Welfare Reform – 'is it social justice in action'

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One of the notable aspects of the contemporary political environment in New Zealand, and in other western democracies is welfare reform. Welfare reform it seems is the thing to do. The reasons often given for reform are the need for an improved system which better delivers to individuals and families. That this needs to happen cannot be denied. It only stands to reason that the needs of our modern contexts are dynamic and rapidly changing.

A response to these changes requires a welfare system to alter and adjust. However, this need to improve the system, is also mixed with a desire by government to examine the cost of the system and reform it in a cost effective way. Again a reasonable thing to review, but one is often left wondering which reform objective wins the day effectiveness or cost.

A far more important question in my view is that the welfare reforms envisaged and implemented are fair and equitable. In other words do they pass the test of being socially just? And it is this test of the social justice of the present welfare reform programme that I would like to explore with you this morning.

The present Government has embarked on a welfare agenda that has seen them look at many areas of social service supports in housing, child abuse, income support, child care, and others. Do these reforms pass a social justice test?

My experience in the last few weeks does raise questions about the effectiveness of those reforms.

Last week one of our social workers came to me desperately seeking help for a mother and her two pre-school children living in half a garage, paying $200 a week. On the other side of the thin plasterboard dividing the garage was another family. That seemed unjust enough but on turning to a Government agency for help, they had been told they needed to show evidence of being refused for 10 private rental houses before they would be considered for a state house.

The welfare state as we know it today was created with the passage of Social Security Act 77 years ago in 1938. This means of course that the passage of this legislation and the circumstances leading to its passage are virtually beyond living memory. All we have now is the historic record to understand the values and motivations of those who founded the welfare state.

For me two things stand out in this historic record and these are well illustrated by some comments which Michael Joseph Savage made in the 1938 Budget speech in the lead up to the passing of the Social Security Act on 13 September 1938. Savage asked:

'I want to know why people should not have decent wages, why they should not have decent pensions in the evening of their years, or when they are invalided. What is there more valuable in Christianity than to be our brother's keepers in reality?'

He then went on to say

'I want to see humanity secure against poverty, secure in illness or old age'[i]

What I find notable here is Savage's reference to his and his colleagues' motivations as Christians and to the organising idea of security – *'I want to see humanity secure against poverty'*.

Clearly to my mind the motivation and big organising ideas of those welfare reforms of Savage were ones of ensuring social justice for people.

As we consider a future of our welfare state perhaps the two biggest issues to resolve up front are those of what our motivations are in any reform and what the big organising idea driving such reforms will be?

These two questions have not been answered explicitly in the present Government's efforts to reform welfare although it is possible to gain some insights into their 'big idea'.

For example, shortly after its election in 2008 the Government made a big gesture of addressing child abuse and neglect. In July 2011 the then Minister of Social Development Paula Bennett launched the Green Paper for vulnerable children. In her introduction to the paper Ms Bennett said *'personally, my first priority is the protection of vulnerable children…. we have to change our focus so children always come first and remain at the centre of our thinking. This goes for families, individuals, professionals, communities, agencies and across Government. '*[ii].

None of the 42 questions asked of the public in the Green paper inquired as to whether or not the Government was actually spending enough on the care and protection of vulnerable children. Indeed the only spending related question (on page 21) asked about potential for reprioritising existing spending.

Since Ms Bennett made this call to make children the centre of our collective thinking, spending by the Ministry of Social Development on services focused on vulnerable children has declined by almost 5% in inflation adjusted terms (see Appendix 1 for details). As well not much has happened to reduce the numbers of children coming to the attention of Child Youth and Family (CYF) for possible neglect or abuse. The proportion of reported cases where abuse or neglect is substantiated has fallen and for no apparent reason[iii]. All of this has happened as recorded criminal offending against children has risen[iv]. The mystery around what is happening around how children are being protected by CYF remains unresolved.

It is sometimes difficult to identify the real motivation for Government's social welfare reform agenda given that its statements of commitment and vision often do not seem to marry up either with the subsequent actions or the outcomes which are emerging. This is as true in child care and protection as it is in social housing.

There is however no mistaking what the Government's big idea is and that is a smaller government – smaller at least as a share of GDP.

