

The Cultural Uniqueness of Antipodean Capitalism and Its Historical Development-paths Dependencies: An Analysis of Stylized Facts

Francesco Scalamonti¹

Abstract

The features and cultural uniqueness characterizing Antipodean capitalism have not been directly observed and clarified in the specialized literature. Therefore, in an original way, this study aims to synthesize the secondary sources on historical-economic and cultural studies to provide an analysis of stylized facts, generally, and the specialized literature related to Australia and New Zealand, particularly. It provides a novel contribution in highlighting the Antipodean capitalism's cultural uniqueness compared to capitalism in other advanced economies and neighboring South-Eastern Asian emerging economies – United Kingdom, United States, Eurozone, Japan, China, and India – by employing the six cultural traits identified by Hofstede et al. (2010), and in identifying the distinctive features of countries' institutional and business environment. In fact, Australia's and New Zealand's institutional and business environments have evolved differently than those of the United Kingdom and the United States. Especially, Antipodean capitalism exhibits “milder” cultural traits because the countries' governance impacted their socioeconomic systems, influencing their development-paths differently than other developed and developing countries.

Keywords: *development-path, capitalism, Australia, New Zealand.*

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¹ Scala_f@libero.it. University of Perugia, Umbria, Italy. [Orcid.org/0000-0003-2960-0133](https://orcid.org/0000-0003-2960-0133)

1. Introduction

Institutionalism and institutional change are core parts of economics and economic history (Chang, 2010; Acemoglu and Robinson, 2021; Ménard and Shirley, 2022; Diebolt and Shirley, 2024). According to Acemoglu and Robinson (2013), institutions can be categorized into inclusive and extractive. Inclusive institutions facilitate and encourage people's participation in socio-economic activities while upholding the principle of freedom. To be inclusive, institutions must ensure the protection of rights and guarantee them. In contrast, extractive institutions are characterized by elites who dominate social systems and benefit from rent-seeking activities. The former aim to involve and valorize all socioeconomic actors, promoting a fair redistribution of opportunities and favoring social mobility, personal motivation, and increased productivity, identifying satisficing solutions to new issues and needs, thus promoting well-being and economic development. The latter, contrary, aim to concentrate power and resources in the hands of a few people, leaving the other people in a condition of subordination, thus preventing an efficient allocation of resources, and slowing down economic development and innovation. Alongside institutions, there are also privates, such as businesses or associations. Galbraith (1976) previously identified corporations as private entities that can play an active social role within the modern societies. In the best case, their interests can be balanced by others, in the worst case, they can operate indiscriminately in pursuit of profit. Trade associations and class actions in a free society can represent countervailing forms for the specific interests of a given group of individuals.

As early as the late XIX century, the Italian agrarian economist Ugo Rabbeno (1898 [2023]) pondered what was considered an anomaly for the time. He was the first to explore the distinctive features of the production and labor system in Antipodean countries, attributing the social transformations in Australia and New Zealand to economic and socio-political factors related to rural development, which had demographic implications in these countries after their British colonization. Indeed, the governance of these nations encouraged migrations, both by those seeking new opportunities and the labor force required for land cultivation.

As far as we know, the Antipodean capitalism and its features and cultural uniqueness have not been directly observed and clarified in the specialized literature. However, understanding it is important both for development-

paths' uniqueness of Australia and New Zealand, and for their geographical location and economic integration in the South-Eastern Asian region, serving them as hubs for Western investors and firms (Mendelsohn and Fels, 2014; Doan et al., 2015; Turnbull et al., 2016; Ge et al., 2017; Klinge, 2021; Rafidi and Verikios, 2022). Every country, region, city, and even suburb can present some cultural differences. Acknowledging these differences and how they impact on institutions shaping each country's system is crucial for understanding their development path-dependency. Additionally, Australia and New Zealand also have a shared military tradition. Therefore, considering both countries is pivotal in understanding shared traditions and habits.

In an original way, this study aims to synthesize the secondary sources on historical-economic and cultural studies to provide an analysis of stylized facts, generally, and specialized literature related to Australia and New Zealand, particularly, providing a novel contribution in highlighting the Antipodean capitalism's cultural uniqueness and in identifying the features of the institutional and business environment of countries compared to that of other advanced and emerging neighboring economies, such as the United Kingdom, the United States, the Eurozone, Japan, China, and India, ultimately employing the six cultural traits identified by Hofstede et al. (2010).

Recently, the debate on geography and institutional economics has revived a new interest in the determinants of different development paths of countries (De Janvry and Sadoulet, 2015; Amendolagine and Von Jacobi, 2023). A growing body of literature has sought to compare the institutions emerging from the colonization process in different regions and particularly in the regions of new settlement (Chang, 2010; Acemoglu and Robinson, 2021). In addition to this body of literature that has focused on the indirect effects of agrarian institutions on economic development, there is also a research-line suggesting the existence of a direct relationship between these, and which has to do with the demand for manufactures in countries. Others have focused on the key link between access to frontier land, institution building, culture, and growth, and have explored the links with moral economics starting from the assumptions exposed in the seminal works by Thompson (1971, 1972).

These and even other key contributions in the literature on history's influence on social capital levels, for instance, in Italy and elsewhere,

lead to considering historical legacies as differences in cultural traits and civic norms in a society (Cassar et al., 2014; Di Liberto and Sideri, 2015; Guiso et al., 2016). In fact, Italy has been an extraordinary laboratory to test the importance of cultural heritage. Over the centuries different areas of the country experienced different political dominations, with related significant cultural diversities. Therefore, it is not surprising that a large body of literature has developed with reference to the Italian context in studying the interplay between cultural norms and policy change (Accetturo et al., 2014; D'Adda and De Blasio, 2016). The importance of inherited cultural traits for the effectiveness of policies could be ideally measured through the inherited cultural traits and exposure to the policies using Hofstede's values scale.

Although cultural dimensions by Hofstede et al. (2010) could be many more since any study could reveal novel patterns (Catalin and Cerasela, 2012), and despite some critiques based on observational data collected, on their viability and elaboration, our empirical investigation will be based on this scale of values.

With the acceleration of globalization in the Nineties, many economies have grown and have become more integrated in the global economy, including both Australia and New Zealand, particularly after their accession to the World Trade Organization (WTO) in the half-Nineties. The below Figure 1 shows the per-capita GDP growth of Australia and New Zealand at PPP from 1990 to 2020. In Neo-Keynesian theory, economic growth (ΔY) is composed by the variation of private consumption (ΔC), public spending (ΔG), private investment (ΔI), and foreign net-position given by exports minus imports $\Delta(X-M)$. Therefore, the following equation $\Delta Y = \Delta(C+G+I+X-M)$ represents the countries' growth-path in a generic aggregate economic model, exactly obtained by summing the growth-paths of its components (Visaggio, 2012).

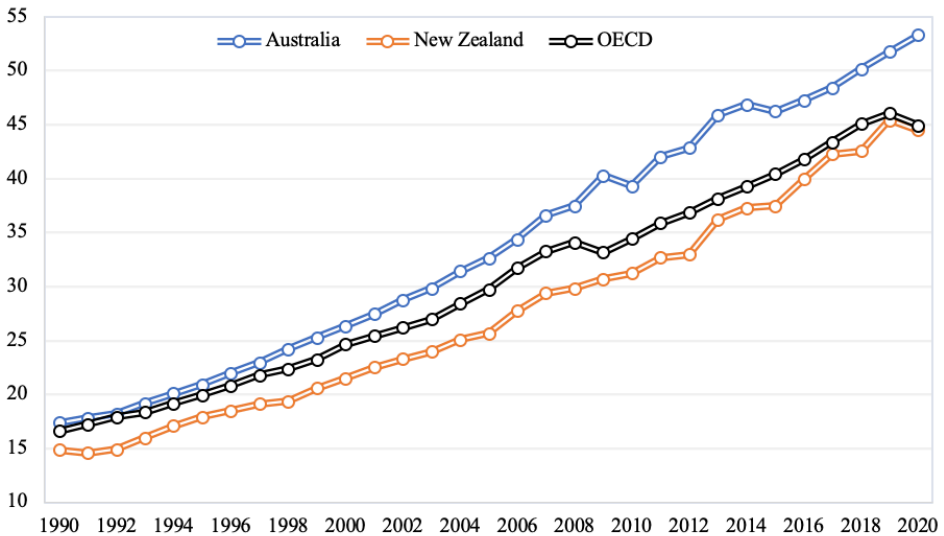


Figure 1 – Per-capita GDP growth, USD thousands at PPP, benchmark OECD average. Source: our elaboration on World Bank data (2023)

In the ending of the 20th century, Australia and New Zealand became two of the most prosperous globalized economies in the world, relying heavily on international trade with advanced and neighboring emerging countries, including the United Kingdom – and the other countries of Commonwealth such as Canada – the United States, the European countries, and the nearest China, Japan, and India (Millmow, 2017; Oxley, 2018). The Australia and New Zealand's economy is a mix of free-market principles – led by a sizable manufacturing and service sector and an efficient agricultural sector – combined with strategic industry protectionism. Particularly, New Zealand has transformed its economy from agrarian-based – primarily dependent on the British economy – to export-oriented, principally wool, meat, and dairy. As a result, they are rapidly become capitalistic and industrialized countries capable of competing globally with the other advanced economies.

