

Why economic inequality doesn't matter: The politics of inequality in New Zealand

**Bryce Edwards
Department of Politics
University of Otago**

**Draft paper to the workshop on "Why Economic Inequality
Matters"
St Margaret's College,
University of Otago
Dunedin
9 June 2010**

Abstract

Issues of economic inequality have been absent from the parliamentary political system in recent years. Few political actors now raise questions about the distribution of material wealth. Quite simply, economic inequality does not matter in New Zealand politics. This reflects the general decline of the political left, and the defeat of ideologies and movements that are most associated with combating economic inequality. Class politics has been at a very low ebb in recent years, and the ideas of socialism, Marxism, egalitarianism, anti-capitalism have been largely discredited and out of fashion in both New Zealand politics and academia. The left itself – whose traditional *raison d'être* has been the struggle for greater economic equality – has been both marginalized and transformed into something other. In general the left in New Zealand – and elsewhere – has become less concerned with issues of economic inequality, and more concerned with other forms of social inequality and struggle, leaving a substantial lacunae in politics. The 'old politics of equality' has been superseded by 'the new politics of equality' which rejects the previous goal of economic egalitarianism in favour of an emphasis on anti-discrimination legislation and rights for identity groups. This might be termed the victory of 'identity politics' over class politics. Yet this situation is now changing in some key, albeit tentative, ways. A combination of factors, including the arrival of the worst economic recession since the 1930s and the unraveling of the identity politics project, has produced a small but significant revival of interest in issues of economic inequality in the last few years. Class politics is not yet re-emerged to structure or characterize New Zealand politics like it used to, but we can see the signs that it is at least partially alive, and therefore economic inequality may yet come to matter again in New Zealand politics.

Part One: Economic inequality does not matter in New Zealand

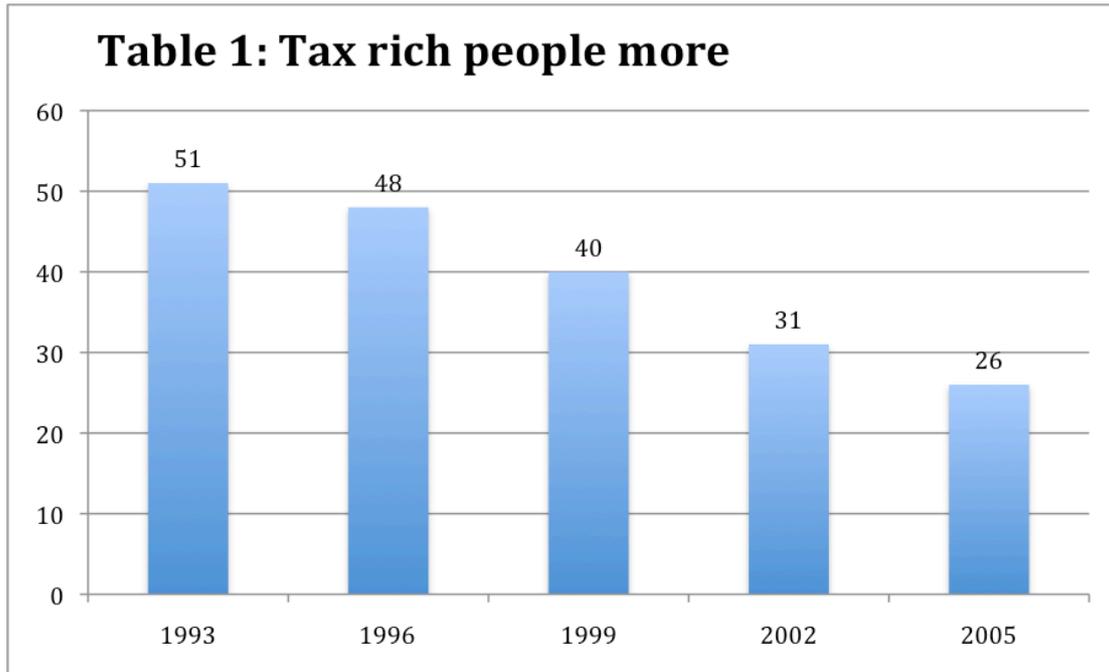
There is plenty of evidence of the increasing economic inequality in New Zealand society, and that this has coincided with the implementation and entrenchment of radical neoliberal economic policies over the period of 1984 to 2010. This paper is not concerned with proving and detailing this growth of economic inequality, but instead with showing how, counter intuitively, this increased economic inequality has coincided with a greater public acceptance of the increased gap between rich and poor. In 2010 the existence of significant economic inequality is now hegemonic – that is, it is seen as part of the natural order of things, necessary, and not entirely undesirable. The sections below provide evidence and examples of how economic inequality does not matter in New Zealand.

Public opinion

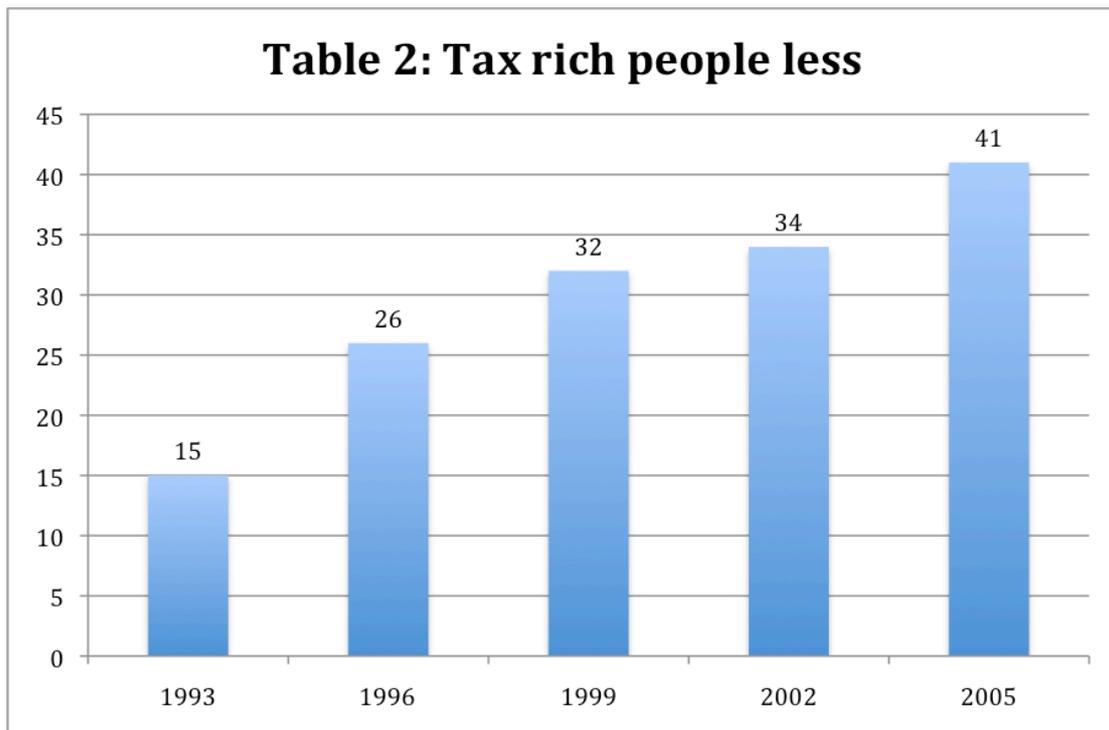
There is plenty of opinion surveys that indicate a softening of attitudes toward economic inequality. The International Social Survey Programme (ISSP) carried on here by Massey University's Prof Phil Gendall has noted significant falls in 'the proportion of New Zealanders who believe that the government should reduce income differences'. For example, in 1999 75% of respondents agreed that 'income differences in New Zealand [are] too large', whereas by 2010 the proportion was only 62%. Similarly, according to the ISSP, in 1992, 71% believed that 'people on higher incomes [should] pay a larger share of their income in taxes than those on lower incomes', but by 1999 this proportion had dropped to 61%, and by 2010 it was down to only 53%.

