

Reports to New Zealand Labour government contain a picture of social devastation

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A series of briefing papers presented over the past month to New Zealand's new Labour-led government provide fresh details of the profound class divisions and economic inequality which have become embedded deeply within society. The papers, prepared by various government departments, paint a damning picture of the "state of the nation" after 15 years of market-driven reforms and economic liberalisation under both National Party and Labour Party governments.

While the papers are often evasive and couched in self-serving and guarded language, they nevertheless provide a devastating picture of social life in a country long held up as an international example of the free market. What emerges is that long-term unemployment, declining real wages, underfunding in health and social welfare, significant disparities in education, sharpening economic differences and a steep decline in the social position of young people are now the key features of life. A number of the reports are forced to conclude that the threat to "social cohesion" should be a matter of political concern for those in power.

Some of the more significant statistics—those relating to the young—show that children and youth have borne the brunt of economic and social reversals. The report from the Ministry of Youth Affairs includes the following details:

- * The median annual income of young people (those aged 15-24 years) plummeted from \$14,700 to \$8,100 over the ten-year period between 1986 and 1996.

- * 45 percent of families, and the young people within them, now depend on some kind of government financial assistance, either in the form of full social welfare benefits or to top up inadequate wages.

- * Unemployment rates for young people are higher than any other age group and higher than for previous generations of youth. Joblessness is at Depression-era levels for young working class people, particularly among Maori (30 percent unemployment for 15 to 19-year-olds) and Pacific Islanders (32 percent). The average level of unemployment for this age group is nearly 17 percent, an increase of 50 percent in the last decade.

- * New Zealand has the second highest levels of suicide in the OECD after Finland for 15-24 year-olds. Suicide rates have been increasing since 1984 when the period of economic reforms was launched.

- * New Zealand has the highest OECD rate of road deaths in the 15-24 age group. In 1995, this group accounted for 32.5 percent of deaths on the road.

- * The consumption of alcohol and drugs has increased dramatically. Young people aged 18-23 now drink a quarter of the total alcohol consumed in New Zealand, even though drinking was illegal under the age of 21 without parental supervision until last year.

- * While more young people are spending longer in education, with a 50 percent increase in tertiary participation between 1987 and 1996, there has been a massive increase in indebtedness due to the introduction of tuition fees. Figures not quoted in the Ministry's report indicate that the total debt under the student loan scheme now exceeds \$NZ3 billion. At the same time, significant numbers of working class students, 39 percent Maori and

26 percent Pacific Islanders, leave secondary school with no qualifications.

The Youth Ministry describes increasing numbers of young people living in unstable family situations, higher incidents of psychosocial disorders and widening class disparities relating to teenage pregnancies, self-injury and mental health. There is a much longer period of dependency on parents due to increased unemployment and low-paid temporary work, coupled with the removal of unemployment benefits from 16 to 18-year-olds and the introduction of user-pays policies in education.

This picture is supplemented by reports from other agencies. A Ministry of Social Policy report shows that while the wealthiest 10 percent of households are better off than a decade ago, 70 percent are worse off. The number of families with no parent in work increased from 14 percent in 1986 to 23 percent by the mid-1990s. Significant numbers of children live in single parent households, the highest being among Maori where 41 percent of children are in the care of a sole parent.

Not surprisingly, under such deteriorating social conditions, youth crime is rapidly increasing. According to the Corrections Department, youths aged 17-20 have the highest levels of legal convictions of any age group, with the rate of violent offending on the increase. Theft and property offences are the most common, followed by driving and violence charges. The department admits that institutional "corrective training" is "highly ineffective". The same age group has the highest reconviction rate, with 90 percent reoffending. Those involved in corrective training programs have a 94 percent chance of reoffending, with 70 percent of these ending up in prison. Young prison inmates are particularly vulnerable, often being most at risk of victimisation, gang recruitment and self-harm.

Most social welfare services are at crisis point. The Children, Youth and Family Service (CYFS), responsible for providing social services to under-17-year-olds, says that the numbers of children and young people living in bad social conditions is alarming and growing. CYFS was the victim of government funding cuts between 1992 and 1997, to the extent that millions of dollars are now needed if child welfare services are to be restored. Services to Maori youth have failed to meet projected targets, with only 14 of 54 planned Iwi (tribal)-based welfare providers operating. CYFS also admits that it does not have the social workers or specialist care to deal with mentally ill children.

Last year 27,000 children were referred to the CYFS care and protection services, with another 6,000 referred to the department from the courts and youth justice. Between 5,000 and 7,000 children a year are placed with relatives by CYFS, with a further 3,500 requiring alternative placements such as foster homes. More than 3,100 children referred to the service had mental health problems.

