UNICEF condemns New Zealand’s child poverty as inequality grows

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The annual UNICEF Worlds of Influence Report Card, which ranks OECD and European Union countries in terms of child wellbeing, has placed New Zealand near the bottom of the 41 countries surveyed: 38th in terms of child mental health, 33rd in physical health and 23rd in children’s academic and social skills, averaging to an overall ranking of 35th.

New Zealand has the second worst youth suicide rate in the developed world, with 14.9 deaths per 100,000 young people, only behind Lithuania with 18.2 deaths. New Zealand is also second worst for child obesity, with 39 percent of young people overweight or obese. An estimated 35 percent of NZ’s 15-year-olds lack basic literacy and numeracy.

Overall the United States, Bulgaria and Chile were rated the worst developed countries to be a child.

UNICEF NZ executive director Vivien Maidaborn told Radio NZ the problem was entrenched social inequality. “Somehow it’s alright that some families can’t afford homes and are living in motels and emergency housing,” she said. “Somehow it’s alright that many of our lower socio-economic families can’t access high quality early childhood education.”

Maidaborn criticised the government’s response to the coronavirus pandemic for focusing on “New Zealanders who already have wealth and assets,” instead of workers and the unemployed.

Prime Minister Jacinda Ardern has refused to take responsibility for the damning statistics, despite previously claiming her Labour Party-led government’s aim was to “make New Zealand the best place in the world to be a child.” Ardern made herself the Minister for Child Poverty Reduction following the 2017 election.

Ardern said the data used by UNICEF covered the previous 2008–2017 National Party government and did not take into account her government’s $5.5 billion Families Package, which included some welfare increases and tax credits. Ardern said the government had set child poverty reduction targets and improved seven out of nine child poverty measures.

The reality is that the latest data showed only small changes to child poverty levels, within the margin of error. The number of children living in households below the poverty line of 50 percent of the average household income (after housing costs are deducted) dropped just 2 percent from 253,800 in 2018 to 235,400 in mid-2019.

If more up-to-date figures were available, UNICEF’s report would undoubtedly be much worse. New Zealand’s entrenched social crisis has been greatly exacerbated by the government’s pro-business response to the pandemic.

The median income has fallen by 7.6 percent in the past year. The number of people receiving an unemployment benefit soared by 53 percent, or 77,000 people, from March 21 to the end of August. The Ministry of Social Development says 16 percent of people could be receiving some form of benefit by January.

Finance Minister Grant Robertson released the government’s Pre-election Economic and Fiscal Update on September 16, showing that the Treasury expects the global economic impact of the virus to be more severe than expected. It predicts the NZ economy will contract by 3.1 percent this year and 0.5 percent in 2021. Unemployment is projected to rise to a peak of 7.8 percent in 2022, from a low point of 4 percent at the start of 2020.

On September 17, Gross Domestic Product (GDP) figures showed that New Zealand has officially entered a recession. The country’s GDP fell by an estimated

12.2 percent in the June quarter—the largest drop on record.

The government's economic response has focused on propping up the wealth of businesses and the rich. The government has paid over $13.9 billion in wage subsidies and other support to 400,000 businesses, enabling many to stay profitable amid an economic disaster for the working class. The share market is near an all-time high and house prices rose 3.7 percent between the end of March and the end of July, fuelling a speculative bubble.

The Reserve Bank has allocated $100 billion for quantitative easing: buying bonds from banks to keep them profitable. Reserve Bank governor Adrian Orr has acknowledged that the bank's policies are increasing asset values and wealth inequality but says the bank needs to preserve business confidence.

Economic commentator Bernard Hickey has described the country's economic recovery as "K shaped," with homeowners, business owners and the wealthy benefiting from the government's economic response, while the working class faces rising costs and shrinking incomes. "Almost by accident, and without debate," Hickey wrote, "the Labour-led Government has delivered the biggest shot of cash and monetary support to the wealthy in the history of New Zealand, while giving nothing to the renters, the jobless, students, migrants and the working poor who mostly voted it in."

In fact there is nothing accidental about this. Labour is deliberately avoiding any measure that would reduce inequality or affect the property, stocks or trusts where the super-rich store their wealth. The Ardern government has abandoned its meagre proposals for a capital gains tax and the building of affordable housing.

Labour's tax policy for the October 17 election is to reinstate the 1999-2008 Labour government's 39 percent income tax bracket (up from the current 33 percent), now for earnings above $180,000. Labour's revenue spokesperson Stuart Nash boasted that the new top rate would still be significantly lower than Australia's top income tax rate of 47 percent for income over $A180,000.

The tax policy was lauded by the trade unions, which have collaborated with tens of thousands of redundancies, wage cuts and other attacks. The Public Service Association declared it would "shift New Zealand in a more equal direction." E t? union assistant national secretary Annie Newman said Labour is offering "excellent policies for workers in New Zealand."

The Green Party, which is part of the coalition government, along with the anti-immigrant NZ First, has proposed a wealth tax of just 1 percent on net wealth over $1 million and 2 percent for wealth over $2 million. The party, which is posturing as a "left" alternative in the election, has also proposed two new income tax brackets: 37 percent on income above $100,000 and 42 percent on income over $150,000.

The Labour Party has refused to consider even these mild increases, so Green Party leader James Shaw refused to say the policy would be a bottom line in coalition negotiations, only describing it as a "top priority."

As in the rest of the world, the wealthy are gorging themselves during an unprecedented crisis, while the working class has to live off dropped crumbs. Regardless of whether New Zealand's "left" capitalist parties or the National Party form the next government, it will continue to oversee widening social inequality and poverty, fuelling a resurgence of struggles by working people.