This is the Author’s version of the paper published as:

**Author:** B. Krivokapic-Skoko  
**Author Address:** bkrivokapic@csu.edu.au  
**Title:** Negative social capital and conflicts: Asian entrepreneurs in New Zealand agriculture (1870s - 1920s)  
**Year:** 2007  
**Journal:** Rural Society  
**Volume:** 17  
**Issue:** 3  
**Pages:** 286-298  
**Date:** December  
**ISSN:** 1037-1656  
**URL:** http://www.ruralsocietyjournal.com  
**Keywords:** negative social capital  
Asian entrepreneurs  
New Zealand  

**Abstract:** This paper focuses on negative consequences of social capital formation within ethnic business groups using historical evidence on three distinct farming protests involving ethnic groups in rural New Zealand. The paper begins by analysing some of the key debates relating to the role of ethnic business networks, ethnic social capital and its potential negative consequences. In particular, the paper discusses the recursive effects that the strong ethnic community solidarity can have in causing negative reaction and overt conflict between ethnic and local business groups. Highly organised Asian communities in New Zealand agriculture showed a strong intra-group orientation within their businesses, and formed social structures for the intra-group mobilisation and distribution of resources. Such ethnic solidarity in business was stereotyped negatively by the host business groups, and in conjunction with some other factors has led towards anti-Asian protests in rural New Zealand, such as in Otago during the late 1870s and the early 1890s, and particularly in Pukekohe in the mid 1920s.  

**CSU ID:** CSU267845
Abstract

This paper focuses on negative consequences of social capital formation within ethnic business groups using historical evidence on three distinct farming protests involving ethnic groups in rural New Zealand. The paper begins by analysing some of the key debates relating to the role of ethnic business networks, ethnic social capital and its potential negative consequences. In particular, the paper discusses the recursive effects that the strong ethnic community solidarity can have in causing negative reaction and overt conflict between ethnic and local business groups.

Highly organised Asian communities in New Zealand agriculture showed a strong intra-group orientation within their businesses, and formed social structures for the intra-group mobilisation and distribution of resources. Such ethnic solidarity in business was stereotyped negatively by the host business groups, and in conjunction with some other factors has led towards anti-Asian protests in rural New Zealand, such as in Otago during the late 1870s and the early 1890s, and particularly in Pukekohe in the mid 1920s.

1. Introduction

The ethnically exclusive business networks developed among ethnic business groups could be considered as a source of economically productive social capital. However, while the ethnic business networks provide immigrants with privileged access to some resources, they also implicitly exclude outsiders and restricted individuals in taking up business decisions (Waldinger, 1995; Wintrobe, 1995; Sotiropoulos, 2005). Moreover, once ethnic business networks have emerged their further existence may promote an opposing effect and eventually place ethnic entrepreneurs in conflict with certain segments of the host business population. As Woolwock (1998) and Cleaver (2003) noted, the studies on social
embeddedness and economic life of immigrants seemed to be the first one to move away from
the pervasive focus on the beneficial effects of social capital.

This paper focuses on the recursive effects of ethnic networks and ethnic solidarity in
business, which could be associated with conflicts between ethnic entrepreneurs and
competing groups from the host population. The paper first outlines key features of negative
social capital as developed within the ethnic entrepreneurship literature. It is followed by a
discussion of empirical accounts from the historical comparative research on Asian
entrepreneurs and anti-Asian farming protests which occurred in rural New Zealand.

2. Ethnic social capital: negative consequences

Ethnic social capital – a set of resources available to an ethnic group through member’s social
relationships within the social structure - has attracted a considerable attention within the
ethnic entrepreneurship literature (Putzel 1997; Giorgas 2000; Light, Bhachu & Karageorgis
examples of how immigrants within network–based mechanisms gained certain economic
advantages, such as privileged access to some resources, preference for co-ethnics in
economic transactions, reduction of formal contract and, accordingly, lower transaction costs.

