

Moya Hepburn

NEW ZEALAND
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SOCIAL
POLICY
OPTIONS

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Prepared by Judith A. Davey

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New Zealand Planning Council, PO Box 5066, Wellington.

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CHAIRPERSON'S FOREWORD

Social policy has been an important aspect of the Planning Council's work since its establishment in 1977. *The Welfare State?* (published in 1979) was intended to look towards social policy for the 1980s. *Who Makes Social Policy?* (1981) examined mechanisms for developing social policy and the influences which are brought to bear on it. More recently, this stream of work has included *Issues in Equity, Meeting Needs in the Community* and *Voluntary Social Services: A Review of Funding*, all of which illustrate important needs and issues in social service delivery and different approaches for addressing them.

The work of the monitoring programmes developed by the Planning Council since 1982 has provided basic data on demographic, social and economic trends in New Zealand. In 1985 the Council decided that it would be useful to draw together material from all these sources as a basis for examining new directions in social policy which would meet the needs of our changing social and economic structure.

The decision to establish a Royal Commission on Social Policy provides an additional stimulus and focus for the publication of this report. The Planning Council hopes that the report will assist the debate, informing those who make submissions to the Royal Commission and helping the Commission itself. It is important that people in the community, especially those concerned with one aspect of social policy, see their interest in the context of social trends and social policy as a whole.

Many of the elements of social policy in New Zealand were set in place fifty years ago with only piecemeal review; we therefore believe that a fundamental re-evaluation is well overdue. It is not necessary to reiterate here the extent of social and economic change which has taken place to justify this. Recent annual reports from the Planning Council have stressed the need for sensitivity in enabling people to make positive adjustments to change. In line with these considerations, the Planning Council intends to make strategic issues in social policy the focus of its work programme for 1987-88.

Social Policy Options is a joint effort to the extent that Council members have debated the text at length as a group and have had the opportunity to make individual comments. Several members of the Planning Council secretariat have also made contributions, as have the Social, Economic and Population Monitoring Groups, especially with respect to the review of current and emergent trends in Chapter 3. Throughout, the project has been managed by a taskforce chaired by Peggy Koopman-Boyden, Deputy Chairperson of the Planning Council. The greater part of the writing, however, has been carried out by Judith Davey, Deputy Director of the Planning Council. Responsibility for the report remains with the Council as a whole.



Gary Hawke
Chairperson

PREAMBLE

The new approach to economic policy, which has developed over the last two years particularly, calls for a response from the social policy sphere. While it is true that economic policy aims ultimately at social objectives, such as an improved standard of living, and while, as this report shall show, economic and social policy need not adopt the same methods and procedures, those involved in the formation of social policy cannot ignore the implications of a changed emphasis.

Rapid change is characteristic not only of the policy context, but also of almost all aspects of life. Trends in the social, economic and population contexts have been documented by the Planning Council's monitoring groups over recent years. Understanding such trends makes it easier to cope with change and to foresee its implications, but does not affect its pace.

Thus it is appropriate to take a critical look at social policy in New Zealand - the context in which it operates, the problems which must be faced and the options which are open to decision-makers and consumers. The Planning Council has been aware of this challenge, which falls squarely within its statutory role, for a long time. Its focus has been sharpened, however, by the establishment of a Royal Commission on Social Policy, with wide-ranging terms of reference. Although the idea of preparing a report along the lines of *Social Policy Options* was conceived before the Royal Commission was announced, the Council now sees the report very much in relation to the Commission. Many of the points made in the report would be appropriate in a Planning Council submission. The Planning Council would like to see *Social Policy Options* as background information for those wishing to make submissions to the Royal Commission, and hopes that the report will prove to be a useful contribution to the continuing debate on policy formation and change.

The report begins with a statement of social objectives, which the Council sees as providing a value base to policy development as well as a set of standards to which we aspire. The second chapter investigates the barriers to the achievement of these objectives, and analyses current constraints. In Chapter 3, a brief overview of likely trends for the next decade, in social, economic and demographic terms, provides a forward-looking factual basis for analysis of policy options. In Chapters 4 and 5, current policy themes and future policy responses are examined in some detail. The practical context of policy-making in New Zealand in the late 1980s and current examples of trends, policy proposals and initiatives have been used throughout. The Planning Council's concern has been to see social policy development in terms of its outcomes and the extent to which it can contribute to the achievement of social objectives, rather than in terms of political dogma or academic theory.

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Chapter 1

SOCIAL OBJECTIVES

The purpose of stating social objectives

Policy development depends on the formulation of key principles or values, expressed as social objectives. Those stated here are not intended as universal natural rights, a moral consensus, or a blue-print for government. They contain words such as "appropriate" and "sufficient" which are difficult to define. But to measure present conditions and future changes it is necessary to have standards by which we can tell whether movement is towards or away from the desired path - whether change can be described as progress. The social objectives set out in this chapter, therefore, are the principles which the Planning Council considers relevant in the current social context.

In its earlier publications, the Planning Council attempted to state similar objectives¹. The Social Development Council and the Taskforce on Economic and Social Planning went through the same exercise in the mid-1970s². More recently the Planning Council's Social Monitoring Group felt the need to express its values of equity, access and autonomy in the form of objectives. These provided the framework for their first report, examining human needs at different stages in the life-cycle³. All these sources have been influential in developing the following statement of social objectives.

The objectives are grouped under a series of "key words", each of which indicates a general area of need or aspiration. No particular order of priority is implied. Each objective is followed by a brief discussion of its meaning and relationship with other parts of the statement.

STANDARD OF LIVING

- (a) To ensure that all New Zealanders have a standard of living sufficient to meet human needs as determined by current community standards.

As pointed out in *"Issues in Equity"*⁴, New Zealand does not need to be concerned so much with the prevention of absolute poverty, in terms of survival, as with relative poverty. In the words of the Royal Commission of Enquiry into Social Security, this means ensuring "a sense of participation in and belonging to the community"⁵. Such a "minimum decent" standard is not only difficult to define, but will need continual reassessment as standards and values change.

¹ *Directions*, NZPC, 1981, p. 8.

² *New Zealand at the Turning Point*, Taskforce on Social and Economic Planning, 1976, p. 32.

³ *From Birth to Death*, NZPC, 1985, p. 12.

⁴ *Issues in Equity*, Judith Davcy and Peggy Koopman-Boydén, NZPC, 1983.

⁵ *Social Security in New Zealand*, Report of the Royal Commission of Enquiry, 1972, p. 65.

A sufficient standard of living could be taken to include access to services, freedom and security, and a good quality of environment. In the narrower sense, it is linked to income, its size and adequacy for the demands made on it.

Most people acquire income through the labour market, which links standard of living to employment. However, other forms of income must be taken into account when examining standard of living - unearned income, fringe benefits, and income replacements such as welfare benefits, pensions and superannuation. Services provided by the state which make up the "social wage", such as health services and education, are also highly relevant to standards of living in this country.

- (b) To raise the level of average real income, thus providing greater choice for individuals, households and institutions.

This objective calls for real growth in national income, which will permit more choice from a range of goods and services, and which is expected to have a greater impact on material standards of living than any re-distributive policies. Economic growth allows government greater freedom in pursuing its objectives, including those of equity and assistance to groups who have been identified as doing less well than others in terms of standard of living.

Questions of defining and measuring economic growth are complex. Despite this, it is closely monitored and there is a general acceptance that economic growth is desirable and lack of it a reason for the erosion of living standards.

- (c) To establish a distribution of income meeting the community's standard of fairness.

Absolute equality in income terms is not set up as an objective since it is unachievable, and undesirable unless social and economic progress is to be stifled. The aim is rather equity, or a fair distribution. How this is defined will also vary from place to place and time to time. At present the dominant ideology recognises the need to reward effort, expertise and risk-taking through higher incomes. Society accepts, however, that provision should be made for those who are unable to support themselves from their own efforts. What is "fair" in these cases depends on the nature of the inability and the likely duration of this state.

EMPLOYMENT

To ensure that all New Zealanders have the opportunity to practise worthwhile occupations suitable to their capabilities.

Just as standard of living goes beyond income, so occupation goes well beyond paid employment. "Occupation" is defined as any purposeful activity deemed to be worthwhile by and to the community. It is also of value to the individual in terms of self-worth and self-fulfilment. This view ensures that workers in the home, the unemployed, and the retired have their needs considered.

The rider "suitable to their capabilities" is intended to be permissive rather than limiting. No-one should be denied access to activities by barriers based on myths about the capabilities of certain people or groups. All people have capabilities and potential which should be stimulated to the full extent, even those suffering from

quite severe mental and physical disabilities.

A narrower focus on paid work is inevitable in the policy area, acknowledging the link between paid work and income. Paid work is a very important determinant of social status and a factor in psychological well-being. Thus, full employment must remain as an important goal for society.

WELL-BEING

- (a) To give all New Zealanders access to preventive and curative health care and to encourage the adoption of a healthy lifestyle.

The word "preventive" comes before "curative" in this statement to signify where priorities should lie. The adoption of a healthy lifestyle is essential to the preventive approach. The extent to which individuals can or should be coerced into such behaviour suggests conflict between this objective and that of personal freedom. At least, information must be made available so that individuals can make informed choices about their actions.

A preventive approach also implies the minimisation of hazards, and there is thus an overlap with the objective of security. Both mental and physical health are included in the definition. Crises and circumstances arising from mental and physical ill-health, or causing the same, often require care from others. This links care with health in terms of social objectives.

- (b) To give all New Zealanders access to educational and recreational opportunities appropriate to their potential.

Educational opportunity is defined broadly as self-development - the acquisition of knowledge and skills to the benefit of both individual and community. This explains the link with recreation, which also contributes to self-development and creativity. There are also links with occupation, in the sense that the boundary between work and recreation is not clear, and with health, in that recreation (and education) is a preventive activity in the fields of both physical and mental health.

As noted in relation to occupation, the phrase "appropriate to their potential" is intended to be positive. No-one, however handicapped, should be considered not worth educating. It should always be assumed that there is innate potential - the need is to discover and nurture it. This objective also promotes the pursuit of excellence and calls for special talents to be identified, supported and developed.

- (c) To provide adequate care (physical, social and psychological) for all who are handicapped by age, temporary or permanent illness or incapacity, or suffering from crisis or disruption in their lives.

This objective is very wide-ranging. There are obvious overlaps with objectives for income distribution and social service provision, and also with housing and employment issues (care of the unemployed).

FREEDOM, PARTICIPATION AND TOLERANCE

- (a) To guarantee to individuals freedom and autonomy to the extent that this does not conflict with the legitimate rights of others.

Freedom and autonomy in this objective embody independence and self-determination, and can be linked to the concepts of personal development and self-worth noted in relation to earlier objectives. These values entail a set of rights but also of responsibilities, which are necessary to provide order in society. Rights and responsibilities may be formally codified in law or may be informal and customary. It must be acknowledged that the optimum balance between rights and responsibilities will be difficult to define. There will always be individuals or groups who feel that their freedoms are being restricted. Concepts of personal autonomy will also alter over time, for example the independence of women within the family.

- (b) To promote participation by all New Zealanders in decisions which affect their lives.

Participation in decision-making requires a two-way flow of information, views, proposals and comment between the policy-makers and the recipients, who may or may not come from the same social group. Participation can only be effective if all those involved are well-informed about the matter in hand and the implications of various courses of action. Consultation can be meaningful only if it is sincere in considering the views expressed, i.e. if there is a real chance of decisions being influenced or changed. The structures through which this process takes place are crucial to its effectiveness and must be appropriate.

- (c) To foster tolerance of the diversity of views and behaviour that follows from the legitimate exercising of individual freedom.

Tolerance is the obverse of personal freedom. Tolerance allows others to exercise their freedom and autonomy without influence or interference, provided they are expressed in a responsible way. It sees and respects people as individuals rather than stereotypes. In terms of formal rules, the implication is that restrictions are necessary only where there are serious infringements of the rights of others. This would apply in both the social and the economic areas.

Although the objective is couched in individualistic terms, it is intended to encompass tolerance on a group basis. This covers religious, ethnic and racial groups and asserts their right to follow their own cultural beliefs and ways of life.

- (d) To ensure that New Zealand society allows adequate scope for the development of the Maori people.

In the case of the Maori people, it is more than tolerance, which is a passive attitude, that is asked of the wider society. The objective asks for recognition of the Maori as tangata whenua (people of the land) - the original inhabitants. As such the Maori have special rights to the expression of their culture through culturally appropriate processes and structures. (This is not to ignore the rights and aspirations of other ethnic minorities, and other groups, especially women; these are covered by the previous objectives.) Barriers in society, both institutional and attitudinal, should be removed; not just barriers to cultural expression, but also those which have held back Maori people as a group from achieving the standard of living and quality of

life enjoyed by the non-Maori population. Moves towards this objective must, however, be consistent with other objectives already stated - respect for individual rights, tolerance and participation.

