demanding – see Box 1 above;
- five designated RSE compliance staff, who have a dual role in managing relationships with

employers (including contractors) in their regions and monitoring and ensuring compliance with the conditions of the RSE policy;

- six RSE Labour Inspectors responsible for assisting employers (including contractors) to meet employment relations standards, monitoring and reporting on workplace conditions and health and safety issues; and
- several Pacific Liaison Officers to assist with the settlement and pastoral care of workers. They work alongside employers providing information, advice and support to assist them meet the pastoral care needs of workers with an emphasis on support and facilitation. In effect, they are liaison officers between Pacific workers and employers, acting as a conduit for information exchange and issue resolution.

In addition the Pacific Island states also required institutional infrastructure to make this highly co-operative scheme work. The precise details vary from island to island, but all were subject to negotiation and review by New Zealand. Inter-Agency Understandings (IAUs) were signed between the Department of Labour (with co-operation from the Ministry of Foreign Affairs and Trade) and the appropriate government agencies in each Pacific partner which provide a careful delineation of each side's responsibilities¹². These are essentially the defining instruments of the RSE, but they are remarkably light on binding commitments and heavy on aspirations. This 'law-light' approach seems to characterise the whole of the RSE scheme, and is presumably made possible by the coupling of the absolute discretion that the government retains over who may enter and stay in New Zealand with the high degree of trust between the parties.

While there are differences between islands, the IAUs typically require the public agencies to (Ramasamy et al, 2008):

- adhere to the precepts of the RSE policy;

¹⁰ Personal communication March 2015.

¹¹ In fact, no such hint was ever made – at least to me.

¹² The IAUs and other information is available at <http://employment.govt.nz/er/rse/index.asp> .

- develop and maintain a reputation as a reliable source of seasonal labour;
- secure a fair share of RSE contracts for their residents; and
- facilitate their seasonal migrants to save and develop useful experience.

More concretely, the IAUs define arrangements for: recruitment (including, especially, the pre-selection and screening of potential workers); pre-departure orientation; visa processing; pastoral care (in support of employers, who are the main parties responsible for this) and compliance with immigration rules. In addition the IAUs confirm the agencies' commitment to participating in the monitoring and evaluation of the RSE policy.

Implicit in the IAUs has been a good deal of technical support and training of local administrators for the RSE. Most has come from the New Zealand Department of Labour, but other institutions such as the World Bank and ILO have also contributed. This helped the scheme to run productively and presumably deepened capacity within the Islands. The fact that the trained staff show considerable turnover has been a concern to the RSE units within the Island governments, although if the staff move to other more productive tasks the communities as a whole may well gain from this.

Recruitment arrangements vary by island, but as the scheme has become more established it seems that a higher proportion of workers are recruited directly by employers – often from among the workers they have previously employed. In Tonga employers could recruit either directly or more popularly at first, from a “work-ready” pool of Tongans pre-screened and selected by the ministry. The pre-selection and screening were done at the district level by district and town officers, together with church and community leaders. Gibson et al. (2008) report that the main attributes sought by village committees were honesty, responsibility, diligence, reasonable English, sobriety and origins from low-income families. Finally, employers

conducted interviews of the short-listed workers to select between them. The Tongan Labour Ministry tried hard to ensure that as many villages as possible had the opportunity to participate, and as a result all villages had workers in the scheme.

In Vanuatu, on the other hand, employers could hire either directly or through an agent. Direct recruitment is facilitated by the Vanuatu Department of Labour, which in the first year also used a work-ready pool of workers from walk-ins who had registered with them directly. These workers were mainly urban, whereas in rural areas, both direct recruitment and agents relied heavily on community contacts through village councils, again using villages to pre-screen workers. The criteria for employment were pretty much the same in Vanuatu as in Tonga (McKenzie et al., 2008), but possibly because migration was so rare at the time, the poorest households were significantly under-represented. Communities expressed more concern with sending workers who would represent the village well, and additionally poor households may not have been able to finance the costs of migration.¹³

The gradual increase in the reliance on the re-engagement of last year's workers has led some commentators to fear that the RSE is becoming unequalising in the Pacific. The regular migrants grow rich (relatively speaking) and become an elite within their communities, while other families are unable to take advantage of the opportunities provided by work abroad – Cameron (2009). It has led others to fret that recruitment is no longer so closely managed and that as a result islands' reputations may be put at risk. Bedford (2013) reports such concerns in Vanuatu, Tonga and Samoa (pp.180-4.)