However, Australia and the other countries of Commonwealth, for instance Canada, followed quite different development-paths. Australia's per-capita GDP was well above those of Britain and the United States in 1870, and more than double that of Canada. Starting in the Eighties, Australian per-capita GDP was lower than that of the United States,

Canada, and Britain. The neoliberal economic reforms that began in Eighties have resulted in Australia now being considered one of the most open economies in the world, notwithstanding conflicting opinions regarding the long-term success of free trade and the inevitable contraction of the domestic manufacturing industry. Australia has enjoyed over two decades of largely unaffected economic growth, coupled with low inflation and relatively low unemployment – until 2020 when the country entered a brief recession where unemployment rose. More recently, due to the Covid-19 pandemic, the trade disputes China-US and China-Australia, and finally the Ukrainian war, there has been a significant political shift in focus toward national security issues and renewed interest in the manufacturing industry in Australia. Even though free trade continues to be very important, establishing a thriving domestic industry has regained consensus in a global context characterized by fluid political and economic balances.

The paper is structured as follows: (i) the historical legacy, cultural norms, and development-paths; (ii) the historical development-paths dependencies of Australia and New Zealand; (iii) distinctive features; (iv) the cultural distance from the United Kingdom, the United States, the Eurozone, Japan, China, and India; (v) conclusions.

2. The historical legacy, cultural norms, and development-paths

Rabbeno (1898 [2023]) observed that the original land-based capitalism that arose in England during the First Industrial Revolution did not replicate in Australia and New Zealand. Instead, these austral regions initiated their unique and widespread pastoral capitalism. This approach, at the time, was the distinctive way of austral countries that was employed by their governance to restrict land availability while continuing to encourage immigration. As this way of production advanced, a considerable number of herders and cultivators were settled in small and medium village settlements through favorable regulations and the rise of the rule of law (Crafts, 1985; Cashin, 1995; Macchioro, 2006).

As British colonies, it was rather unlikely that Australia and New Zealand would export the spontaneous first-generation economic development model that occurred in England within their own borders (Angelucci et al., 2022). In other words, the British Empire was more interested in maintaining economic supremacy and a strong trade relationship with

the colonies rather than wanting them to develop autonomously. In other words, colonial settlements represented the economic frontiers of British capitalism expansion.

When Britain Empire conceded self-government to austral countries, it was in the secure knowledge that intertwined economic ties were strong enough to sustain the colonial relationships with the British homeland. Complex socioeconomic interactions had created the colonies and had been conditioned by the nineteenth-century British imperialism (Rickard, 2017).

Australia's and New Zealand's governance relied on economic processes inspired by cooperation, subsidiarity, and geographical localization in facilitating access to land for a significant proportion of the population, thus preventing the elites from taking control of agrarian property. Nevertheless, these advantages were already known to economists of the time. Their growth might show some similarities with the development that originated in Italy following the spread of sharecropping, which concentrated growth in certain regions rather than others (Bagnasco, 1977; Becattini, 2007; Dei Ottati, 2017). Therefore, exemplary cases are the development of manufacturing activities in Italian regions where local market demand was higher and a new entrepreneurial class mainly composed of small and medium-sized bourgeoisie spontaneously arose, or higher literacy rates in rural areas in Spain following the ownership of a piece of land (Basso, 2014).

Differently from England, Australia and New Zealand did not experience the increase in poverty that followed the initial wave of industrialization and the abandonment of rural areas due to limited employment opportunities. This means that small landowners were not compelled to migrate to cities, attracted by new employment opportunities resulting from the development of industries driven by the capitalistic need of large landowners to invest in sectors other than agriculture, in contrast to what occurred in England during the First Industrial Revolution with the enclosure and grain laws.

On the other hand, from an economic rather than a historical perspective, the industrial take-off in Australia and New Zealand could also have depended on the structure of domestic demand for manufactured goods, which, in turn, was influenced by the distribution of agrarian income, leading to a lower level of internal inequality. In fact, the high concentration

of land in the hands of a few landowners would have negatively affected industrialization and growth, ultimately preventing the formation of a sizable group of mid-income landowners and, consequently, stalling the development of internal demand for manufactured goods (Alvarez et al., 2011). In other words, there is consistent evidence within the historical evolution of different countries emphasizing the importance of agrarian institutions for their development.

Specifically, the land distribution process was a crucial factor in contributing to the emergence of an agrarian society with high levels of well-being. In 1831, the National Colonization Society approved the Bentham's proposal to establish a new free colony in Australia, which would be granted self-governing powers as soon as was practicable, financed by the sale of expropriated lands from settlers and overseen by a joint-stock company (Causer and Schofield, 2018).

This way-of-doing ensured a lower concentration of land ownership among large landowners and a consequent more equitable distribution of agrarian income, ultimately allowing the most people, equipped with sufficient purchasing power, to purchase manufactured goods and hence "turn the economy". For instance, in New Zealand, once property rights were defined in the initial phase of industrialization, and without forgetting that New Zealand enjoyed privileged access to the British market, its governance promoted endogenous mechanisms that facilitated the access of emerging classes to credit and advanced technologies (Alvarez et al., 2011).

In general, in Australia and New Zealand, an increasing number of small and very small agricultural businesses, more or less profitable, coexisted, supported by institutional efforts aimed at laying the groundwork for future development. The countries' governance ensured strict control over land distribution so that a growing portion of the population could access this crucial resource for further development. Additionally, measures were also implemented for soil protection and conservation.

The early settlers could not directly negotiate land acquisition with the native indigenous. The colonial authority and local governance thus created a system of rights designed to regulate and protect land acquisitions. The significance of early settlers lies precisely in the claims they made for the occupied lands, considering them as a natural social recognition (Rickard,

2017). Large-scale immigration to the austral countries hinged on the devising of schemes and programmes, and this in turn was dependent upon the rise of British sentiment in favor of emigration. In fact, in 1798 Malthus had sounded the alarm about the future facing an over-populated Britain, and in 1817 he conceded that emigration may be a palliative to the population expansion associated with the Industrial Revolution and economic problems resulting. By the early 19th century, the emigration issue had become a subject of economic theorization and a major political concern of the British Empire.

Summarizing, Australia and New Zealand had institutions that promoted access to technology, provided consultations, offered long-term credit for land purchases and equipment investments, and provided valuable information on foreign markets. Furthermore, Australia and New Zealand, being islands, were much less involved in conflicts and the two world wars due to their geographical location, although they were not exempt from internal struggles. Finally, these countries prospered due to a thriving agricultural sector, abundant natural resources, and the relatively low presence of the native indigenous, and this facilitated migration flows to the countries. Consequently, at the origin of Australia's and New Zealand's historical development-paths, there are the migrant settlement and the resulting multicultural society.

Specialized literature analyzing the underlying forces of the countries' development-path, focusing on the significance of specific factors such as cultural, ethnic, religious, or historical-political factors, is indeed very wide. Many works consider history, the influence of social and cultural norms in connection with the countries' development process (Michalopoulos and Papaioannou, 2014; Guiso et al., 2016; Ang and Fredriksson, 2018; Van Hoorn, 2019; Roland, 2020; Kafka and Kostis, 2021; Rubin, 2022; Becker and Dulay, 2024).

Some studies have looked at genetic diversity as a potential factor that could play an important role in shaping economic development. A cornerstone of this research line is the seminal work of Putnam et al. (1993). They demonstrate that areas where free city-states arose in the Italian Middle Ages exhibit higher levels of civilization and better institutional performance. In contrast, where authoritarian and narrow groups prevented the formation of free civic associations experienced a decline in the ability to form a local institutional framework (Tabellini, 2010; Guenzi and Rossi, 2014; Di

Liberto and Sideri, 2015; Guiso et al., 2016).

In other words, institutions influence social norms, but this relationship requires reciprocity (North, 1991, p. 111): «what is it about informal constraints that gives such a pervasive influence upon the long-run character of the economy? What is the relationship between formal and informal constraints? How does an economy develop the informal constraints that make individuals constrain their behavior?[...]».

In fact, institutions cease to be sound when they induce habits and behaviors that are inconsistent with the pre-established rule, and these are no longer self-reinforcing. Furthermore, the institutional change is also related to the persistence effect in economic and history, it can be driven by both cooperation and conflict (Acemoglu et al., 2001; Acemoglu, 2025). Therefore, the literature is considering both the persistence of institutional legacies and cultural traits in a novel manner (Ménard and Shirley, 2022; Diebolt and Shirley, 2024).

Capitalism and society are closely intertwined. Scholars and academics are now more aware that competition only is inadequate in creating the basic conditions needed for socioeconomic dynamism and development of countries (Phelps, 1999; Frydman et al., 1999). As a result, a prospering, dynamic, and flourishing society requires not only sound governance to facilitate progress and societal change, but also requires wise people, who should be able to positively interpret the value of modernity and the intrinsic change it can bring.

There are fundamental issues about modern capitalism that have barely begun to be studied. For instance, to list a few: (i) what economic and social institutions engender dynamism and innovation in the nowadays most advanced capitalist economies, and what instead function less?; (ii) what additions or changes to institutions and policies could be needed?; (iii) how large are the gains of this manner of organizing production both in productivity and, overall, in benefits for its participants?; (iv) how compare capitalistic systems across them, even with respect to dynamism, stability, and inclusiveness?; (v) in this regard, does culture matter?

This means that what enabled and encouraged advanced economies to become creative, innovative, and grow fast is a question on which social scientists have been debating for more than a century.

Why some advanced economies are today more innovative and dynamic than others, at least when operating under comparable conditions, is still an open question (Chang, 2010; Acemoglu and Robinson, 2021). However, as a plausible hypothesis to investigate this one, it is arisen that people's culture, beliefs, and habits are fundamental in the modern socioeconomic theories in explaining countries' development-paths and institutional quality.