SECURITY

- To ensure personal security and security of property, giving emphasis to the prevention of crime.

The objective takes an apparently narrow focus in mentioning the prevention of crime and hence the formal system of maintaining law and order. The definition of crime is socially determined and presupposes some agreed set of values in the community. The state acts as the agent of society in enforcing criminal law and imposing sanctions against offenders. The concept of property, and the seriousness of crimes against property (as opposed to crimes against people), is culturally determined. A multi-cultural society must find ways of accommodating such differences.

The concept of security can, however, be broadened into the area of national security on the one hand, and social well-being on the other. Without a reasonable degree of peace in the world many of the national-level objectives would lose their relevance. Security also encompasses social stability and is linked to objectives for employment (job security); housing (security of tenure); income distribution, in that income stability is essential to maintain a standard of living; and for health and care, since sudden crises are a threat to stability.

ENVIRONMENT

- To ensure that the natural environment is properly valued and wisely used.

The objective for environment takes a wider view than many of the others, which focus on the individual or on groups. Although this objective refers to the natural environment, it clearly implies use by humankind, therefore bringing it within the ambit of the socio-economic system.

There is an implication of stewardship of the environment so that it can be used and enjoyed by future generations. In common with other objectives, this contains words which are difficult to define, such as "proper" value and "wise" use. There is considerable potential for conflict over their interpretation, especially as economic, social and cultural considerations are relevant, and a balance must be sought between competing claims for exploitation and protection.

Conclusion - Areas of overlap and conflict

The discussion attached to the statement of social objectives has pointed out areas of considerable overlap, but also areas of potential conflict. The overlap is to be expected, as human lives are not compartmentalised. Well-being or distress in any aspect of life affects other areas and overall demeanour. Unfortunately, the means of meeting needs, notably in the area of public policy, often do not recognise this inter-play of factors.

A statement of objectives along broad and generalised lines provides a common set of

standards, which can also be used to clarify inter-relationships and interactions. There is good evidence for the belief that a co-ordinated or holistic approach has a better chance of success than a fragmented and disparate one.

Conflicts between objectives are likely to arise from economic constraints and from the need to reconcile individual and group aspirations. Many of the statements call for an input of resources - income maintenance, health and security services. Where resources are limited, as in the current financial circumstances, this will require trade-offs and priority-setting. Current income may have to be constrained in the interest of future security. Choices may have to be made, for example, between investment in more teachers, employment promotion, or in medical technology.

Most of the objectives listed have an individualistic slant, but individual aspirations should in some cases be limited by the rights of the wider group. Other objectives envisage that individuals should be provided for by the community and should be encouraged to use services such as health care and education. The objectives themselves may be in conflict when promotion of an activity endorsed as "good" by the community impinges on personal freedom, e.g. the wearing of seat belts, or child immunisation. No-one can live in a society and not find their behaviour constrained to some extent to accommodate the needs of others. The point at which freedoms become constrained for reasons other than general well-being is debatable. So is the point where personal responsibility becomes weakened and undermined by state provision.

These themes will be developed and illustrated in subsequent chapters, which examine where we stand now in relation to the social objectives and suggest possible policy responses.

CONSTRAINTS ON THE ACHIEVEMENT OF SOCIAL OBJECTIVES

Introduction

The communique issued after the Economic Summit Conference (ESC) in September 1984 stated:

"New Zealand has abundant resources to realise the reasonable economic and social objectives of all its people. Despite that, these aspirations have not always been fulfilled. There is an unacceptable level of poverty. There are people in our community who have major difficulties with housing, health care, and meeting essential family needs."

The Social Monitoring Group showed in *From Birth to Death* that, whereas the majority of people have their needs met, there are groups, such as one-parent families and Maori, which, again and again, are disadvantaged. This report, and also the work which resulted in the publication *Issues in Equity*, illustrate the nature of the shortfalls in various areas of need and highlight perceived unfairness and social injustice in New Zealand society.

The question is why? Why the contradiction implied in the ESC quote? Why, if we are able to provide for the needs of most, can we not meet the needs of all? How are we able to claim adherence to the principles of equity and still allow social injustices to be perpetuated?

Progress towards the achievement of social objectives, be they national, departmental or regional, whether established by institutions, groups or individuals, is constrained by barriers which may be classified as follows:

- economic constraints
- institutional constraints
- social constraints
- personal constraints.

In this chapter the barriers to the achievement of the objectives set out in Chapter 1 are analysed following this classification.

ECONOMIC CONSTRAINTS

At the macro-economic level

For many people, especially those involved in market activities and economic analysis, the reason for constraints which most readily springs to mind is lack of economic growth. There is certainly a link between poor growth and unemployment (through a fall-off in demand for labour), falling living standards (through lack of growth in real incomes), a decline in social services (through constraints on government expenditure) and increasing discontent in society (resulting from all the other effects).

An emphasis on economic growth implies that increasing the level of average real income would increase choice. Given this, we need to look at both external and internal barriers to increasing aggregate real income - an economic concept related to

productivity, trading levels, balance of payments, etc. The aim must be to identify the policy mix which will stimulate sustainable growth. Yet, as noted in the previous chapter and admitted in the ESC communique, economic growth will not, of itself, lead to a more equitable income distribution. High rates of growth may be accompanied by a trend towards advantage at one end of the scale and disadvantage at the other. Progress towards a fairer distribution depends on institutional factors, which are considered below.

Slow growth has been linked with an unfavourable international environment which has brought more competition for New Zealand's traditional export products, a change in the balance of industrial power in the world, and energy supply "crises". Again, the ESC communique does not allow such an easy diagnosis.

"... our failure cannot be attributed to external causes alone. Our poor performance owes much to the way we manage our domestic economy."

Inflation and balance of payments deficits are economic ills which have been world-wide problems in the last ten years. Both have, however, been more serious in New Zealand than in most comparable countries. This must indicate special indigenous problems, which may well be responsive to changed economic management.

This examination of macro-economic factors leads to two conclusions. Firstly, that the barriers to progress and the means of overcoming such barriers are located, to the greater extent, within New Zealand. Secondly, the barriers do not lie solely in economic circumstances, but also within society and its institutions, and in the attitudes of people, as individuals and as groups.

At the micro-economic level

At the household or family level, what may be described as micro-economic factors determine whether income is adequate. In New Zealand, there are welfare benefit systems and minimum wage requirements, coupled with tax concessions, which are intended to produce incomes able to support a standard of living not just at survival level, but not too dissimilar to prevailing community standards. For the greater part these systems meet their objectives. Factors which may prevent access to such a basic income are discussed in later sections.

Adequacy of income in economic terms depends on the demands made of it. Even an above-average income spread among too many people - children and adult dependants within or beyond the household - may be insufficient to maintain an acceptable standard of living. Tax concessions for dependants not living in the household (for example, in the Pacific Islands) are small under current regulations. However, Family Support payments increase with each child living with the taxpayer.

Heavy regular outgoings, such as housing costs inflated by high interest rates or costs of transport to workplaces, may be essential, but can put considerable strain on household budgets. This makes people on low incomes extremely vulnerable to intermittent and unpredictable demands such as medical or dental expenses, or the need to purchase or replace capital household items. There is evidence that such costs cause hardship for beneficiaries and low-wage households, especially when personal savings and assets must be run down before a person is eligible for a benefit. Costs associated with services which are nominally free, such as education (transport, uniforms, exam and activity fees) may also produce serious difficulty for low-income households.

The need to care for dependants may force an earner to leave his, or more often her, paid job. Loss of a secondary income in this way, even if the contribution was only of a "topping-up" nature, can bring household income down below the adequate level.

INSTITUTIONAL CONSTRAINTS

Institutional constraints are more specific than social constraints, which are based on attitudes and expectations. The former may be enshrined in legislation and thus have the force of law, or be part of the policies and procedures of government and its agencies. It should not be forgotten, however, that institutions, in both the public and private sectors, are made up of people, who express their attitudes through the administrative procedures and policies they put in place. Government is, after all, the agent of society, and will reflect the values of society, or at least those of the powerful.

Most people have their incomes determined through institutional mechanisms. Wages and salaries are arrived at not necessarily on the basis of individual worth, but through bargaining systems set up by employers' and workers' organisations, often across a wide range of workplaces and work-status levels. Such systems operate largely through legislation, by formal and constrained processes. Macro-economic constraints make themselves felt, but are not the only factors involved. The premise of the system is the "power struggle" between employers and workers as groups, with the government as an interested and frequently participating third party. The government, as a major employer in its own right, not only has a dual role, but is also in a position to lead in improving working conditions. In the way the process currently operates, less powerful workers and their representatives are constrained in achieving their objectives, in terms of relative standards of living. Employers may also find that rigidities in the procedures are constraining them in their efforts to develop their enterprises and contribute to overall economic growth.

A major influence on "cash in hand" is the process of redistribution through the taxation and benefit systems, set in place by central government. Through these systems the principles of redistribution and the definition of "an adequate standard of living", allowing for dependants, is established. Not only have the taxation and benefits systems generally worked independently of one another, but ad hoc measures in design and implementation have led to anomalies and injustices. These are now being addressed and the systems are being brought together more closely. However, there still remain areas of relative deprivation, and those deemed ineligible for support, such as young people of 15 and dependent spouses, may be excluded from any income at all.

Beyond the level of income setting, there are also inequities in paid work relating to conditions of work, opportunities for training and promotion. These often arise from institutional procedures but can produce barriers to work satisfaction which impinge particularly on certain groups. Examples include the barring of older people from paid work by compulsory retirement, and lack of recognition of experience gained from unpaid work, which often acts against women. Inflexible policies on hours and location of work, leave and fringe benefits, are limiting to many workers - women, people with disabilities, and members of minority ethnic groups. Underemployment will affect job satisfaction as well as threatening adequacy of income. Policies on the part of employers are a major determinant of job security, over which workers have little control but which has a considerable bearing on general well-being. In examining the vast range of institutional procedures which are operating in the workplace, a balance must be struck between standardisation in the interest of equity, freedom to negotiate by both workers and employers, and the benefits of diversity and choice.

Those not in paid work may also suffer from lack of meaningful occupation as a result of institutional procedures. This would apply to people in prisons, hospitals, old people's homes and homes for the handicapped. Concerns are expressed from time to time in this area, although the dimensions of the problem have not been accurately defined.

Use of services to promote well-being, i.e. those related to health, education, recreation and all forms of care, depends on the availability and accessibility of such services. Delivery systems are diverse - state, local authority, voluntary sector, community and self-help organisations are involved - and the greater part of general care takes place informally within family, kin and friendship networks. Even with (or perhaps because of) such complexity, coverage of these services is not universal, for example preventive services in the health area, and not all have equal access to them, e.g. recreation for the disabled. There are examples of delivery systems which are inefficient (planning and financial allocation in hospitals), inappropriate (treatment of young offenders in prisons), and poorly co-ordinated (support services for the elderly at home and families in crisis). In some cases, services are lacking through institutional unwillingness to make provision. For example, local authorities vary greatly in their willingness to set up child care centres, even on a "user pays" basis. Clearer definition of need and better planning and co-ordination would improve services and hence reduce barriers to better care.

Educational services, at least at the school level, are generally available and accessible, although systems of funding and organisation are such that the quality of education is variable. There are, for example, differences in the amount of money which can be raised locally for extra school amenities, and even for meeting shortfalls in grants for basic equipment.

Threats to well-being may be magnified by the lack of preventive services, but also by the ineffectiveness of controls on risk factors, either because they are not enforced or because sanctions are not a sufficient deterrent. These factors include all types of environmental pollution and anti-social behaviour which threaten security and/or health (low fines for industrial polluters, controversy over light sentences for violent crime). Measures set in place to combat drug-taking, road accidents, child abuse and communicable disease could no doubt be strengthened. This, however, would have implications for the objective of personal freedom and might have unacceptable financial costs.

There are many legal instruments, as well as government policies and programmes, which seek to enhance personal freedom, participation in decision-making and tolerance. These include human rights legislation, town and country planning procedures and so on. At the same time there are legal constraints which can have the effect of over-riding minority views and rights (sometimes the very same acts, e.g. town planning procedures which restrict traditional Maori practices). Part of this arises from inertia in the legal system, which could be attacked through revision and/or "sunset" clauses.

Constraints ingrained in the structure of society are frequently reflected in institutional procedures. Hence, institutional racism and sexism produce barriers which are difficult to pinpoint and which work in subtle ways. Such factors operate at all levels in society. Examples include community groups which are racially exclusive, and extremely low female representation on boards of directors in the private sector.

