



New Zealand Council Of
Christian Social Services

Political Issues: is there a constituency for equality?

IPS Policy Forum

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Three questions to answer

1. NZ has allowed greater inequality in recent decades – why?
2. What is the basis on which to build change in social political attitudes to inequality?
3. How can we build the social political will to change?



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NZCCSS – Who we are

- A national umbrella organisation working on behalf of the social service agencies associated with the mainline Christian churches— inequality matters VERY much to us and the people we work with!
- We speak as participants in the social service work who are asking why are things as they are and how can we change them for the better?



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NZCCSS and the inequality issues

Since the late-1980s, NZCCSS has been in the midst of the social political debate on poverty and economic inequality:

- Making Choices 1993
- Hidden Hunger 1994
- Poverty Indicators Project 1999-2004
- Myths/Facts about Poverty 1998 , 2008, 2009
- Vulnerability Report 2008 ongoing quarterly

Our work was focused on trying to bring those on the low incomes out of poverty.



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Why has a democratic society like NZ chosen economic inequality?

There are series of explanations for why we have learned to live with rapidly growing inequality:

- Economic growth makes us all better off.
- Social mobility – “Kiwi dream”?
- Social liberalism (equality) sought and economic (neo-) liberalism accepted as the “price” for this
- Marginalisation of the traditional “left” politically
- Perceptions important – even people on lower incomes seem less concerned about inequality
- Costs of inequality are not immediately clear



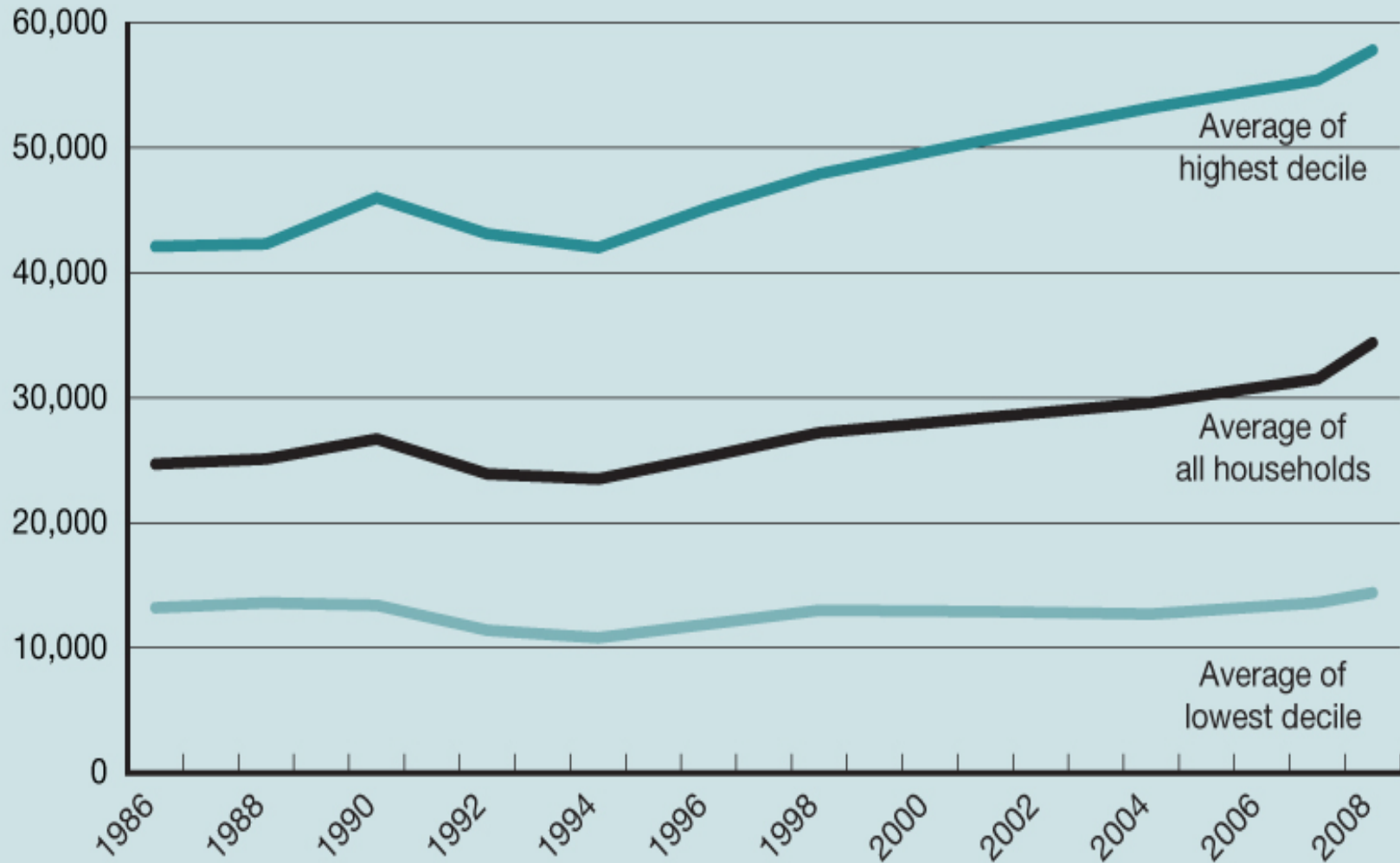
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Economic growth makes us all better off.