The results of historical-economic and cultural studies can provide evidence of the value of formal and informal institutions for development-path. Richerson et al. (2016) have also provided extensive evidence on whether cultural selection can play a significant role in the evolution of human cooperation. Differentiation in terms of trust, reciprocity, and cooperation habits led to profound differences in economic development in areas and regions characterized by similar institutional forms. The extent to which norms are shaped by past institutions remains a subject even in more recent studies (Peisakhin, 2015; Kyriacou, 2016; Gründler and Köllner, 2020; Li and Maskin, 2021).

European – and especially British – colonialism led to the military conquest and exploitation of most of the Global South (McNamee, 2023). However, colonial governance did pursue some legislation and investments in welfare and educational policy in colonies, although limited to local administrators and government employees. In many cases, these policies survived independence and thus constitute today the foundation of present policies in many British ex-colonies (Bustikova and Corduneanu-Huci, 2017; Nathan, 2023; Becker and Ricart-Huguet, 2024).

British colonialization relied primarily on indirect rule of territories, which entailed decentralized governance and the integration with pre-existing local institutions. Additionally, local governance relied on families and communities to provide for social needs, functioning as a safety network (Cammatt and MacLean, 2014; Becker and Schmitt, 2023).

Concluding, the modern institutionalism perspective is that institutions are important in the progress of countries' socio-economic systems (Acemoglu and Robinson, 2013; Galbraith, 2015; Roncaglia, 2019; Lin, 2021; Grajzl, 2023). The differences in the paths of industrial development of countries can be traced back to the origins of their institutional systems. Therefore, institutions matter and can play a very important role in the history of

development (Kaufmann et al., 1999; Corcoran and Gillanders, 2014; Jude and Levieuge, 2016; Sen et al., 2018; Acemoglu et al., 2019; Eberhardt, 2022; Dosso, 2023; De Almeida, 2024; Paldam, 2024). However, they are neither a necessary nor a sufficient condition for development. Empirical evidence shows that other factors also come into play in driving development, such as technology, demographic structure, climate, culture, politics, and considerable efforts may be needed to coordinate national policies (Marelli and Signorelli, 2022; Dallago and Casagrande, 2023). This presupposes an approach that proactively analyzes and considers international cooperation. In fact, it may happen that policies with a nationalistic orientation prevail, which can have a significant impact on the international community. The sharing of purposes should be a priority of international governance (Perrotta, 2020).

Some authors argue that governance should play a broader and more active role in promoting development (Halter et al., 2014; Stiglitz et al., 2018; Vercelli, 2020). Other authors believe that businesses and individuals should be responsible (Liang and Renneboog, 2017; Mayer, 2018; Schoenmaker and Schramade, 2019; Edmans, 2020).

The main international organizations define the governance as the manner politics manages a country's economic and social resources for development, therefore, it concerns the management of specific aspects of human existence. Government and governance are no longer considered separately. Market failures generate inequalities and cause crises (Rodrik, 2011; Lane and Milesi-Ferretti 2014; Wolf, 2015; Rodrik 2018). For North (1990), institutions are the set of formal and informal rules that guide human behavior, while for Bevir and Rhodes (2016), governance pertains to creation of organized networks, which implies the implementation of decision-making processes that are not purely political.

If institutions and firms are drivers of country's development, they should be led by a competent political and managerial class that can manage the increased surrounding complexity (Kotler, 2016; Pisani-Ferry, 2018; Russo, 2020). Additionally, there could be a need for governance of globalization while respecting national sovereignty (Algan and Cahuc, 2014; Catão and Obstfeld, 2019; Obstfeld, 2020; Razin, 2022). Other issues are then related to individual or collective choices (Nash, 1951; Erev and Haruvy, 2016; Rifkin, 2019), the management of commons (Ostrom, 1990), and

the struggle against increasing inequality within and between countries (Stiglitz, 2002; Lakner and Milanovic, 2016).

3. The historical development-paths dependencies of Australia and New Zealand

A large part of the literature regards history as one of the main determinants of countries' development-paths. This literature suggests that the slow-changing nature of cultural norms might explain the long-run effects of historical events (Nunn, 2009). The literature on the impact of historical institutions on development-paths, through their influence on cultural norms and social capital, is very wide.

In a seminal contribution, Putnam et al. (1993) offered evidence that historical legacy, through its impact on local culture, matters for the quality of institutions and current local development in Italian regions. In terms of historical legacies, Putnam et al. (1993) considered the governance systems prevailing at the beginning of the 14th century as the most relevant in explaining contemporary differences in civicism norms. They identified four regimes prevailing at that time, corresponding to differing degrees of republicanism and autocracy: (i) the Kingdom of Sicily, marked by the highest degree of autocracy; (ii) the Papal State, characterized by a mixture of feudalism, tyranny, and republicanism; (iii) the Signorie, former communal republics fallen prey to signorial rule by the beginning of the fourteenth century; and (iv) the Communes, the heartland of republicanism. Therefore, examining the introduction of regional governance and their widely different performance across Italy, Putnam et al. (1993) show how, in areas that experienced free city states in the Middle Ages, higher levels of civicism norms are found and local institutions perform better. On the contrary, areas where the presence of the authoritarian Kingdom of Sicily prevented the formation of civic associations and norms of cooperation still display lower social capital and worse institutional performance today. Guiso et al. (2016) confirm the argument of Putnam et al. (1993) finding that city-state experience in the Middle Ages is associated with higher levels of social capital today, especially in Northern Italy. Similarly, Di Liberto and Sideri (2015) find a significant correlation between historical institutions and current public administration efficiency. As a result, theoretical models have been proposed to explain the persistence of historical institutions, through their effect on cultural norms.

In the model of Guiso et al. (2016), for instance, social norms of cooperation and trust are based on culturally transmitted beliefs about others' trustworthiness and on real experiences of cooperation. Institutions influence social norms by determining the net benefits from cooperation. In conclusion, there are studies demonstrating how pre-existing trust, or more generally, culture, affects the functioning of institutions. Not all policies and institutions are equally affected by historically inherited cultural traits. Crucially, the quality of implemented policies appears to affect their vulnerability to cultural biases. For instance, Cassar et al. (2014), in an experimental study conducted in different regions of Italy, show that individual norms of trust and cultural origin influence cooperation when the quality of enforcement institution is low, but not in the presence of strong and impartial institutions. Finally, this heterogeneity is also observed in D'Adda and De Blasio (2016). When policies are of good quality, inherited social norms and culture do not affect their effectiveness, nonetheless, their influence negatively emerges when the quality of governance is low.

3.1 The countries' development-paths in the second half of 19th century in brief

Initially, Australia and New Zealand's British colonies were extensions of the original colony of New South Wales. From here, many people settled in New Zealand, including ex-convicts, farmers, and miners seeking gold. Māori indigenous people were involved from the start in trading relations with the Eastern Australian colonies.

When the "Commonwealth of Australia" brought the Australian colonies together in 1901, New Zealand did not join. New Zealand was doing better economically than the other Australian colonies, and both were redefining relationships with their British homeland.

However, New Zealand and Australia learned from each other's experiences by sharing British habits and traditions. For instance, both countries established compulsory arbitration to resolve disputes among employers and registered labor unions, finally sharing the same British heritage of the role of law and the parliamentary system. Therefore, the two countries exhibit cultural similarities.

Although different in their physical environment, climate, and scale, Australia and New Zealand are closely integrated regionally, economically, politically, and culturally. Since Eighties the two countries have drawn

closer and more become more entwined. Since Nineties there have been no tariffs or restrictions whatsoever between the two countries. Australians and New Zealanders can live, work, and trade freely in both countries.

The Australasian colonies shared very similar development-paths starting from the second half of the 19th century. This had its basis in their British constitutional tradition and role of law, as well as in participation in inter-colonial and imperial partnerships. Therefore, the shared model was highly efficient because it saved time and resources to countries' governance.

A similar pattern of policy convergence occurred during the Eighties and Nineties, when both countries abandoned the welfare-state in favor of neoliberal policies following the Thatcherian wave in Britain. However, this convergence has not meant uniformity, and each country learnt from the other's experience, eventually adapting them. Economic liberalization and deregulation of the Australian economy began in the early Eighties under the Hawke Labor government, which commenced the process of economic reform by concluding a wage agreement with the trade union movement. In exchange for wage restraint and an increase in the nominal wage, the trade union movement agreed to support economic reform and oppose industrial conflict. The success of this accord allowed the Labor government to implement economic reforms. This process of economic reform and restructuring continued under the governments led by Paul Keating and John Howard in the Nineties and Two-thousands. The Labor Establishment in power in the second half of Eighties in New Zealand launched a major program of restructuring, radically reducing the role of government in the economy (Nagel, 1998). The neoliberal reforms were beginning by Roger Douglas and continued in 1990 by Jim Bolger. New Zealand economy entered the longest period of significant growth in 1998, which lasted until 2006, and was the result of diversification and deregulation policies.

The result of these reforms was a marked increase in labor productivity and a reduction in public expenditure in both countries. The reasons behind the neo-liberal policies adopted by the Australian and New Zealand governance were the political and economic imperatives of having to deal with the impacts deriving from the globalization and internationalization of the manufacturing industry, nonetheless the debate is still ongoing. In fact, these reforms have led to the economic countries' growth, but also to

a greater wealth concentration and social crystallization (Considine and Lewis, 2003).