Institutional procedures such as these act to reinforce the powers and privileges held by particular groups (see also the section below on social constraints). Examples include ex-officio membership by interest groups on decision-making bodies, regulations on membership of certain trades and professions.

Inefficiencies in systems of participation, communication and information dissemination also have the effect of reducing freedom and the ability to participate. Voting systems which make it difficult to establish eligibility (out-of-date-rolls) or which exclude people (rate-payers' polls); selective consultation in policy-formation; lack of information in minority languages; bias and/or censorship in the news media are examples of current concerns in this area.

Structures which allow insecurity in income, employment and service provision have already been mentioned. Legislative measures to ensure security are in place in New Zealand, but threats to person and property still exist and many believe that they are growing (e.g. the rising rate of violent crime, burglary, etc.). The extent to which this is due to lack of, or inefficiencies in, protective systems such as policing is not clear. Understaffing, shortage of equipment and stress on police officers have been suggested as contributory causes. Uneven coverage is also a factor. It is likely, however, that institutional barriers of this type are less important than factors in the general social environment.

Protection and wise use of the natural environment is threatened by the inadequacies and inefficiencies of present mechanisms for resolving conflicting uses, for example between forestry exploitation and the preservation of native forest; between recreational use and the protection of endangered species. It is too early to tell whether new institutions being put in place will work more effectively towards the environmental objective. As well as current procedures, mechanisms for long-term preservation, essential to the "stewardship" concept inherent in the objective, will have to be clear and strong.

SOCIAL CONSTRAINTS

Many of the constraints on the achievement of social objectives are applied by people themselves, i.e. they are social factors arising from accepted norms and mores. These factors are not expressed in law or institutional procedures, but such is the force of socialisation and the strength of social expectations and control that they are no less constraining.

Standards of living are very much determined by what society in general accepts as fair recompense for certain types of "work". If it is accepted that income from paid work should reflect market value, then incomes will vary. Those whose work does not have the valued attributes will receive lower recompense, which may be inadequate for the demands made upon it. Attitudes in this area can, however, change. There is less emphasis now on the "bread winner" concept as an income determinant and more acceptance of the market-worth principle. Equal pay for women is another aspect of this change. Less positive factors which help to determine income include the bargaining power of workers as a group and discriminatory practices in the workplace (access to work, promotion, etc.).

At the same time, society expects that certain types of work will be carried out on an unpaid basis - housework, child-rearing, care of the sick and elderly at home - and that these are largely the province of women. Social expectations thus prevent many women from entering paid employment or public life, from advancing in these spheres, or having a free choice of occupation. These barriers are still real for many women, despite some improvement in recent years.

There are strong social norms governing dependence: who is allowed or expected to be dependent on whom and for how long? These are reflected in income maintenance policies.

Children are deemed to be financially dependent while they are in full-time education. Whether or not parents are willing to provide support for tertiary study will affect the work and lifestyle aspirations of teenagers. Spouses are expected to support one another, although there is some ambivalence about financial support for spouse and children after a marital split. Elderly people are now not expected to be financially dependent on their children, and emotional and social support may not be possible because of geographical mobility. Social attitudes on dependency carry through to groups who are dependent on the state. Value judgments which categorise people as deserving - children, elderly, handicapped - and less deserving - unemployed, unsupported mothers - act as barriers to the achievement of standard of living and welfare objectives.

Stereotyping and discrimination also restrict people in the area of work, as do social expectations that certain jobs or work opportunities should go to some groups and not to others. Examples include the discouragement of boys from taking up "women's work", or of girls from entering "male" employment; discrimination against particular racial groups; attempts by unions to enforce post-entry "closed shops" in particular occupations. These apply not only to access, but also to promotion within occupations, trades and professions. Activities arising from such attitudes are beyond what can practically be outlawed by legislation.

Limitations on working for payment are created by unpaid work responsibilities, including family caring, and by the inability to move to where work is available. The former applies particularly to women, but the latter can affect anyone.

Some groups in society are deprived of meaningful occupation through lack of awareness that this is important to well-being. This can apply to the elderly and handicapped, but also to the unemployed and people living in remote areas.

A majority would probably support the objectives for health, education, recreation and care, but society still creates barriers to their achievement. Social and cultural norms, reflected in advertising and media presentations, are often not conducive to a healthy lifestyle and a preventive approach to everyday risks, e.g. tolerance of over-indulgence and risk-taking, complacency about pollution and contamination. The attitudes of some health professionals provide further barriers in the form of prejudice against preventive measures, undervaluing of alternative therapies, over-emphasis on medication and technical procedures to the detriment of a holistic approach that is sensitive to emotional and spiritual elements.

The social environment and social conditioning play a large part in encouraging or discouraging progress towards objectives in education. These operate in the home - parental expectations and encouragement; in wider society - peer pressure, cultural norms; and within the education system itself. Biases in the latter may impede educational attainment in the widest sense for some groups and individuals, e.g. academic emphasis, mono-culturalism, competitiveness. Society in general has tended to stress the value of standardised approaches in education and hence has not, up to now, provided much in the way of alternative educational opportunities.

Social expectations, mentioned above in relation to employment opportunities, may also restrict access to education and recreation. These may be in the form of home responsibilities, but heavy burdens of paid work, required to support large numbers of dependants, will have the same effect. The value placed on different types of educational achievement also varies. Intellectual attainment generally receives higher esteem than manual, or even artistic attainment. The same variation is true with respect to recreation, sports and hobbies. Outstanding achievement in some areas, e.g.

rugby and cricket, is highly valued and rewarded (in areas well beyond that of the sport itself, such as product sponsorship). High achievers in less valued areas find it difficult to gain support and recognition (e.g. in the performing and creative arts).

Conservatism and historically-based preferences for certain types of care have prevented the development of alternative systems which may be more appropriate to specific circumstances or ultimately more effective in working towards the objective of well-being. There is evidence of some change in this area, often for financial reasons; for example, community-based alternatives to institutional care are being encouraged. This is linked to expectations of family responsibility, but there is reluctance to accept that payment for and support of such carers is necessary and legitimate.

Changing social values may, in fact, increase the need for care, by encouraging or tolerating behaviour leading to ill-health or injury; by producing stress leading to family conflict or personal breakdown; or by setting expectations of personal relationships too high, leading to dissatisfaction and feelings of failure. In these ways society creates problems which it must then cope with through caring agencies. The family is seen as a central social construct, but it is at the same time under pressure from social change and expected to undertake the major part of caring and providing emotional support.

The objective of freedom calls for a balance between rights and responsibilities. Where this is struck depends on the prevailing social norms. The social expectations and stereotypes already mentioned operate to limit freedom and participation and work against the objective of tolerance and the acceptance of diversity as a positive and enriching social element. Instead, many social forces promote conformity. In the case of the Maori people and other ethnic minorities, these factors have worked to deny them their cultural identity and have contributed to their disadvantaged state. However, despite difficulties over the status of the Maori language and "taha Maori" in the education system, there are signs of progress towards the greater acceptance of the value of Maori culture to New Zealand society as a whole.

The extent to which the objectives of freedom, tolerance and participation are achieved has a lot to do with the distribution of power in society. This is obviously uneven, and concentrated in the hands of powerful groups who use it to protect their position, for example through control of information; to maintain the status quo, by discouraging competitors; or to promote change, for example by removing checks to their activities. They may also be able to establish their values as the norm by giving them political force. Examples of groups which act in this way include trade unions, business and producer groups and some which are church-based. They often operate by means of behind-the-scenes lobbying so their activities are not always obvious¹.

The extent of information-sharing and consultation determines the extent of participation in decision-making. The spirit of the objective suggests that consultation must be more than cosmetic. Sharing of power and information can be enhanced or withheld by the style of communication which is adopted. Barriers to communication in society are extensive, based on lack of openness, the adversarial approach and unwillingness to accept differing viewpoints. Not all these barriers are raised deliberately, however. Many spring from deep-seated social perceptions, e.g. inter-generational and worker-employer conflict. This is not to say that greater tolerance, openness and a will to change could not do much to break down the barriers.

¹ *Who Makes Social Policy?* NZPC, 1982, Chapter 7.

Progress towards the reduction of crime, and hence increased security, in society is hampered, not only by the difficulty of defining crime, but also by lack of agreement over its causes, and how best to prevent it. Links between crime and factors such as unemployment and family breakdown have been suggested, but causal relationships are not established or understood. Concern about threats to security arising from close relationships - incest, rape, family violence - is growing. These have been linked by some people with the decay of traditional social institutions and norms. Increased materialism and growing cynicism about traditional enforcement/protection systems are also hampering attempts to make life more secure. For example, charges of discrimination by the police against Maori and Pacific Islanders, against young people, and anyone appearing not to conform, can produce feelings of distrust and polarise society. Mixed messages are produced on the extent to which people should use force to protect themselves and their property; on the appropriateness of punishment for crimes against the person and against property; on the relative rights of offenders and victims. All these examples are indicative of the extent of social change which is occurring and which is bound to lead to uncertainty and dislocation.

The preservation and enhancement of the natural environment is dependent on some agreement in society about the definition of "wise use", and on the resolution of conflicting demands for use. There are few signs that consensus is about to emerge. In its absence, factors already noted on the distribution of information and power are relevant. An example of conflicting values relates to the objectives of freedom and recreation. Recreational use of wilderness areas has long been regarded as a right in New Zealand, to be encouraged for its educational and health benefits. However, over-use and the costs of providing access and ensuring safety are producing calls for regulation and/or a system of charging users. Such conflicts have yet to be faced up to and fully debated.

INDIVIDUAL CONSTRAINTS

Some of the constraints on the achievement of social objectives arise from factors which may be described as personal or individual - from the personality, attitudes and attributes of the individuals involved. It is frequently impossible, however, to ascertain whether these factors derive from genetic inheritance or from socialisation. It is probably unprofitable and irrelevant to enter that debate here, except to note that attempts to affect changes in socialisation have a greater chance of success than those to modify genetic inheritance. The present classification and discussion of constraints, however, sidesteps the "nature/nurture" argument.

Inherent ability has a considerable effect on success in the education system and thence on career development. Objective measures of intelligence are difficult to arrive at, however, and appropriate teaching methods, plus personal attention, have the potential to enhance the achievement of all learners. Persistence and application to study may well be independent of "intelligence". Personal aspiration in the educational and career areas is heavily influenced by family attitudes and those of the immediate reference group, but is a strong determinant of outcome. It governs decisions such as how long to stay at school, whether to undertake post-school training, and whether to pursue advancement in paid employment. Personal lifestyle aspirations also govern decisions on how to manage income, whether and when to live independently, and the type of household/family formed. A cycle of low educational aspiration, low achievement and hence lower ability to earn may be perpetuated through the generations and act as a serious barrier to personal fulfilment and a higher standard of living.

Personal choice, unconnected to ability, can act as a barrier to acquiring income

through employment or otherwise. This affects willingness to change jobs, to undertake retraining, or to move to where employment, or a better type of employment, is available. Individual attributes, such as age, illness or disability, may also debar people from paid work, although this may be an institutional constraint (see above). In many of these cases where personal attributes or choice preclude access to income, support is still available from others or from the state. People may choose to be dependent on others, or to put themselves outside the usual income-obtaining system, e.g. deriving support from illegal activities. Even those eligible for state benefits may choose not to accept them for their own reasons, often connected with stigma, and others may be ignorant of their entitlement. In all these cases, personal factors act as barriers to the achievement of an adequate income.

Personal ability to acquire income and personal choice affecting income are also influential factors in the area of general well-being. Knowledge and attitudes will govern behaviour relevant to the maintenance or otherwise of physical and mental health. Personal beliefs, and unwillingness to accept help, may act as barriers to medical care and support services. The amount of risk an individual is prepared to take, in all areas of life from using the road to forming personal relationships, and the adoption of healthy lifestyle practices are, in general, matters of personal choice, undoubtedly influenced by mass media messages, peer pressure and general social circumstances. Social constraints external to the individual must of course be recognised.

Similarly, in terms of the less tangible objectives of freedom, participation, tolerance and security, social and institutional constraints are at least as important as personal factors. Intolerant attitudes, prejudice, fear and ignorance are fed by social influences, but are expressed by individuals and limit both the individuals themselves and those with whom they come in contact. Participation may be constrained by personal choice not to participate; and all these objectives by choice not to seek or assimilate information. Fear experienced by individuals limits their security, whether or not it is rationally justified. This has been shown to affect older people in particular. Fear of or prejudice against the unknown, the unusual, or even the excellent, produces defensiveness and intolerance, and limits freedom and opportunity. Personal choice must also be an element in individual cultural affiliation - this is an aspect of freedom which is sometimes threatened by social pressures to conform.