The New Zealand Election Survey (NZES) has also been surveying voter opinion triennially since 1993 and has produced a number of indicators about issues relating to economic inequality. The following NZES data indicates that over time the public has become less inclined to believe that economic inequality matters.

When asked whether the government should 'Tax rich people more and redistribute income wealth to ordinary people' (as opposed to 'let rich keep their income and wealth' because 'they are taxed too much'), about half of the survey respondents agreed in 1993. But as Chart 1 shows below, by 2005 this percentage had fallen to only a quarter of recipients.

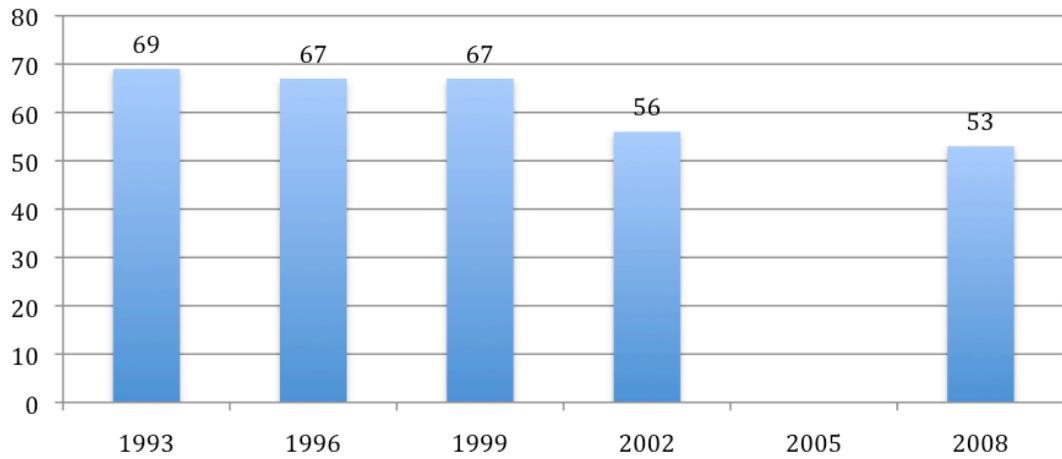


Correspondingly, the percentages favouring that 'rich should keep their income and wealth because they are taxed too much' can be seen in Chart 2 below.



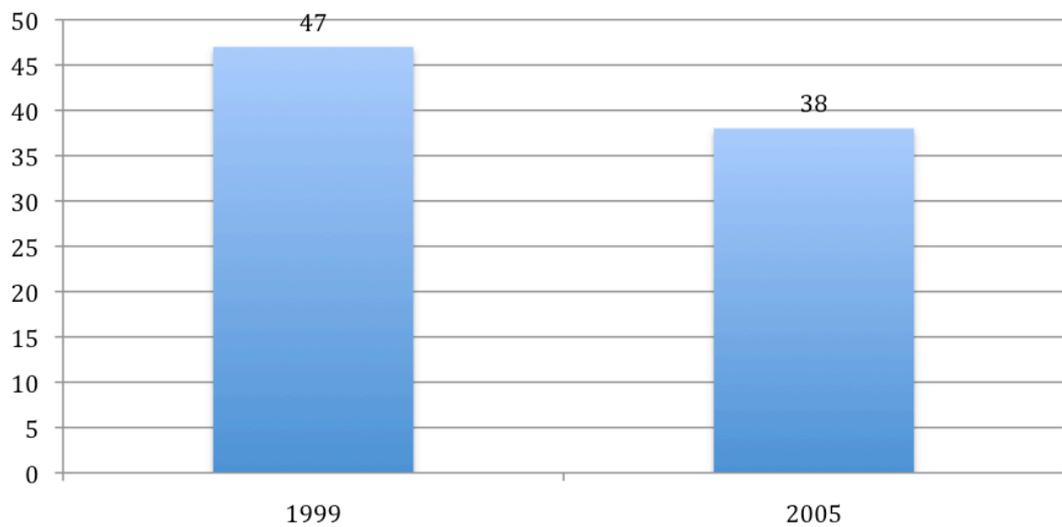
When asked whether it is the government's responsibility to ensure a 'decent living standard for the unemployed', the proportion agreeing with this proposition has decreased over time – see Chart 3.

Table 3: Govt should ensure living standard for unemployed



When asked whether the government should spend more money on low income families, the proportion agreeing with this proposition has decreased over time – see Chart 4.

Chart 4: Govt should spend on poor families



Clearly there is no longer a significant proportion of the public that believes that economic inequality matters, and it clearly matters less and less. It seems that the age old class-less myth about New Zealand society is now stronger than ever.

Electoral politics

Recent general elections in New Zealand have not revolved around issues of economic inequality. No parliamentary political parties campaign upon the issue of economic inequality – especially since the demise of the Alliance party in the early 2000s. In fact, economic-related issues have been declining in importance for voters and parties in elections. Party competition is increasingly configured not by materialist-economic-class issues (that is, by the traditional left-right cleavage), but by postmaterialist issues such as conflicts over immigration, sexual politics (prostitution legalization), foreign policy (intervention in wars, bans on nuclear ships), environmental issues (such as genetic modification and climate change), and personal behaviour (such as alcohol and drug use, and anti-smacking). As a result, a liberal-conservative dimension increasingly structures party competition.

In the 2008 general election, it was law and order that dominated the campaign. Virtually all parties concentrated on showing how conservative they were on issues of crime and punishment. Where materialist issues have been of a concern in elections, they have not been configured by a concern for inequality but often quite the opposite – a concern for tax cuts, etc.

The major political parties in New Zealand now all agree on the basic post-Keynesian economic framework that dominates discourse and policy formation. No party fundamentally challenges the paradigm shift that occurred with the neoliberal revolution that occurred from 1984 onwards. All parties now agree, explicitly or implicitly, that the market is the best mechanism for generating wealth and distributing good and services. Within this ‘new policy consensus’ there is, of course, room for some limited discussion of when and where the state should intervene to correct market failure, but because there is essentially no debate of any substance around material/economic issues.