Additionally, the joint participation in the two world wars by Australia and New Zealand has contributed to strengthening their historical economic links with countries of Anglo-Saxon tradition, such as the United Kingdom and the United States. This has led to a lower perceived cultural distance for many firms from these countries that have decided to internationalize in Australia and New Zealand. In the last decade, Australia-New Zealand relations have intensified, for instance, in trade, the movement of peoples, culture, and attitudes. Countries have together traced much of the shared destiny in the South-Eastern Asia and Pacific region.

3.1.1 Australia

In Australia under the Brisbane's Government (1821-1825) land grants were more readily made. The "free settlers" were permitted to take up land only within the approved areas. Despite this, uncertainty about land tenure remained due to squatters. From 1836 these were regularized through the payment of land rights. By 1840, they had claimed a vast swathe of territory, but the terms of their tenure were not finally settled until 1846, after a prolonged political struggle.

From the 1820s, the British authorities also encouraged private enterprise through the wholesale assignment of convicts to private employers and easy access to land. The economic growth was based increasingly upon the production of fine wool and other rural commodities for markets in Britain and the industrializing economies of Northwestern Europe.

In 1831, the principles of systematic colonization sponsored by Edward Gibbon Wakefield (1796-1862) were successfully put into practice in New South Wales by substituting land sales with grants to finance British immigration. However, this did not affect the land occupation by the pastoralists, who simply occupied land up to where they could find it free, even beyond the official limits of settlement, and usually in disregard for any rights of indigenous peoples. The land and natural resources upon which indigenous peoples' activities depended were massively appropriated, and the population collapsed due to disease, violence, and forced removal. In fact, colonial governance did not recognize any Aboriginal land rights or sovereignty (Broome, 2019).

With the reception of Wakefield's principles, and the wholesale spread of settlers, there was a profound transformation in perceptions of Australia's growth prospects and its economic value as a British colony. Consequently, both the land availability and the official incentives raised British investors' expectations of achieving considerable profits by operating in the Australasian colonies. A growing inflow of British capital occurred in different ways. For example, in the form of organizations dedicated to agricultural development, such as the Australian Agricultural Company, founded in 1824, or by the establishment of new enterprises in Western and Southern Australia in later years. By in the 1830s, wool had overtaken whale oil as the Australian colonies' most exported commodity, and by 1850, New South Wales had become the main supplier to British manufacturing.

As the economy expanded, large-scale immigration from Britain became necessary to satisfy the growing demand for workers, especially after the end of convict transportation to Eastern Australia in 1840, with the immigration costs subsidized by British or colonial governance (Haines and Shlomowitz, 1991). The migrant settlers brought with them a wide range of skills, finally enormously contributing to Australia's economic growth. In addition to New South Wales, five other British colonies were established: Van Diemen's Land (1825; Tasmania after 1856), Western Australia (1829), South Australia (1836), Victoria (1851), and Queensland (1859). From the 1850s, these colonies acquired a responsible government. In 1901, they federated, creating the Commonwealth of Australia.

The opportunities for large profits in pastoralism and mining activities attracted a considerable amount of British capital to the Australian colonies. Their economic growth was therefore supported by broad public expenditure in transport, communication, and urban infrastructure, all of which was heavily dependent on British financing. In fact, numerous London-based dedicated banks, and mortgage companies, such as the Bank of Australasia (1835), the Union Bank of Australia (1837), and the English, Scottish, and Australian Bank (1852), were established to finance trading and private initiative in the Australian colonies.

In conclusion, this provided the foundation for the establishment of a free colonial society (Shann, 2016). In turn, the institutions associated with this, including the rule of law, security, property rights, and stable democratic

political systems, created conditions for development and growth (Ville and Withers, 2015; McLean, 2016).

3.1.2 New Zealand

The New Zealand's development-path has its historical origins in the British colonial past, including Westminster tradition-based governance and the relationship with the Māori people established with the Treaty of Waitangi in 1840 recognizing them some claims to land and other natural resources. In the 1830s, New Zealand was a lawless place and with conflict rife among traders and settlers and between Māori tribes. In 1833 the British government appointed a British Resident to deal with the situation of internal instability. To resolve this problem, the Treaty of Waitangi ceding sovereignty over New Zealand to the British Empire was drawn up and signed in 1840. In 1841 New Zealand became a British colony, then a dominion until 1907. The colony gained responsible governance in the 1850s. The British New Zealand Constitution Act of 1852 established a system of representative government, however unlike Australia, the constitution was written. The New Zealand's governance was allowed to purchase land from Māori indigenous. Then it resold land to the New Zealand Company, which promoted immigration, or leased it to British settlers, and the profits were used to pay the travel of the immigrants. The leases were renewed automatically, which gave the wealthy pastoralists a strong landed interest and made them a powerful lobby. With an economy based on agriculture, the landscape was transformed from forest to farmland.

By the 1840s, large scale sheep stations were exporting large quantities of wool to the textile mills of Manchester's manufacturing district. From the 1840s there was also considerable European settlement, not only from Britain, but also from other European countries, the United States, India, and China, although to a lesser extent.

With the establishment of a liberal governance, the New Zealand adopted a strategy of creating a large class of small land-owning farmers who supported liberal policies. To obtain land for farmers the Liberal government from 1891 to 1911 purchased land from Māori. By 1903 support for the Liberals was so consolidated that there was no longer an organized opposition (Brooking, 2001).

The liberal governance laid the foundations of the later comprehensive welfare state, and develops a system for settling industrial disputes, which was accepted by both employers and trade unions (Anderson and Quinlan, 2008). In 1893 New Zealand extended voting rights to women, thus making the first country in the world to enact universal female suffrage. Therefore, New Zealand's liberal governance approached the national problems pragmatically and successfully.

By the 1880s, New Zealand's economy shifted from one based on wool and local trade to the export of wool, cheese, butter, frozen beef, and mutton to Britain. This shift was enabled by a wide availability of domestic capital, the invention of refrigerated steamships in 1882, and increasing demand in foreign markets. In fact, during the period encompassed between the 19th and 20th century, the New Zealand banking system was weak and there was little foreign investment, thus entrepreneurs had to build up capital to make investments. Their policy was to reinvest profits rather than borrowing. Stable and slow growth has led to long-lived family-owned firms and avoided bubbles (Hunter and Wilson, 2007). The banks in New Zealand made a quick entry into society only after the arrival of British settlers. From 1851 to 1856, the "Colonial Bank of Issue" was established to finance the infrastructure needed to country growth.

3.2 Discussion

Distinctive features of societal cohesion in Antipodean societies include: (i) broad agreement on fundamental issues such as the rule of law-based on the Westminster tradition – the politician conduct must be moral responsible and accountable for the people who elected them following a responsible governance model, (ii) an egalitarian approach to addressing inequalities, along with (iii) an economic materialism focused on the individual right to accumulate wealth and property. British culture and traditions, which the colonists brought with them, have been adapted where necessary to local circumstances. However, at the origin of colonial settlements in Australia and New Zealand was the British central governance, which had a profound impact on the countries' distinctive development-paths shaping their institutions.

On the contrary, in the United States development path, local governance has played an important role. The settlers moved out into the wilderness and took up land to farm, their towns were small, and their communities

were self-governing for a very long time. Instead, in Australia and New Zealand this development-path has never been possible. As a result, most of the population settled along the coasts.

Particularly, due to its huge size and sparse indigenous population, the Australian hinterland did not lend itself to small-farming or was taken up by pastoralists with their flocks, and the coastal settlements were numerous, especially in Eastern Australia. Generally, the rural communities' governance was rarely able to provide the facilities they needed. Therefore, from the beginning it was the British central governance that planned and provided the infrastructure for the development of Australasia's countries. Australia and New Zealand have no profound ethnic or linguistic divisions like Canada. Unlike the United Kingdom, they have no division between nobles and commoners.

However, in the 19th century, there were overlapping divisions between indigenous and settlers, between settlers of various ethnicities or religious faiths, between landowners and land-seekers, but time and structural change related to countries' development-paths have softened these cultural differences.

Finally, a very significant distinctive feature of the countries' development-paths emerges. This is the acceptance of the need for direct and indirect governance involvement in a wide range of state, societal and welfare issues. In Australia and New Zealand, the importance of the Westminster tradition lies precisely in the principles of collective responsibility and accountable governance through the public offices, and the public services support the development and implementation of policies (Thompson, 1980; Ganghof, 2018). Therefore, citizens have accepted that countries' governance plays an important role in development-path, particularly in relation to the delivery of such services as care, health, and education, with the result that institutions carry out an activity that is instrumental to the citizens' well-being (Singleton et al., 2012). The central governance continues to provide a safety net of welfare benefits, to fund the public hospital system and public education through grants to the states as well as a raft of other functions and benefits.

When governance's responsibilities expand as the economy grows and development becomes more complex. For instance, by the end of the 19th century wool could be grown more cheaply in Australia than anywhere in

the world, despite the distances to market, and wheat and dairy products could compete on even terms with equivalent products from anywhere. A wise governance would control the economy so that primary industry would always retain its natural advantages, such as keeping production costs as low as possible and allow the importation of anything the producers needed. However, the primary industry had two important drawbacks: (i) it was not heavy employers of labor, and (ii) in the urban districts there were hundreds of thousands of people who needed employment. Therefore, the most useful way to provide employment was to encourage local entrepreneurs to set up factories for products that could find a ready sale as a result of the protection through a tariff on imported goods that would raise their local price, making Australian-made products more attractive to consumers. Free trade and protectionism, these were the two approaches to government control of the economy in the late 19th century. Improved wages and conditions were provided under the umbrella of protection. However, the protectionism did raise farmers' costs, and it was necessary to compensate them in some way. Slowly, therefore, rural producers were drawn into the ambit of decision-making process and provided with bounties, subsidies, and advantages of many kinds. Despite this, the extent of state control over the economy has been debated stridently and incessantly since the 1880s.