For example in his most recent Budget Speech, the Minister of Finance Bill English celebrated that his fiscally conservative approach '*has succeeded. Core Crown expenses, for example, have fallen from 34.1 per cent of GDP in 2008/09 and are expected to drop to 30 per cent next year'*. As well he promised to begin reducing income tax from 2017[v]

What is interesting about this apparent virtue in a smaller government is that there is no stated philosophical justification for it.

In a New Zealand Listener interview in 2011 Mr English expressed his doubts that governments could do much about reducing poverty saying that '*You don't get that choice, actually. You don't get the choice of saying I'd like less inequality. You don't have the levers.*'[vi].

This seems strange given that Government policies of the late 1980's and early 1990's made poverty much worse and set the scene for the inequality and poverty that we are witnessing today in New Zealand[vii]. If Government policies can increase poverty and inequality then why can they not also reduce them?

I know Mr English to be a principled man who is working for what he sees as the good of New Zealand and New Zealanders. However, if you start with a view, that there is little of good that the government can do, then you quickly come to the conclusion that less government is best. This is of course classic neo-liberal doctrine which has been the ideological basis of every government in New Zealand since 1984.

There is no single correct answer for what is the right size of government. Any answer to such a question depends fundamentally on what sort of society we want, on what we want to achieve collectively or individually and on what we see as an appropriate role of the State and of its duty to citizens.

Recent Governments have consistently held to and promoted the view that a society driven by private initiative and enterprise is the best way of running things. The present Government's growth model with its almost singular focus on private investment led economic growth offers a clear illustration of this approach. Such an approach often pays little regard to the distribution of the benefits such growth produces.

Politicians at the moment have failed to offer any alternative vision for our welfare state let alone a compelling vision around ideas such as those of solidarity and the common good. Certainly they have not expressed the same joyous hope as that expressed by Michael Joseph Savage when he proudly said 'I am my brother's keeper' or the same boundless optimism when he suggested that humanity should be secured against poverty.

The parties of the left at the same time have become the parties of the State – where every social problem or economic challenge can be solved by the wisdom of bureaucrats earnestly spending tax dollars. I suspect few New Zealanders have much faith in such an idea.

A social justice approach to welfare reform does not mean automatically that we should have less or more government. There are a few deeper questions to ask before we should simply surrender to such a limited prescription. These are questions around values and vision – around what motivates us and what do we dream of?

The welfare state was born of ideas of Christian love and of collective security against want and poverty. At that time – during the 1930's, economic uncertainty was widespread and Christian values were broadly shared. This is certainly not the case today so where do we as a society draw our values from and what are the possible big ideas or the grand narrative around which we can organise our society and the social supports it provides?

There are at two sorts of responses to such questions. The first is that such questions aren't even relevant. That values are entirely a personal matter. That liberal pluralist societies such as ours' should

be tolerant of diversity and of the different values systems which diversity brings and that beyond this there can be no grand narrative because we cannot all agree. In this view diversity becomes a value in itself – perhaps the only social value.

The second sort of response to this challenge of finding a moral basis for social policy is to think more deeply about the content of our moral compass. Such things come through the guidance of others such as family and through our own analysis and reflection. Having a religious faith often helps to develop this, although it doesn't guarantee it.

Aristotle in the third century BC suggested that 'the primary good was the good of the community rather than the good of the individual'[viii]. Good in the Aristotelian world was a result both of a tendency to a natural state of happiness for humans and as a consequence of virtue. Virtue came from two parts of the soul – the rational and the irrational. Intellectual virtues came from the rational part of the soul and were the embodiment of reason while moral virtues came from the irrational part of the soul and were seen as character traits such as honesty, modesty and generosity[ix].

The idea that good or virtue comes from some form of human reason has carried forward through such philosophers as Descartes, Spinoza, Hobbes, Locke, Hume and Kant. Some of these calls to reason have been hopeful such as with Kant while others such as that of Hobbes have been downright dismal.

It was Thomas Hobbes who coined the phrase that life was *'solitary, poor, nasty, brutish and short'* [x]. Given that he was writing this in the middle of the 17th Century when he was on the losing side of the English Civil War, such a grim outlook could perhaps be excused. This grimness however continued as a philosophical tradition through men such as Malthus, Nietzsche and Spencer through to the 20th century with the likes of Ayn Rand and Richard Dawkins.