Twenty-five years of broad political consensus on economic policy dominated by monetarist and neo-liberal philosophies.

- A conscious political decision has been taken to allow increased economic inequality in the belief that growth “at the top” will drive economic growth and drag everyone’s incomes up with it – we will all be better off.
- This is does not seem to be true for those at the bottom:
 - Since the mid-1980s people living on the lowest incomes (mainly those on benefits) in real terms have become no better off.

HOUSEHOLD DISPOSABLE INCOME





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Social mobility – “Kiwi dream”?

- A fair go for hardworking Kiwis is a motto used by mainline centre parties. Built on the idea of the “Kiwi Dream” that anyone who works hard and does their best can get ahead and aspire to reasonable standard of living.
- Equality of opportunity is more important than equality of outcomes. It has led to the emergence of the so-called “meritocracy”.
- But evidence suggests that social mobility is higher in more equal countries which implies a “both/and” approach is necessary.



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Social/neo-liberal trade-off

- Social liberalism (equality) sought and economic (neo-) liberalism (inequality) accepted as the “price” for this.
- Identity politics on issues of ethnicity, gender, sexuality have dominated the political agenda (David Bromell).
- The Maori Party could be seen as a product of this.



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Marginalisation of the traditional “left”

- Social inequality has eclipsed economic inequality (Bryce Edwards)
- Charting the shift in political categories away from left/right divide to a “postmaterialist” politics: morality, civil rights, gender equality, immigration, crime, foreign policy, etc that cut across economic class categories.



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Costs of inequality not immediately clear

- Damage to children in those vital first years plays out over a lifetime (Charles & Kasia Waldegrave).
- Growing up and living in a more unequal society affects people's assumptions about human nature It affects trust, community life and violence
- Through the quality of early life – it predisposes people to be more or less affiliative, empathetic or aggressive
- Inequality increases status competition and



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Perceptions are important

- Massey University International Social Survey Programme (ISSP) – even people on lower incomes seem less concerned about inequality.
- People are not aware of the scale of the inequalities that exist and the extent of the change that has occurred.
- We need to explore these perceptions

Question	1992	2009/2010
Are income differences in NZ too large?	72% said yes	62% said yes
Should people on higher incomes pay a larger share of their income in taxes than those on lower incomes?	71% said yes	53% said yes
Should the government reduce income differences between people?	52% said yes	40% said yes
Much less support for the idea that what people earn should in part relate to what is needed to support a family	52%	34%
Or whether they have children to support	43%	24%
Inequality continues because it benefits the rich and powerful	60% agreed	44% agreed
Large income differences necessary for NZ's economic prosperity	60% disagreed	32% disagreed
Good business profits are the best way to improve everyone's standard of living	46% agreed	43% agreed

(Source: Massey University International Social Survey Programme and UMR Research Survey reported in NZ Listener May 1 2010)



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Political Paradox of inequality

- ISSP concludes that most NZers believe income differences are too large and should be reduced by a progressive tax system that reduces the burden on low & middle income earners and increases it on high income earners. But the support is declining for both positions (or has it bottomed out?).
- There is the “political paradox” that we don’t like inequalities but also do not like the redistributive solutions.



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Paradoxical perceptions

- Importance of perceptions compared to actual inequalities and this is also identified in UK research – “income gap paradox” people place themselves in the “middle” (regardless of where they actually are in the income distribution) and see the gap as between themselves and the ‘super rich’
- Looking at “deserved” and “perceived” incomes, people felt Cabinet Ministers deserve 135,000, perceived to earn 175,000 yet they actually earned 244,000 in 2009 (USP Philip Gould II)



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“\$5 million bargain”

- Paul Reynolds CEO of Telecom - \$2,403 per hour or \$40 minute (and you thought you were paying a lot for your roaming!) = 188 times minimum wage
- Cabinet Minister - \$244,000 = 9.2 times min. wage
- Minimum wage - \$26,520 (40 hours @ \$12.75). Average wage \$35,000, Median \$28,000 (Stats NZ Income Survey 2009).
- Median means 50% of wage earners are



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Closet egalitarians

- Wilkinson & Pickett : “closet egalitarians” - people are simply not aware of the scale of inequalities that have developed.
- Harvard Business School and Duke University study of Americans perceptions of and their desired wealth distribution in the USA:
 - Underestimated wealth inequalities
 - Desired levels of distribution much more



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A basis for the social political debate on inequality

Joseph Rowntree Foundation project on tackling attitudes to inequality:

- “deserved” inequalities are fair – ‘fair inequality’
- attitudes to those on low incomes more negative than to the rich – based on belief that there are adequate opportunities to earn an adequate income and that those on benefits do not contribute to society
- still strong support for progressive tax & benefit systems (“progressive universalism”)
- support for targeted interventions to help disadvantaged
- abstract arguments for equality not persuasive – prefer arguments framed in terms of fairer rewards for effort and contribution
- claims of social consequences of income inequality are convincing



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Wealthy egalitarians

- There are wealthy people are prepared to share more equitably.
 - Warren Buffet in the USA – pays lower taxes than his secretary
 - Bill Gates initiative for a tax on the wealthiest
 - Dieter Lehmkühl “We have more money than we need” - 44 rich Germans petition for a 5% wealth tax for social programmes
 - Sam Morgan - why should I not pay tax?
- Auckland philanthropists promoting the Equality



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Attitudes of politicians differ to those of general populace?