The ethnic entrepreneurship literature, most closely associated with the work of Waldinger
(1995; 1997), Portes and Sensenbrenner (1993), and Portes (1995; 1998) also argued very
strongly about the need for exploring the existence of negative social capital 1. Whilst social
relations enhance the ease and efficiency of economic exchange among community members,
the same connections implicitly restrict outsiders. Morrow (2001) argued that ethnic
configuration and associated dynamics of belonging can also operate in a way that excludes

1 The literature on the negative consequences of social capital used the different terminology such as: the
‘dark side’ of social capital (Putzel, 1997; Portes, 1998; Cleaver, 2003), zones of ‘social capital deficiency’
(Harris & De Renzio, 1997), anti-social’ capital Beall (1997), ‘downside’ of social capital (Portes & Landolt,
1996). In 1997, Roger Waldinger challenged the very positive, one-side picture of social capital by posing the
following question: Social capital or social closure? In 2001 London School of Economics published a working
paper: An appropriate capital-isation? Questioning social capital (Morrow, 2001). In 1997, Journal of
International Development had a special issue on the negative or dark side of social capital. However, it was
largely unnoticed in the literature.
others from assessing resources. Indeed, the more embedded are economic actors in dense, closed, homogenous networks, the stronger the mechanisms for excluding outsiders.

Through the closure mechanisms, group members connected by strong relationships ties benefit from embedded and dense networks (Coleman, 1988). Obviously, they should benefit from greater cooperation, greater conformity to the norms, and greater information sharing. However, this simple direct relation between network density and performance was challenged by some authors (Oh, Labianca, & Chung 2006), who argued that excessive group closure may negatively affect group social capital. “Strong-closure groups can constrain individual group members’ contacts with diverse others outside and can restrict access to more varied resources and innovative information available beyond the closed groups” (Ibidem, p. 573). Or, as Putnam (1993, p. 221) also acknowledged “Social inequalities may be embedded in social capital. Norms and networks that serve some groups may obstruct others….some forms of social capital can impair individual liberties”.

The ethnic business networks may also impose some constraints on decisions of ethnic entrepreneurs. Waldinger (1995, p. 555) referred to the dualism between community solidarity and individual freedom of the immigrants as the ‘other side’ of embeddedness. Similarly, Giorgas (2000) argued that the membership in an ethnic community often demands conformity to the norms and may inhibit behaviour of the individuals. Apart from restricting individuals in taking up business decisions and implicitly exclude outsiders, the existence of ethnic networks and associated collective sanctions and community controls, create excess claims on group members and leads towards downward leveling norms (Table 1).

Ethnic network should be open and dynamic in order to achieve more complex and efficient economic exchange. According to the recent literature on the networks (Podolny & Page, 1998; Huggins, 2001; Levine, 2004), ethnic networks face limitations in offering more dynamic, open, heterogenous and changeable networks appropriate for the knowledge economy. As Bowles (1999) noted the tendency for the ethnic communities to be relatively homogenous may make it impossible to leverage benefits from diversity coming from the competitiveness, exchange of skills, and in particular generation and exchange of business ideas. Inter-network connectivity is essential for the emergence of network knowledge, since
those connected across groups are more likely to initiate new ideas (Burt 2000). However, there is a possibility that networks based on static strong ties - such as ethnic networks - may have a propensity to establish 'lock-in' (Adler & Kwon, 2002; Labianca & Brass, 2006; Lechner & Dowling, 2003) inhibiting the creation of new knowledge and innovation.

Table 1. Negative consequences of ethnic social capital

<table>
<thead>
<tr>
<th>Negative ethnic social capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inside the ethnic business networks</td>
</tr>
<tr>
<td>1. Restrictions on individual freedom</td>
</tr>
<tr>
<td>2. Exclusion of outsiders</td>
</tr>
<tr>
<td>3. Downward leveling norms</td>
</tr>
<tr>
<td>4. Excess claims on group members</td>
</tr>
<tr>
<td>Ethnic business networks and competing business groups</td>
</tr>
<tr>
<td>1. Negative perception of ethnic solidarity in business</td>
</tr>
<tr>
<td>2. Perception of unfair competition</td>
</tr>
</tbody>
</table>


Some authors also pointed at the recursive effects of ethnic networks and ethnic solidarity in business, which could be associated with conflicts between ethnic entrepreneurs and competing groups from the host population (Wintrobe, 1995; Baker, 1983). Ethnic business networks, through cutting the costs and internal distribution of resources, would increase the groups’ competitive advantages. A related perception is that such cohesive and highly organised ethnic groups represent an economic threat to the competing business groups from the host population (Table 1). The host business groups will react when they perceive that their economic power is threatened by the actions of ethnic groups, be that threat real or imagined (Baker, 1983).