While there have been two strands to this grimness – economic rationalism and evolutionary theory, both favour the powerful and wealthy.

Economic rationalists draw their inspiration from Adam Smith and John Stuart Mills – amongst others. While Smith has been misrepresented he is most famous for his suggestions that human wellbeing is best served by the invisible hand of the market combined with the division of labour and the pursuit of self-interest. Mills is the grandfather of neo-liberalism although he too has been misrepresented by neo-liberals. His most significant contribution is the harm principle – that individuals' freedom should only be limited by the harm he or she might cause to another person. The contributions of Smith and Mill have meant that economic theory, and to a large extent public policy, are now dominated by the ideas that human well-being is best served by the pursuit of self-interest, the unfettered operation of markets and the definition of freedoms as being an absence of constraint. Under the control of neo-liberals for the past 30 years these ideas have become articles of faith in a new religion.

Although the idea that evolutionary theory had something to contribute to ethics is relatively new, the influence of evolution on moral thinking is 150 years old. Charles Darwin published his classic work. Origin of the Species. in 1859 and is generally acknowledged as the father of evolutionary biology. Others had also undertaken work around evolution around this time including Herbert Spencer who was a leading political philosopher in Victorian England. It was Spencer who first used the phrase *'survival of the fittest'* in relation to evolutionary theory and it was Spencer who applied such theory to society in a body of work which became known as Social Darwinism[xi]. Social Darwinism helpfully

supported the Victorians view of themselves and their world as it suggested that white people were more advanced in evolutionary terms and so their cultural and economic dominance was justified.

More recently evolutionary biologists and others have attempted to apply evolutionary theory to the question of altruism[xii]. If nature is about the survival of the fittest and if individuals are self-interested, why do many species exhibit apparent altruism? Psychologists and economists have also attempted to answer the same question through the application of game theory and decision theory. [xiii]

Perhaps the philosophical appeal of an idea such as 'survival of the fittest' rests which an understanding of the competitiveness within human nature and of the placement of this competitiveness in a broader frame of evolutionary theory. This appeal also neatly marries up with notions of the market as a competitive environment. Furthermore the idea of the market has additional appeal because it is claimed – at least by economic rationalists, to be the best way of allocating resources within a society. In essence competition and markets are part of human nature and they work well as a way of running society – end of story.

But as we all know human nature is more complex than this. Humans can be competitive and cooperative, solitary and social, generous and selfish. So is there another 'big idea' which also relies on human nature and which could be a useful way of organising society? For a while Christian love was such a 'big idea' but secularism, individualism and materialism have undermined its relevance in a society such as New Zealand.

Such a challenge is relevant to the reform of our welfare state because if these reforms do not strike a chord with the electorate they are unlikely to last. Clearly 'big ideas' take a while to become embedded in a society and they never ever become universally accepted anyway. But unless any potential new 'big idea' has some intuitive or emotional appeal for a large number of people then it is unlikely to get off the ground.

The idea of altruism as a natural human behaviour has some intuitive appeal as the beginning of an alternative 'big idea' . However work to date suggests that altruism in evolutionary terms is still related to reproductive success (ie. the extension of genes into the next generation) or to probability of success as modelled by game theory.

Big ideas or paradigms don't change from within or by people who accept and even benefit from the paradigm. Paradigms shift when an established paradigm no longer has explanatory powers and the need for a radical re-think becomes apparent.

Often it is a crisis which creates the opportunity for a paradigm shift – just as the Great Depression created the opportunity for the creation of the welfare state by Michael Joseph Savage and his colleagues. The shift and the new 'big idea' which replaces it are not pre-ordained or a logical progression. Instead any new idea has to already be well developed and to have its advocates and promoters.

I think this is where Christian ideas around justice and in particular social justice might have something to offer'

I suggest that there are three ways in which these ideas can be influential in the future direction of New Zealand. These ways are about how we live, how we organise and how we anticipate the future.

The first possibility is around living counter-culturally.

