

An ogre roams the forest - Jobs for Jacinda now she's back

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Here we go again. Jacinda's back and the economy, says John Key, is about to tank.

Well, he didn't exactly say tank. But he's not the only one with the warnings. Blame China, blame Trump, blame who and whatever you like, a global slowdown is on the way and already here we've got a collapse in business confidence. The second lowest in the OECD, as National's finance spokeswoman Amy Adams has reminded us.

You think dealing with the peccadilloes of Winston Peters is the newly reinstated prime minister's biggest worry? If only.

This goes deep. In Britain, they are experiencing the longest period of declining real incomes since records began, at the start of the 19th century.

In the United States, real incomes for ordinary workers are the same as they were nearly 50 years ago, in 1971. That's not true of corporate profits, of course, which have been unprecedented.

It's true the world's poor are better off: 137,000 people have been lifted out of extreme poverty every day for the last 25 years, says the Cato Institute.

But there's been a direct consequence for the people America calls the lower middle class. They've become poor, and desperate, and angry.

The wonder of Trump is not that he happened, but that he didn't happen sooner. And in New Zealand we are not immune.

We have had a social contract and it says this: if you work you will do okay. If you can't work you'll be looked after – and we pay taxes for that. If you do work, you might not get rich but you will not have to live in poverty. You will be able to base your sense of who you are on self-respect.

That social contract has been badly damaged, which is why we have Working for Families.

Commentators still whinge about "communism by stealth" but the reality is starkly different: even if you work, now, you can still be blighted by poverty.

Even if you work at a supposedly good job, like nursing or teaching, you can still be falling behind.

It's not because poor people don't work hard. Data from Statistics NZ shows that the lower your hourly rate of pay, the longer you are likely to be working.

It also shows that while minimum wage rises have helped the bottom 10 per cent of wage and salary earners, for the next 50 per cent wages have risen at only half the rate of those in the top 10 per cent. They have, in real terms, stagnated.

Council of Trade Unions (CTU) economist Bill Rosenberg calls it a "hollowing out of the wage scale". Inequality is growing and the people taking the biggest hit are those in the middle and the lower middle. Mostly, that includes self-employed people.

It's worse for non-working beneficiaries. We don't have a DPB (Domestic Purposes Benefit) any more, but there is an equivalent payment package in the benefit system.

Rosenberg has calculated that even if we raised that payment by 25 per cent, it would still be no higher, in relation to the average wage, than the level it was cut to in 1991. For the single unemployed and invalids, benefits would need to rise by even more.

We forget or perhaps we never knew just what damage we did. Despite all their rhetoric, neither the last National Government nor Labour before them ever made good on the attacks on the poorest people in our society in 1991.

When National's finance minister Ruth Richardson set about with her axe and sickle in 1991, she called it the mother of all Budgets. In every sense, how true that was.

There have been consequences. At the personal level, depression, anxiety, loneliness, suicide, all sharply on the rise. People feel marginalised, ignored, insulted. Anger on social media and, increasingly, behind the wheel of a car, are markers of something much bigger.

There is rage in the world. Rage in this country too. The big task for Jacinda Ardern and her Government is to set us on a path where hope subsumes the rage.

Because there is also tremendous hope. And the people who voted for this Government expect to see it made manifest.

There's no one way to do it. But it's not about adjusting the levers and twiddling the settings, as economists love to say. It needs to be comprehensive and structural and it needs flagship policies that everyone can understand.

Here's one: make teaching a prestigious profession.

Who doesn't support that? Make teaching a job that the best and brightest school students with an ounce of public service in them will queue up to do. Maybe not for life, but for an excellent first 10 years of their career.

How would we achieve that? Start with pay rises, steep enough to reposition – to recategorise – the job among the higher-paid professions. Far steeper than is being proposed now.

In schools, add enough support services to allow teachers to focus on what we want from them. Don't reduce the pastoral care because that's become an essential component of good teaching practice.

Slash the paperwork. Slash the class sizes too. With both those things, give teachers more contact hours with their students, not just in the classroom but in extra-curricular life and in family and community engagement.

If you think that's all too much, think about this. The average age of teachers is 57.5 years. The number of would-be teachers who finish their training fell from 1200 in 2009 to only 775 in 2015. The proportion of new teachers who leave within five years is 50 per cent.

Years of neglect and our schools are now in crisis. Twiddling the settings is not an option.

Is this Government going to do it? Because if not, National will. Smaller class sizes are a promise and so is the expansion of partnership schools.

Education spokeswoman Nikki Kaye is coordinating a complete overhaul of the party's education policies, focusing on teacher quality, the future of work, schools governance and special needs.

Does anyone think that she, as education minister in a National-led government, would not introduce sweeping reforms?

Also, while we're fixing it for schools and for teachers, we need to do the same for nurses.