The lack of parliamentary focus on solutions to economic inequality

Where are the parliamentary parties campaigning for the following issues of economic inequality? Certainly there are no parliamentary parties campaigning on any of the following policies that might have a significant role in decreasing economic inequality:

- Free access to primary health care
- Comprehensive inheritance taxes
- Free public transport
- Abolishing GST
- Introducing a much more highly progressive taxation system
- A move to a 35-hour working week with no loss of pay
- Resetting benefit levels at the current day equivalent of pre-1991 benefit cut levels
- The right to strike to enforce collective agreements, to oppose lay-offs, to support other workers and for political reasons
- Free education to tertiary level and the abolition of student loans. (although United Future recently campaigned to axe tertiary education fees)

- A comprehensive capital gains tax (without significant exemptions)
- Significant new state housing construction
- Scraping the expensive expenditure on defence
- Getting levels of inequality back below pre-1984 levels

It should not surprise us therefore that there are fewer New Zealanders than ever before that think there is too much economic inequality in New Zealand. This simply reflects the fact that few politicians campaign on these matters and lead the debate. We do not have leftwing political parties that can foster the public consciousness that puts issues of economic redistribution on the electoral and parliamentary agenda. Economic inequality is therefore largely a non-politicised factor in New Zealand society – it is currently a sleeper issue. So although economic inequality, poverty and class are intrinsic parts of New Zealand society, they have not been converted into ‘active’ political cleavages in parliamentary electoral politics.

Civil society and economic inequality

Beyond parliamentary politics there are other parts of civil society that no longer play a role in making economic inequality matter. The universities no longer properly play the role of critic and conscience of society because issues of economic inequality are mostly avoided. Certainly in the fields of political science and sociology – for which I am most familiar – there is relatively little interest in issues of economic inequality. And if you take a look at any general New Zealand politics textbook you will find very little material on anything to do with economic inequality, class, Marxism, socialism, etc. In fact there are few New Zealand academics (especially political scientists or sociologists) that stand out as being public intellectuals on issues of economic inequality.

Similarly within journalism and media, there are few voices writing about economic inequality. The main exceptions are Simon Collins and Chris Trotter. Our news reporting – especially television – generally no longer investigates economic inequality.

All these factors combine to mean that although economic inequality should be a pressing concern in the political arena, it simply does not matter at the moment.

Part Two: The role of the left in making economic inequality matter

Traditionally, politics in liberal-democratic industrialized nations like New Zealand have been structured around the left-right class cleavage, otherwise referred to as the socioeconomic, economic or materialist spectrum. This dimension is largely based around the struggle over the distribution of economic resources in society. Of course the original meaning of left-right

terminology related to the French Revolution – with the representatives seated left-to-right in the parliament, depending on their orientation to egalitarianism and order. This analytical dimension came to be a short-hand expression whereby the terms of ‘left’ and ‘right’ capture a variety of issues that help voters and parties make sense of the political landscape. Traditionally, the term ‘left-wing’ constitutes a general concentration on equality, worker's rights, economic intervention, larger government and collectivism, and combating oppression; while the term ‘right-wing’ represents a concentration on issues of efficiency, smaller government, laissez faire capitalism, protection of individual freedom, individualism, rights of private individuals, and general opposition to left-wing politics.

This ideological dimension is largely an economic cleavage in the sense that the issues are primarily about the struggle for material security relating to wages, tax, the provision of healthcare, education, and welfare, and so forth. Also, its economic basis is derived from the fact that it inherently reflects social stratification (classes or socioeconomic divisions and gradations in society).

More than anything else, the left has traditionally been defined by its agenda for increasing economic equality. In all its different forms – social democracy, socialism, communism, Marxism, trade unionism – the left has pursued a fight against economic inequality and in favour of systems whereby the wealth and income can be more fairly distributed. The different elements of the left might have had many differences on means and goals, but their one unifying factor has been this orientation towards basic economic inequality.

This used to ensure that politics in democracies like New Zealand was intrinsically concerned with issues of economic inequality and distribution. Voters had a choice between parties, movements, ideologies that represented two different approaches to the distribution of material, and this kept issues of economic inequality on the political agenda in some form or another.

The left-right dimension structured New Zealand parliamentary electoral politics. For fifty years New Zealand politics orientated to the basic socioeconomic cleavage in which Labour and National were in dynamic competition. This has obviously changed significantly, as this paper will argue.

The state of the left

Given that the political left is the force, the philosophy, and the organized movement that is supposed to take economic inequality seriously, then if we are interested in explaining why economic inequality does not matter in New Zealand anymore, then it is worth looking at the state of the political left. After all, this is the part of society that is supposed to tell us ‘why economic inequality matters’. It is supposed to give us the answers and lead social change. In New Zealand, however, the state of the left is very poor, and where it might seem healthy or at least successful it is not particularly concerned with economic inequality.

The New Zealand left is possibly at the lowest point that it's been at for sometime. It is in a bad shape – there are no significant leftwing groups around anymore, the so-called 'leftwing political parties' are not particularly left anymore, there are no major journal of the left, magazine of the left, there are few leftwing intellectuals of any prominence, and few people participate in leftwing protests.

There has also been a significant decline in the level of traditional working class militancy. One indicator of this decline is the sharp fall in strike activity. Whereas in 1986 there was 1,329,054 'person days of work lost' in the New Zealand economy, by 2007 this figure had dropped dramatically to about 28,000 (Statistics New Zealand, 2008: p.138). Another indicator of the same general phenomenon is the drop in union membership. While in 1985 there were 683,006 union members (43.5% of the work force), by 2008 there were only 373,327 members – or about 17.4% of the work force (Department of Labour, 2008: p.1). It is also noticeable that there has been relatively little working class mobilisation in the streets in recent years. Despite the incredible reforms of the 1980s and 1990s there was remarkably little participation in protest.

Organisations on the left also went into decline in the 1980s and 1990s. Perhaps as a result of the economic restructuring and lack of resistance, the demoralised institutions of the left are now in a poor state, with few having any real significance in modern New Zealand society. For instance, CORSO has only a fraction of its 1980s prominence, the Coalition for Public Health has dissolved, Halt All Racist Tours (HART) is also defunct, and the Auckland Unemployed Workers Union is now very quiet. On the far-left, too, the most significant Marxist organisations of the 1970s have all disappeared.

There are a number of reasons for the decline of the left – both in New Zealand and internationally, and they are beyond the scope of this particular paper. One reason, however, can be found in the left's relative disconnect with its original *raison d'être*. The fact is that fewer people now associate the left with the struggle for economic equality. I talk to students, and I have been particularly interested to talk to first and second year students to find out what they know of as the left and what they associate with left politics. Most do not have any idea what it means. But those that do profess to know what it means or to have some associations in their mind with the concept, it means the following: social liberalism, gender politics, Maori radicalism, regulating personal behaviour, anti-progress, anti-technology, anti-science, and bans on things. In fact more than anything, leftism and socialism is associated with banning everything, telling people what is bad for them, stopping people from having too much fun, and generally being uptight about personal behaviour, language and morals. If these perceptions are true and typical, then it is clear that the left no longer fulfills its' historic mission of making economic inequality matter.