In John 13: 34-35 Jesus says 'A new commandment I give to you, that you love one another, even as I have loved you, that you also love one another. By this all people will know that you are my disciples, if you have love for one another.'

At the heart of its teaching Christianity encourages people to live counter-culturally – it rejects some of the values of the mainstream society and suggests a lifestyle which is aligned to the example of Christ. Such difference should be celebrated but not in a 'Pharisees at the front of the temple' sort of way but in a quiet exemplary kind of way. Ideally such living should not be exclusive but engaging and invitational.

The second possibility is around how we organise.

The recent efforts by the Productivity Commission at reviewing the delivery of social services has given us food for thought as to why we are involved in the delivery of social services especially in their current form. There is a saying that 'if all you have is a hammer then everything starts to look like a nail' and this saying certainly seems to apply to the Productivity Commission inquiry. The Commission seems to have a hammer of economic rationalism which sees everything as a market including the goodwill and care which often goes into delivering social services. The Salvation Army has disagreed fundamentally with the way in which the Productivity Commission has framed social services in its review[xiv]. The Commission has essentially failed to understand either the real world of social outcomes or the nature of social services. It sees social outcomes as being the product of social services and fails to acknowledge the bigger picture of risk, history and inequality as important determinants of bad social outcomes. This failure then translates into a simplistic mechanistic model of social services where specific and worthwhile outcomes can be generated through an intervention by some entrepreneurial innovative service provider who until now has been held back by bureaucracy and the lack of capital. The answer is simple – unleash the market through social insurance programmes and social impact bonds.

When we begin to see social services as a commodity rather than a calling we do need to pause and reflect on whether or not we are playing the right game. The Christian Church offered social services and social support long before the State got in on the act. Even if the State somehow exited this space through third party deals such as social insurance and social bonds, the Church I expect would still be involved. The Church and Christians would be involved because they are called to be involved regardless of the contracting arrangements, allocations of risk and the dominant ideology.

Who knows what direction the delivery of state funded social services will take? Whatever this direction, it is important, I believe, that community organisations don't simply slavishly follow in order to gain or retain contracts. There always needs to be some reflection on how any relationship with the State aligns to mission – be this an organisational mission or a personal one. Without State funding this might mean that fewer things are done but it might also mean that whatever is done is done more authentically

The third possibility is around anticipating the future.

Crises are great times to initiate change and having a clear sense of what is needed in times of crisis offers huge opportunity for those with prescience and vision. Roger Douglas rolled in neo-liberalism without a shred of mandate in 1984 on the back of an apparent currency crisis which was allegedly caused by Robert Muldoon. George W Bush invaded Iraq on the basis of the terror alert raised by the Al-Qaeda's World Trade Centre bombing on 11th September 2001. Crises can be used more honourably than these examples however.

It is by no means clear that New Zealand and New Zealanders are free from the economic harm caused by the Global Financial Crisis in late 2007. The on-going struggles in Greece and the Eurozone and the slowing down in the Chinese economy along with the collapse of mining in Australia are testimony to the uncertainty which remains.

The apparent good times for the New Zealand economy have lasted for over 20 years. While GDP (on a real per-capita basis) declined by 4% between 2008 and 2011 it is now 5% higher than in 2008 and 26% greater than fifteen years ago in 2000. However since 2000 average household debt has risen more than 80% in inflation adjusted terms to sit at a record $127,000 per household[xv]. In Auckland the median house sale price has now topped 12 years of the average wage or salary where it was less than seven years in 2000. In other words these good times have seen our indebtedness increase at three times the rate of our incomes and most of this indebtedness has fuelled exaggerated house prices.

I am not qualified to speculate on where these settings and trends will lead us. We are however in uncharted territory in terms of indebtedness, house prices and interest rates. In the United Kingdom for example the base lending rate of the Bank of England is now just 0.5% - the lowest rate since records began in 1694.[xvi] The Reserve Bank of Australia's official interest rate at 2% is the lowest ever while in New Zealand interest rates have risen slightly since 2013 when they hit 45 year lows.

