



EqualityNetwork

## 2017 Election Statement

We of the Equality Network want to create a more equal New Zealand, one where everyone can pursue their dreams, a country where everyone has the resources they need to build a good life for their families and whānau, where income and wealth reflect fairness and balance.

We believe it is possible for all New Zealanders to enjoy a decent life, one where everyone thrives. But we recognise that big imbalances of income and wealth have been deeply destructive and unfair. They corrode our social fabric and limit the life chances of hundreds of thousands of New Zealanders. Combined with other inequalities – such as those of gender and ethnicity – they damage lives and deepen disadvantage.

In this year's general election, we want political parties to commit to three immediate changes to tilt the balance back towards us being a country where everyone can thrive.

Our three immediate ambitions to help rebalance income and wealth and, as a result, promote a decent life for everyone are:

- 1. Income** for all that provides the necessities of life through a Living Wage and fairer income support
- 2. A Government-funded house-building programme** to help address the housing crisis and provide everyone with healthy, affordable homes with long-term tenure
- 3. A tax on very high levels of wealth** and **higher top tax rates** on the highest incomes to ensure everyone contributes their fair share and enable our families and whānau to thrive

*This election statement is presented on behalf of the 37 member organisations of the Equality Network. We ask that this statement and other supporting information be shared through your networks as widely as possible. To see the thinking behind this and more on the vision to rebalance income and wealth in New Zealand – go to [www.equalitynetwork.org.nz/electionstatement2017](http://www.equalitynetwork.org.nz/electionstatement2017)*



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### Background Paper

#### 1. Overall vision: what do we want for New Zealand?

Our ultimate aim is a decent life for all, together: one in which everyone and their whānau can thrive, not just survive, where they can live in harmony with others, pursue their dreams and participate in the life of their community. This is a reasonable and responsible expectation for an advanced and wealthy country like New Zealand, but it's not currently being realised.

Inequalities are a direct threat to this aim. They come in many different forms – of gender, of ethnicity, of region, of economic resources, and so on. These inequalities also overlap. Women, for instance, earn less than men both because they are directly discriminated against *and* because they are affected by the loss of bargaining power that reduces all workers' share of company profits.

The Equality Network focuses on economic inequality – imbalances of income and wealth – while supporting campaigns to address other forms of inequality. Economic inequality is particularly important because income and wealth are essential if people are to lead flourishing lives, and because the distribution of those resources affects the nature, shape and quality of our society. Economic imbalances divide communities, weaken the social fabric and lead to worse health and lower levels of trust. By concentrating resources among those who are already doing well, the policies that drive economic inequality limit the life chances of those who need the most support.

Underlying this vision is an acknowledgement that together we create the society we live in. Anyone who has done well has worked hard, but has also drawn on the pool of common resources we share among each other when we pay our taxes. Anyone who is struggling, anyone who is affected by social factors, also deserves assistance from that pool. A more balanced distribution of income and wealth replenishes the collective resources New Zealand depends on for continued success.

#### 2. A target for a more equal country

Government policies that cause excessive economic inequalities can be traced back as far as the 1860s colonial administration. But from the mid-1980s to the mid-1990s, as a result of specific government policies, New Zealand has seen the biggest increase in income inequality of any developed nation.

While there may never be a perfectly equal distribution of income and wealth, New Zealand could aim to reduce economic inequality to the level enjoyed by countries, such as Denmark, where the richest tenth have an average income five times that of the poorest tenth, the level New Zealand had in the early-1980s. Currently in New Zealand that ratio is nine to one.

If New Zealand's ratio could return to five to one, the Equality Network's aims – strong communities and a flourishing life for all – would likely be realised. While the ambitions in the Equality Network's 2017 manifesto will not achieve that level by themselves, they would be a major – and politically feasible – step in that direction.

### 3. The causes of economic inequality

Many things create economic inequality, notably in New Zealand the continuing effect on Māori of colonisation which has bred a history of prejudice and inequity. Women have also suffered from persistent discrimination as exemplified by the gender pay gap for example. Some other *direct* causes, such as globalisation (which results in jobs going offshore) and automation (in which robots take over jobs) either cannot or should not be directly opposed because they are either too embedded or bring benefits. But in these cases, policies need to be put in place to reduce their negative effects or ensure these trends work to everyone's advantage. This is also true of trends such as the growing numbers of sole parents, where the task is to ensure these parents are not in poverty, not push them back into unhealthy relationships.