Personal characteristics over which people have no control also act as barriers. Age, sex, race, physical appearance, ability and disability are inherent in individuals, but they affect not only income and employment, but also access to services necessary for well-being, and the extent to which freedom, participation and security can be realised. Often, however, it is the social or institutional barriers which are the true constraint, e.g. limiting older people's access to paid work through compulsory retirement, limiting disabled people's opportunities in education and recreation, or women's opportunities to participate in public life. The limitations which arise from handicap or disability and from the necessities of child-bearing are real, but are often exaggerated by prevailing attitudes and by the policies and procedures which arise from these attitudes.

Conclusion

Progress towards the achievement of objectives in many areas is constrained by shortages of resources and unfavourable economic circumstances. These could be described as external or internal to the national economy, as macro or micro in their effects. However, economic barriers are by no means the whole story, and this chapter

has concentrated more on societal constraints which can be classified as organisational and attitudinal.

Organisational constraints result from non-availability of the opportunities and goods and services needed to achieve aspirations. They are not available either because they do not exist or because there are problems of access. There may be a mismatch, in terms of time or location, between needs and the means of filling them. There may be cost-barriers or gaps in information and knowledge. The opportunities and goods and services may be inappropriate in form. All these may act individually or in combination to block progress.

Such barriers can, however, be approached using a range of practical techniques, the most important of which is planning in the broadest sense - "a systematic effort to work out the best way to achieve objectives" (*Directions*, p. 56). More difficult to surmount are attitudinal barriers. These include stereotyping, discrimination and prejudice. Defensive attitudes to retain the status quo are especially strong among groups which have a degree of social and economic power. Changes in attitudes cannot come about by legislation or policy initiatives alone, although these may have some influence. However, without the will to act, to tackle barriers, it is unlikely that effective planning will be put into place. Thus, attitudinal change is the key, and without it progress towards the achievement of social objectives is unlikely to be rapid.

Chapter 3

LOOKING AHEAD

If we are to continue to work towards our social objectives, and develop appropriate policy responses, we must be fully aware of the emergent trends in society and the economy. In some cases these are readily apparent, but in others we can work only on informed speculation. This chapter examines trends in the demographic, social and economic areas for the next decade.

Population Trends

The future of population structure and composition is one we can predict with some degree of certainty. Barring major changes, such as fatal epidemics and huge migration flows, the profile of the adult population up to the end of the century can be estimated. The New Zealand population will be shaped by the following factors.

Slow growth

Population change in numerical terms is the result of the interaction of fertility and mortality - the result being "natural" increase or decline - and migration. Fertility in New Zealand is now at its lowest level ever. In particular, Maori fertility has declined rapidly in recent years to a level just above that required for replacement, while non-Maori fertility has been below replacement since the late 1970s. Population growth over the next 25 years is not expected to be more than 0.6 percent per annum. It is thus likely that, barring a large net immigration flow and a turn-around in fertility, the population will still be less than 4 million by the end of the century. While policy-makers are unlikely to have to face the problems of rapid population growth as experienced in the 1945-76 period, new problems will emerge from a changing population composition¹.

Erratic migration

Migration has always been an important influence on population change in New Zealand. Levels of foreign migration can be and are regulated, although political pressure can be brought to bear, e.g. in the acceptance of refugees. The movement of New Zealand citizens is much less controllable. Out-migration has historically been an aspect of population dynamics. Attention in this area is focussed on trans-Tasman flows. 1981 figures suggested there were 176,714 New Zealanders in Australia, of whom 42% had been there for less than three years. Indications are that many of these people would return to New Zealand if income and employment prospects were to improve, i.e. economic performance is the prime influence². These are characteristically young, single and skilled people, above average in qualifications.

¹ This is elaborated in the reports of the New Zealand Planning Council's Population Monitoring Group.

² *Migrants and their Motives*, Rosemary Barrington and Judith Davey, NZPC, 1980.

The characteristics of migration flows have important policy implications in terms of labour force structure, household formation patterns and demands made on services such as education and health. They are also important in influencing the cultural diversity and cultural balance of our society.

Ageing

With lower birth rates and increasing life expectancy, the average age of the population is going up and its age and sex structure is changing. It is important to be aware of population "peristalsis", whereby the ageing of cohorts (groups of people born in the same period) of different sizes produces successive increases and declines of demand for various services. A decrease in the age-groups under 25 will continue, with a reduction of youth dependency. This has implications for education, labour force intake and other policy areas. At the same time, dependency by the aged population will increase slightly (especially by the 70 and over age-group), but will not grow to a great extent until after the end of the century, when the present large 15-40 age-group reaches retirement age. This has implications for the provision of care for the very old and dependent.

Change in ethnic structure

Projections for the Maori population are made difficult by the problem of definition - whether Maori are defined by their proportion of Maori blood or whether everyone claiming Maori descent is considered Maori. The current trend is to move to a basis of self-identity. This is the basis of the current census definition.

The Maori percentage of the total population has been levelling off, and, given the most likely scenario of medium fertility and some loss by migration, is estimated to be 16% by the year 2015¹. Under more extreme assumptions, i.e. high fertility and no migration loss, the total could reach 19%.

Changes in the structure of the Maori population are likely to mirror those of the total, with decreases in the age-groups under 20, and increases in the older age-groups. The latter will be very marked because they build on a very low base figure: numbers in the 60 and over group are expected to double by the end of the century. This means that services for elderly Maori will have to be developed rapidly, while numbers of Maori young people seeking to enter the workforce will decline.

The Pacific Island Polynesian group accounted for 2.8% of the population in 1981. This group increased by 44% between the 1976 and 1981 censuses, but the rate is not expected to continue. In-migration has decreased, although Cook Islanders still retain the right of free entry. Ageing and lower fertility are also expected to be experienced by the Pacific Island Polynesian population.

Both the Maori and the Pacific Island Polynesian populations are concentrated in certain parts of the country, especially the northern region, and this pattern has important implications for policy, given the socio-economic characteristics of the two groups.

¹ *Maori Population Projections 1981-2011: Social and Cultural Implications*, Ian Pool and Nicholas Polc, N.Z.S.A. Conference, Hamilton, December 1985.

Change in labour force participation

Despite slow population growth, the full-time labour supply is expected to grow by 18% over the next 20 years. And the part-time labour supply could increase by as much as 38% in the same period. Male participation rates are likely to decline, and female rates to increase as the working life pattern of women becomes more like that of men. Age at retirement and school retention will be important factors. Given an ageing population, policies on age of retirement will have an important impact on the size of the workforce. Older workers also differ in their characteristics from younger groups, e.g. they may be less mobile geographically.

Thus the supply side of the labour force trends depends on population dynamics, including migration, and social factors which influence participation rates. The demand for labour depends largely on economic circumstances, but the balance between the two will decide whether all those seeking work will be able to find it, and hence the level of unemployment.

Even in recent years of "high" unemployment, New Zealand has experienced persistent shortages of skills in some areas of the economy. Longer-term economic prospects appear good, and optimistic economic scenarios suggest decreasing unemployment and shortages of labour after 1990¹. Pessimistic predictions suggest a rise in unemployment and then a fall. Thus by the end of the century unemployment could be well under 1% (optimistic) or it could be 5%, about as now (pessimistic). There are definite indications of a shortage of skilled workers. This, plus the continuing trend for unemployment to fall most heavily on the young, unqualified, female, and Maori and Polynesian groups, are matters of serious concern in the policy area.

Regional distribution

The recent slackening of overall population growth has been felt in all areas, but the concentration of growth in the North Island, and particularly in Auckland, is likely to continue. Even with low growth, regional shifts will continue, reflecting economic opportunities and lifestyle changes. For example, retirement migration could become an important aspect of internal movement as the population ages, and this would favour regions with attractive climates. New Zealanders have always been quick to respond to new opportunities by migration, as shown most recently in the case of the major projects. Policies on regional economic management must reflect such changes and take into account both expansion and contraction of large-scale projects and industries.

Social Trends

Demographic trends provide the basic parameters of the social environment, but it is social factors which determine how people live together in families and households. These in their turn have a strong influence on patterns of everyday life, including the obtaining, use and adequacy of income, and hence quality of and satisfaction with life.

¹ *A Macro-economic Model and Scenarios to 1995*, E. Haywood and R.Y. Cavana, NZPC, 1986.

Changing patterns of household formation and family structure

Household size in New Zealand is falling and is likely to continue to do so (1981 average household size 3.0 people, urban 2.9, rural 3.3). The factors which have contributed to this will probably continue to be important - more old people living independent lives; younger people living apart from their families; increasing marriage breakdown.¹

Single-person households are the fastest growing type in New Zealand and this has important implications for housing design and service provision (especially as most of the people in such households are elderly). Two-person households are also growing rapidly. Over half of these are couples married or living as married. Not only will the number of older couples in their own households continue to increase, but many younger couples are likely to remain childless for longer, or never have children.

With fewer children born, the "traditional" nuclear family will become even less important as a household type, although much housing provision is geared to this model. Families with large numbers of children will become even more unusual and risk disadvantage in income terms. One-parent families are increasing rapidly in number and are an important group in terms of their need for support in various forms. Although it seems unlikely that one-parent families will constitute more than 10% of total households by the end of the century, this underestimates the numbers of children and parents who will live in one-parent households at some stage.

Despite high rates of marriage breakdown, numbers of marriages have remained about the same over the last decade. The proportion of first marriages among the total has decreased, however, and the average age at marriage has increased, even for first marriages. It is likely that the 1986 census will show an increasing number of de facto marriages. These are common among divorced and separated people, and increasingly among younger couples. Policies towards families will have to take this into account, plus the fact that de facto marriages are less stable than legal unions.

There are no complete data with which to predict levels of marriage breakdown in New Zealand. The overall trend for divorce/dissolution is upward, but separation does not always result in dissolution and informal unions do not require formal procedures. If age at marriage continues to rise and there are fewer marriages precipitated by pregnancy, then divorce rates may fall, as both these factors have been established as associated with divorce. It seems likely, however, that over the population as a whole the proportion married will decrease, with increases in the separated, never married and widowed (linked with ageing) groups. It follows that there may be fewer one-parent households arising from pre-marital pregnancy, with better use of contraception, but more arising from widowhood, as a result of delayed child-bearing. In the course of an individual's life a greater variety of marital status as well as household types is likely to be experienced.

The assertion of independence by family members is already challenging traditional norms and values. As women enter or re-enter the paid workforce they acquire greater financial autonomy and are likely to be seen more as individuals. Children also are seeking early independence (although youth unemployment may work against this). Older people are less likely to be financially dependent on their children as state superannuation provisions have become more generous. However, emotional dependence is likely to remain (see below). It is too much to suggest that the family is dying, but

¹ *From Birth to Death*, Social Monitoring Group, NZPC, 1985.

it is certainly changing to become more diverse, and may require support and redefinition if it is to retain its underlying function as a caring institution.

The result of these changes will be to produce greater variety in types of household in New Zealand.

Growing diversity in housing demand

The rate of growth for dwellings is ahead of that for population growth in all areas, even those where there has been an absolute decline in population (confirmed from early results of the 1986 census). This is related to the demand for independent living. Thus, demand for housing will continue despite low population growth.

The New Zealand suburban lifestyle, assuming a single family home, one male breadwinner, and supported by cheap private transport, is becoming less relevant to current social and economic conditions. In housing terms, the response has been a boom in the construction of smaller housing units, especially ownership flats, and greater emphasis on housing rehabilitation in inner-city areas. Inner-city living is attractive to the growing number of households without young children. As a result, there has been pressure on private rental accommodation through "gentrification".

Government housing policies have changed to permit the financing and construction of low-rise, in-fill and cluster housing at higher densities, and experimentation with new forms of tenure, such as equity-sharing and co-operative housing. Greater variety in all aspects of housing must be expected, to match the greater variety in household types.

New Zealanders have always valued the rural lifestyle and a resurgence of rural housing is likely to continue, especially in certain regions. Factors encouraging this include a willingness to commute to town jobs; the growth of small-scale farming, including horticulture; interest in cottage industries; communal living and "alternative" lifestyles; marae-based enterprises and Maori pensioner housing; retirement migration. If these continue to be popular, rural depopulation could be turned around in many areas, allowing regrowth of services such as schools and shops. In more remote rural areas, however, the problems of providing services similar to those enjoyed by urban dwellers will remain.

Re-evaluating the caring role of the kinship network

"Kin" is a much wider term than "family", and is difficult to define quantitatively making it a hard concept to address in the policy context. It is also culturally determined. The extended family, sub-tribe and tribal groups are part of the Maori kinship system, for example. Polynesian groups are likely to recognise an extended family and make this the basis of their households.