These good times and the crutch of debt may have lulled middle New Zealand into a false sense of security that the days of mass unemployment and widespread poverty are long gone. Such a sense means that most of us see little value in the safety net of the welfare system – we have our jobs, the growing equity in our house and the unused balance on our credit cards to get by on. Welfare is then seen to be for losers and deadbeats and the net is not a safety net but one which tangles people in dependency and drags them down. The social justice idea of social security has been lost not only from our living memory but from our world view.

It is idea of social security which may come back into fashion if times get tough and more uncertain. Here lies the opportunity for change.

But the change cannot be a reversion to older and apparently better times. The State is much larger today than in 1938. Expectations of what is fair and reasonable have grown considerably over the past 77 years and these bigger expectations come at a cost. As well even hardened liberals cannot deny that the current settings of welfare policy have created dependency. In my opinion, State welfare bureaucracies have struggled to show empathy for the people they are meant to serve which makes them poor candidates for running a reformed and rejuvenated welfare state.

When I look through the eyes of social justice and ask what a reformed social welfare system looks like, some things emerge.

I think the renewal of our welfare system might have more to do with relationships than with institutions. Our welfare system is essentially about how we care for each other – about how we act as our brother's keeper. This duty requires more of us than to pay taxes in order to support a welfare state. It requires us to have personal regard for our neighbours and especially for the poor. – the parable of the Good Samaritan tells us this.

The most vibrant part of The Salvation Army in New Zealand today is Recovery Church. This is the fellowship of recovering addicts and alcoholics which gathers in Christ's name to support each other and to grow spiritually. While it is not exactly a self-help initiative it is a tangible example of what can be achieved if relationships rather than structures or institutions become the centre of how we respond to social and personal need.

Such efforts might be seen to be small scale and piecemeal but they can easily be scaled up and connected up into something more substantial. All it will require is a greater commitment from people of goodwill. I am sure that the ideas and opportunities to engage will emerge as this greater commitment is found.

I expect and hope that we will continue to have a well-funded and centrally administered welfare state. Charity will not fill the gaps which are presently filled by income support programmes, social housing and care and protection services. It seems unlikely however that we will have many more resources to contribute to these activities especially with an aging population. Such a constraint as well as the realisation that any system needs review and renewal from time to time, mean that the review of welfare and social security is overdue.

This review and renewal needs to start from quite a different starting point to that used by the present Government's attempts to reform welfare. Essentially the Government has defined the so-called welfare problem as being about dependency amongst working age beneficiaries and inefficiency amongst the Government agencies and its agents in the delivery of social services programmes.

In my view the current welfare system is not flawed by dependency and lazy, indifferent bureaucrats but by lack of opportunity, poor social choices and inequality.

The Government would have us believe that work is the way to wellbeing and if offers up evidence of people in work having greater wellbeing than those who are unemployed[xvii]. This is a bit like saying that the healthier people are generally happy so the best way to be happy is to be healthy. The causality here is confused.

There is a Maori saying 'ka mahi ka ora' which means that you become well through work. Most of us accept that our psychological wellbeing is improved through work. It is not the actual work that does this but the meaning and context of work which does. The need to be productive and to feel that we have made a contribution is, I suggest, innate in us. The social opportunities around work such as teamwork, social interaction and problem solving are what satisfies us as much as the pay packet.

I don't hold to the view that some people are naturally lazy and would if left to their own devices be quite happy living on the dole at the taxpayers' expense. This framing is a deliberate and divisive effort to demonise benefit recipients and to set their interests against those of other citizens. I do accept that some people can develop lazy behaviours especially if they become disengaged. Such behaviours should be addressed on the basis that everyone who is able should be expected to make a contribution

to the broader society. Whether or not such a contribution is just in the form of paid work is debatable however.

The real reason for a large number of people receiving welfare payments is not the lack of a work ethic but the lack of opportunity. There is not much opportunity in low-paid, unreliable work which is expensive to travel to. There is even less opportunity in complex and just plain dumb benefit rules which make it difficult to move off and back on to benefits and which cripple effort with abatements and claw-backs. Someone working part-time while on a benefit can face effective marginal tax rates of over 80% for every extra dollar they earn[xviii]. Is it any wonder that moving from a benefit to work is problematic and why people are stuck in poverty traps?