Decline of the class cleavage and left-right spectrum

This paper challenges the idea that the old dominant left-right relationship still exists in New Zealand politics, and suggests that party competition is structured less-and-less by this traditional socioeconomic left-right cleavage. The notion that Labour is a party of working people and National is the party of farming and business is long disappeared, and instead, it is clear that these parties, as well as the more newly-established ones, increasingly find their support in all sections of society. Therefore, today there is significant evidence of the declining influence of class in shaping voting behaviour and the ideology of the parties.

It can be argued that the left-right spectrum is of declining importance in New Zealand politics, and that ideological conflict is cohered to a greater degree by post-materialist issues. To some degree these issues can be said to exist on a separate political dimension to the left-right scale. According to theorist Seymour Martin Lipset, this postmaterialist political dimension is increasingly de-coupled from both the traditional left-right spectrum and from social cleavages such as class:

Issues revolving around morality, abortion, 'family values,' civil rights, gender equality, multiculturalism, immigration, crime and punishment, foreign policy, and supranational communities push individuals and groups in directions that are independent of their socioeconomic position (Lipset, 2001: p.62).

Lipset points out that the postmaterialist cleavage has not been incorporated into the existing class dimension of conflict, and as such is not simply a reflection of a social cleavage. Postmaterialist issues – for example, abortion or state censorship – often crosscut social cleavages rather than reinforce them.

Increase in postmaterialist issues

Certainly the last three decades of New Zealand political history have seen the emergence of growing debate around issues such as law and order policy, Treaty of Waitangi policy, drug reform, and environmental policy. And in recent general elections, postmaterialist issues have dominated the campaigns, as most political parties have run campaigns that centred on societal issues.

On environmentalism virtually all New Zealand political parties now go to lengths to illustrate that they are strong advocates of the environment. The Green Party, likewise, has tended to run 'quality of life' campaigns – a distinctly postmaterialist issue. Like the old Values party, the new Green party is thoroughly postmaterialist, with policies that indicated the influence of members who had been involved in progressive politics against war, racism, and sexism. In this sense the Greens are largely a continuation of the new social movements of the 1960s and 1970s.

Immigration had been one of the most contentious postmaterialist issues since the mid-1990s, with parties such as New Zealand First and Act putting

such issues at the centre of their campaigns. In fact, it is indicative that New Zealand First's much-heralded major issues in recent years – immigration, crime, and the Treaty of Waitangi – are all non-economic/societal issues. While the party had been formed on mainly economic grounds – namely opposition to the neoliberal policies of Labour and National – it eventually accepted the economic paradigm shift of the 1980s and 1990s and switched its focus to societal issues, attempting to score all of its political points on socially conservative postmaterialist issues.

The issue of violence and crime in society has also increased in importance in recent years, after a period when crime was not heavily political. In recent elections nearly all the parties have adopted hard-line law and order policies. In particular, it seems all the parties of the centre and centre-right have been attempting to outbid each other in order to differentiate themselves as the party of law and order. National, Act and New Zealand First all took harder lines on crime in recent years than previously. Yet much of their rhetoric was stronger than their policies. Labour has also shown little differentiation, and in office, initiated legislation to lengthen sentences for serious crimes of violence.

On the more socially liberal side of the postmaterialist divide, the salient issues have related to ethnicity issues, cultural freedoms, and gender and sexual politics – in particular with the lowering of the drinking age, prostitution law reform, debate around civil unions and gay marriage, and general issues of women's equality.

Survey research for the elections of 1996, 2002 and 2008

This paper utilises the results from the survey of political scientists in New Zealand conducted for the elections of 1996, 2002 and 2008, which asked respondents to locate the positions of the parties on a left-right scale but also allows respondents to create additional scales to represent any other significant political conflicts they identify.¹ For the 1996 election, less than half of the survey respondents (47 percent) classified New Zealand politics as

¹ The expert survey was created by two visiting German political scientists, Thomas Brechtel and Andre Kaiser. In 1997, Brechtel and Kaiser asked 23 New Zealand political scientists to comment on party competition at the 1996 general election. This was a simple two-page questionnaire asking the respondents about dimensions of party competition in New Zealand, and about where they located the parties on a left-right continuum. The selection criterion for the survey recipients was the involvement in teaching 'New Zealand politics' in a New Zealand university. Brechtel and Kaiser reported their findings in an article in the *Political Science* journal (Brechtel and Kaiser, 1999). In 2003, I replicated the survey (with the permission of Brechtel and Kaiser), sending out the questionnaire survey to 32 academics and asking them to plot the parties based on their positions at the prior 2002 general election. Of the 32 questionnaires sent out, 20 were returned – a reply rate of 63 percent. I used some of the findings within a chapter of my 2003 PhD. Then in August 2009 I converted the questionnaire into an online survey about political party ideological competition in the recent 2008 general election. I emailed an invitation to 36 academics to participate, of which 18 participated (a 50 percent reply rate). Hence this paper is based on regular data for every second MMP election, starting in 1996, then 2002, and then 2008. The results are one of the ways used to establish the ideological positioning of the New Zealand parties, so as to ascertain ideological change over time.

multi-dimensional, i.e. given the opportunity to mention any other policy dimension in addition to the economic one, most choose not to (Brechtel and Kaiser, 1999: p.7). By contrast, in the survey for 2002, three-quarters of respondents now classified New Zealand politics as multi-dimensional, and for 2008 the proportion was almost the same (72 percent) – see Table 1.2 below.

Table 1: The number, identification and strength of political dimensions

	1996	2002	2008
Respondents classifying NZ as multi-dimensional	47%	75%	72%
Respondents identifying some sort of postmaterialist dimension	35%	65%	72%
Importance of left-right scale averaged (out of 5)	4.0	3.2	2.8
Importance of liberal-conservative scale averaged (out of 5)	2.8	3.1	3.6

Clearly there has been a significant shift in either the nature of ideological conflict or else in the understanding of this conflict by political scientists. Either way, we can regard the electoral competition in New Zealand politics as now being multi-dimensional, regardless of when the dimensionality changed.

When the 1996 respondents were also asked to estimate the relevance of the economic left-right dimension on a five-point scale from 1 (very low importance) to 5 (very high importance) they provided a mean value of 4.0, which originally Brechtel and Kaiser classified as ‘high importance’, concluding that this ‘value leaves no doubt that the economic left-right dimension fundamentally shapes party competition in New Zealand’ (ibid). By contrast, for 2002, the survey found the mean value of the economic left-right dimension had declined to 3.2 (i.e. moderate importance), and by 2008 it had declined further to 2.8 (low-to-moderate importance).

In contrast to the declining relevance of the left-right dimension, those survey respondents stating that some sort of additional dimension exists, have been evaluating it as of increasingly importance. In 1996 the average relevance rating of the liberal-conservative dimension was deemed to be only 2.8 (out of 5), but this has steady climbed in importance to 3.1 in 2002 and 3.6 in 2008. Hence, although the survey respondents had deemed the liberal-conservative dimension to be of less relevance than the left-right dimension in both 1996 and 2002, this changed in 2008 and for the first time they deemed it to be more relevant than the left-right spectrum.