Regardless of definition, kinship is recognised as the means of giving people a sense of identity and origin, and, with instability in the nuclear family, wider kin may have a part to play in caring for members of society who need support by virtue of age, incapacity or temporary distress. Working against this is change in the role of women, who in some cultures have been the prime movers in maintaining family and kinship links. Greater involvement of women in the paid workforce, as well as greater geographical and social mobility, will make it harder to preserve these links.

Although the state has taken over from the kinship system the financial support of solo parents, the elderly, sick and unemployed, studies in New Zealand show that kinship systems are still strong and probably more flexible than state programmes. They are also more appropriate in the supply of emotional and cultural support. The largest amount of caring and personal services is still carried out informally by families and kin, often with little back-up or relief from social service agencies.

Changing patterns of work and leisure

Paid employment is a major determinant of status, power and material comfort in society. Those who have no paid work, or who become unemployed, tend to be accorded lower social status and must also become financially dependent either on the state or on others.

As already noted, labour force participation overall is likely to increase, but entry into the labour force will be later and departure from it will be earlier, if current trends of reducing age at retirement continue. Trends in unemployment are hard to predict but a trend towards shorter and more flexible working hours is evident, including a large growth in part-time work. Co-operative work, contract work and self-employment may become more attractive and prevalent as people seek to create their own paid work, based on individual and group skills. Such trends may or may not be seen as desirable. If greater flexibility results in more time being spent in child-rearing and community involvement, then this will benefit both families and society as a whole. However, if people are forced into part-time work and low-level self-employment because they cannot find traditional jobs, then this is less positive and will encourage the development of a "dual" labour market, in which many workers are "trapped" in low-paid, precarious jobs with low prestige.

Technological change is already affecting work, and will demand updating of skills, retraining and new career paths. In primary and manufacturing industries, working hours can now be shortened without loss of productivity through automation and the use of robotics. Improved communication allows the decentralisation of workplaces.

Again, there are both positive and negative aspects to such trends, which require responses both from government and from the private sector. More free time might be used in voluntary or community work, which is at present suffering from a scarcity of human resources. The development of quasi-voluntary work, i.e. not fully remunerated at market rates, is another possibility.

On the other hand, there is evidence that many people would simply use the time to take on another paid job, rather than using it for recreational or creative pursuits. Technology can also lead to "de-skilling" and the downgrading of certain types of work, as has happened in many female-dominated employment categories. A fragmented workforce operating from home could also be subject to exploitation. The challenge is to maximise gains from technological change, while bearing in mind both its social and economic implications.

Taking an optimistic view of the future, the trends outlined could result in greater value being placed on human skill in artistic endeavours in the widest sense - craft, music, communication. This could bring work and leisure closer, and, in the long term, play down the social importance of paid work. More leisure time could also lead to a blurring of education and leisure, defining education in the broadest term as self-expression and self-employment (refer Chapter 1).

The results of the changes in work, leisure and family life, which have been outlined, suggest that people will use their time differently in the future. To date very little is known about time-use in New Zealand and research could usefully be undertaken to provide baseline data on this subject.

Increasing sophistication in styles of communication

Improvements in the technical aspects of communication will continue to reduce the need for physical movement and face-to-face contact. However, personal contact should still be valued for social interaction and stimulation, for work supervision and for examination and comparison of goods. Similarly, it seems unlikely that private transport will be displaced in the near future, as was thought when the "oil shocks" struck. Technological advances, including the use of alternative fuels, combined with low population pressure, should allow it to be retained, even if the cost of petroleum rises again. Wholesale change in day-to-day communication therefore seems unlikely in the short run, even though a greater choice of systems will be available (videophones, fibre optic transmission) and they will be used more widely in many aspects of life.

An important aspect of communication in economic activity is the increasing sophistication of advertising and marketing. The use of the mass media to stimulate consumption is the basis of the "consumer-oriented" society. Television, in particular, has a vast potential for propaganda, but has made the population much more aware of events throughout the world, through powerful visual messages, and is a major cultural influence. The next step may be to develop interactive styles of television-based communication, such as tele-voting and opinion research. The long-term positive and negative effects of greater exposure to mass-media influences are hard to foresee. On the one hand is the postulated link between television and violence in society, on the other is the suggestion that home-based entertainment may bring and keep families together.

Communication between groups in society is an area where conflict is present at the moment and seems likely to continue. One aspect is industrial relations, which are based on an adversarial premise. Conflict here results from economic restructuring and changes in basic institutions, such as the wage-bargaining system. Cross-cultural communication is being improved through greater acceptance of ethnic diversity and the validity of cultural values. Language is a very important element in this type of communication and recognition of Maori as an official language is likely. Through the work of agencies which encourage positive inter-cultural communication, such as the Race Relations Conciliator's office and church groups, the dominant culture may come to adopt aspects of other cultures, e.g. approaches to decision-making, stewardship of land and resources.

Other aspects of communication in the political and economic area need to be improved in the interests of economic survival, and are likely to be assisted by more open negotiations and sharing of information at all levels. A greater willingness to share power, however, will be less attainable. Considerable cynicism is apparent in New Zealand society, and an "us-them" communications gap between the powerful and the powerless¹. Future conflict must be expected in these areas, but could produce a positive outcome if it is contained and channelled in constructive ways.

¹ *Issues in Equity*, Judith Davey and Peggy Koopman-Boyden, NZPC, 1983.

Increasing diversity in value systems

Of major importance to the social future of New Zealand is the growing emphasis on multi-culturalism, particularly the assertion of Maori cultural values which find expression in the Maori language, place-names, resource-planning and land-use, and which crystallise around the Treaty of Waitangi. Also important are changing attitudes to relationships on a personal and community basis. These include relationships between men and women in terms of individuality, power and decision-making (rape and domestic violence are relevant issues here); between ethnic groups (as outlined above); between urban and rural populations, recently brought to the fore through economic recession in agriculture; between the majority group and minorities such as disabled people. In all these cases "rights" are being asserted which relate to the social objectives of tolerance, freedom and participation.

Changing values have often been associated with the growth of crime and violence of all types in society. Because we know so little of the causes in this area, attempts to solve these problems have not met with success and the future is hard to predict. Links with alcohol and drug abuse, with unemployment and economic deprivation, are apparent, but will require further exploration in the policy context.

This brief overview of social trends points to a growing diversity of value systems and world views in this country. This may be seen as a strength or as a weakness. If the institutions of society are slow to change, then groups will become alienated and conflict will result. The challenge is to see that social and cultural diversity has the potential to be positive and enriching and to lead to constructive innovation, and then to act on this belief.

Economic Trends

Over the last ten years the goods and services demanded on international markets and the relative prices paid for them have undergone significant changes. In particular, changing tastes and agricultural protectionism have constrained markets for our traditional meat and dairy products while at the same time we have needed to pay more for manufactured products and most energy and transport fuels. The failure of the New Zealand economy to adjust quickly to these changing circumstances and to achieve comparable levels of efficiency and competitiveness with other industrialised countries has led to the problems outlined in Chapter 2.

The adjustment process stimulated by new economic policies over the last two years in particular seems likely to have a major impact on the level and diversity of economic activity in the future. In exports, the Planning Council's National Sectoral Programme has recently forecast that strong to moderate growth will occur in non-traditional areas such as horticulture, fishing, mineral products, manufactured goods and services, while pastoral goods continue to decline. At the same time, our trading alignments are likely to become more varied, with greater weight, both politically and economically, being given to Pacific Basin countries. Our trading relationship with Australia is also likely to develop even further under expansions of the CER Agreement, with an increasing number of New Zealand manufacturing companies establishing subsidiary operations across the Tasman.

Economic policy changes aim to hasten and broaden this process of adjustment amongst the import substitution and service sectors of the economy. The removal of protective trade barriers in particular is intended to encourage the flow of resources into the more competitive domestic industries, as well as encouraging more efficient management,

production, and pricing decisions. These reforms can be expected to have a major impact on the structure of both private and public sector activity, and will flow into the operation and organisation of the labour market.

Implications for the rural sector

Major changes are already occurring in the type of productive activity undertaken in the rural sector, with significant implications for rural income distribution. The major features involve a continuation of the diversification process from traditional pastoral farming to greater investment in horticulture, goats, deer, rabbits and even opossums. High country sheep farming, especially, is likely to decline further, and this will contribute to a major adjustment of rural sector service industries, with implications for incomes and employment in some provincial regions. The effects of these changes can also be expected to flow into those areas of the business sector and labour market which have strong ties with traditional pastoral farming (e.g. rural finance companies, fertiliser manufacturers, and freezing works employment).

In the National Sectoral Programme's estimation, the projected growth rate for horticulture for the next decade is an average of 15% per annum. By the end of the century this will be a major export area, including a variety of new fruits and nuts, as well as flowers, seeds and ornamentals, and specialising in off-season production for the northern hemisphere.

Major sources of new growth and employment

Service industries such as the finance sector, tourism and transport are expected to provide the major source of new jobs. Considerable growth in the tourism industry should accompany major new investment in hotels, roads, resorts and facilities. Some of this growth will be attributable to more intensive marketing of, for example, special-interest tours for groups such as skiers, adventure seekers, craft enthusiasts, gourmets and botanists. Increased numbers of tourists can be expected to affect further the range and trading hours of retail outlets and commercial entertainment ventures, particularly in key locations such as Queenstown, the Bay of Islands and Auckland.

Current policies to deregulate the banking and financial sector should result in an expanded range of financial services and employment opportunities. This will increase the demand for particular skills such as banking, accountancy, and investment analysis, with the possible consequence of a redistribution of employment income in favour of these professions. Expansion of the financial sector can also be expected to add to the increasing level and diversity of commercial property development, especially in the three main centres.

Both the forestry and fisheries sectors may emerge from the current period of restructuring on a more commercial and diversified basis. Although each has major problems in resource management and international marketing, both sectors can be expected to make a significantly increased contribution to the economy after 1990. The major implications of this growth are likely to be for investment in plant and infrastructure, especially in relation to value-added processing of these commodities.

The next decade is likely to see major changes in the structure of economic activity in New Zealand. The main features of this will be an increased diversity in export goods and services, greater mobility of resources (including people) between industries, and an increase in the relative importance of the service sector. Overall growth is likely

to be higher on average than during the last ten years (the National Sectoral Programme has forecast a trend rate around 3% per annum through to 1995) though, in the absence of social policy changes, this could be accompanied by a considerably changed and less equal distribution of income. Moreover, economic growth may tend to be less evenly distributed geographically than in the past, with widening gaps between rural and urban income shares. These developments may well influence demographic redistribution even further in favour of the northern half of the North Island, where manufacturing growth in particular is likely to be concentrated. Much greater flexibility will be required, particularly of education and work training programmes, social services, transport systems, and housing development, to support these adjustments.

POINTERS FOR POLICY - CURRENT THEMES

The previous two chapters lead in to the central focus of this study, which is the development of central government policy. We now set out important themes relevant to policy development, which arise from current and emergent trends in the economy and in society. These must be noted and analysed before we can move on to examine possible policy responses for the future.

Income distribution - central to economic and social policy

Almost all incomes in this country are affected by the taxation and welfare benefit systems. These aim to achieve an equitable distribution of income and to ensure that everyone has adequate financial support. Current policy initiatives indicate movement towards closer integration of the taxation and welfare benefit systems and the correction of anomalies and inconsistencies, plus closer targeting of support. The introduction of the Goods and Services Tax, accompanied by substantial income tax reductions, has widened the tax base and represents a movement from direct to indirect taxation. The Family Support scheme, following on from Family Care, and the Guaranteed Minimum Family Income concept, indicates priority given to assistance for families with children. This recognises their comparative disadvantage in the income area, especially one-parent families, as illustrated in *From Birth to Death*. These policies also recognise that wages may not be sufficient to support a family, given moves to make wages reflect more closely the market value of labour. The social security and taxation systems must then ensure adequacy of income according to family circumstances. The effect is to make more people dependent on the state for at least part of their income, as opposed to gaining a fully adequate income from paid work - the older concept of the "living" or "family wage". There has been some reaction to the concept of a mixed source for family income - complaints about extending the number of state beneficiaries, and the need for groups such as farmers and police officers to take "welfare" to support their families. Another example of the trend towards "topping up" of earned income is the extension of the accommodation benefit to low-paid workers as well as beneficiaries.

Thus, although the birth rate is now low, and numbers of dependent children are fewer, parents will probably continue to require supplementary financial assistance to provide for them. In addition, a greater number of children are having only one parent at home for at least part of their lives. As pointed out in *From Birth to Death* there is considerable evidence that such families are at particular risk of social and economic deprivation. The need for policies to support such families is already considerable and is likely to grow.