It has been my experience with over 40 years working in community and social services that it is not poor personal choices which lead to poor social outcomes but rather poor social choices. Granted people often make poor decisions which then contribute to subsequent personal problems but often they were surrounded by bad options which have contributed to these poor decisions.

It is really difficult for a person who is struggling with alcohol abuse to remain sober when the bottle store at the corner shops remains open until 11pm and when the supermarket opens at 7am and sells discounted wine to drag customers in.

It is really difficult for a teenager to remain focused and law abiding when his mates in his neighbourhood are dropping out of school and getting into drug use and petty crime.

It is really difficult for a lonely single mum to provide the best care for her children when she herself has not been cared for and is depressed.

These social environments have been created – they did not just evolve as an offshoot of social Darwinism. They have been created through ignorance on the part of those who develop policy and indifference and neglect on the part of policy makers. It we are to have a welfare system which meets a social justice criteria then it needs to work hard at removing the numerous social hazards which blight the lives of hundreds of thousands of New Zealanders.

But the distribution of opportunity and of social hazards is a consequence of the entrenched inequality which has developed in New Zealand over the past 30 years. To date middle New Zealand has escaped this inequality so it hasn't mattered that much politically. Poverty and especially child poverty are now definitely on the political radar which is encouraging and a testament to those poverty advocates who have made this happen. The public however remain easily fobbed off by small political gestures which appear to show concern for poverty without addressing the underlying issue of inequality.

The social justice dream of Michael Joseph Savage and his colleagues in their creation of the welfare state has not been lost although it has certainly lost its way. The present reforms are not recapturing this. Instead we have moved from notions of collective or social security against risk and adversity to more narrowly defined welfare which is based on often mean-spirited income support programmes. In this move we have lost touch both with the social and economic risks we continue to face as individuals and families and with the experiences of those whose only real choice is to live on welfare. We have also given over our duty of care for our fellow citizens to indifferent and sometimes quite callous bureaucracies.

For me the welfare reforms do not meet the necessity for a New Zealand where all New Zealanders are included in a socially just, equitable and fair way. I don't have the next big idea for leading our society forward but I suggest that ideas of social security, empathy and compassion are useful starting points for creating this 'big idea'.

Appendix 1:
BUDGET APPROPRIATIONS FOR CHILDREN RELATED SERVICES FOR SOCIAL DEVELOPMENT BUDGETS

$000's nominal

Appropriation	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2010/11 to 2015/16
Care & Protection Services	317,782	325,744	334,247	345,765	349,306	378,848	391,831	
Children's Action Plan				2,353	5,690	9,233	13,394	
Family & Community Services	31,318	32,036	33,475	35,746	35,892	37,051	0	
Prevention Services	4,381	4,023	4,400	4,045	4,040	4,035	0	
Total departmental output expenses	353,481	361,803	372,122	387,909	394,928	429,167	405,225	
Education & Prevention Services	9,184	8,762	8,678	8,678	8,562	8,428		
Counselling & Rehabilitation	17,739	17,859	17,813	17,814	17,677	18,677	18,773	
Family Wellbeing Services	69,573	71,017	71,909	78,462	84,903	85,234	84,734	
Strong Families	101,976	134,455	112,177	110,005	108,496	110,675		
Strong Families & Connected Communities							115,801	
Connected Communities	4,109	4,753	16,829	15,079	14,047	7,477		
Total non-departmental output expenses	202,581	236,846	227,406	230,038	233,685	230,491	219,308	
Childcare Assistance	178,271	189,969	189,114	185,724	185,402	183,704	192,883	
Out of School Care Programmes	18,748	18,255	19,153	16,953	19,603	18,403	19,045	
Total budget for child related services	753,081	806,873	807,795	820,624	833,618	861,765	836,461	

	2009	2010	2011	2012	2013	2014	2015	
CPI March quarter	1075	1097	1146	1164	1174	1192	1193	
Total budget for child related services 2015$	835,745	877,484	840,924	841,069	847,109	862,488	836,461	-4.7%
Care & Protection Services	352,664	354,250	347,955	354,379	354,959	379,166	391,831	10.6%
Total departmental output expenses 2015$	392,282	393,465	387,384	397,573	401,320	429,527	405,225	3.0%
Total non-departmental output expenses 2015$	224,818	257,573	236,732	235,769	237,467	230,684	219,308	-14.9%

Endnotes

[i] Quote from Gustafson, B.(1986) *From the cradle to the grave: A biography of Michael Joseph Savage*. Reed Methuen, pp. 223-4.