Wintrobe (1995) discussed ethnic conflicts using the economic concepts such as the factor returns, and argued that ethnic conflicts are likely to appear in the situation where there are
differences in income and returns. Since the ethnic networks can only provide advantages for the members and these cannot be transferred to the outsiders, it may be said that the difference in income and returns between the individuals included in the ethnic networks and those who remain outside, could be regarded a likely cause for the conflicts. For instance, Wintrobe (1995, p. 44) stated that “the strengthening of one ethnic network breeds fear on the part of outsiders in the same way that one nation’s decision to increase its stock of weaponry breeds fear on the part of other nations”.

Wintrobe (1995) further argued that blocked entry and exit are the fundamental characteristics of the ethnic networks, explaining the competition among ethnic business groups and the potential conflicts. Since ethnic social capital can not move from one group to another differences in returns and incomes between the ethnic groups will persist. According to Durlauf (1999, p. 2) the possibility that ethnic social capital can lead to undesirable behaviours and potential inter-group conflicts is more than theoretical. “Behaviours which enforce differential treatment of insiders and outsiders to a community are linked to the nature of social capital. ..It then becomes possible that an ethic group with strong internal support mechanisms can exhibit discriminatory behaviour when comes to hiring or doing business with the members of other ethnic communities” (Ibidem, p. 2). Therefore, by enhancing the ethnic identity, as well as blocked entry and exit, ethnic social capital can promote inter-group hostility.

The potential of ethnic social capital to lead to inter-group hostility has been well documented in the literature on ethnicity and entrepreneurship (Bonacich & Modell, 1980; Turner & Bonacich, 1980; O’Brien & Fugita, 1982; Tsukashima, 1998). Based on comparative-historical research on ethnic groups involved in New Zealand agriculture (Krivokapic-Skoko, 2001) the following sections of this paper outline the negative consequences of social capital formation within the context of Asian entrepreneurship.

3. Asian entrepreneurs in New Zealand agriculture (1870s -1920s)
The entrance of an immigrant population into New Zealand agriculture occurred mainly in the second half of the nineteenth and first few decades of the twentieth century, creating a distinct and recognisable ethnic mosaic of rural New Zealand. This mosaic was characterised by involvement of a few ethnic groups who became associated with a particular type of agricultural production and fulfilled a vital role in the development of some rural localities.

Chronologically, Asian immigration into New Zealand agriculture began in the 1870s with the arrival of Chinese immigrants. They moved into the Otago goldfields and formed semi-permanent rural settlements attached to the co-ethnic mining communities. With the decline in gold mining the Chinese populations dispersed throughout the country and took up other occupations, with the majority of them moving towards self-employment as market gardeners and as food retailers. At that time (1870s-1920s) the influx of the Chinese market gardeners was obvious\(^2\). The Chinese pioneered most of the market gardening areas of Otago and they were also among the early Otago developers of commercial orchards. This occupational transition marked the socio-economic history of the Chinese for many decades, producing the stereotypes of New Zealand Chinese as market gardeners (Ng, 1993; Beatson & Beatson, 1990). Until 1916, there were around 1,400 market gardening and food retailing out of around 2,000 Chinese living in New Zealand at that time (McGill, 1982).

The involvement of Indians in New Zealand agriculture has been centred on Gujarati market gardeners and Punjabis dairy farmers mainly in the North Island. As self-employed farmers they entered agriculture during the 1920s, having previously been a largely mobile population involved in various rural labouring activities. Gujaratis were moving in large numbers from the labouring jobs to self-employed market gardening, while some Punjabis became involved

\(^2\) The noticeable advances in New Zealand agriculture made by Chinese were recognised almost from the beginning of their involvement in the agricultural industry. The following piece of evidence comes from the Chinese petition from 1888 as a response to the imposed immigration restrictions: "Before the arrival of the Chinese, fruit and vegetables were scarce commodities to many New Zealand workers and poorer people. Sometimes they had to pay a high price for them. After the Chinese took over the trade, fruit and vegetables have never been short in supply and are selling at more competitive prices" (Sedgwick, 1982, p. 198). Also in the opposition towards the Undesirable Immigrants Bill in 1894, it was noted that the Chinese gardeners had made a considerable contribution by turning small pieces of land into productive gardens that provided vegetables at reasonable prices (Ibidem, p. 201). The contribution of individual Chinese entrepreneurs was also recognised, such as the involvement of Chew Chong in establishing dairy industry in Taranaki, North Island (Drabble, 1996). Chew Chong was inducted into the New Zealand Trust Business Hall of Fame.
in dairying and moved from rural labouring or sharemilking towards acquisition of their own dairy farms (Taher, 1965; McLeod, 1992; Tiwari, 1980).