Concluding, social progress and structural reforms in Australia and New Zealand may have depended on colonial heritage, income distribution, and different values of social welfare (Van de Gaer and Palmisano, 2021). Therefore, a country's historical legacy, colonial impact, cultural norms, and institutional quality all matter for development (Schild and Wrede, 2015; Langlois, 2017; Gaganis et al., 2019; Gründler and Köllner, 2020; Huning and Wahl, 2021; Doan, 2023).

As a result, recent studies in economics and history are trying to relate sound governance to cooperation processes, especially regarding the joint participation of governmental and non-governmental elites in specific socioeconomic activities needed for civilization, both in ancient and modern societies (Boranbay and Guerriero, 2019; Benati and Guerriero, 2021, 2022; Benati et al., 2022).

4. Distinctive features

Australia is among the top-ten economies in the world in terms of per-capita GDP, rich in natural resources, maintains a relatively low deficit-GDP

ratio and has recorded uninterrupted growth. The Australian economy has benefited from increasing integration with the main neighboring South-Eastern Asian emerging economies and its advantageous geographical position, qualifying it as an ideal hub for intercepting neighboring markets. Australia has ramped up aids, infrastructure support, and climate diplomacy in the Asia-Pacific region. Internally, governance is focusing on climate risks and adaptation, as well as indigenous reconciliation efforts. Despite being home to just 0.3% of the world's population, Australia holds 1.7% of the global wealth. In recent years, due to the decline in industrial supplies and transportation equipment, export values have increased while import values have slightly decreased.

Thanks to significant public subsidies, the service sector and infrastructure investments have been revitalized. In fact, Australian governance has allocated around AU\$120 billion over ten years since 2022 for the construction of infrastructure and roads throughout Australia.

The main driver of its economic growth remains the availability of mineral, agricultural, and energy resources. The investments in renewable energy and development of the green economy are a priority of the Australian governance. Australia is a country where significant attention is paid to the environmental, ecological, and sustainability aspects of production processes, nevertheless these issues are debate and subject to political concerns.

A particular attention has been given to issues related to gas emissions, both on land and in the oceans, through dedicated and specific policies. In fact, one of the most debated topics at various institutional levels in recent years has been the transition from fossil to renewable energy sources.

Investments have been made in clean energy, carbon emissions, green infrastructure, hydrogen, solar power, and energy storage initiatives. This ecological transition aims to rebrand Australia as a green superpower in the world.

A solid banking system and easy access to credit then foster the launch of start-ups by young people and recent graduates, making them particularly competitive on international markets.

Over the years, there has been a progressive deterioration in economic relationships with China, the Australia's main trading partner. In 2020,

China imposed a series of import restrictions on Australian productions. On the one hand, the Australian governance has expressed a willingness to put aside frictions and resume programmatic dialogue. On the other hand, it has diversified its commercial relationships with other partners in the Asia-Pacific region and the European Union. For instance, the Australian governance has signed the AUKUS-pact in 2021, with the United Kingdom and the United States, which has important implications for development in the Asia-Pacific, primarily focuses on enhancing countries' cooperation in the fields of cybersecurity, and artificial intelligence, sharing specific capabilities. Finally, in recent years, the Australian governance has even adopted a more rigid and selective attitude in defining migration policies. Government policy has favored high-skilled migrants and reinforced productivity in key sectors such as education, high-tech, and healthcare.

Smaller in size but dynamic, the New Zealand is among the most open economy in the world. Over the last thirty years, there have been numerous neoliberal structural reforms that have favored liberalization and trade. This means that the New Zealand economy is heavily dependent on foreign trade, is vulnerable to fluctuations in raw material prices and exchange rates – with repercussions on exports – as well as being affected by the international economic-financial conjuncture. In fact, exports drive economic growth and represent a considerable percentage of country's GDP. The relatively small size of the domestic market also requires most of the agricultural production to be sold abroad and, consequently, New Zealand economic policy is oriented towards achieving maximum international openness. The first reference trading partner is traditionally Australia, due to the close historical, cultural, and political ties. Thanks to the “Pacific reset” policy, it also cooperates with the smaller states of the Pacific area where it plays a leading role.

The relationship with China, the other main trading partner, is weakened by Chinese economic expansionism in the Pacific area. However, New Zealand governance aims to maintain links with China, while simultaneously consolidating its membership in the Anglo-Saxon sphere of influence.

European Union is also an important trading partner, particularly in terms of sustainable development, ecological transition, and the fight against climate change. As a former British colony, New Zealand has strong economic links not only with the United Kingdom but also with other

trading partners in the European Union, with which it maintains significant bilateral flows.

New Zealand is a country at the forefront of the development of renewable energy sources, materials, and environmental technologies. Facilitating collaborations of foreign investors and strategic partners with firms for developing eco-sustainable technologies or projects is among the political-economic priorities of New Zealand governance, especially when it comes to technologies that can contribute to reducing the environmental impact of agricultural and livestock activities.

The country also enjoys a notable reputation, experience, and technical expertise in the primary and food sectors, albeit not without critical issues due to the sometimes-incorrect conduct of the biggest corporation in the industry. However, innovative solutions and cutting-edge environmental practices constantly arise from the agricultural and livestock industry. New Zealand legislation is always attentive to promoting sustainable environmental management and natural resource protection. Universities and scientific institutions are highly qualified in the field of biological sciences.

Following the approval of the “Zero Carbon Bill”, which provides for complete decarbonization by 2050 and the cessation of exploration for new hydrocarbon deposits, New Zealand is increasing the share of energy produced using renewable sources. However, New Zealand is also rich in natural resources, and small to medium-sized exploration operations are active throughout the country.

New Zealand offers solid protection to foreign investors and its institutional and business environment is made safe and reliable by specific regulations simplifying the start-up of firms and their business, even if the risk perceived due to the probability of natural disasters remains high. The rule of law is strong, and bribery is almost absent. The “Overseas Investment Amendment Act” has been in force since 2021 and has updated the parameters for screening foreign investments, especially in strategic sectors for the economy, such as agricultural, livestock, and fishing. New Zealand governance has also increased funding for investments in the creation of infrastructure in specific areas of interest, such as school and hospital construction. However, in the long-term there is a strong risk for investors in real estate sector due to a speculative bubble that could burst

consequently to excessive real estate evaluation.

4.1 Discussion

Australia and New Zealand are well-positioned as stable, high-income economies in the Asia-Pacific region, possessing unique features among advanced economies and in this area. Their sound institutional and business environment, with adaptive institutions, position them as resilient, high-income economies with sustained dynamism. Australia and New Zealand are characterized as a unified capitalist system, albeit each with their own distinct features (Saraceno, 1978; David, 2007; Chang, 2010; Castronovo, 2011; Acemoglu and Robinson, 2013; Ferrucci, 2019; Acemoglu and Robinson, 2021; Kyriacou, 2025). These two socio-economic systems have remained remarkably resilient to economic downturns, though not exempt from the global pandemic's effects. Over the years, these countries have consistently pursued a series of reforms across various public expenditure categories, ranging from healthcare to education. These reforms have contributed to significant growth rates and development (De Janvry and Sadoulet, 2015).

Their political and commercial integration with neighboring South-Eastern Asian emerging economies has expanded. In other words, Australia and New Zealand can proudly point to various economic, social, and political successes that have significantly enhanced their international attractiveness over the past two decades (Jericho, 2014; Laurenceson et al., 2015; Beard, 2016a; Beard, 2016b; Fan et al., 2016; Pandya and Sisombat, 2017; Zu, 2021; OECD, 2021; OECD, 2022; World Bank, 2022; UNCTAD, 2022; UNDP 2022).

According to the United Nations' Human Development Report, which measures the well-being of countries, Australia and New Zealand consistently rank highly in terms of overall quality of life. Notably, cities such as Melbourne, Sydney, Perth, and Adelaide are among the top ten most livable global cities, boasting excellent educational systems and well-functioning democratic institutions, supported by a competent political class.

Both countries became members of the WTO in 1995 and, in the subsequent two decades, have grown to become significant players in the global economy. Their strategic geographic location has allowed them to serve as vital hubs for investors seeking to access emerging markets in

South-Eastern Asian region. The high growth rates witnessed in the last decade are inherently linked to the increasing demand for raw materials and energy resources from China.

Chinese firms have sought to enter the Australian and New Zealand markets by increasing equity ownership rather than opting for collaboration and joint ventures that would provide greater protection for the interests of corporate ownership. Therefore, despite excellent relations with South-Eastern Asian partners and the presence of influential figures from the Chinese community in the business and finance sectors, the Australian and New Zealand governance has imposed significant restrictions on Chinese ownership, particularly in the mining sector. In 2020, Australia has become increasingly focused on national security aspects of foreign investment by adopting the “Foreign Investment Reform Act” providing for widespread restrictions and a more detailed screening on the types of investments inflows, nevertheless it also consented to the Chinese land-grabbing strategy, therefore Chinese economic expansionism remains a fundamental issue in terms of national security.