It is notable how enthusiastically the Communities in Tonga and Vanuatu threw themselves into the RSE and have continued to do so. The commitment to the scheme is deep and embedded in the institutions that administer the islands' ends of the deals. There is political and press comment on the RSE and, at least in Vanuatu, considerable celebration of its fifth anniversary.¹⁴

¹³ While employers have to cover half the cost of the return airfare, and often provide loans for the worker's share, there still remain the

costs of a passport, visa, police clearance, medical check-up and transport to and from the local airport.

¹⁴ <http://www.dailypost.vu/content/vt38-billion-rse-5-years>

It is useful to note, however, that the Pacific Islands did not set up new institutions to administer the RSE, so much as exploit ones that already existed working in the same sorts of spaces – see, for example Bailey (2014) on the role of the Lolihor Development Council in North Ambryn (p.31). The RSE provided scope for considerable skills-upgrading, however, and so contributed to institutional development. Bailey also notes that the RSE led to the evolution – in this case the decline – of those institutions.

Bedford (2013, p.256) argues convincingly that establishing Temporary or Seasonal Employment Schemes involves not just the one-off creation and staffing of institutions (or parts of them), but a continuing engagement and flow of resources between the partners. The multi-faceted nature of such schemes requires constant oversight if the scheme is to continue to function effectively as a whole. This is expensive, and both sides have to commit to the scheme to maintain it - the host country to funding it and the home countries to maintaining the necessary functionality in the face of competing demands for the

use of aid resources. For the RSE, this appears to have been the case since 2008, but it is far from automatic.

Neither did New Zealand establish new institutions for the RSE – indeed the whole process seems formally very light. The original RSE was based on the legal powers defined by New Zealand's Immigration Act of 1987, which expressly stated the discretion of the Department of Labour to issue 'Limited Visas', which permit entry to specified purposes. Thus it was simple to alter and extend the rules for seasonal workers, which the Ministry did several times over 2005-7, finally permitting the issue of limited visas for RSE workers. The 1987 Act was replaced by the Immigration Act of 2009 (implemented in 2010), which again noted the Ministry's discretion in the matter of limited visas, although now it was the Ministry of Business, Innovation, and Employment. The remaining domestic elements of the RSE scheme are undertaken and overseen by the Ministries of Labour and of Social Development, again without any specific instruments at all so far as I can discern.

Conclusion

Few policies in any area of economics emerge from seven years' experience and two formal evaluations with as clean a bill of health as has New Zealand's Recognised Seasonal Employer (RSE) Scheme. And I cannot think of a single one in the area of migration that has done so. Luck may have played a role in the RSE's success, but it was certainly not mainly a matter of luck. The RSE combined Bhagwati's three critical elements for policy reform – interests, ideas and institutions.

The pro-reform interests were clear – the need for a reliable supply of labour for the New Zealand horticulture and viticulture sectors and the need for income-generating employment abroad for many Pacific Islanders. The anti-reform interests were

probably less strong, but real nonetheless – the loss of jobs and wages for New Zealand residents and the aversion of many people to the frequently harsh and inhumane conditions that are said to have characterised many temporary migrants' lives. But whereas the latter concerns frequently combine to prevent policies that permit more migration, in the RSE case they were addressed and ameliorated by careful auxiliary policies supported by argument and analysis.