Comprehensive care. At the very deepest end of the housing crisis, where agencies help rough sleepers into a home, there is an answer that works. It's called Housing First.

It's an American programmatic approach that says the first thing you do with people in dire need is give them somewhere warm, dry and safe to live, and the next thing you do is wrap whatever services they need around them, so they can stay there.

Labour, the Greens and National all support Housing First, and in various guises it's becoming established around New Zealand. It does work.

So what's next? What about Children First? A programmatic approach that says we identify what children need, from conception, make sure they have somewhere to live where they are warm, dry, safe and preferably loved, and wrap the services around them that will allow them to prosper ... through pre-school and school and into tertiary education or work, and especially if they are abused at home, if they have mental health issues, if they get in trouble with the law.

Does it sound too hard, put like that? Is it really so different from what we as a society thought we were doing in the days of milk in schools and the universal family benefit paid directly to mothers? We know now that for a great many children, we weren't doing it. But we could.

The biggest debate in and around the Government right now is over the Budget Responsibility Rules (BRR). This was a commitment made by Labour and the Greens before the election, to hold core crown debt to 20 per cent of GDP and core crown spending to 30 per cent of GDP.

Finance minister Grant Robertson says the BRR are an essential rainy day policy, in a country where we really do get floods. And biosecurity hazards, and earthquakes, and trading disasters too.

Critics on the left say the BRR are drowning the Government in a neoliberal swamp of its own making. Many economists agree; ratings agency Standard and Poor's says it could easily borrow an extra \$35 billion dollars.

You can buy a lot of poverty alleviation, transport infrastructure and teacher salaries with \$35 billion.

But Robertson has held firm. He's supported by the National Party, although they have to say that. In truth, they'd be thrilled if he dropped the BRR.

National leader Simon Bridges told his party's conference last weekend Labour is "fiscally irresponsible", has "no ideas" except "borrow and spend" and that spending is "out of control". But with BRR in place, that's demonstrably not true.

If the Government drops BRR, National will double down. You see, they will say endlessly, Labour really is fiscally irresponsible and it can't be trusted. If it can't keep its biggest promise, what hope for the rest?

Would that matter? If the Government can introduce policies big enough to make a difference, make structural reforms that lift whole communities out of poverty and reposition endangered professions like teaching, what would the damage of modifying the BRR really be?

Or can it do those things and keep the BRR?

The answer is that the status of the BRR shouldn't come first. If Labour can articulate a big programme for change, the fate of the BRR can be settled as a consequence.

And here's a thing: the BRR require the debt target (20 per cent of GDP) to be met "within five years of taking office". It's at 20.1 per cent now. They're there four years early.

So the Government has wriggle room. If it gets buy-in on the plan it will get buy-in on the means to get there. It's about making decisions the right way round.

Next up, the problem of leading a long-term coalition. The peccadilloes of Winston Peters actually are a thing.

Keeping it together week by week is the easy part. The far harder task is to deliver a functioning Government to voters at the next election, in such a way that each of the three parties is popular enough to be returned to Parliament.

It's the hardest task in New Zealand politics because the truth about MMP is that it kills minor parties. They disappear altogether or, like Act, they leave a dead man walking.

It was clear at the National conference that its strategy to win is not based on building up its own support partners, but relies on Labour's partners failing.

So how do they avoid that? By all three ensuring the Greens and NZ First can build their own profiles, their own strengths, gaining votes without destroying the integrity of the Government in the process.

What does it mean to be a centre-left government? These ideas are no more than indicative. There's so much more to do and so much uncertainty about how to do it.

Three decades on since Ronald Reagan and Margaret Thatcher, the rise of what we now call neoliberalism and the collapse of the Berlin Wall, social democracy is still in crisis.

In 2008 we discovered the financial institutions that had wilfully wrecked the global economy were "too big to fail", and that was a shock. Worse, after they were bailed out, no important people went to jail, their profits quickly jumped back to record levels and the incomes of almost everyone but the wealthiest continued to be hollowed out.

Then we got Trump. The blustering, bullying reactionary right is on the rise and the left has been found wanting, here as everywhere else. Pilloried as part of a "liberal elite". Fractured by debates over identity politics and undermined by attacks on "political correctness". Basic union concepts around access to workplaces, wages and conditions decried as "a return to the 1970s". Climate change years late even to become part of the mainstream agenda.

Being New Zealand is a bit like being shut up in a little cottage while an ogre roams the forest, tearing up the trees, roaring its rage.

Trump's not the ogre. He's riding it, along with the oligarchs of fossil fuels and finance, their comfortable calfskin saddles strapped high on the ogre's back.

The good news is that if anyone, huddled in any of the cottages in the forest, has the potential to calm that ogre down, it's us.

It's always been us. The little cottage that could.