Income maintenance for the elderly is also an issue of growing economic and political importance because of the high cost of national superannuation, and the expected growth in the 60 and over age-groups (see Chapter 3). As well as income maintenance, the elderly have traditionally received services from the state such as hospital, medical and subsidised rest-home care. There is anxiety over high costs in this area, and the alternatives of community-based services have not yet been adequately set in place.

Support for people in a variety of critical situations - unemployment, illness, accidental injury or loss, homelessness, bereavement - will always be needed, much of it in the form of income maintenance. Anomalies between the sickness benefit and

accident compensation support are now being debated¹. With better medical techniques, growing numbers of people with disabilities, due to injury or congenital factors, are surviving, forming another sector which may be at least partially dependent on the state.

An issue of recent concern has been the level of the unemployment benefit. This should be adequate to meet human needs, yet sufficiently below the lowest wage rates so that the incentive to work is not diminished. The question then arises as to whether the lowest range of wages is adequate. The existence of minimum family income provisions appears to acknowledge that in some cases market wages are not adequate to meet family needs. A related issue is whether able-bodied unemployed people should perform some kind of community service in return for the unemployment benefit.

Any review of income distribution and income maintenance must not only encompass the welfare benefit, taxation and market income-setting areas, but also access to occupational and "fringe" benefits and the distribution of unearned income, from investment, capital assets and wealth, both inherited and accumulated. The redistributive effect of all these elements must be examined if appropriate policies are to be developed. Also, the redistributive intent of government policy in the income area must be thought through and made clear. The social wage is another important element in income distribution, i.e. services provided or subsidised by the state, such as education, hospital care, etc. These services are of particular significance to the groups which are most likely to be dependent - old people and children - and the social wage concept, which is subscribed to by all major political parties, is a significant element in determining the standard of living of most New Zealanders.

This last point raises questions about consistency in approaches now being taken in the social and economic policy areas. Economic initiatives based on deregulation, market orientation and the "user pays" principle have not been carried through into the social area, apart from discussions on better targeting, the removal of some universal benefits, and increased charges for some services (e.g. examination fees). Considerable political controversy has been aroused by such suggestions and proposals. It could be suggested that there is a serious mismatch between the social and economic policy approaches which could prejudice the chances of economic success. Although there is no absolute necessity that social and economic policy approaches should be the same, both should pursue the same overall aims, notably the enhancement of standard of living for all. The optimum use of resources and the avoidance of wastage are intermediate objectives towards this goal.

Access to and value of work

Work, in the sense of purposeful activity, is central to human well-being and the quality of life. It is the means whereby income is acquired, directly or indirectly, for most people. In our society it is the chief determinant of social status, with paid work having a higher value than unpaid work. Work is also basic to mental well-being, and in this respect it is quality of and satisfaction with work which is crucial. Hence, if people are without work they will find it more difficult to meet their needs in all aspects of life. For all these reasons, policy-makers must concern themselves with the demand for and supply of work, both in quantity and quality, if their objectives are to be met.

¹ *Benefit Reform: Resource Book*, Ministerial Taskforce on Income Maintenance, July 1986.

The employment strategy which is being adopted appears to have two aspects. One is the stimulation of economic growth and the other an active labour market policy. The former includes the encouragement of productive investment, especially in the export and import-substitution sectors, and the reduction of inflation, interest rates and the fiscal deficit. The government's strategy includes positive steps to remove distortions in, and free up restrictions on, trade and commerce by removing tariffs, export incentives and other regulations. The aim is to help investment flow into more productive industries and enterprises so that goods and services can become more competitive and inflationary pressures can be eased. The government deficit is being tackled by cuts in government expenditure, introducing charges for government services, and placing government corporations on a commercial footing. These are all medium to long-term measures whose beneficial effect may not be immediately evident. Also relevant are discussions on making the wage-bargaining system more flexible, in the hope that this will stimulate growth and hence produce more jobs.

New measures in the training, transition-to-work and job-creation areas have included assistance for disadvantaged groups, such as Maori and Pacific Islanders. Targeted measures such as the Training Assistance Programme and the Job Opportunities Scheme are replacing fully-subsidised schemes. A greater emphasis on training, including adult re-training, appears to have the potential to be more than a short-term palliative.

This is not to say that there is no concern for the immediate social and psychological support of the unemployed, but this is left mainly to voluntary and self-help groups. The Social Monitoring Group has drawn attention to the inaccurate and damaging images held of unemployed people, and also pointed out the possible linkages between unemployment and social problems such as crime, drug-taking and domestic violence. These issues must be of concern to social policy-makers.

In the longer term, as shown in Chapter 3, demographic and economic factors suggest that unemployment will become less of a problem. However, the shortage of certain skills, which has prevailed even through recent periods of high unemployment, will remain, which puts an even higher priority on training, particularly training which emphasises flexibility to meet future demands in the labour market.

The value of unpaid work, to families, and to society in general, especially care of the young, the old and the handicapped, is also an important policy matter. To remunerate these efforts at a market rate would require a very high financial input, and hence much higher levels of taxation. Alternative forms of compensation and support, e.g. the extension of existing benefits, relief care and back-up services, are worth considering.

The provision of basic social services

It has become a cliché to say that the welfare state is under attack or in need of review and to criticise the social wage as a mechanism for delivering social services. The need for care and security, for health, education and recreation services, remains. How can a greater diversity of need be catered for? How can we be sure that services are reaching those they are intended for, and no-one is missing out? We need to know who is paying for these services and who is benefiting from them. This would be the basis for deciding who should pay and how. It is important to define the relative value of basic social services to the individual, to the community and to the state.

At the moment, considerable areas of health care are delivered through the social wage mechanism - hospital services, immunisation, the greater part of prescription charges,

part of general practitioner consultation fees. There appears to be commitment to such support, despite the burden of rising costs. Considerable concern is now being expressed in relation to the Accident Compensation Scheme, and the future of medical attention under this scheme is in question¹. Fears that the private health care system, based on medical insurance and subsidised by taxpayers, is undermining public provision are also widespread. Anomalies in the health benefit system, arising from ad hoc growth and compromises between the objectives of the state, hospital boards and health professionals, are now being addressed following a Ministerial review².

There are serious issues to be considered in the area of health services, recognising that greatly increased investment in medicine and hospitals in recent years has not achieved commensurate improvements in health standards (a dilemma which New Zealand shares with other developed countries). It is suggested that future improvements in health will come about more through lifestyle changes than technology; for example, greater attention to the health implications of smoking, alcohol and drug abuse, poor diet and stress, and to the prevention of all types of accidents. However, present health services are oriented more towards the curing of illness than the maintenance of health, and work to a model in which the general practitioner is the "gatekeeper" to other services. Preventive approaches are, as yet, given only low status and low levels of funding. The challenge to health professionals and to government is to produce health care policies which recognise not only financial constraints, but also the social environment and social attitudes which affect health status.

Education has the potential to contribute to achievement of objectives for improved economic performance and social equity. Recent policy initiatives have been aimed at such objectives. Examples include reviews of the school curriculum and changes to the secondary school public examination system. Attention has been given to particular groups which have been shown to be disadvantaged in the education system. Bilingual schools have been supported and "mainstreaming" of handicapped children has been speeded up. Increased staffing and special teacher training for schools with special needs have been introduced. The "falling rolls" phenomenon, caused by demographic change, will pass through secondary and tertiary education in the next 20 years and should allow qualitative improvements and/or shifts of resources within the system. Changing requirements in the paid workforce, and a need for greater skills and flexibility in the work environment, are factors which must be considered in education policy. Greater emphasis on training could increase retention of students in secondary school and encourage adults to return to the system. The education voucher suggestion could be relevant here. At the same time, there are concerns that unequal access to tertiary education and hence to technical knowledge could bring about increasing polarisation in society. Thus, to achieve the objectives stated at the beginning of this section, it is essential to provide not only education and training of an appropriate type, but also equality of access.

In terms of general service provision in the areas of care and well-being, locally-based programmes and community care are receiving greater attention. They are being supported on a direct funding basis, e.g. rape crisis centres, women's refuges, and through schemes such as CHIFS (for health schemes in the preventive area) and Maori training and employment initiatives. This is consistent with a shift away from direct government provision to financial support, and recognises the ability of communities to define their own needs and to design services to meet them, as advocated in *Meeting*

¹ *Review by the Officials Committee of the Accident Compensation Scheme, August 1986.*

² *Choices for Health Care; Report of the Health Benefits Review, 1986.*

*Needs in the Community*¹.

Community care embodies the provision of care on an individual basis to people who otherwise might have to be institutionalised. This has been advocated not only on the basis of its responsiveness to need, but also is claimed to be cheaper than institutional provision. However, all the costs involved must be taken into account, including the opportunity costs to carers who may be foregoing paid occupation; the cost of paying more realistic incomes to service workers; and the costs of supporting community care adequately, for example with nursing and other domiciliary services, as well as with periodic relief.

The provision of resources for a more preventive approach to health and other forms of care has lagged behind statements endorsing this approach in principle. This is partly because of the strength of entrenched procedures, opinions and structures, e.g. emphasis on the medical (i.e. curative) model of health services. Community-based preventive programmes may go well beyond the institutional model by using less orthodox measures to reduce stress and other risks to well-being; for example, through family life education, neighbourhood support networks, job creation and recreational programmes.

The preventive approach also assumes the adoption of educational methods to disseminate information about the implications of certain types of behaviour, the avoidance of risk and the availability of services. As the Social Monitoring Group found, the provision of services, even without charge, does not necessarily mean that they will be used, e.g. child immunisation.

The importance of security

Security comes in many forms. Economic security is assisted by the acquisition of a reliable and adequate income - from work, from relationships with others (e.g. through parents to children), from savings and/or investment, or through state transfer payments. Physical security implies the minimisation of risk from accidents, disease and criminal behaviour. In this area, the old adage about prevention being better than cure obviously applies.

Less tangible is the security afforded by freedom from discrimination and intolerance and the conferring of legal and constitutional rights. The balance between freedom and respect for the rights of others has a lot to do with security. In many of these areas, the state now acts and has power to act - for example, through the Human Rights Commission and the strengthened Treaty of Waitangi Tribunal. But it is also limited, by what is acceptable to the public, and by what it has the resources to do.

As already mentioned in Chapter 2, the causes of crime and how to prevent it are not well known. Given the probable linkages with particular elements in the social environment, then programmes for full employment, better recreational opportunities, community development, and improvements in physical standards of living, including housing, should contribute to reducing crime and increasing security.

The trend towards community-based programmes is evident also in the security area, with more community policing, and moves to make the police force more culturally and socially sensitive, as well as with support for neighbourhood support schemes. The

¹ *Meeting Needs in the Community, Judith Davey and Maire Dwyer, NZPC, 1984.*

introduction of community-based alternatives to penal sentences, such as "community care" and grants to community groups working in the criminal justice area (for example *maatua whangai*), are further examples. Support for victims of crime is also largely carried out by voluntary or self-help groups, although greater emphasis on reparation is being encouraged.

The impact of such initiatives on the incidence of crime is hard to assess, and this approach may not find favour with an electorate concerned about what appears to be a rising rate of violent crime. The extent to which strengthened legal sanctions will bring improvement is also debatable. The Criminal Justice Act (No.2) was intended to reduce crime by avoiding institutionalisation of non-violent offenders and the negative effects of imprisonment. However, calls for stiffer sentences and harsher prison regimes have also to be considered by the policy-makers.

The increasing diversity of everyday life

As shown in previous chapters and in Planning Council monitoring reports, especially *From Birth to Death*, New Zealand's society is becoming increasingly diverse and complex. There is greater variety in the composition of households and families. Personal relationships are encompassing more than long-term legal marriage, with increases in remarriage, *de facto* marriage and the legalising of male homosexuality. Many people are being faced with changes in career, through redeployment, redundancy or new opportunities created by technological change. In day-to-day life, people are being confronted by a range of lifestyles and cultural influences from all over the world, not least through television and other media.

All these changes are bound to lead to the challenging of traditional norms and institutions and the need to develop tolerance in the face of social and cultural diversity. Many of the problems and dislocations which occur can be ascribed to failure to cope successfully with change. Policy-makers must recognise the changes which are occurring and try to keep abreast of them. Services provided by whatever means should be aimed at helping people cope with change. The opportunities and limitations which they face must be accepted realistically, without sentimentality for what is past or what might have been.