Part Three: The eclipse of economic inequality by ‘social inequality’

There are obviously different types of inequality that pervade contemporary society. Traditionally the political left – and those concerned with equality – have been most concerned with socio-economic inequality, but this changed in last few decades of the twentieth century. This next section of the paper

explains how the left shifted its concern from issues of economic inequality to that of social inequality, or as one academic book title put it, 'How We Learned to Love Identity and Ignore Inequality' (Benn Michaels, 2007).

Similarly, in their chapter on 'The New Politics of Equality', Johanna Kantola and Judith Squires argue that the 'old politics of equality' concerned with economics has been displaced:

Social movements were key agents of the return to the discourse of equality, newly configured. Developing from the civil rights movement in the United States, movements across the globe focused attention on racism, sexism, ageism, and discrimination in relation to disability and sexual orientation, complicating prior equality discourses that had focused primarily on class inequalities (Baker et al. 2004: 10). The demands of these egalitarian movements challenged not only elite policy discourse, but also academic conceptions of inequality. The old equality discourse, which had focused on the distribution of material goods, was increasingly cast by radical social movements as overly reductive, and by political elites as unrealistically utopian. The combined critiques of the 'new left' and the 'new right' ushered in the new politics of equality (Kantola and Squires, 2010).

The rise of the new social movements and identity politics

Increasingly the debates around New Zealand politics – especially relating to the left – feature concepts such as 'identity politics' and 'social liberalism'. These terms are especially useful for understanding the history of Labour Party over the last thirty years, as well as for understanding the internal fights going on in the contemporary left. But just what is social liberalism and identity politics? Identity politics arose out of the rightwing of the new social movements that developed on the New Zealand left from the late 1960s. As liberation struggles developed around important issues relating to gender, sexuality and ethnicity, leftwing and class-based approaches to understanding and fighting for social equality were sidelined in favour of this more conservative approach.

The rise of the new social movements was a phenomenon throughout the west, whereby oppressed groups other than simply the working class became much more politically organised and visible. Typically, the new social movements involved gay liberation groups, the women's movement and nationalist groups, and in New Zealand this included Maori cultural revivalist movements and Pacific peoples' cultural and nationalist groups (Roper, 2005: pp.95-96). Leaders from a variety of groups and movements promoted the idea of identity based on gender, sexuality, culture and origins. This was often consciously contrasted with models of identity and political action based on class.

The advocates of identity politics proposed the 'tripod theory' of exploitation, according to which race, gender and class comprise the separate but equal pillars of human oppression. The tripod political ideology held that class should no longer be the primary concern of the left. Gender, race and class were to be given equal status in terms of analysing society and in terms of engagement in political action. Disillusioned Stalinists and Maoists, who were

desperate to discard their unfashionable baggage, enthusiastically embraced this new approach.

Such tripod theories can be seen as a variant of post-modern approaches to struggle, with no form of oppression or identity afforded primacy. Instead a tolerant, non-critical approach was given to various avenues of struggle. These 'new leftists' therefore rejected the Marxist view of identifying racism, sexism and homophobia as subordinate (but highly effective) strategies of oppression, which complement and intensify the dominant relationship within capitalism – which is class exploitation. Those who resisted this new paradigm were branded 'racists' by the Maori activists and liberal pakeha who now dominated the left and set the framework for left politics (Trotter, 2002: p.6).

It has to be pointed out, however, that this tripod trend was partly a reaction to an equally negative economic position on the left before then. For many years the left tried to pretend that gender, racial, and national oppression were either non-existent or unimportant. For these leftists – who were often situated in trade union activism – economic issues were all that mattered.

Read also, for example, how in the US there was this shift from one extreme to another:

The old Socialist leader Eugene Debs used to be criticized for being unwilling to interest himself in any social reform that didn't involve attacking economic inequality. The situation now is almost exactly the opposite; the left today obsessively interests itself in issues that have nothing to do with economic inequality.

Likewise in New Zealand, the left swung from one negative extreme to another – from ignoring the oppression of women and Maori, to then obsessing over these types of oppression, yet without locating them within a wider understanding of the economic social system. Class exploitation and the class division of society were systematically downplayed (Poata-Smith, 2004: pp.71-72).

The transformation of social liberalism into neo-liberalism

An examination of the history of left politics in New Zealand since the 1960s shows how liberal identity politics has actually aided the forces of the right in carrying out and maintaining the neoliberal project. This has occurred in various ways. At one level on the left there has simply been a shift since the late 1960s whereby a focus on economics and inequality has been jettisoned in favour of a concentration on identity politics. In terms of all forms of social change, electoral activity, and protest activism, the priority has thus been in pushing for social change on non-economic issues. This has meant a transformation from social liberalism into neoliberalism.

The focus of the left changed radically in the west – and New Zealand in particular – during the 1960s and 70s. As Dennis Welch has recently written in his biography of Helen Clark,

the Marxist challenge to capitalism on fundamentally economic grounds – a challenge that had energized all movements of the left for a century or more – crumbled into identity politics and moral causes, leaving the field clear for the forces of the right to carry on more or less untroubled by the scattered legions of the left (Welch, 2009: p.18).

Part of it all, according to Welch, was that 'Far more energy and excitement went into moral issues like abortion and apartheid' (Welch, 2009: p.61). The late socialist political commentator Bruce Jesson also examined in great detail the influence of the social liberals on New Zealand politics and on the left in particular. Although they were leftwing in original orientation, the social liberals, Jesson pointed out, had some important differences with the more established leftwing currents in New Zealand:

Unlike the working-class movements of earlier eras, the protest movement was almost completely uninterested in economics. Protest politics was about foreign policy and moral issues, it was hostile to authority and to traditional moral codes, and its bias if anything was against the state. It was also a highly individualistic movement, concerned with individual rights, individual freedom and individual conscience.... And unlike earlier radical movements, the protest movement was liberal rather than socialist, a leftish liberalism but a liberalism nonetheless (Jesson, 1989: p.29).

The new left go into the Labour Party

These 'new left' ideas of identity politics and tripod theories soon transmitted into the Labour Party via the influx of young, middle class liberal-left individuals that essentially took over the empty shell that was the Labour Party in the 1970s. By the early 1980s this new educated liberal-left milieu clearly commanded the party machine, and a liberal uniformity developed around issues such as feminism, peace and anti-racism (Jesson, 1989: p.48). This political focus was in strong contrast to previous working class generations of Labour Party members, who having come from a militant union background tended to base their radicalism on economic issues (Jesson, 1989: p.28).

A liberal uniformity developed according to Jesson, with an emphasis 'on such issues as feminism and peace – and biculturalism' (Jesson, 1989: p.48). The party's political focus was evolving from a concern for traditional social democratic issues to that of the post-materialistic. As outlined elsewhere, party politics in New Zealand is increasingly configured not by materialist-economic-class issues (that is, by the traditional left-right cleavage), but by postmaterialist issues such as conflicts over immigration, sexual politics (prostitution legalization), foreign policy (intervention in wars, bans on nuclear ships), environmental issues (such as genetic modification and climate change).