To counter the side effects of globalization and the international opening of markets, governance over the years has also favored and enhanced the more forward-looking sectors of the economy. Funds have been allocated to stimulate scientific and technological progress, particularly in areas such as biotechnology, new materials, and communications. Regarding the leading sectors of the economy, mining, and agriculture particularly, are the two most significant in terms of value and volumes exported, primarily to China, the United States, and Japan. Consider that Australia and New Zealand both rank among the top ten countries globally in terms of electricity production, with Australia alone being the world’s largest exporter of fossil raw materials and precious minerals.

Last but not least, the financial depth in Australia and New Zealand is high, and their banking systems boast strong capitalization. None of their banks required public liquidity during the economic crisis.

In summary, the key characteristics of modern Antipodean capitalism can be attributed to an institutional and business environment based on: (i) liberalism, (ii) political stability, (iii) transparency and efficiency in legislative and fiscal systems, institutional arrangements, and corporate governance, (iv) an effective mix of structural reforms in the labor market,

migration policies, and property rights, (v) efficient financial markets, (vi) robust banking systems, (vii) tourism, (viii) abundant natural resources, including geothermal and renewable sources, (ix) a cutting-edge primary and industrial sector, and (x) pragmatic decision-making and high standards. These features compensate for various disadvantages, primarily stemming from (i) their isolated geographical location, (ii) their relatively small domestic markets, (iii) their trade dependence on nearby economies in Southeast Asia, particularly China, and (iv) the risks associated with wildlife and climate challenges.

5. The cultural distance from the United Kingdom, the United States, the Eurozone, Japan, China, and India

Since Whitley's (1999) seminal work, numerous subsequent empirical studies have highlighted different countries' development-paths around the world. Recent works have investigated Eastern Europe (Bohle and Greskovits, 2012), South America (Schneider, 2013; Musacchio and Lazzarini, 2014), Africa (Amaeshi and Amao, 2009), and Asia (Kim, 2010; Boyer et al., 2012; Zhang and Whitley, 2013; Witt and Redding, 2014). Additionally, several empirical works have extrapolated different categories of state-capitalism (Nölke, 2010; Musacchio and Lazzarini, 2014) or referred to emerging economies (Fainshmidt et al., 2018; Paldam and Saadaoui, 2025). As a result, all these studies have contributed to expanding the body of knowledge about the institutional and business environment (Kalinowski, 2012; Musacchio et al., 2015; Witt et al., 2017; Paldam, 2021).

To assess the differentiation between the capitalism of Australia (AU) and New Zealand (NZ) with that of the United Kingdom (UK), the United States (US), the Eurozone¹ (EU-19), Japan (JP), China (CH), and India (IN), we

¹ The comparative-capitalism literature builds on the idea that the different growth models rest on efficient but diversified institutional complementarities (Marzinotto, 2019). For instance, the Eurozone countries represent different capitalist systems or have had divergent growth models (Johnston and Reagan, 2015; Hope and Soskice, 2016; Iversen and Soskice, 2019). This means that European countries can be classified based on their industrialization path and the way in which the production is organized (Hall and Soskice, 2001), otherwise they can be classified based on their export orientation and whether domestic demand provides for the highest contribution to GDP growth (Pontusson and Baccaro, 2020). For instance, there are: (i) the mixed-market economies of the Southern Europe (Greece, Spain, Portugal, and Italy) which are domestic demand-driven economic systems suffering from persistent current account deficits; (ii) the more or less coordinated market economies of Continental Europe (France, Germany, Austria, Netherlands, Belgium, Luxembourg, and Scandinavian countries) which are characterized by sound institutional and business environments, with wage-setting and education systems supporting export-led growth models; (iii) the liberal-market economies such as Great Britain and Ireland, where both consumption and exports formally provide for the highest contribution to GDP growth; finally, (iv) the Eurozone – and the market union that preceded it – encompasses more European

have chosen to utilize the cultural dimensions identified by Hofstede et al. (2010). These dimensions have a socio-psychological basis and have been recognized as fundamental for social identification and intragroup behavior (see Appendix A). In Figure 2, the six cultural dimensions for the investigated countries are displayed, with the scale ranging from a theoretical minimum to a maximum of zero to one hundred.

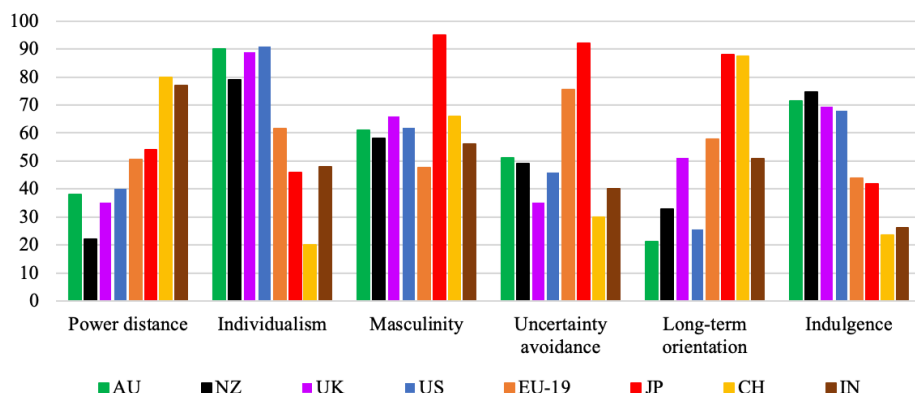


Figure 2 – The cultural dimensions in comparison. Note: for EU-19, cultural dimensions are a weighted average for the population of member countries. Source: our extrapolation from Hofstede’s online dataset (version 2015, geerthofstede.com).

A high-power distance score reflects societies that are dominated by hierarchy and elitism, where power tends to concentrate in the hands of a few individuals, while a low score is indicative of societies where hierarchy holds less significance and power is distributed more equitably. Among the countries considered, China and India have the highest scores in this dimension, while New Zealand has the lowest score, with Australia, the United Kingdom, and the United States are below the half.

Individualism pertains to decisions and choices that can be defined as individual or collective. The former is based on the acceptance of a certain degree of independence among individuals in society, while the latter relies on an awareness of a certain degree of reciprocity among people. Australia, New Zealand, the United Kingdom, and the United States exhibit the highest levels for this dimension, with China scoring the lowest.

countries and represents an export-led growth model allowing countries to benefit from a highly integrated market through the monetary union and to rapidly accumulate current account surpluses.

A high masculinity score indicates that societies lean towards competition and success, while a low score signifies those dominant values are focused on caring for others and the quality of life. In this dimension, the highest scores are held by Japan, where individuals are encouraged from a young age to seek competition among groups to which they belong, followed by China, where this trait complements the high-power distance score. Australia and New Zealand show a lower score than the United Kingdom and the United States

Uncertainty avoidance is an indicator that expresses the extent to which members of a society feel discomfort with what they consider ambiguous and unknown. A higher value is found in societies that adhere to behavioral codes and deep-seated beliefs or have developed a certain intolerance for new ideas and behaviors. A lower value is observed in societies with more open attitudes towards novelty or where pragmatism takes precedence over principles and ethics. From this perspective, Australian and New Zealand societies exhibit slightly higher values than the United Kingdom and the United States, which have a social base that is more inclined towards newness and decision-making pragmatism. On the other hand, Japan and the Eurozone have the highest values, while China and India have the lowest values in this dimension.

In a society with a long-term orientation, the focus is on preparing for changes, and Japan and China lead in this regard. In societies with a short-term orientation, the past still serves as a moral compass, so these societies cling to established traditions and norms, or, at the extreme, view ongoing changes with suspicion. In this respect, Australia displays the lowest value, making it the most normative country with the greatest respect for historical legacies, followed by the United States and New Zealand.

There is also one last dimension to consider, the hedonic – or indulgence, in which Australia, New Zealand, the United Kingdom, and the United States show the highest values. This is somewhat in line with the superstructure of their capitalist systems, which are based on economic liberalism and social liberalism. However, this further aspect makes their societies contradictory, as they also demonstrate a certain attachment to traditions. Therefore, this contradiction appears to be a typical characteristic of the Anglo-Saxon capitalist system and its direct derivatives.

Finally, in an original manner, we analyze the cultural distance between countries using a composite indicator calculated according to the non-compensatory method proposed by Mazziotta and Pareto (2020) using the differences between the cultural dimensions (in the Appendix A, Tables A.1 and A.2).

As shown in Table 1, Australia and New Zealand have a relatively small cultural distance, especially with the United States, followed by the Eurozone – naturally excluding the cultural distance between the two countries, which, although minimal, is expected to exist. In contrast, the countries farthest from them are the two neighboring “Asian giants”, China and India. The cultural distance from the United Kingdom is then higher for Australia than for New Zealand.

Table 1 – Matrix of cultural distances.

	AU	NZ	UK	US	EU-19	JP	CH
NZ	-11						
UK	-21	-13					
US	-4	-12	-17				
EU-19	-27	-25	-27	-26			
JP	-45	-41	-40	-44	-32		
CH	-55	-51	-51	-54	-34	-39	
IN	-37	-41	-38	-36	-24	-38	-26

Note: for EU-19, cultural dimensions are a weighted average for the population of member countries. Source: our elaboration from Hofstede’s online dataset (version 2015, geerthofstede.com).