One indication of the acceptance of diverse viewpoints and opinions in the policy-making process has been the much greater degree of consultation and community involvement which has gone on recently. Examples include the various summit conferences, ministerial taskforces on income maintenance and social welfare services, and school curriculum reviews. In most cases the consultation process has been well-informed, with discussion documents to raise issues, information in plain language and in languages other than English. The terms of reference of the Royal Commission on Social Policy also envisage wide consultation of the community. There is some danger, however, of overtaxing and confusing groups concerned with social policy matters by the proliferation of official bodies seeking comment, and also of this being seen as a lack of leadership.

Of particular significance is the increasing acceptance of the Maori view-point. Many policy statements now acknowledge the lack of economic equality and social justice suffered by this group, and the right of the Maori people to their own culture and their own organisations to improve their status. Much of the debate centres on the Treaty of Waitangi. There are, however, signs of resistance to this trend. These include some opposition to special programmes for Maori people in the health, education, housing and employment areas, and also to the promotion of Maori as an

official language, and of Maori culture in schools. It is obvious that the encouragement of diversity can be threatening to some groups, especially where their own status and security appear to be in question. This relates very much to the following section on attitudes, but in policy terms it poses a challenge to government to find an acceptable balance which will allow progress to be made towards the objectives of tolerance and equity.

Changing and unchanging attitudes

Previous discussion has underlined the importance of attitudinal barriers to the achievement of desired objectives. There is considerable evidence of changes in attitudes, but also much to show how attitudes are preventing or hindering change, for example in the freeing-up of labour markets. Changes in attitude may be the pre-requisite for progress in all contexts, from the kitchen to the boardroom table. Again, there are limitations to what government policy can achieve. How is desired change influenced by attitudes, and how can these be modified or influenced? This has implications for the acceptance of diversity, as mentioned above, and for policy-making based on consultation and consensus.

Legislation can go only so far. For example, Human Rights Commission procedures can be invoked against discrimination on the basis of sex and ethnicity, but cannot eliminate institutional racism and sexism as described in Chapter 2. The proposed Bill of Rights will codify and confirm many of the freedoms contained in international declarations, and will provide a curb on the arbitrary use of power by government and officialdom. However, the effect of this on everyday life may not be great, given that many people find themselves restricted by attitudes, expectations and stereotyping.

Attitudes are also important in terms of the acceptance or otherwise of technological change which can have implications for employment, productivity and hence economic growth. This also applies to systems of management and work practices, and has implications from central government policy down to that of the individual firm and workplace.

Setting priorities and removing inequities

Many inequities are evident, in social and economic terms, throughout our society. There is a tendency for social problems to be concentrated in particular groups. Low-income households with children and one-parent families are disadvantaged in income terms and in many measures of standard of living. Unemployment is heavily concentrated within the young, unskilled, Maori and Pacific Island groups. How, and in what order, should inequities be tackled, given the financial stringency which demands that extra resources applied in one area be balanced by reductions in another? Should efforts to address inequities, to improve living standards, and to tackle large problems such as unemployment and law and order, have to await the fruition of macro-economic reforms? Such questions underline the necessity for social and economic policy-making to be coordinated in pursuit of agreed objectives. They also suggest that some effort is needed to identify and deal with the root causes of problems rather than alleviating the symptoms.

As mentioned in earlier sections, some progress is being made in attacking inequities among ethnic groups in New Zealand, with greater attention being given to the respective needs of Maori people and Pacific Islanders, through procedures and organisations appropriate to their cultural backgrounds. A wide scope of discriminatory

practices which have limited the full participation of women in social and economic life have also been modified, with some success, although economic inequities still remain. For example, debate around the principle of equal pay for work of equal value, which goes beyond that of equal pay for equal work, is growing. Disabled people are also receiving attention, focussed particularly on education and employment initiatives, with new policies on training incentives, exemptions for earning and benefit provisions. The acceptance of positive discrimination or "affirmative action" to correct inequities against all these groups is, however, not universal, and must remain a topic for policy debate. Other groups who may also be suffering social injustice have, as yet, received less attention. These include the young and the elderly - ageism is identified as a barrier especially with respect to paid work - one-parent families (related to marital status) and homosexual people (sexual preference is not to be added to the Human Rights Commission Act). This illustrates some of society's priorities in combatting inequities. Until all these inequities are addressed, however, the country cannot be said to be making the best use of its human resources and potential.

The Economic Summit Conference was a forum for debating policy priorities, and contributors made it clear that social considerations should rank equally, if not ahead of, economic matters.

The communique from the summit placed sustainable economic growth first among its policy objectives for sound economic management. Full employment came second, but it was clear that the conference acknowledged its social importance and its relationship to growth:

"A serious result of poor growth has been rising unemployment which is historically high by New Zealand standards. Continuation of this trend would be intolerable and policy should aim to reverse it permanently. Unemployment means that many individuals are excluded from full participation in society: it is disturbing that some groups (Maoris, women, the disabled and the young) are particularly affected. Our level of unemployment clearly underlines the need for better economic performance." (para. 5)

FUTURE POLICY RESPONSES

THE CONTEXT OF POLICY-MAKING

Change and the need for flexibility

The social, demographic and economic trends identified in Chapters 3 and 4 clearly suggest that social policies for the 1980s and beyond must not only aim for a better quality of life for all, which has been the central focus of the welfare state, but in so doing must accommodate increasingly diverse lifestyles. Pluralism and multiculturalism will not only require new approaches to policy-making, but also changes in the process of formulating and implementing them.

Policy-makers must assess attitudes to change, and how it can be managed. They must be prepared for its unintended consequences, positive or negative. Change will occur regardless of society's attitude to it, if the external forces are strong enough, but the pace and impact of change will depend on the degree of acceptance of or resistance to change on the part of individuals and institutions. It is easier to move fast in areas where those involved are few and well-informed, e.g. in the financial sector. This will influence policy-making, especially in its political context.

Policy-makers in New Zealand are faced with the need to encourage rapid adaptation to change if the country is not to lose ground economically and to fall away from its social objectives. There are, however, serious procedural limitations on achieving a turn-around of policy over a short period. These include not only inertia, but also political considerations - what the electorate will bear, and the speed at which change is acceptable. A consultative and participatory stance by government is likely to lead to a gradual, incremental approach to policy-making, and hence a slow pace of change. An alternative to this is a less democratic approach in which policies are developed in a more detached way, perhaps using modelling techniques and/or an ideology. In either case, when pressures build up and begin to cause dislocation, e.g. a financial crisis, or violence associated with unemployment, then rapid change must be implemented, and people cannot expect to be protected from its impact.

Another way of looking at change is revolution versus evolution. Unless people can be convinced of the attractiveness of the alternative which revolution is offering, they are unlikely to go along with it. People tend to cling to what they can see as tangible and secure. A social backlash is likely if people are pushed too far and too fast towards a new approach to government policy with which they are unfamiliar. Even those who need to experience change and will eventually benefit from it are likely to find the transitional period confusing and stressful.

Governments must define the threshold of tolerance in the population if they are bent on innovation. This requires considerable monitoring and intelligence. Both politicians and government officers have a part to play in this activity, but final decision-making and accountability must rest with the elected politicians. Messages from different interest-groups may be contradictory. For example, commercial interests may call for less government intervention and deregulation in financial transactions, but the public may at the same time be asking for more government action on law and order.

The only thing that we can be sure about the future is that it will be different from today. The pace of change appears to be accelerating, so that the concept of "future

shock" must be taken seriously. It follows that individuals, communities and institutions which adapt to change are likely to do better than those which resist it. Future policies therefore must not only be more responsive to a variety of cultural values, diverse family structures and relationships, and regional differences, but also flexible to cope with change. They will have to provide choices in the provision and delivery of services, and will have to be designed so as to open up options rather than closing them off. Flexibility is required not only in the shaping of policies, but also in their implementation and in the speed with which they are introduced. For example, inter-relationships between portfolio areas need to be acknowledged - expenditure in innovative training schemes may lead to savings in Vote: Justice through lower youth offending. Programmes to meet the needs of the elderly must take into account special requirements of growing numbers of Maori and Pacific Island people in the older age-groups.

There are two reservations to be made to this position. One is that flexibility alone is not a solution. Secondly, a flexible approach to policy-making should not mean lack of predictability and certainty in the implementation of policies at the detailed level.

Planning for uncertainty

The limitations which force policy-making into the incremental mode also encourage an ad hoc rather than a planned approach. In much of current thought, "planning" has negative connotations, often because too much is expected of it.

Planning should be seen as forward-looking policy-making, concerned with the efficient allocation of resources and affording a means of working towards objectives. It should entail the setting of priorities and objectives and it should be fully informed of the implications of various actions and the consequences of policy decisions. This type of planning takes into account social and economic trends, and aims to keep as many options open as possible. It is also important, given the pace of change, that planning systems and strategies are able to cope with uncertainty by maintaining flexibility, in the sense which has been outlined above.

In 1982 the New Zealand Planning Council pointed out that there was no coherent and coordinated system for social planning in place in New Zealand¹, and there have been few signs of major improvement since then. The same problems still apply:

- Lack of opportunity to stand back from day-to-day administration and take a longer-term view. This reduces planning to a series of ad hoc responses to current situations.
- Compartmentalised view taken by government departments and deficiencies in inter-departmental coordination.
- Influence of political factors: length of the parliamentary term, political influence of interest-groups. Tied in with this is the influence of the informal advice network, and the news media.
- Difficulty of defining and documenting social policy. Strength of anecdotal evidence. Difficulty of quantitative measurement in the social area. Lack of a

¹ *Who Makes Social Policy?* NZPC, 1982.

good research base. Weakness of social-impact forecasting techniques and evaluation.

- Poor communication and presentation of relevant data on social issues, reflecting the need for a social policy research and/or advisory unit in government to interpret and synthesise research data.
- Dependence on individual initiatives, but shortage of people with innovative ideas. Best use is not being made of scarce human resources in the social policy area.

Nevertheless, some ground has been gained by greater attention to social research in recent years. This must not be lost. In addition, impetus for social monitoring begun by the publication of *From Birth to Death* and linked to improved data analysis and evaluation, using computer-based methodology, must be built upon.

Also required is greater coordination and interaction between social and economic planning. Just as social and economic problems are inter-related so must be the ways of tackling them. For example, economic adversity has brought about growing demands on the welfare system, while resistance to the taxation needed to pay for welfare has increased. It is as unrealistic to treat social issues as secondary to economic necessities as it is to ignore fiscal restraint when designing social programmes.

If it is accepted that planning, as defined here, is a better approach to policy-making than ad hoc responses, then what is needed is a strengthening of social planning mechanisms, raising their status and bringing them closer to their economic counterparts.

Means of government action

Whatever approach is adopted by government, there are several means through which it is able to act in the social policy area. As each initiative is decided upon and as operational objectives are set, the means of implementation must be defined and the advantages and disadvantages of the various approaches must be assessed.

a) *Legislation*

The state, as the agent of society, "sets the rules" and provides sanctions when they are broken, plus the means of enforcement through the courts and the police force. This implies that a majority opinion at least can be arrived at and codified - for example, on what is defined as a crime. Parliament is seen as being receptive to public opinion and open to advice and information, but it is subject to intensive lobbying by interest groups. *Who Makes Social Policy?* noted that it is those groups closest to the parliamentarians in age, sex and socio-economic level who are most likely to be heard.

On the other hand, acceptance of alternative values is growing as shown by the appointment of other than white male judges, and attention to social trends in police training.

Legislation also tends to become outdated, with some difficulty in repealing laws even though they are obsolete. Thus, legislation tends to be conservative, and may be a force moderating rapid changes in society. This will have both positive and negative aspects.

b) Economic measures

Manipulation of macro-economic institutions and indicators does not require new legislation in many cases, e.g. fixing or floating of exchange rates, managing the money supply. Powers to do this are entrenched in existing enactments. Other economic policy measures do require legislation, for example changes in taxation. Economic measures can be, and often have to be, implemented rapidly. However, given the technical nature of much of the information surrounding them, and sometimes their commercial sensitivity, it is more difficult to introduce public consultation in this area. Nevertheless, actions to manipulate elements in the economy can have considerable implications for everyday life, affecting access to credit, the value of savings - and hence the incentives to save, spend and earn. Governments must be aware of these implications before such action is taken.

c) Service provision

Governments may provide services directly without charge, even enforcing compulsory use of such services, e.g. education. It can choose to subsidise providers or consumers, on a universal or selective basis, for example by giving grants to voluntary organisations, or providing special benefits for housing or childcare. It may apply market prices on a "user pays" basis. Subsidies to consumers may take the form of earmarked benefits, such as the present income-tested accommodation and childcare allowances. The present system uses a mixture of all these approaches, partly as a result of an ad hoc approach to policy-making, and partly because different objectives are being pursued at the same time.