For Jesson this change of focus was more than a just 'a distraction from class issues' – it was fundamentally self-sabotaging. By choosing not to take economics seriously, this produced a weakened left that would severely reduce its ability to make progress on, or defend, its political programme:

Intellectually, the Left was too soft to resist the New Right coup of 1984. It was obsessed by social issues and by foreign affairs, and couldn't debate economic issues. In the early stages of Rogernomics, it tended to concede the big issues of economic policy in return for some concessions on foreign policy and social matters (Jesson, April 1997: p.113).

In this sense, Welch also says, '1968 lay the seed of 1984' (Welch, 2009: p.19), by which he means that many of those in the new social movements of the 60s and beyond very easily morphed into economic rightwingers at a later stage. Here he's talking about people like Helen Clark, and says that 'Some of the driest disciples of Rogernomics were radical student lefties in their youth' (Welch, 2009: p.24). In fact, there was – and still is – a very easy transition amongst social liberals of the left from social-liberalism into neo-liberalism. As Davidson has put it, in terms of the radical transformation of the Labour Party in the 1980s, 'Social-liberalism, exposed to crisis and the desperate desire for power, became neoliberalism' (Davidson, 1989: p.352).

The neo-liberal/social-liberal tradeoff

One of the most perplexing questions in the history of the left in New Zealand has been: Why was it a Labour Party that implemented the radical anti-worker neoliberal reforms? What's more, why did the 'left' of the party allow the programme of Rogernomics to be implemented? The answer is partly that the Labour 'left' was so surprisingly tolerant towards the economic programme of the government due to the political backgrounds of the now dominant social liberal element in the party organisation. Their experience within the new social movements had taught the 'new left' in the Labour Party to concern itself with identity politics rather than class politics.

The new milieu of socially-concerned liberals had essentially joined the Labour Party to oppose Muldoon. So unlike the previous generation of Labour Party activists from a militant union background, the social liberals did not evaluate the reforms with the same class perspective as traditional working class members. As a result, the social liberals in the party mostly took an ambivalent line on Rogernomics.

Within the Labour Party in the 1980s there was effectively a truce made between the right of the party that was keen to implement neoliberalism and the left of the party, which was now mostly socially liberal in its focus. The social liberal element of the party had a lot to be pleased about during the first term of the Fourth Labour Government. The Lange Government banned nuclear warships from New Zealand's harbours, established a Ministry of Women's Affairs, ceased diplomatic relations with South Africa and introduced treaty legislation to deal with Maori land claims dating from as far back as 1840.

The advent of these social liberal reforms basically meant that 'there were two great experiments – one economic and the other a social one associated with the "new politics" – going on simultaneously' (Castles, Gerritsen, and Vowles, 1996: p.214). The two 'experiments' were achieved by the work of the

neoliberals and social liberals of the party respectively. In this respect, the neoliberals in the Labour caucus treated the social liberal reforms – which they were often personally opposed to – as a sort of acceptable ‘trade off’ for getting their own programme of economic reform accepted or at least tolerated by the social liberals of the parliamentary and party wings. As Jesson argues, a sort of division of labour operated where ‘The Libertarians of the Right were allowed a free hand in economic policy, with the liberals of the Left being influential in social and foreign policy’ (Jesson, 1989: p.72). Quite explicitly, ‘the Labour Party’s socially concerned membership tolerated the free market reforms for the sake of the social and foreign policy’ (Jesson, 1989: p.72). Denis Welch has also commented on the power of this ‘distraction’ in his 2009 biography of Helen Clark:

those to the left of Douglas were in a fine old state of distraction anyway, being entranced by New Zealand’s move towards declaring itself nuclear-free. It really was a dream come true for liberal lefties of the Clarkian type, and more than made up for any right-wing deviance on economic policy’ (Welch, 2009: p.85).

Ex-Cabinet minister, and Labour neoliberal, Kerry Burke has also confirmed the Cabinet’s fusion of social liberalism with neoliberalism: ‘It was able to use... the widespread support for foreign policy issues, especially the nuclear-free issue, in a way that diverted people’s attention from some of the harder economic stuff that was going on’ (quoted in Welch, 2009: pp.105-106).

This tradeoff was not necessarily a formalised or organised process, but a natural reaction to the desire of two quite different party factions to implement their own agendas. As Oliver Riddell has argued, the trade-off was probably not a formal agreement, as ‘neither [faction] was cohesive and organised enough to do a deal with the other’ (Riddell, 12 Sep 1990). Indeed, Wilson disputes any notion of a conscious trade-off:

There has been speculation that the government traded its foreign policy off to the party in favour of its economic policy. Such a consideration may have influenced the actions of individual MPs, but the issue was not viewed in this way by me or the party (Wilson, 1989: p.67).

In fact it was the feminist – or women’s faction – within the party that provided the strongest example of social liberalism acquiescing to neoliberalism by consent. Jesson points out that those from the feminist movement showed little understanding of matters economic and were surprisingly weak in the opposition to economic restructuring despite its obvious negative effects on many women. This is partly explained, according to Jesson by the fact that: ‘There was no concept of the marketplace in the notion of patriarchy; and feminists showed little interest in economics. And there was an ambivalent attitude to the state’ (Jesson, 1989: p.28).

Tradeoff’s and avoidance of the 1980s economic debates thus occurred very easily. As an example of this, Welch cites the Labour women’s caucus:

The Labour women’s caucus met for lunch every Thursday but the discussions kept clear of economic policy, precisely because, as Clark herself has said, there

were sharp divisions over it. Rather, they talked about issues they *could* agree on and influence, like childcare and domestic violence (Welch, 2009: p.79).

There was subsequently a policy pay off in women's issues during the Fourth Labour Government, with the establishment of Ministry of Women's Affairs, and the introduction of the Pay Equity Act.

In a 'bigger picture' sense, the neo/social liberal tradeoff has come to embody post-1984 New Zealand politics right up until today. The 4th Labour Government and then subsequent governments eventually created a new consensus in New Zealand parliamentary politics which was both socially liberal and neoliberal:

the peace-and-love brigade's eventual legacy was decent espresso coffee, a smidgen more gender equality, and a relaxed dress code. They won the cultural war – social liberalism and sexual permissiveness have swept the field since 1968 – and they had a great time making New Zealand nuclear-free, but they lost the economic war because, when it came down to it, it wasn't a war they were actually all that interested in winning' (Welch, 2009: p.63).

In many ways the liberals of the postmaterialist cleavage have won most of the arguments on postmaterialist issues, just as the right-wing have generally won the arguments on materialist issues – leading to a consensus that is economically right-wing and socially liberal.

This means that the new centre developing since the 1990s could be said to involve a right-wing position on the economy (with the left parties having to accept the continuation of the modified neoliberal framework as established by Douglas and Richardson), and a liberal position being adopted on social issues (with the conservative parties like National, New Zealand First, Act and United Future having to accept the socially liberal framework established by Lange, Bolger and Clark).

Part Four: The resurgence of issues of economic inequality

This paper has sought to show and explain why economic inequality unfortunately does not matter in New Zealand politics and society – drawing attention to the decline of the political forces that would normally foster the idea that it matters. Yet although this trend has been strong for a decade or two, there are very real signs that it is being reversed in some significant but uneven ways. Throughout the western world there appears to be a resurgence of interest in, and concern about, economic inequality. This is examined in this final section.