[ii] Ministry of Social development (2011) *Every child thrives, belongs and achieves: The Green Paper for Vulnerable Children*. p.2

[iii] See The Salvation Army's 2015 State of the Nation report – *A Mountain ALL Can Climb* pp.18-20. Available at http://www.salvationarmy.org.nz/research-media/social-policy-and-parliamentary-unit/reports

[iv] Ibid p.20

[v] 2015 Budget Speech by Hon. Bill English p.3

[vi] See New Zealand Listener article *'More unequal than others'* of 18th February 2012

[vii] See for example Perry, B. (2014) *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2013*, and his discussion (on p.17) of trends in the Gini Co-efficient in New Zealand since 1980.

[viii] Malik, K. (2014) *The quest for a moral compass: A global history of ethics.* Atlantic Books p.39.

[ix] For a preliminary discussion of Aristotle's philosophy see Malik ibid pp. 32-43.

[x] Hobbes, T (1651) *Leviathan*. Chapter 13

[xi] Spencer, H. (1864) *Principles of biology*

[xii] For a general discussion of these efforts by evolutionary biologists see Dugatkin,L. (2006) *The altruism equation: seven scientists search for the origins of goodness*; Princeton University Press.

[xiii] For example see Axelrod, R, and Hamilton, W. (1981) *The Evolution of Cooperation*, Science Vol.211 No 4489 pp,1390-96 and Kitcher, P. (2010) Varieties of altruism; Economics and Philosophy Vol.26 pp121-148. Kitcher suggests that there are three types of altruism – the biological altruism of evolutionary biologists where altruistic behaviour is related to reproductive success – psychological altruism where empathy and the impact of your choices affects others so moderates self-interested behaviour and – behavioural altruism where a repeated calculation of the impacts of acting altruistically alters a person's behaviour.

[xiv] See The Salvation Army's submission to the Productivity Commission on social services at http://www.salvationarmy.org.nz/research-media/social-policy-and-parliamentary-unit/submissions

[xv] GDP data is taken from Statistics New Zealand while household debt data is taken from the Reserve Bank of New Zealand statistics database and utilises Statistics NZ's household estimates.

[xvi] Source: www.bankofengland.co.uk/statistics/Documents/rates/baserate.xls

[xvii] See for example the then Minister of Social Welfare Paula Bennett's use of a report by the Royal Australasian College of Physicians *'Realising the Health Benefits of Work'* in 2010 to frame the work of the Welfare Working Group's programme. The Group's subsequent recommendations for welfare reform centred almost exclusively on reducing benefit dependency through more stringent work tests and more actively managed pathways to employment. Ms Bennett's press release is available at http://beehive.govt.nz/release/working-towards-wellnessand its singular focus on work Group Provide evidence of the work wellbeing narrative

[xviii] There is little recent New Zealand based work on the effective marginal tax rates faced across the interface between employment and income support programmes available. In a 2010 investigation of the effective marginal tax rates faced by households receiving Working for Families support Spiers estimated that 11% of

the 357,200 families receiving assistance faced effective marginal tax rates of 75% or higher. (see Spiers. P. (2010) *Effective marginal tax rates for Working for Families recipients*; Labour Employment and Work in New Zealand 2010. Available at http://ojs.victoria.ac.nz/LEW/article/view/1698/1541REFERENCE HERE TO HIGH EMTRS) In a more recent review of Working for Families, Susan St John has suggested that little has changed in overall policy settings except that abatement thresholds have been reviewed downward. This suggests that the incidence of very high EMTR's has risen since 2008. See St John's article in Dale, C. O'Brien, M and St John, S (2014) *Our children – our choice: priorities for policy;* Child Poverty Action Group. Available at http://www.cpag.org.nz/assets/Publications/1410063-0%20Our%20Children%20Our%20Choice%202014.pdf