
Do we ask the right questions?
Reflecting on the budget and the various comments about Bill English stealing Labour Party policy, at least as far as maternity benefits and free doctor’s visits for all those under 13 are concerned, one has to ponder on the reasons why such hand-outs from government, which are of course hand-outs from all who pay taxes and that is all of us thanks to GST, are necessary. The quick answer is that many families are financially stretched and cannot afford doctor’s visits or loss of income from one of the “bread winners” because of pregnancy.

But this raises a further question, why? Why are families so financially stretched that, even with both parents working, they cannot afford a doctor’s visit? It does not take a PhD in Economics to find the answer. The answer is simple – too many of our fellow citizens are not paid enough to adequately provide for their families. It is not the unemployed, but those who, thanks to all the reforms of the last thirty years, are earning wages so low that they struggle to put the bread on the table. And for those who do not have jobs their plight is even worse with the reforms of the last 5 years undermining the “safety net” we were once so proud off.

During the last 30 years the concept of a “fair days’ pay for a fair days work” has become “the least days’ pay for a hard day’s work”. Structural changes to government, corporate structures and the weakening of employees bargaining rights have led to the “low wage” economy we now have today. To correct this imbalance, at least in part, successive governments have had to introduce more and more programmes – Working For Families; Housing Allowances; Paid Maternity Leave; free GP visits and prescriptions for children under 13 years as well as increases to NGO budgeting services and sexual violence services.

But let’s not get carried away as the Hon Tariana Turia said when asked about the Inequality Ministerial Committee on Poverty, while the list of initiatives is long, as far as the level of investment goes “some would say it is not enough.”

What to find out more? Go to the NZCCSS website: http://christiansocialservices.blogspot.co.nz/.
Anything less is effectively the already poor subsidising the rich and as Christians that goes against all the teachings of Jesus.

**Differing views on Inequality**
Max Rushbrooke in an article in the February 2014 edition of Policy Quarterly identified the two main ways in which the issue of inequality is defined. Firstly that the gaps in income are the problem and should be narrowed and the secondly that income gaps are not the issue but can people easily move freely between income levels; in other words can an individual jump from one rung of the ladder to the next, do we have a socially mobile society?

Rushbrooke then goes on to indicate that it is this second definition is the one embraced almost exclusively by Treasury. We should not be surprised as this definition is basically the equality of opportunity argument or more bluntly the trickle up theory. This approach to inequality, at the exclusion of any other policy approach, is very much in line with the underlying ideology of neo liberal free market thinkers. Give everyone equal opportunity to education, health services, employment, etc and the market will ensure that all is well.

But as Rushbrooke points out it is not a dichotomy between dealing with the income gap verses ensuring equality of opportunity but both need to be addressed if the now desperately wide gap between rich and poor in New Zealand is to be closed. According to the Treasury

“If participation in society is central to equality, and low income matters because it can be a bar to that participation. However, only long term low income is a problem, so the sole policy issue of any importance is how to boost social mobility and help people out of poverty. That in turn implies a laser like focus on making the school system do more to counteract socio-economic status and boosting work incentives.”

Any system designed to transform something, be it materials as in manufacturing or people, as in education, is only as good as the inputs into the system. Poor materials will end up as poor manufactured products, similarly if the situation of the children entering the school system is poor because of parent’s lack of income, damp and cold housing and restricted access to pre-school education, then even the best school system will struggle to educate children so that they can move up the ladder, can jump the rungs.

The irony of the situation is that it was the reforms of the 1980s that actually led, possibly inadvertently, to the reduction in equality of opportunity of access particularly to education and health that have led to the ever widening gap between rich and poor. Rushbrooke quotes the Dunedin Longitudinal Study\(^1\) which, among many other things, looked at children who had escaped poverty who had better health than those who remained in poverty but still worse health that those children who never experienced poverty.

Logically if Government wants to address issues of inequality by increasing equality of opportunity then ensuring that the inputs into our education and health systems are of the highest quality would appear to be a good place to start. The Children’s Commissioner obviously thought so when he set up an expert Advisory Group to look at issues of Child Poverty for it is children who are the “input” into our education system.

The Children’s Commissioner’s Expert Advisory Group on Solutions to Child Poverty\(^4\) reported in December 2012. They found that 25% of all children in New Zealand that is about 250,000 lived in families with income below the accepted poverty line. They commented

“the economic costs of child poverty are in the range of $6-8 billion per year and considerable sums of public money are spent annually on remedial interventions. Failure to alleviate child poverty now will damage the nation’s long-term prosperity.”

One of the very first steps to addressing this situation as recommended by the Advisory Group is to “enactment of legislation requiring the measurement of child poverty...”. This seems logical as it is only when you can measure a problem can you determine if the actions taken to alleviate the problem are actually effective. The Government’s response was that this was unnecessary despite many other countries having robust methods of measuring the extent of child poverty.

This is not the first time that Government Ministers have resisted setting up systems to measure a problem, another is the number of houses being bought by overseas residents. The ability to measure a problem goes to the heart of finding a solution to the problem. On the other hand why measure a problem you do not have? Ehh!!!

In all the Advisory Group made 57 recommendations ranging from action on benefit levels to warrant of fitness for houses. As seems to be the pattern with government initiated reviews only some of the recommendations have been acted on including those announced in the Budget.

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1. Published by the Institute of Governance and Policy Studies, School of Government, Victoria University Wellington.
3. The Dunedin Multidisciplinary Health and Development Study (often referred to as the Dunedin Longitudinal Study) is a long-running cohort study of 1037 people born over the course of a year in Dunedin, New Zealand. The original pool of study members were selected from those born between 1 April 1972 and 31 March 1973 and still living in the Otago region 3 years later. Study members were assessed at age three, and then at ages 5, 7, 9, 11, 13, 15, 18, 21, 26, 32 and, most recently, at age 38 (2010-2012). Future assessments are scheduled for ages 44 and 50.