The Chinese and Indian farming enterprises were embedded in ethnic business networks which facilitated mobilisation and distribution of resources, and provided support for ethnic entrepreneurs in starting and carrying out the business (Krivokapic-Skoko, 2001). The same empirical research also illustrated how Asian entrepreneurs tended to make extensive use the cultural traditions of the home countries in organising these networks. For instance, the informal, ethnically - exclusive networks developed within the Chinese market gardening community were rooted in the Confucian ideology which promoted collectivism, mutual trust and reciprocity.

The Chinese market gardeners worked in organisations comparable to the matrilineal Chinese clans. The Chinese market gardeners in New Zealand represent four family clans, Poon-Fah, Sze Yap, Tsangshing, Kong Chew (Ip, 1995, p. 61). The family clans played an important cohesive role within the Chinese market gardener community in New Zealand (Lee, 1974; Ng, 1959). The function of the familial associations was to deal with the adjustment of the Chinese to the strange environment, relying on the base of mutual aid and protection. The family clans helped Chinese immigrants to establish themselves and offered some protection and security in times of any kind of crisis. These Chinese family clans are further organised into bongsas, groups based on common descent from specific areas of mainland China (Ng, 1959; Sedgwick, 1982). Such groups spoke the same Chinese dialect. Basically, there were two dialect groups within the Chinese market gardeners: the Poon-yu bongsas was dominant amongst the Chinese market gardeners in the North Island (Meyer & McLellan, 1988), and Se-yips dialect group was dominant around Ashburton in the South island (Ng, 1959).

The Chinese market gardeners across New Zealand were bound together by clan, dialect or locality ties and these connections helped them attain the resources needed to start a business. Any required hired labour for market gardeners came from new immigrants from the same village of the home land. Family clans were at the core of migration chains and provided the necessary funds, supporting and coordinating the immigration flows. As Sedgwick (1982)
noted, those already involved in market gardening supported newcomers by paying the compulsory poll-tax (Ibidem, p. 317).

The Chinese market gardeners also generated resources through *hui kan* associations. The *hui kan* enabled the Chinese to pool their savings and helped them establish and coordinate their ethnic business. *Hui* - rotating credit associations were derived from Chinese traditional society and were based on Confucian ethics of reciprocity and mutual obligations. Raising the funds for such credit associations and self-helping funds was done by levying each Chinese family according to the number of adult males, or each Chinese family in market gardening according to the area under cultivation (Sedgwick, 1982). These ethnic associations were based on mutual obligation and the principles of reciprocity. Apparent mutual obligation within the family clans and among community members in general was sustained and regulated by effective instruments of community control. Moreover, the sanctioning capacity the Chinese community in New Zealand enforced informal business contracts between the Chinese market gardeners. As noted in the Declaration of the 4th Congress of the Chinese Association in 1939 (80 percent of the members were marker gardeners) “*A penalty on those who refuse donations was adopted*” (Sedgwick, 1982, p. 394). The regulations of the New Zealand Chinese Association as they proposed in 1909 explicitly stated that “*Those who try to evade paying the Association a levy will be dealt with severely*” (Ibidem, p. 673).

Similarly, Indian farming enterprises were organised into ethnically exclusive business networks which mimic the traditional structures of support from the home country. Thus, *jati* identity, village and provincial connections shaped economic activities of Gujarati and Punjabi immigrants in New Zealand agriculture. Moreover, Gujarati market gardeners tended to be organised in a number of extended patrilineal family networks, known as *kutumb*.