The scale of misery inflicted on young children as a result of social and family dislocation is staggering. Thirty-four children and young people known to CYFS, 23 under the direct care of the agency, died in the year to July 1999. Ten were suicides, two were murdered, one was killed by

manslaughter, four died in car accidents, three in fires, two from physical abuse and one each from a shooting accident, an accidental overdose, a playground accident and a case of sudden infant death syndrome. Since July last year, another 13 children or youths involved with CYFS have died.

Commenting on these figures, Mike Doolan, a CYFS chief social worker, said that international research showed that young people in the care of welfare agencies were up to four times more likely to die, because the conditions that brought them into contact with the agencies were the same conditions likely to lead to an untimely death.

An example was reported in the press the same week the CYFS paper was released. A Wellington couple appeared in court on charges of slavery and cruelty to children. The charges related to 17 children they had had in their care over the previous three years. The young people, aged between one and 20 years, were a combination of adopted and foster children. The charges were placed after several of them had gone to the police with complaints of assaults, substandard living conditions, and being forced to work for long hours late at night in their caregivers' cleaning business while attending secondary school. While the charge of slavery is highly unusual in New Zealand, it is the second case to have been brought to court in the last 18 months.

The appalling conditions of life facing young people are only part of the social crisis revealed in the briefing papers. Submissions from the Health Funding Authority and the Culture and Heritage Ministry expose chronic government underfunding in areas as diverse as health, arts and culture. The health budget is \$300 million less than is required to provide adequate minimum public health provision, while the new national museum, Te Papa, and the NZ Symphony Orchestra are both in deep financial trouble and in need of multi-million dollar rescue packages.

What is glaringly apparent, however, is that none of the government advisors writing these reports have any explanation of this state of affairs. They fail to analyse the impact of previous government policies and the destruction of the public sector over the past decade.

The reports also render invisible the part played by these same department managers and by governments. So-called "policy analysts" have provided advice to successive governments for the deepening assaults on working people. The report from the Ministry of Education, for example, highlights a significant problem with underachievement among secondary students, and refers to low international scores in mathematics and sciences. It fails to mention, however, the ministry's own role over the past 10 years in initiating, enforcing and promoting policies, which have set schools in competition, increased teacher workloads, implemented "bulk funding" as a device for funding cuts, turned schools towards business sponsorships and pursued so-called "performance pay" for teachers. The ministry remained loyally committed to this program in the face of consistent authoritative academic research that proved it was worsening educational disadvantages for working class students.

The attitude of political officialdom to those who have suffered most under the policies of the past period is to shift the blame onto the victims. The finger-wagging tone running through the reports was reflected by newspaper headlines, which dealt with the youth social crisis by proclaiming that "teenage thuggery" is now "reaching crisis" and that school students "rank as thieving bullies" compared with their overseas counterparts.

Several government departments recommend that the government intensify the austerity program, despite the fact that voters overwhelmingly rejected it at the last election. Work and Income NZ, the department that administers social welfare and unemployment benefits, proposes a new round of disciplinary measures against the unemployed. While admitting that the long-term unemployed can no longer "aspire to full-time employment as an immediate goal", and that permanent work for youth and the unskilled is "problematic," WINZ wants to extend its "work

testing" regime to a wider range of groups. First in line is the over-55 age group who will now be tested to ensure that the rules do not "encourage" them to retire early, thus leading to "high benefit costs" and "diminished human capital". WINZ also urges the government to use unemployment benefit money to pay private agencies to find jobs for the unemployed.

A cautionary note is expressed in the report from the Treasury, which includes an extensive discussion on the need for "social cohesion". At every election since the mid-1980s, Treasury reports have been instrumental in setting the economic and social agenda for each incoming government. They have often provided the ideological justification and economic figures for deepening attacks on living standards. Some commentators have hailed the new tone in this particular report as a "significant departure" for Treasury. An un-named Labour government "insider" was reported by the *New Zealand Herald* as proclaiming that "the Treasury has discovered poverty".

A more critical reading, however, shows that this is not the case. In fact the report claims that living standards have been "generally protected," while the situation for some low-income people needs "further attention". What concerns Treasury is the danger that rising social awareness among the working class could pose for the established social order. In a remarkable exercise in sophistry, the paper argues that "increasing income inequality itself does not necessarily create a problem for social cohesion," so long as such inequality is not perceived by the population to be unfair. For Treasury, the problems begin when "inequalities are perceived to be excessive or unfairly generated." At that point, there may be "consequences for other social outcomes if socio-economic disparities widen."

Translated into practical politics, Treasury is giving the Labour-Alliance government the go-ahead to engage in some immediate window-dressing to alleviate rising concerns over poverty, so long as the fundamental economic direction remains intact. The government has concurred. In the past week it announced a small \$20 rise in aged pensions, while assuring businesses that its first budget will not make any significant new commitments to increased social expenditure.



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