



Do Justice!!

"Do Justice, Love Kindness and Walk Humbly With Your God" Micah 6:8

A Newsletter on Social Justice Issues

Welcome to the June 2018 edition of Do Justice. This newsletter, prepared by the Auckland Diocesan Social Justice Group, looks at various Social Justice Issues.

Elimination of child Poverty

In last year's General Election campaign both National and Labour had the elimination of Child Poverty as a top priority. And we have seen the Labour led Government take some significant steps to achieving the goal in their mini budget in December 17.

The main policy area that has, so far, been used by the Government has been to increase benefits and the minimum wage so as to increase the income of the poor. In many ways these are the easy ways to address the challenge of poverty as you cannot eliminate Child Poverty without eliminating all Poverty.

The much more difficult issue that must be addressed before poverty is finally eliminated, is the massive income and wealth inequality in our society. Oxfam recently reported that *"In New Zealand, the richest 1% bagged 28% of wealth created in 2017 while the bottom 30% of the country got just 1%"*¹. Poverty can never be eliminated without very significant changes to the way our society works so that the bottom 30% of our population have significantly more than 1% of the nation's wealth.

One of the most significant issues is the way governments have attempted to redistribute income and wealth, this has made matters worse rather than better. For example, the Accommodation Allowance, that is essential for hundreds of thousands of families to have a roof over their heads, is actually a subsidy of those owning rental houses, a subsidy for the relatively rich.

We wonder why house prices have risen far faster than incomes and the cost of living, it is because renting out houses has become the most profitable investment for both foreigners and relatively rich New Zealanders.

But it is not only the accommodation allowance that has contributed to this transfer of wealth from the poor to the rich. The steady decline in the availability of State Houses, and rental houses available from local authorities has added to the relative scarcity of privately owned rental homes and the ability of house owners to increase rentals knowing that the government will be picking up a significant portion of the tab.

Similarly Working for Families, which was introduced to provide low income families with some additional income, has actually contributed to keeping wages low.

When the Living Wage for 2018 was recently announced at \$20.55 per hour it was noted that *"The positive impact of the Families Package on lowering the expected level of the living wage for 2018 is quite apparent. If it was not forthcoming, then the hourly rate with the more precise calculations would be \$22.45 instead of \$20.55. The difference is almost \$2 an hour."*². The Family Centre Social Policy Research Unit, who calculate the Living Wage take into account the impact of benefits and tax changes in calculating the Living Wage. But it should be noted that the almost \$2/hour impact on the rate is only for the changes announced by the government before Christmas. The actual impact of Working for Families and other benefits on limiting the Living Wage, is significantly more. **And this is a subsidy to employers.**

It will take a very brave government to do away with all these subsidies on the rich via the poor, to force employers to pay fairer wages and to force down the cost of homes so that working people can afford to buy or rent them. But this is what will be needed to eliminate poverty from our country. Major structural change as great as we saw in the 1980s will be needed to change the situation. As a country, we did it once when things looked desperate, and we can go it again. For the poor, including the many working poor, the times are desperate and desperate times need desperate solutions.

¹ <https://www.oxfam.org.nz/what-we-do/issues/even-it-up>

² https://www.livingwage.org.nz/the_2018_rate_it_s_20_55

A Christians and followers of Jesus teachings we must do all we can to address poverty, especially child poverty. But do we have the courage to support the radical solutions that will be necessary?

The Law of Unintended Consequences.

One of the problems with wheeler dealers is that they do not accept that their actions will often have unintended consequences. President Donald Trump, by his own admission, is the greatest wheeler dealer to have entered the White House. President Trump's decision to pull the USA out of the Iranian Nuclear deal so as to force the Iranian Government into a "better" deal, a better deal is almost certainly going to have unintended consequences.

The other parties to the Treaty – France, Germany, United Kingdom, China and Russia have all clearly said they wish to continue with the deal and are very unlikely to agree to Trump's demands to impose sanctions against Iran.

The only countries that appear to be supporting Trump's decision are Israel, Saudi Arabia and some of the Gulf States. Tensions are already high between Iran, Israel and Saudi Arabia with proxy wars in Syria (Israel and Iran) and Yemen (Saudi Arabia and Iran) already gone on for far too long. The danger now is that both Israel and Saudi Arabia will believe that Trump has given them to go ahead to "deal" with Iran direct. If so, Russian and China are liable to come to Iran's rescue and we could easily be on the verge of a wider war.

As far as New Zealand is concerned we must avoid being drawn into this in any way. But even if we can successfully avoid being dragged in there will still be unintended consequences, probably \$3/litre petrol next year.

Improve Productivity – the economist's answer to poverty.

Michael Reddell, a leading economist, former World Bank Director and special adviser to the NZ Treasury, in an interview on Radio New Zealand on Sunday 13th May 2018³ spoke of his concern about child poverty and moves to reduce or eliminate it, in New Zealand. He sounded sympathetic to many of the possible solutions to poverty including significant changes in taxation. However, he kept coming back to the issue of productivity and the need to increase productivity in New Zealand.

New Zealand's productivity compared to the rest of the developed world has worsened over the last 100 years, according to Reddell, and today our productivity rate is only about 60% of other advanced countries in Europe and North America. However, when it came to policies needed to improve productivity his suggestions were vague at best. This is a pity as so often we hear from commentators that improving productivity is the answer to poverty and inequality in New Zealand.

One interesting comment Reddell did make was that young New Zealanders are some of the most skilled people in the world – apparently our young New Zealanders are the 2nd or

3rd most skilled. This raises the question, if our young people are so skilled why don't they produce more and raise our productivity as a result. Could the answer be that our young people have not been adequately rewarded for the improvements they have made, rather the benefits of improved productivity for far too long has gone to employers and not shared with workers.

Reddell may well be right that in the long term improved productivity will help for eliminate poverty but first there must be a willingness by employers to share the benefits more equally.

Urbanism – Shaping our Cities for the future.

In early May a conference was held in Wellington about how chaotic our cities are and what can be done to change the situation. One of the keynote speakers was New Zealander and Professor of Architecture at Sydney University, Elizabeth Farrelly. Her opening question was "*What is a city, exactly? How should we understand our cities – both in relation to ourselves as clever, inexplicable, messed up creatures and in relation to the planet?*". She then challenged us to consider more carefully how are cities can and should be controlled, and what proportions of cities should be left to whim, creativity or chance.

The aim of organisers of the conference, Urbanism New Zealand, was to kick-start conversations around the country on urban issues that appear to be undebated in New Zealand. Questions include:

- the economic drivers that shape cities and towns.
- how our urban settlements are managed through New Zealand's central government and local authorities.
- the influence of planning regimes resilience within community with a focus on Christchurch.
- the role of urban design residential supply and demand the effect of city leadership philosophy as well as policy urban ecology, identity and heritage.
- how infrastructure systems, such as transport and utilities are shaping settlement patterns.
- the importance, or otherwise, of the quality of building, places and architecture.

More information is available at <http://urbanismnz.co.nz>

Another group that is concerned about the impact of urbanism on our environment is Save Our Unique Landscape (SOUL). They have been active in May with a protest about the Fletcher Residential's plans to build on the historically significant whenua at Ihumātoa, Mangere.

SOUL are involved in a number of issues surrounding the use and abuse of Maori land. More information is available on

<https://mailchi.mp/374e1347b97c/take-a-stand?e=94840b8906>

³<http://www.radionz.co.nz/national/programmes/sunday/audio/2018644687/michael-reddell-productivity-and-poverty>