Within academia there has been a resurgence of interest in economic inequality and social class. This is most strongly seen in the huge success of Wilkinson and Pickett's Spirit Level book. But it can also be seen in other areas. There are many other academics pushing for a return to the old politics

of equality. Witness, for example, the rock-star status currently attached to philosopher Slavoj Žižek – which indicates a shift in thinking towards the left.

Students also seem much more interested in issues of economic inequality. Personally, I am supervising two students that are currently engaged in study around issues of economic inequality (a masters and an honours student). I also note that here at Otago the following Sociology paper has just been established – ‘SOCL 204: Special Topic: Social Inequality’.

In civil society, too, interest groups and NGOs are increasingly vocal about economic inequality. Christian groups in particular have raised economic inequality. The New Zealand Council of Christian Social Services are a leading advocate on issues of poverty. The Child Poverty Action Group, involving most notably, Susan St John of Auckland University, has kept some key issues of economic inequality on the public agenda. In particular they have highlighted the failure of the last Labour Government to extend the Working for Families scheme to those families in most need – those on benefits.

In the union movement there appears to be a revival of class struggle. Most significantly, the Unite union led by Matt McCarten has been particularly impressive at pushing political issues relating to inequality. The union first pushed for youth rates to be abolished, and after this was (mostly) achieved, the union has led a highly visible – yet initially unsuccessful – campaign to get the minimum wage lifted to \$15/hour.

Public sector policy analysts are now taking economic inequality more seriously. The Ministry of Social Development, in particular, with its annual social report is talking more about inequality. Simon Chapple (previously of MSD, now with the OECD), for instance, wrote an important paper on the economic basis of ethnic inequality in New Zealand. Similarly, David Bromell, a principal advisor at MSD and a senior associate of the Institute of Policy Studies, is now undertaking very interesting research on economic inequality.

The mainstream media’s greater interest in issues of economic inequality is epitomized by the Listener’s 1 May 2010 cover story based on a discussion of the Spirit Level and the recent ISSP data on public opinion on inequality. This story was highly unusual for the Listener, which has in recent years been much more likely to run stories about the housing market, financial investments, and other inspirational obsessions of middle-income readers.

Elsewhere in the media, there has been a revival of interest in the writings of people like Chris Trotter, Matt McCarten, John Minto, and Simon Collins – all of which are voices that have consistently highlighted issues of economic inequality. More than this, there has been an increased number of stories published covering inequality. The charts below show the increased number of stories published using the word ‘inequality’.

Chart 1 shows the increase in the number of stories published in the New Zealand Herald that use the word ‘inequality’ in them (the figure for 2010 has

been extrapolated from the first six months of the year). Charts 2 and 3 are based on the 'Knowledge Basket' website database of New Zealand newspapers, magazines, journal articles and press releases. Chart 2 shows the increasing proportion of such articles that mention the word 'equality'. Chart 3 shows the increasing proportion of such articles that mention the word 'equality' in only the title.

Chart 1: The New Zealand Herald

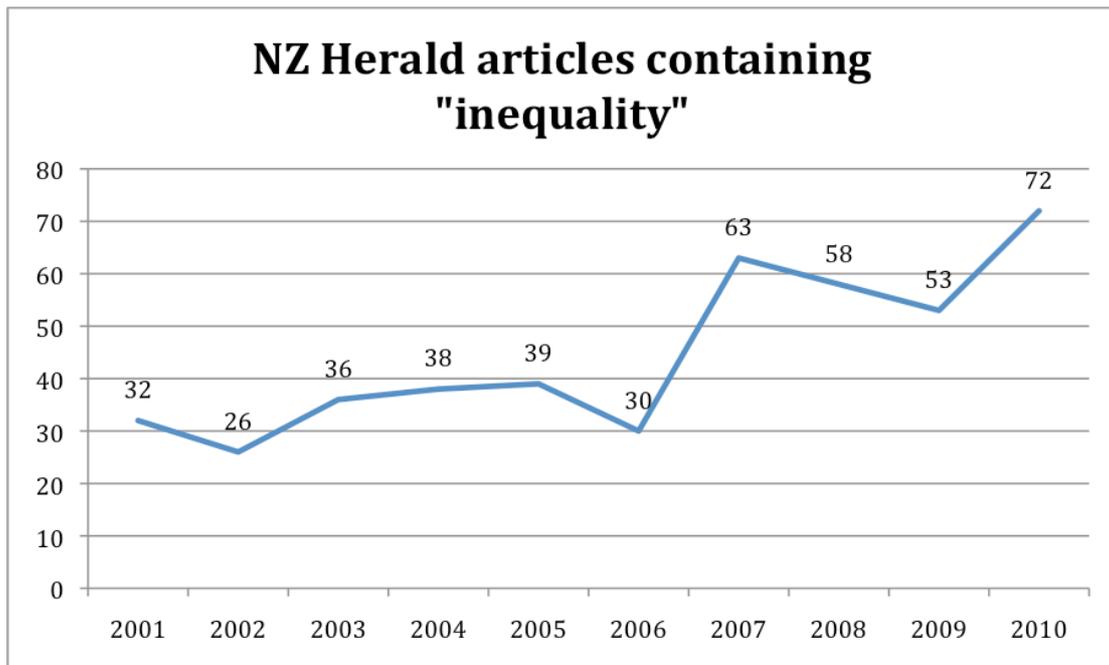


Chart 2: Knowledge Database articles mentioning 'inequality'