These networks maintained the mobilisation of labour and capital. If Gujarati immigrants needed to borrow money to start up the business, they would rely on the support from self-help financial institutions formed by relatives or immigrants from the same village. Those loan agreements realised within kinships-based networks were unwritten, based on trust as collateral, and without interest rates (Leckie, 1981). Once settled down in the business, it was
a matter of trust and *dharma* (duty) to support the new immigrants and to meet those unwritten obligations. Apart from the immigrants from the same villages these kind of agreements were extended and also included the members of one’s caste (Leckie, 1981; Tiwari, 1980). Similarly, Punjabi dairy farmers frequently utilised family and kinship ties in starting and expanding their business (McLeod, 1992; Tiwari, 1980). In the case of the early Punjabis, the so-called ‘Hindu farm’ performed as *gurdwara* (a Sikh temple) and as a place that served the useful purpose of supporting newly-arrived Punjabi migrants. The history of the developing Punjabi dairy community in the Waikato showed how family dairy enterprises were held together through informal networks. Dairy farms were mainly transferred within the community, either through arrangements relying on the joint families or by transferring to co-fellows.

Ethnic business networks developed among Asian entrepreneurs in New Zealand agriculture encompassed both normative and resource components as outlined in the economic sociology literature (Davern 1997; Portes 1995, Portes & Sensenbrenner 1993). Thus, these networks, informal by character, were based on mutual obligations, trust, the principles of reciprocity and the capacity for internal sanction by the community. Within such informal ethnic associations, Asian market gardeners and dairy farmers were reciprocally obligated towards co-ethnic members, and in the absence of legal enforcement, business transactions were backed by codes of conduct and the sanctioning power of the community. They succeeded in creating social structures to provide mutual ethnic support, and also in coordinating economic activities and controlling intra-group competition in business.

The empirical research also highlighted the consequences of ethnic business networks in providing ethnic groups with certain advantages. It was documented that growth and competitiveness of Chinese and Indian owned agricultural enterprises in New Zealand were largely attributable to the forms of self-help ethnic institutions. The ability of the Chinese market gardeners, for instance, to rely on ethnic informal networks for mobilisation of credit and information could give them a comparative advantage over the entrepreneurs who were outside the ethnic communities. Chinese and Gujarati market gardeners were also able to generate, through their informal networks, a better position in terms of selling and buying the products, obtain the capital for starting up the enterprises, and enhance their ability to cut
costs. Generally, it could be that the existence of informal business networks enabled the members to generate and distribute resources probably more quickly and efficiently than was possible for non-members. This supports the work of other authors (Ward & Jenkins 1984; Waldinger et al., 1990; Light et al., 1993) who, while studying different empirical cases, pointed to the competitiveness which comes as a result of the business network structures along ethnic lines.

4. Anti-Asian protests in rural New Zealand

Under some conditions the existence of ethnic business networks may eventually place ethnic entrepreneurs in conflict3 with certain segments of the host business population. The organizational power of ethnic networks was identified as one of the factors leading towards ethnic conflicts (Turner & Bonacich, 1980; Tsukashima, 1998).

The empirical research (Krivokapic-Skoko, 2001) indicated there were three distinct farming protests involving ethnic business communities in New Zealand. All three conflicts of the late nineteenth and early twentieth century were related to Asian market gardeners. The opposition to Asian entrepreneurs in New Zealand agriculture was expressed in terms of a perceived economic threat and coincided with periods of economic depression. The Chinese and Gujarati market gardeners were very widely regarded as an economic threat to the competing business groups from the host population. Clearly, the local market gardeners perceived Asian entrepreneurs as representing an economic threat to their economic interests and felt threatened by the presence and expansion of cohesive ethnic communities in business. They

---

3 In this paper, conflicts are defined as collective actions aimed at displacing and neutralising opponents (Williams 1994, p. 54). Accordingly, conflicts may be conceptualised as visible actions or substantial vocal activity of the host business groups aimed at expulsion of the ethnic group in business from the country or to restrict their activity. Indicators of conflicts will be articulated negative actions and attitudes of the domestic host population, which may be manifested, for instance as calls for expulsions of the ethnic business population, emerging in the media, or being the subject matter of parliamentary debates.
responded by taking certain actions intended to limit the growth of the Asian farming enterprises and to prevent them from entering the same occupation.

(a) Anti-Chinese protests during the late 1870s.