- Language of politicians (UK) in inequality issues – dominant themes of equality of opportunity, social mobility and fair reward for hard work (Joseph Rowntree Foundation)
- Perception among conservative politicians that economic interventions will not work and social reform is necessary to tackle (for example) intergenerational unemployment and family breakdown.
- Election policies of political parties as assessed by political scientists in NZ have become more “multi-dimensional” & “postmaterialist” (Bryce Edwards and Brechtel & Kaiser



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Building political constituency for reducing inequality?

Levels of engagement to build the
constituency for social political change:

- Political process/parliament
- Public policy
- Business/workplace
- Community/NGO
- Personal/family whanau



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1. Discover a political language of fairness

- Discover a language of fairness that we can all understand – reducing inequality is better for EVERYONE!
- Accept a “certain level” of inequality but focus on improving the quality of life for everyone
- UK election 2010 – Equality Pledge and Fairness Test (Equality Trust)
- Conservative pragmatism:
 - responding to the effects of inequality at local levels
 - Encouraging a responsible approach (and threatening with a regulatory “stick” if not action) by companies
 - Leading by example in government (e.g. ratios?)

Are we ready to accept the “price” of equality? E.g. ratios between



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National Party values

- National Party values: “We value honesty and fairness, hard work, respect for achievement, and integrity. ... the need for compassion, a sense of fair play, and our need to ensure safe communities for our children to grow up in.”
- How much inequality is fair? Bill English on Budget 2010: the government “paid quite a bit of attention to the various measures of fairness and equity”, and they have “achieved a good balance of fairness between people, lower and higher on the income scale”.
- but “more importantly” - the intended increases in economic growth would ensure that all New Zealanders could “get



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Maori Party kaupapa

- Maori Party is a new reality of our political landscape: you cannot form a government now without having formally negotiate with a party born of the identity politics.
- A party coming out of the Treaty constituency now has to be negotiated with on every policy, not simply when is “convenient” or relates to ‘Treaty issues’ or specific Maori cultural issues
- Maori Party: independent positioning – in the 2008 election the leadership used the slogan: ‘We’re not left, we’re not right, we’re not middle – we’re kaupapa driven’
- Maori Party achievements paper highlights two years of political achievements – could be argued these are very much in the identity politics category.



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Labour – new directions

- Labour Party 103 posts on the “inequality” tag of the Red Alert blog site
- Labour Party Conference – new directions theme
- Phil Goff: Growing inequality as the rich get richer and the rest fall behind will make people feel less safe, less confident in their own community, because crime increases, and fear increases faster.
 - Unfair, unequal countries cost everyone, not just those at the bottom.
 - Unfairness makes the boat go slower.
 - We all lose when any of us are denied opportunity and the chance to contribute.



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Green Party – Mind the Gap

- Green Party “Mind the Gap” <http://www.greens.org.nz/mindthegap>
- Set of policies tailored at reducing economic inequality:
- **Fair tax**
 - Solution 1: A tax-free \$10,000
 - Solution 2: A comprehensive capital gains tax (except on family homes)
- **Addressing energy poverty**
 - Solution 3: Progressive electricity prices
- **Income support**
 - Solution 4: In-Work Tax Credits for all low income families with dependent kids
 - Solution 5: Reinstate a discretionary Special Benefit
- **Housing**
 - Solution 6: 6,000 new state houses in the next three years
 - Solution 7: Investment in community housing



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2. Social Political Movement for change

- Build the social movement for change that will give the political legitimacy to national policies (Peter Dreier on USA 2008 election). Means having responses to inequality that can be acted on by those involved.
- Organic and dynamic social change process
Inside/outside process needed for reform to succeed
– social movement from the “outside” creates momentum for “internal” policy changes



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3. Commission on Equality?

- Commission on Inequality along the lines of the Social Policy Royal Commission?
- A place to focus the debate around the social and economic values that guide and direct society
- UK High Pay Commission – independent inquiry into high pay and boardroom pay across the public and private sectors in the



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4. It's a matter of trust

- Find ways to rebuild trust in our society and communities. David Bromell has suggested that we focus on our common identity and common good.
- Avoid unhelpful “framing” of the debate - how an issue is named in the headlines and sound-bites (e.g. child discipline cf. anti-smacking)



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5. There is no one pathway

- In NZ we can negotiate our own way built on the idea of a “fair go”? Get the idea out into our communities and see where they take it
- NZCCSS wishes to join with others to stimulate such a debate across the social political spectrum.
- Gandhi – “be the change that you want to see in this world”