Other causes of inequality are specific political decisions that can be reversed, such as tax cuts for the rich, benefit reductions, the failure to build enough houses, laws that curb workers' bargaining power and decisions not to provide adequate skills/training systems.

At a higher level, there are *indirect* causes of inequality, such as wider economic policies that make lower inflation more important than reducing unemployment. Indirect causes include public attitudes, like prejudice against people in poverty, which pave the way for other policies. They also include the under-resourcing of services such as education and health. Better policies do not immediately give people more money but they do allow them to earn and save more in the long-term.

The causes of inequality can be divided in other ways too. One important cross-cutting division is between *predistribution* – what happens in markets and in the workplace where most incomes are initially received – and *redistribution*, what government does once wages and salaries are earned.

A final, cross-cutting division is between policies for lifting the bottom (*lower end*) and curbing the top (*upper end*). Since inequality, not just poverty, is the issue, there need to be policies to curb the extremes of wealth and income among the best-off and redistribute it to those in need.

### 4. A framework for policies on economic inequality

In broad terms, policies for reducing economic inequality can be divided into three groups: **income inequality**, **wealth inequality**, and **long-term drivers of inequality**. This builds on the Equality Network's 2014 inequality policy matrix (see <http://www.equalitynetwork.org.nz/election-campaign/inequality-policy-matrix/>).

**Income inequality** concerns the imbalances in how income (people's weekly or monthly salary or benefit) is distributed. Policies to address these imbalances are needed in several areas, including:

- Recognising the value of currently unpaid work, such as bringing up children
- Skills training to ensure people can get good, high-paying jobs
- Reducing imbalances within the workplace, by raising low wages and curbing excessive executive pay
- Paying more generous benefits and child support payments
- Increasing income tax rates for those most able to contribute more

**Wealth inequality** concerns imbalances in assets (things people own or have saved, such as houses, cars, cash in the bank and investments). Policies to address it include:

- Ensuring more people benefit if the company they work for grows in value
- Taxing wealth in some substantive way, either annually or when assets are sold
- Redistributing that income to families currently unable to build up wealth stakes
- Government-funded house-building programmes to boost the wealth of poorer families

**Long-term drivers of inequality** include many things, notably inability to access quality health and education, negative social attitudes, and people's inability to empathise with different communities. Policies to address them include:

- Investing more in healthcare so that all New Zealanders can access quality support
- Investing more in education so that all children and young people can reach their full potential
- Limiting donations to political parties to prevent the wealthy gaining undue influence
- Increasing people's awareness of issues through high-quality broadcasting that serves the public interest
- Bringing different communities together to increase empathy and understanding

## 5. The policies chosen

The policies in the 2017 manifesto do not attempt to capture the full scope of change needed. Instead we have identified three things that represent some of the key responses to tackling inequality, and that would both make a significant difference and be politically feasible at this time.

The Living Wage addresses *predistribution* elements of *income inequality*, while fairer benefit and child support payments address *redistribution* issues. A government house-building programme helps tackle *wealth inequality*, while taxing wealth addresses *upper end* and *wealth inequality*. And requiring the wealthy to pay their fair share provides a means of paying for other policies.

In addition to these immediate changes, the Equality Network seeks seven long-term commitments.

1. **A full partnership between Māori and the Crown** to fulfil the promise of Te Tiriti
2. **A free healthcare system** to ensure everyone can access health support
3. **Increased education funding** to ensure every child and young person has access to free, quality public education that allows them to reach their full potential
4. **A huge boost to retraining and skills programmes** to give people a better chance to find a job
5. Extending the law to **enable industry collective bargaining**
6. **Curbs on political donations** to stop money distorting politics
7. **Broadcasting** that serves the public interest

Healthcare, education funding and skills training address obvious major *long-term* drivers of inequality and disadvantage, while curbing the influence of the wealthy on politics will remove a roadblock to pro-equality policies, as will creating a better informed and better-connected public.

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