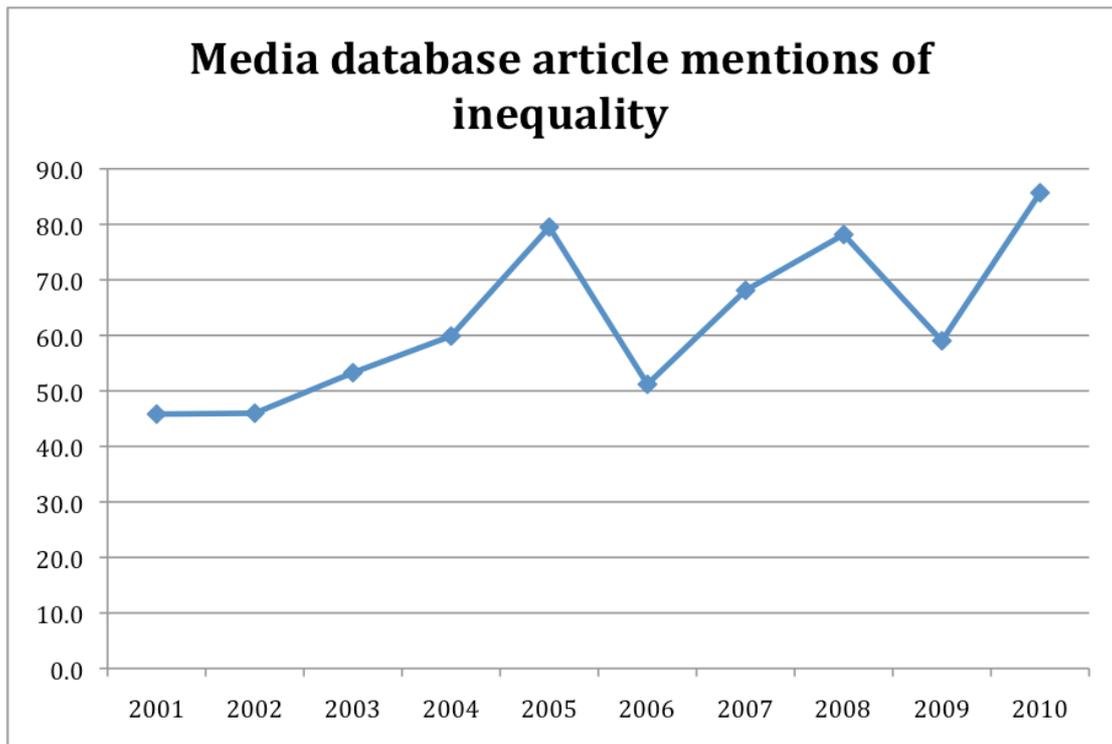
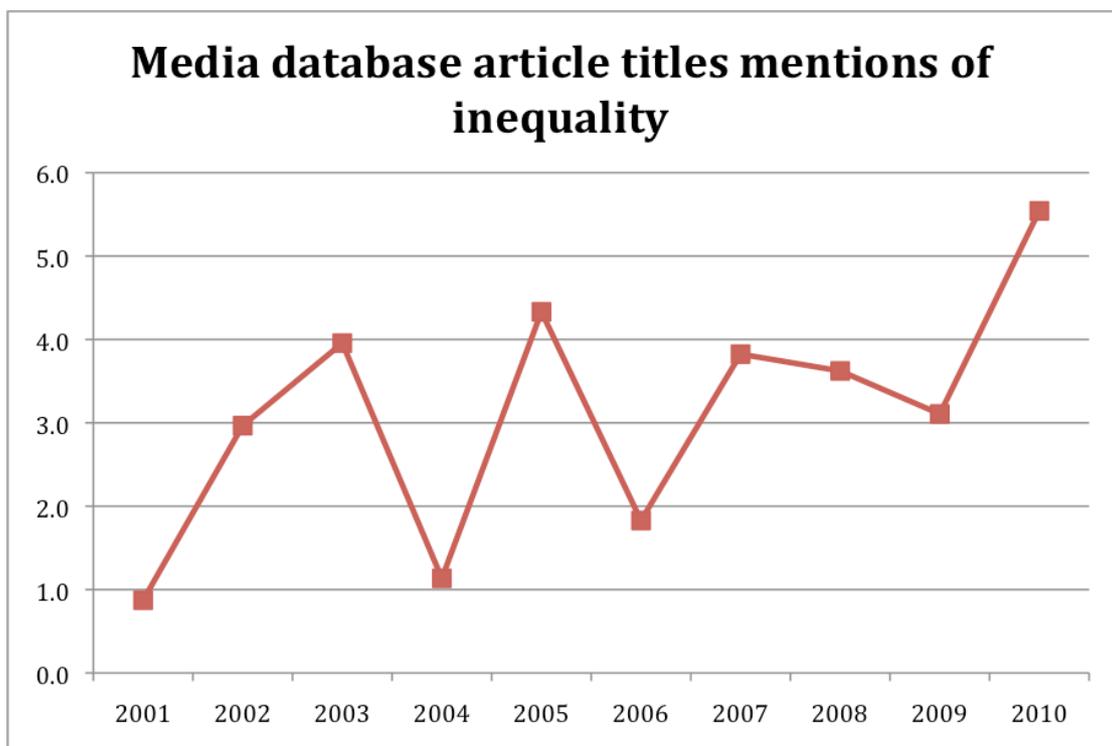


Chart 3: Knowledge Database articles mentioning 'inequality' in the title



Public opinion

There are some signs in public opinion surveys of increased concern about inequality. For example, although the 2010 ISSP found decreasing concern

about economic inequality, there were some other areas in the survey results which might be deemed proxies for the increased saliency of class and inequality. For example, Voters apparently think that Cabinet ministers should be paid about \$135,000 a year instead of receiving the \$245,000+ salary they currently get. What's more, there was a socio-economic element to the survey responses to how much ministers should get paid: 'Professor Phil Gendall, head of the research team, said respondents in households earning less than \$40,000 thought a cabinet minister... deserved \$100,000, while those in households earning \$100,000 or more thought ministers... deserved \$150,000'. (See: Top politicians should take a pay cut – survey) <http://www.stuff.co.nz/national/politics/3489104/Top-politicians-should-take-a-pay-cut-survey>

Parliamentary politics

Although the parliamentary parties have avoided campaigning on issues of economic inequality or class issues, there are some significant signs that this has recently been changing. The Labour Party leader, Phil Goff has recently asserted a more class-oriented and leftwing version of politics, effectively seeking to shift Labour away from a core part of its project of the last three decades: liberal identity politics. The meaningfulness and authenticity of this shift can be questioned, but the intrinsic tilt to the left cannot. For example, Goff's late-2009 controversial 'nationhood' speech about the National and Maori parties was a strongly worded attack on privilege. This came about in the context of a more general shift towards the left (including a challenge to the monetary policy consensus, opposition to sending the SAS to Afghanistan, and support for union struggles). Such contextualization is crucial – it shows that Goff's speech was part of a wider 'left-turn' that seeks to reconnect the Labour Party to working class voters – a substantial proportion of which no longer vote Labour. More recently the party has been campaigning strongly – if somewhat disingenuously – against the upcoming rise in GST together with many other economic issues that are said to worsen inequality. Likewise, in numerous media releases, speeches, blog posts, and so on, Labour MPs are strongly pushing an anti-inequality line, along with numerous references to the Spirit Level and other international egalitarian debates. It seems that, now in Opposition the Labour Party is showing more concern about inequality than it has for about three decades.

The Green Party is a party that is primarily concerned with the environment, but it has always had a strong emphasis on 'social issues'. Although this has not normally meant a strong focus on issues of economic equality, more recently the party has launched its 'Mind the Gap' package of initiatives that it claims would reduce the gap between rich and poor. Co-leader Metiria Turie, in particular, has been concentrating on issues of economic inequality, writing intelligent blog posts on some of the issues, and travelling around the country to promote the 'Mind the Gap' campaign. This focus on inequality is more than just a shift in emphasis and suggests something important going on in parliamentary politics.

Conclusion

This symposium seeks to show that 'economic inequality matters', and that is a worthy and very important task. This paper has suggested that a first step in making that argument is to recognize and deal with the problem that in terms of the public and the political system we have a problem in the sense that 'economic inequality clearly does not matter'. We need to work out why most people and political actors do not take the problem of economic inequality seriously. And this paper has put forward some arguments as to why economic inequality is not taken seriously in New Zealand – issues that mainly revolve around ideological problems on the political left. This partly serves to reiterate that issues of economic inequality are not just 'social science' or technical problems, but are at their heart actually 'political problems' and which will ultimately be solved by politics. What we need is a political programme, debate, organization and movement to take this huge task. This might be a daunting and impossible-sounding task, but the last section of this paper has attempted to show that the tide finally appears to be turning in favour of such a project.