Three main ideas contributed to the success of the RSE:

- strong analytical evidence that the Pacific Islands would not be able to provide even moderate

incomes for all of their people in the twenty-first century;

- very strong evidence that relaxing the constraints on the mobility of people between countries offered very large economic returns; and
- the need to evaluate new policies honestly and formally in order to fine tune them as necessary and ultimately decide their fate.

The last is now commonplace, although often avoided by nervous and impatient policy makers in practice. The first two were, I suspect, stronger and less ambiguous for the RSE than the supporters of most other policy reforms can muster. Powerful though the ideas were, however, I very much doubt whether alone they would have spawned the RSE.

The third and necessary element was institutions. The work referred to in the previous paragraph was stimulated by the policy interest of the Commonwealth Secretariat, but its most effective champion in the Pacific was the World Bank's East Asia and Pacific Region. The staff of that Region marshalled the evidence from many sources and presented it in a way that was comprehensive, comprehensible and struck a chord in the necessary policy circles. But, even more importantly, one staff member conducted a quiet dialogue with the major policy players over several years. This dialogue not only communicated the necessary ideas but built trust and sought to develop practical solutions to the myriad problems and objections that any radical policy change engenders. The trust that the Bank's regional staff built up with the policy makers on one side (both in New Zealand and the Islands) and researchers on the other allowed these two groups to interact fruitfully and thus provided the essential channel from research into policy. I noted above that the RSE was 'law-light'; it appears to have been driven by clear objectives and a sense of collective endeavour in achieving them. This also reflects, I believe, the high level of mutual trust between its main protagonists.

Institutions also figured in the maintenance of the RSE by establishing interests and institutions in both New Zealand and the Pacific Islands. I do not believe that the RSE has faced serious challenge, but if it had, the widespread support from its administrators within the Department of Labour and the Pacific Islands would

have offered at least some defence. However, the principal force behind the continued existence of the RSE is the continuing need for labour in New Zealand – i.e. the continuation of the interests that created it in the first place. This is necessary to maintain both the political will and the flow of resources to continue to administer it effectively.

The Recognised Seasonal Employer Scheme is a remarkable example of how evidence-based policy should work and be developed. It represented a fairly fundamental change of direction within New Zealand and has proven both effective and durable. The lesson I draw from it is that evidence-based policy change is possible but difficult and expensive. The evidence alone was not enough to introduce the RSE: one also needed strong interests in favour of reform and an extended institutional engagement to see it through.

Observing this history suggests that policy makers and research funders are far too sanguine about the extent to which research will shape policy: a neat paper plus a quick and cheap engagement with policy makers is not likely to be very effective even if the case for change is strong academically. Rather one needs to be prepared to labour quietly behind the scenes adapting and explaining (often, by necessity, unacknowledged by those in power) in order to bring sceptics around to the proposed reform. In addition, and absolutely unavoidably, one needs the good luck of finding strong advocates for change among recognised interest groups and political operators. This is often as much a matter of timing as of anything else – waiting until the opportune moment arises. Of the two substantive ideas that advanced the RSE neither was designed explicitly to move New Zealand's policy constellation and each was done in advance of any open discussion of such a policy change. The research was policy-focussed in the sense of addressing obvious policy questions, it was done in the hope of changing policies, and it was talked about quite widely. But if the time had not been right in New Zealand and in the World Bank it may have lain dormant on a shelf for a decade or more.

The policy question for people outside New Zealand and the Pacific is 'could we build our own RSE based on New Zealand's experience?' I fear that the answer is 'probably not'. It is not that the technicalities are too difficult or the guiding institutions absent. The challenges in these dimensions are considerable and the New Zealanders overcame them very well, but it is

difficult to believe that their achievements could not be reproduced elsewhere. Rather, the problem is that we are unlikely to see the convergence of such strong interests as those that spawned the RSE. There were clear commercial, geo-political and humanitarian forces pushing towards the RSE and so while the scheme also required good ideas and institutions, without the interests, the latter would have come to nothing.

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