5.1 Discussion

Australia, New Zealand, and the United States belong to the same Anglo-Saxon-derived capitalist system. For instance, they share a strong similarity in terms of their low level of equality. Thus, they undeniably exhibit similar features in both structure and superstructure. However, they differ, albeit minimally, in their management of perceived uncertainty. Australia and New Zealand tend to be more averse to heterodox beliefs and behaviors. When this tendency is considered alongside their propensity for change – lower compared to the United Kingdom and for Australia alone even lower than the United States – this suggests that the Antipodean capitalism may possess a somewhat “milder” superstructure. Nevertheless, like

the other Anglo-Saxon-derived capitalist systems, it is burdened with a certain degree of internal contradictions. Therefore, even if minimal, such differences exist in capitalist systems sharing the same foundations. As British colonies, both countries profoundly retain the Anglo-Saxon values of individual freedom over social equality, but the economic policy adopted within their capitalism may have been more far-sighted and ethical than that adopted in the United Kingdom or the United States, or anyway it may have been mitigated by the cultural influence of neighboring China or Chinese migrants (Thompson, 1993).

In this regard, Australia and New Zealand seem to have once again understood, perhaps by pre-empting the times – a reflection of their cultural roots or history – the right direction that society and the economy should take today. Their inclusive regulatory and institutional framework is deeply rooted in the capitalist conception of a socio-economic system. Their firms are certainly profit-oriented, but their underlying values make their capitalist system stand out for ethics and inclusivity.

Additionally, emphasis that their governance is nowadays placing on the environment and the pursuit of long-term sustainability may be considered as another fundamental distinguishing element of their capitalist socio-economic system, not without however arousing some objections within the countries. However, what that we have shown constitutes qualitative empirical evidence and certainly does not possess the statistical significance that can be established by correlation or econometric analysis, for instance.

6. Conclusions

6.1 Concluding remarks and contribution

The propensity to capital accumulation has brought prosperity in many socioeconomic systems, however the wide varieties-of-capitalism and growth model literature has highlighted how inequalities and negative externalities within and across them have increased (Beramendi et al., 2015; Hope and Soskice, 2016; Iversen and Soskice, 2019; Schoenmaker, 2020; Palley et al., 2023).

An exemplary case of the ongoing transformations is the exponential growth of average top management compensation in big corporations compared to the average workers' wage, representing one of the long-run shifts underway in advanced economies since the latter half of the previous century (Mishel and Schieder, 2018; Edgecliffe-Johnson, 2019; Bivens and

Kandra, 2022). While, on the one hand, there is the cosmopolitan élite – the new community of businessmen and “hommes situés” as an expression of neo-corporatism, on the other hand, there are forces referring to capital and labor – especially within the manufacturing industry, once rivals, nowadays they could instead be allies to achieve productivity objectives and contribute to the countries’ competitiveness.

In other words, transformations within the capitalism do not occur by re-proposing the historical Marxian opposition of capital and labor. Although this is undeniable, these transformations require an understanding that capital and labor are intertwined due to the societal evolution and maturation of capitalism. Profits and wages are related, and firms’ competitiveness is no longer measured only by their financial and economic stability, but it is the result of the efforts made to combine capital and labor in different manners to achieve sustainable growth (Eccles et al., 2014).

Therefore, this new perspective is opposed to the logic of conflict prevailed in the past century and the early millennium. Nevertheless, the accentuation of disparities across socioeconomic systems could be the cause of other conflicts (Seidman and Alexander, 2020).

In light of this, Australia and New Zealand have experienced capitalistic development-paths characterized by both American-style individualism and ideological socialism. Migrants inevitably bring with them their own cultural baggage. In the founding of the new Antipodean societies, it was necessary to reach an accommodation with native indigenous and migrants of differing backgrounds. Therefore, the uniqueness of the Antipodean societies lies precisely in their distinctive societal composition. The different settlers would have shared a sense of autonomy over their lives (Rickard, 2017).

The capitalism of Australia and New Zealand, as it was in its early days, appears to be a fortunate exception. For dimension and importance of their economy, these countries are the most representative of the South-Eastern Asia and Pacific region. Therefore, the Oceania is a continent which, following the geopolitical realignment of global balances, could reveal strategic for the wealth of raw materials and the increasing integration of its countries with the major neighboring South-Eastern Asian emerging economies. In other words, they are also the destination of a growing flow of investors and workers who consider them as places with opportunities

to seize, technologically advanced, and a valid example of well-being.

Concluding, this work has provided new insights into the cultures of capitalism in Antipodean societies by analyzing of stylized facts. The originality of our contribution lies in the attempt to make a synthesis between institutional economics and cultural attitudes approaches for understanding the textures of Antipodean capitalism and its historical development-paths dependencies.

Therefore, in an original way, our study has highlighted the features and cultural uniqueness of capitalism in Australia and New Zealand by analyzing the cultural distance from a cluster of advanced and emerging economies, such as the United Kingdom, the United States, the Eurozone, Japan, China, and India. The developed institutional and business environment of Australia and New Zealand arose as a result of the historical development-path dependency, originally diverging from the capitalist model developed in Britain between the 18th and 19th centuries. In particular, the Antipodean capitalism appears slightly “milder” in some cultural traits of socio-economic systems, based on Hofstede’s cultural dimensions. The Australian and New Zealand governance has recognized over time the importance of sustainable growth, and this is nowadays likely impacting their development-paths, ultimately with repercussions on their history and culture in the future. Although this is not without counterarguments within the same countries (Frame, 2018; Chambers et al., 2019; Paganetto, 2020; Alexandra and Wyborn, 2023).

In other words, the development choices made by the governance of Australia and New Zealand along their development-paths have over time become ingrained and stratified in their socio-economic systems, making them distinctive features (Saraceno, 1978; David, 2007; Chang, 2010; Castronovo, 2011; Acemoglu and Robinson, 2013; Ferrucci, 2019; Acemoglu and Robinson, 2021; Kyriacou, 2025).

Ultimately, we point out that although Australia and New Zealand are developed countries, there is still an inherent risk in operating abroad due to the perceived cultural distance by decision-makers (Singh et al., 2019). Nonetheless, if this is adequately addressed, it can lead to intercepting new opportunities in culturally distant markets (Matarazzo and Resciniti, 2014; Cantele and Campedelli, 2016; Ruzzier et al., 2017; Delbufalo and Monsurro, 2019; Scalamonti, 2024a).

6.2 Policy implications

In all advanced capitalist societies, participants in collective life – institutions, businesses, citizens – are now faced with various challenges (Dasgupta, 2024). This includes addressing different societal expectations, tackling poverty and inequality, and addressing climate and environmental concerns to ensure sustainable development (Porter et al., 2020; Becchetti et al., 2024). The economic mindset characterized by the homo-economicus' principles should be supplemented by the possession of additional moral capacities and/or inclinations, if he is ever to become an adequately functioning human being and capable of forming lasting and productive associations (Scalamonti, 2025; Enke et al., 2025).

Businesses, previously viewed solely as entities aimed at profit maximization, are now organizations where shareholder orientation is sensitive to the transformations of the surrounding environment, incorporating the interests of other stakeholders into their decision-making process (Dyck et al., 2019; Edmans, 2020). As a result, a new type of business is emerging on the horizon and the debate on new ways of conducting and conceptualizing entrepreneurship the profit purpose with social and environmental sustainability has taken shape. Studies inspired by stakeholder theory, for instance, on “benefit corporations” represent an interesting emergent research field in business economics and beyond (Ebrahim et al., 2014; Rawhouser et al., 2015; Hacker, 2016; Stubbs, 2017; Diez-Busto et al., 2021). This new model of corporate governance aims to achieve shared benefits for society and the surrounding environment. A good example in this direction could be the implementation in Italy of the popular bill no. 1573/23 on corporate governance shared with workers for a socially sustainable enterprise.

In this direction, Australia and New Zealand appear to have understood, once again ahead of their time, driven by their history and cultural roots, the right direction that society and the economy should take today. Their inclusive regulatory and institutional framework is deeply rooted in the capitalist culture. However, their businesses, while profit-oriented, also have underlying values that allow their socio-economic systems to stand out for ethics and inclusivity. The importance that their governance places on the environment and the pursuit of long-term sustainability can be considered a fundamental distinctive element of their capitalist socio-economic system.

It is the choices made by agents with limited rationality (Simon, 1972) and the occurrence of endogenous shocks to the socio-economic system that may determine social progress and trigger a dynamic process of change (Hallett et al., 2010; Acemoglu et al., 2012). Therefore, this change happens in incremental leaps (Gould and Eldredge, 1977; Chang, 2010; Acemoglu and Robinson, 2021), and it is the proximity of the socio-economic system to the frontier of Pareto-optimal points that drives innovative solutions (Bollino and Micheli, 2012; Buccella et al., 2023). This makes capitalism stable only for a limited period of time and capable of seizing opportunities for progress only if stressed (Mongardini, 1973; Zaman, 2021). In other words, disturbances triggered by agents within the socio-economic system drive it toward the pursuit of possible Nash equilibria, which can no longer be defined based on maximization logics but rather according to satisficing choices for sustainability development (Polanyi, 1974; Zaman, 2012; Festré, 2021; Scalamonti, 2025; Enke et al., 2025).

Enlightening was the contribution of Heilbroner (1992; pp. 51-52) according to which there is always a certain selfish impulse towards capital accumulation, to the extent that «the instability of the system should never be seen as its failure, or at least no more than growth should be seen as its success. [...] As long as the urge to accumulate capital constitutes its vital core, we shall never have one without the other».

The nature and form of capitalism are thus mutable and inherently autopoietic, which does not contribute to making the socio-economic system stationary in the long term (Granovetter, 2017).

6.3 Limitations and suggestions

By examining the characteristics and cultural distance from the United Kingdom, the United States, the Eurozone, Japan, China, and India has helped clarify the distinctive features of a particular socio-economic development model in Australia and New Zealand. In fact, their features and cultural uniqueness have been identified by exploring the peculiarities of their institutional and business environment, and other characteristics may be discovered and added in the future based on this study.