During the 1870s, the Chinese in New Zealand went through occupational transitions from gold-mining activity towards self-employment as market gardeners. During that period the Chinese also started to face public antagonism and protests as articulated among the European market gardeners in Otago. The Otago local business community became unified and demanded that restrictive measures be imposed on the Chinese in New Zealand. Moreover, by using various local government measures they tried to prevent Chinese from settling down and leasing land (Ng, 1993). Apart from these direct actions which were channelled through county councils, there was generally negative public opinion centred on the presence of Chinese market gardeners within local communities. Articles published in Otago local newspapers such as the Mt Ida Chronicle, Dunstan Times, and Taupeka Times reflected these anti-Chinese attitudes (as cited in Ng 1993, pp. 276-280).

Public opinion opposing the Chinese presence developed to such an extent that anti-Chinese legislation was discussed in Parliament during the second half of the 1870s. It resulted in the introduction of the Asiatic Restriction Bill of 1879 in Parliament, and afterwards in the enacting of the Chinese Immigrants Restriction Act of 1881 (Hall, 1929). European market gardeners clearly expressed concerns that their livelihood was threatened by the influx of Chinese market gardeners. Such perceptions of economic threat were included in a political platform of leading politicians of that time, such as G. Grey or R. Seddon (Ip, 1995).

(b) Anti-Chinese protests during the early 1890s. During the early 1890s the small business community, represented by European market gardeners and the labour movement had united in anti-Chinese opposition. In 1894, the Trades and Labour Council in Wellington petitioned that the residence taxes should be imposed on the local Chinese fruit retailers (Sedgwick, 1982). The same sources recounted that The Knights of Labour opposed the movement of Chinese into the Wairarapa in March 1892. Chinese businesses were closely observed by
local business associations, and in Wellington, for instance, the local Grocer’s and Early Closing Association in 1891 appointed a committee to observe the business practice of Chinese fruit shops. Newspapers also provided revealing accounts of the negative societal perception towards Chinese market gardeners. Also, a large part of the debates in the House of Parliament in 1895 were based on the Chinese involvement in the growing of vegetables. For instance, opposition to the Chinese presence in that business was underlined in discussions on the Asiatic and Other Immigration Restriction Bill of 1895 and resulted in the passing of the Asiatic Restriction Bill of 1896 (Ibidem, p. 196).

Chinese market gardeners were perceived as an economic threat in the locations where they were competing with European commercial market gardening, such as Otago (Ng, 1993), Canterbury and Wellington (Sedgwick, 1982). These accounts agree that Chinese businesses experienced lower operating costs because of the existence of trust within the community. In addition, the existence of the rotating credit associations meant that their capital was pooled and credits were available without interest. Such competitiveness of the Chinese market gardening community was simply perceived as unfair and unscrupulous. The content of the newspaper articles of that time describes Chinese competition using terminology such as “foul, contrary to nature and unjust” (Sedgwick 1982, p. 260) and argued that Europeans could not compete with the Chinese in growing vegetables. Also, the anti Chinese politicians of that time, W. P. Reeves and R. Seddon, viewed the Chinese as an economic threat to the European market gardeners in New Zealand (Ip, 1995).

(c) Anti-Asian protests in Pukekohe in the mid 1920s. The most outstanding example of anti-Indian, and in general, anti-Asian protests in rural New Zealand happened in Pukekohe during the mid-twenties. During that time Indians (Gujaratis) began to lease or buy land for market gardening and settled down primarily in Pukekohe. Such occupational transformation and residential concentration of Indians created noticeable negative public concern. The local population, mainly potato growers were at the heart of anti-Indian feelings in Pukekohe, clearly expressed through their concern about the influx of Indians to the area (Leckie, 1981).
General negative public perceptions of the presence of Indian market gardeners further developed into articulated and synchronised actions by the host business groups – the local potato farmers. The most striking feature of these actions was the emergence of the White New Zealand League in 1926 which became the voice of the host business community. The League advocated exclusionist polices towards Indians and urged Government to enact legislation to prevent further settlements by Indians, and, in general, Asians on the land. This was summed up in a motion adopted at the inaugural meeting of the League: “That the businessmen and landowners in the district-those interested support any action, if favourable by the Chamber of Commerce, to approach the Government to introduce legislation making it illegal to lease or sell land to Asians” (cited in Leckie, 1985, p. 110).

The League gained support from the local Chamber of Commerce and as the Franklin Times of February 3, 1926 reported, “The Chamber of Commerce decided to join the League in its goal of securing legislation to exclude Asians from New Zealand” (Leckie 1985, p. 111). In July 1926 the same aim was adopted by the Franklin Agricultural and Pastoral Association. Federated Farmers in Franklin County called for the confiscation of Asians’ land and their immediate repatriation. Potato and onion growers in Pukekohe, at a meeting on 17 April 1926, also endorsed a petition to Parliament requesting legislation to prohibit the selling or leasing of land to Indians. In 1926 some farmers’ associations (Franklin Growers’ Associations) and branch associations (Canterbury Fruit Growers’ Association) joined in supporting calls for such a policy (Leckie, 1985).

The main points in opposition to Indian, in fact, Asian market gardeners in Pukekohe, may be summarised in the words of a local potato grower as “fear of economic competition” (Leckie, 1985, p. 110). In a citation by the White New Zealand League (1926), Asian market gardeners were accused of taking over “the means of production in this industry (market gardening) in a few years” (cited in Sedgwick 1982, p. 347).

The White New Zealand League further argued that the threat of unfair Asian competition was hitting particularly the self-employed, small-scale farmers. As a response, local farmers came together with a small group of Auckland businessmen and established the White
Producers’ Co-operative Association with the goal of dealing “only with white farmers and producers co-operating for their benefit and excluding Asians” (Leckie 1985, p.120). The Indian market gardeners of Pukekohe were stereotyped in the local press as being a homogenous and quite unassimilable (as cited in Leckie 1981 p. 620). The pamphlets of the White New Zealand League also referred to the “clannishness” of the Chinese and Indian growers (Sedgwick, 1982).

It may be said there was an intra-class division regarding the presence of ethnic entrepreneurs in New Zealand agriculture. Basically, fear of the competitive powers of the Asian entrepreneurs was expressed amongst the self-employed, small-scale local farmers. In fact, it was small farmers who were the most vocal and active in attempts to limit and expel the Chinese and Indian origin-farmers from the same business. Opposition to the Asian presence in agriculture also came from organised labour (the working class), while large scale landowners and employers supported the presence of a low–cost, mobile, and relatively skilled Asian labour force (Sedgwick, 1982; Taher, 1965).

It was generally considered that an Asian labour force would lower wages and increase unemployment amongst the host population. Such public opinion was used extensively by some politicians in parliamentary debates. During Seddon’s time as Prime Minister (1893-1906) a number of legislative restrictions were enacted selecting immigrant groups which would be allowed to come in, and also excluding immigrants groups already in the country from certain economic activities. Later on, W. Massey and the Reform administration (1914-1928) continued with the same platform, focusing on the small business community and the working class in calling for anti-Asian immigration restrictions (Ip, 1995).

Thus, what emerged quite clearly from the empirical research was that the presence of cohesive and highly organised Asian farming communities was associated with negative reactions amongst the domestic business population, small-size farmers in particular. Perceptions of an economic threat within the context of economic depression were associated with the emergence of anti-Asian farming protests that occurred in rural New Zealand settings of the late nineteenth and early twentieth century.
The Chinese and Gujarati market gardeners were very widely regarded as an economic threat to the competing business groups from the host population. Clearly, the local market gardeners perceived Asian entrepreneurs as representing an economic threat to their economic interests and felt threatened by the presence and expansion of cohesive ethnic communities in business. They responded by taking certain actions intended to limit the growth of the Asian farming enterprises and to prevent them from entering the same occupation.

5. Conclusion

Ethnic business groups tend to form ethnically exclusive networks which facilitated mobilisation and distribution of ethnic resources, and which provided immigrants with an economic supportive system. While the networks could be a source of the strength of ethnic business communities, under some conditions, their existence may lead towards conflicts between ethnic entrepreneurs and some segments of the host business population. As the social capital literature emphasised social closure is necessary for social capital to be facilitated (by imposing the norms, promoting expectations and reciprocity), but it can also lead to exclusion of the outsiders, as well as inter-group hostility.

This ‘other side’ of the ethnic social capital formation was illustrated using empirical evidence on the conflicts between Asian entrepreneurs and competing local business groups involved in New Zealand agriculture. What emerged quite clearly from the empirical research was that the presence of cohesive and highly organised Asian farming communities was associated with negative reactions amongst the domestic business population, small-size farmers in particular. A perception of an economic threat within the context of economic depression were associated with the emergence of Anti-Asian farming protests that occurred in the rural settings of New Zealand in the late nineteenth and early twentieth centuries.

6. References