However, what has been found remains qualitative empirical evidence, which does not claim to be a discovery or to possess the value of a statistical association.

To study the relationship between countries' governance and the effects of time-invariant socio-cultural factors, random-effect models may be estimated on panel data. We could also consider time-variant explanatory variables as a proxy for countries' development-paths (HDI, GNH, or GDP, ecc.), as well as the same lagged dependent variable in the right-side of equation to consider the persistent effect of policies over time. In other words, the initial level of the variables could be important in an econometric analysis, because economic actors do not necessarily have sufficient information at time t about the policies implemented within countries. This means that there is always a time gap between the policy implementation and the effect manifestation in socioeconomic systems. However, incorporating the lagged dependent variable on the right-side of the model equation can lead to endogeneity issues caused by the simultaneity across variables, and the inclusion of lagged explanatory variables can mitigate this bias. Additionally, logarithmic transformations and robust standard errors can help address the heteroscedasticity issue and serial correlation bias.

Therefore, with random-effect models, we could efficiently account for cross-sectional unobserved heterogeneity and treat time-invariant variables, such as sociocultural factors. In random-effect models, the cross-sectional component of the error term is considered a random variable unrelated to regressors. Panel data analysis is then advantageous as it combines cross-sectional and time-series data providing a more comprehensive understanding of the phenomena under investigation. Finally, a probit model with sample selection may also be suitable for a robustness check.

Additionally, gravity models for trade flow between countries employing a SAR-AR specification through a feasible estimation in two steps could also be estimated by combining the Spatial Auto-Regressive (SAR) model and the Spatial Error-Mechanism (SEM), inserting the cultural distance across cluster's countries. Two spatial components referring to the cultural affinity in models could capture effects depending precisely on the culture and that are not easily observable, but that could influence the intra-industry trade flow. In this way, we can treat culture exactly for what it is – a fixed value, by resulting in a long-term space-time equilibrium value.

Declaration of competing interest

The authors declare that they have no competing financial interests or personal relationships that could influence the work in this paper.

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Appendix A

A.1 The cross-country cultural distance

The effects of culture underlying a population have received more attention in the economic literature in the last decade and have been considered in different ways in studies (Martín-Martín and Drogendijk, 2014; Beugelsdijk et al., 2015; De Santis et al., 2016; Gorodnichenko and Roland, 2017; Bailey et al., 2018; Liu et al., 2020; Stor, 2021; Obradovich et al., 2022). These authors have provided evidence about the need for a multi-dimensional interpretation of the culture concept (Enke et al., 2025). The cross-cultural distance is reflected in the differences existing in the countries' institutional and business environments, and thus in their development-paths (Maystre et al., 2014; Ahern et al., 2015; Hutzschenreuter et al., 2016; Hellmanzik and Schmitz, 2017; Carrère and Masood, 2018; Marson et al., 2021; Cuomo et al., 2023).

The empirical evidence supports the point of view that culture relevantly impacts on economic outcomes. This means that the social capital resulting from historical experiences of each people determines their social identity and cultural profile, explaining their attitudes and modes of solving economic and political problems. According to Hofstede et al. (2010), culture is a multifaceted but not easily measurable concept, relatively stable over time, defining a society and its economy through deeply rooted beliefs and habits. In other words, it is a "social glue" that binds a group of people in a specific place and time and changes slowly over generational shifts (Schwartz, 2017). Culture can also be considered as the dominant orientation into the individual minds, directing people's attitudes, inclinations, predispositions, preferences, judgments, expectations, ways of thinking, and finally behaviors (Acemoglu and Robinson, 2021).

We can think about culture as driven by a variety of historical and current social human mechanisms. Therefore, it can be possible imagined that culture determines and undergoes the countries' economic and technological development-paths. Economists and scholars have addressed this issue by devising novel measures of cultural distance (Salaman, 1980; Cavalli-Sforza and Feldman, 1981; Fearon, 2003; Fernández, 2008; De Benedictis et al., 2023).

There is a body of literature headed by the work of Cavalli-Sforza and

Feldman (1981) on genetic distance and from which other distance measures proposed in economic research are derived (Desmet et al., 2011).

For instance, Fearon (2003) measures the “fractionalization”, nowadays widely accepted in the literature, by measuring ethnic and linguistic differences. Noteworthy authors have employed and developed cultural distance measures starting from the concept of fractionalization by Fearon (2003), such as Alesina et al. (2003) have defined fractionalization as the likelihood that individuals randomly selected within a country come from different ethnic-linguistic groups. Spolaore and Wacziarg (2009) calculated a measure of genetic distance between countries by matching with the ethnicities by country listed in the work by Alesina et al. (2003), and recently this measure has been used by Özak (2018). Additionally, the climatic conditions are crucial for the spread of agriculture, or more generally, for countries’ economic and technological development-paths (Spolaore and Wacziarg, 2013).

More recently, De Benedictis et al. (2023) have defined culture as the set of norms, customs, attitudes, and habits, thereby a system of values that can be broken down into multiple interconnected subsets. This definition emphasizes the interdependence between underlying cultural dimensions and the value system. It is particularly important because it makes culture a decomposable concept and encompasses multiple dimensions. However, Fernández (2008) definition is also useful because it focuses on the existence of cultural differences in terms of changes in group beliefs and preferences over time and space. This definition suggests that cultural effects on individual behavior and economic outcomes are best identified through variations among different cultures in terms of aggregate beliefs and preferences. In contrast, Shenkar (2012) criticizes the calculation of cultural distance because some methodological issues may not be adequately addressed. A composite indicator that does not consider the heterogeneity of the partial indicators that make it up can suffer from compensatory effects among them. Therefore, in identifying culture and the differences in its constituent dimensions, we have referred to these authors.

To find the cultural distances shown in Table 1, we aggregated the differences calculated for each of the six indicators of Hofstede et al. (2010) cultural dimensions (Tables A.1 and A.2) using one of the methods proposed by Mazziotta and Pareto (2020), to which we refer for further

information about the indicator construction method. Specifically, we have applied the non-compensatory methodology to construct a composite indicator. This procedure effectively synthesizes a set of otherwise non-substitutable indicators. By using arithmetic mean and standard deviation, it employs a correction term represented by the coefficient of variation to adequately consider all components.

We believe that this procedure has the significant advantage of adequately considering the interdependence among cultural dimensions. A reduced cultural distance between countries, considering this interdependence, justifies their similarity.

The consideration of this interdependence is important for the accurate measurement of a cross-cultural distance between countries. The cultural distance perceived by decision-makers may be a problem, as it may impact on relationships both at intra- and inter-organizational level. For instance, establishing cross-cultural bridges between countries may be useful in overcoming the cultural distance drawback.

Table A.1 – The six cultural dimensions.

	Power distance	Individualism	Masculinity	Uncertainty avoidance	Long-term orientation	Indulgence
AU	38	90	61	51	21	71
NZ	22	79	58	49	33	75
UK	35	89	66	35	51	69
US	40	91	62	46	26	68
EU-19	51	62	48	76	58	44
JP	54	46	95	92	88	42
CH	80	20	66	30	87	24
IN	77	48	56	40	51	26

Note: for EU-19, cultural dimensions are a weighted average for the population of member countries. Source: our elaboration from Hofstede’s online dataset (version 2015, geerthofstede.com).

Table A.2 – Matrix of differences for cultural dimensions.

	AU	NZ	UK	US	EU-19	JP	CH
Power distance							
NZ	–16						
UK	–3	–13					
US	–2	–18	–5				
EU-19	–13	–29	–16	–11			
JP	–16	–32	–19	–14	–3		
CH	–42	–58	–45	–40	–29	–26	
IN	–39	–55	–42	–37	–26	–23	–3
Individualism							
NZ	–11						
UK	–1	–10					
US	–1	–12	–2				
EU-19	–28	–17	–27	–29			
JP	–44	–33	–43	–45	–16		
CH	–70	–59	–69	–71	–42	–26	
IN	–42	–31	–41	–43	–14	–2	–28
Masculinity							
NZ	–3						
UK	–5	–8					
US	–1	–4	–4				
EU-19	–13	–10	–18	–14			
JP	–34	–37	–29	–33	–47		
CH	–5	–8	0	–4	–18	–29	
IN	–5	–2	–10	–6	–8	–39	–10
Uncertainty avoidance							
NZ	–2						
UK	–16	–14					
US	–5	–3	–11				
EU-19	–25	–27	–41	–30			
JP	–41	–43	–57	–46	–16		

	CH	-21	-19	-5	-16	-46	-62	
	IN	-11	-9	-5	-6	-36	-52	-10
Long-term orientation								
	NZ	-12						
	UK	-30	-18					
	US	-5	-7	-25				
	EU-19	-37	-25	-7	-32			
	JP	-67	-55	-37	-62	-30		
	CH	-66	-55	-36	-62	-30	-1	
	IN	-30	-18	0	-25	-7	-37	-37
Indulgence								
	NZ	-3						
	UK	-2	-5					
	US	-3	-6	-1				
	EU-19	-28	-31	-26	-24			
	JP	-30	-33	-28	-26	-2		
	CH	-48	-51	-46	-44	-20	-18	
	IN	-45	-48	-43	-42	-18	-16	-2

Note: for EU-19, cultural dimensions are a weighted average for the population of member countries. Source: our elaboration from Hofstede's online dataset (version 2015, geerthofstede.com).

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