The choice of approach will depend on which appears most likely to achieve the objective of the service under consideration, bearing in mind the constraints listed in the next section. Arguments against direct or indirect service provision by the state revolve around restrictions on, or the removal of, individual choice as to how needs will be met. Thus, this means of government action could be seen as paternalistic and directive. Later sections explore related arguments on consumer choice and the decentralisation of needs assessment and service provision.

d) Leadership

Where it is not appropriate to legislate, and the government is not moved to provide or give financial support, it is still able to exert influence in the pursuit of its policy objectives. This can be done by encouragement - often through publicity campaigns, e.g. anti-smoking and anti-alcohol abuse - or it can be done by example. If state enterprises, in pursuing commercial objectives, also show awareness of and sensitivity to environmental factors, then private organisations may do the same. Government can also facilitate the implementation of measures which it supports by providing forums for discussion, which may lead to better understanding. "Summit" conferences are an example of this. Persuasion without implied connotations of benefit, direct or indirect, may be difficult for governments. However, this is another valuable tool which can be effectively applied, as it has been recently in the area of marketing innovation and product diversification. It may also be active, behind the scenes, in job creation and job preservation.

Government leadership as a means of action is especially important if a new direction in policy is being attempted, where the aim is to capture the imagination of the populace and work against the ingrained forces of inertia and conservatism. It may also

claim some success in helping to change attitudes in areas not easily amenable to legislative action, e.g. in combatting discrimination.

By acting in a persuasive rather than a directive way, government could thus be seen as taking a more neutral stand, but others would still be wary of manipulation. The effectiveness of leadership as a means of government action depends to a considerable extent on the degree of trust between government and people.

As already noted, the appropriateness of each means of action, or combination of such means, must be clearly thought through in each policy context. The approaches outlined vary in their effectiveness and in their cost - both in terms of money and of other resources such as time and effort. They also vary in their appropriateness, in the speed with which they can bring about change, in their openness and clarity, and in the extent to which they can be seen as furthering the cause of fairness and social justice.

Limits to government action

Even if governments are able to establish a firm and consistent philosophical perspective and a well-considered strategy for action, they will still have to establish trade-offs and priorities in their approach.

A variety of constraints will limit government in what it can achieve. There are many areas in which government is not expected to have any role. These include personal and family relationships and many of the minutiae of everyday life. For example, the Social Monitoring Group's analysis showed that power- and resource-sharing within the family/household is needed to promote individual autonomy. It is difficult for government to act directly in this area, as considerable emphasis is placed on the right to privacy within the family, but it can have a strong indirect influence, through income maintenance (support to parents), legislation on marriage and dissolution, and through support services.

Fiscal restraint is a major limitation. Government is never, even under favourable circumstances, able to provide unlimited additional resources. In the current situation there is, on the one hand, criticism of the size of the budget deficit, and of tax levels, but on the other, increasing demand for services, especially through the social wage mechanism - health, education and welfare. Therefore, government must consider trade-offs and priorities. For example, the 1984 increases in the General Medical Services Benefit for children were financed by an increase in the middle-level tax rate and a prescription charge.

Another way of coping with the need for fiscal restraint is to place monetary values on state-provided services and ask consumers to pay. This is now happening for many scientific and technical services, for example data analysis from the Department of Statistics and special weather forecasts from the Ministry of Transport. Individuals may still have to be subsidised in their access to services, but this makes the opportunity costs explicit. Hence, it may be more efficient to provide accommodation benefits through the social welfare system for those who need them, than to subsidise Housing Corporation rentals. Taking this further, one might envisage drastic cuts in state provision, and a full "user pays" approach, accompanied by income redistribution.

A third type of constraint, which has already been referred to, is the political context. In a democratic system, government must always be looking towards the next election, which limits its ability to do anything which might alienate sections of its

voting base and/or take too long to come to fruition. Making the parliamentary term long enough to achieve worthwhile change has to be balanced with the need to ensure regular accountability to the electorate. The setting of priorities will be influenced by objectives and ideology, but also by questions of electoral support. It is thus necessary to examine the balance and operation of power in society alongside the process of policy-making.

POLICY APPROACHES

Levels of government intervention

The intervention - non-intervention continuum is basic to the discussion of the role of the state and to political philosophy. In extreme terms, the very existence of a government implies intervention and total non-intervention implies anarchy, or the absence of government.

Is there a minimum level for state activity before anarchy is reached? Government is the agent of society, set in place to perform functions which cannot easily be done by people acting individually. The question is the extent of the powers and functions exercised by government. How far government is representative of and holds the balance of power between groups in society will govern the acceptability of what government does.

The terms "intervention" and "laissez-faire" are used most commonly in relation to economic policies - deregulation, market orientation, etc. The extent to which these concepts can be applied to social policy is debatable, although substituting income support for government-funded service provision has been suggested as a desirable move. Subsequent discussion will illustrate arguments for the retention of the "community interest" approach. As already noted, distinctions between social and economic policy can be artificial. Nevertheless, it is not suggested that approaches to social and economic policies should always be the same, unless the pursuit of overall objectives, such as the more efficient use of resources, leads to this.

Given the focus on the present and the immediate future which we have taken, detailed philosophical debate is probably unwarranted. The question is how far government should go in attempting to regulate activities in society. This depends on the specific policy matter being considered - there can be no fixed answer. For example, it would be unacceptable if government decreed that households according to type should occupy housing of certain sizes, but minimum standards of housing quality and overcrowding are set out in law. People would not expect restrictions to be placed on choice of holiday location, but can accept the role of government as protector of environmental quality in seashore, lake, mountain and wilderness areas. Individuals are free to buy motor vehicles and use them on the road, but we expect to be protected from the noise, fumes and threats to life and limb which the exercise of such freedoms may produce.

These examples illustrate the role of government in setting basic standards for society and seeing they are maintained - an approach similar to the provision of a "safety net" in income maintenance policies. They also suggest a guardianship role for government in areas where the individual or smaller groups of people would be powerless to act. Thirdly, if society is to function peacefully and equitably, then some limitations on individual rights and freedoms must be agreed to and accepted. The law is the conventional method for doing this and government the usual institution for making and upholding the law.

Difficulties occur in definitions and with the style in which such functions are applied. For example, if it is accepted that government should promote the "wise use" of resources on behalf of society as a whole, including future society, then "wise use" must be defined in each instance, and this may be controversial as well as shifting over time. Motel owners in Rotorua who have been using geothermal services for heating feel that their economic freedom is being curtailed when, in the interests of preserving natural tourist attractions, they are asked to pay for this resource and/or cut down its use. If high interest rates occur as part of the process of financial deregulation, perhaps as a temporary phase, could this be said to be restricting the "rights" of others to home ownership or to continue farming their own land in their own way?

The rationale for intervention may be that society has a collective responsibility to support those of its members who are suffering personal crises or misfortune. Altruistic motives are mixed, in this case, with a desire to minimise disruption which personal problems can produce for the wider community. For example, unemployment threatens the security, well-being and stability of the people experiencing it, but also the security of the wider society through the apparent link between unemployment and crime (including theft, vandalism, homicide, rape, spouse and child abuse). Assistance with health problems has the same rationale, especially infections and contagious disease containment. (If, for example, AIDS were to be shown to be affecting the total population and not only small groups of people who are considered deviants by many, then demands for the government "to do something about it" would be deafening.) How assistance is given may be the matter of controversy; whether the unemployed are sent to military camps or given welfare benefits and counselling; whether parents are persuaded, bribed or forced to have their children immunised.

Governments are unlikely, therefore, to extend economic or social freedom to the extent of total non-intervention, nor would most societies wish it so. It is a question of balance and compromise in which the quality of, and reasons for, intervention must be the issue rather than simply whether it occurs or not. The "free market" approach has no inherent value unless it is producing more efficient use of resources, and contributing to the well-being of all groups in society.

Collective or individual responsibility

A "community interest/human resource" approach to policy may be associated with universal state provision, and may or may not also be associated with centralised policy and decision-making. Its rationale is that society must function as a communal entity, caring for, and providing for the needs of, its members - if paternalistic, then benevolently so. The approach is also justified on the basis of caring for those who may not be able to act for themselves - especially children, but also old, sick, disabled and unemployed people. The human resource aspect introduces the principle of investing in and developing the people themselves for society's benefit. On the other hand, a welfare-based approach may be seen as reducing personal freedom and initiative and encouraging dependency, as well as perpetuating outmoded values such as the male breadwinner concept.

The other end of the continuum stresses the individual and individualistic freedom and responsibility. In order to work, this approach must maximise income in the hands of individuals, through market-based activities, so that people are able to decide for themselves what their needs are and how they should go about meeting them, i.e. setting priorities and making choices about the allocation of their resources. This view holds that policies which encourage individuals to make their own choices will help in

achieving welfare objectives. Individuals are assumed to have the information necessary to make appropriate choices. People would thus trade state provision for a high degree of freedom.

In practice, governments are likely to adopt an approach somewhere between the extremes. The rhetoric may be non-interventionist, but, for the reasons just outlined, there will be policy elements over which the state retains some control, e.g. child health, basic education. The market cannot, and is not intended to, distribute income fairly. So taxation and transfer payments will always be needed to provide individuals with the wherewithal to make their own choices.

The Planning Council has for several years supported a shift of responsibility towards individual and community responsibility and away from the state's centralist responsibility. It has called upon the government to:

"...systematically review the scope of its social programmes to test their effectiveness in relation to the costs, and the appropriateness of central government, as opposed to other sections of the community, retaining primary responsibility for the promotion of welfare."

A 'bottom-up' approach was envisaged:

"...a shift of emphasis back to informality, with the family, workplaces, voluntary societies, unions, employers and neighbourhood groups assuming more relative importance than in the past."¹

This implies a collective approach at the community level, with the state not as a provider but as a supporter and funder of services. The emphasis differs from a welfare approach in advocating shared responsibility for caring. Examples of services newly developed in this tradition are women's refuges, unemployed workers' groups and support groups for those suffering specific disabilities. The introduction of "community-based" sentences for offenders in the justice system is an example of a shift away from a formal and institutional approach. Thus, the 'community' and 'community-based' approaches have been endowed with the desired attributes of flexibility, participation, greater co-ordination, efficiency and effectiveness, clearer definition of need and better targeting, increased self-reliance and participation. Many of these have been seen as equally the advantages of a shift to individual responsibility, but it is possible to see the community-based approach to service delivery as having many of the advantages and few of the disadvantages of both the welfare state and the individualistic models. At the same time, several of the claims for this approach need to be more carefully examined before the case is deemed proven². The shift cannot be effective and equitable unless it is accompanied by a significant transfer of resources to the community level, and unless accountability travels in the same direction. This point is also emphasised in the section on centralisation and decentralisation.

Despite the apparent advantages of the community-oriented approach, there are strong forces which reinforce the centralised welfare-based position. One is the present concentration of power and of control over resources. If greater power and autonomy were to be granted to groups and to individuals, the power of the state, and social control through welfare systems, would be weakened. The paternalistic and self-perpetuating approach of most governments works against such a radical shift. While the

¹ *Directions*, NZPC, 1981, p. 21.

² *Meeting Needs in the Community*, Judith Davey and Maire Dwyer, NZPC, 1984.

advantages of the shift may be small gains to a lot of people, the losses are concentrated, and felt by influential and articulate groups. The attitudes of professionals who have a vested interest in welfarism and fear a lowering of standards produce significant barriers, e.g. mental health professionals who oppose the use of funds for "drop-in" centres and preventive programmes, teachers who fear radical changes in curriculum, pharmacists who are against deregulation. Inertia and protectiveness in the public service, and methods of financial accountability, may also inhibit the suggested shift.

Dependence on the welfare model is deep-seated, it has persisted through several generations, and will be difficult to alter. For example, many "self-help" groups have sought and obtained assistance from central government, which may be seen as a contradiction in terms. The government has been willing to assist groups who are doing what might otherwise be government's work. Using a voluntary group has advantages for government in terms of effectiveness and economy; for example they are well placed to provide speedy responses to localised problems. However, the government may find it easier to work with and control those voluntary groups operating in the more paternalistic "welfare" model. Self-help groups are more likely to question the motives of government, and take political action, as is demonstrated in the difficulties between the current government and unemployed workers' groups.

Between universality and selectivity

No government-provided benefit or service is universal in the sense that everyone is entitled to it by right and without question. Services and benefits which are given to people by virtue of their membership of specific groups, e.g. unemployed workers, people 60 and over, unsupported mothers, are what are usually thought of as universal. This is different from an approach where individual need is the criterion for eligibility. Both approaches involve targeting, but the second is based on individual circumstances rather than group membership. This avoids labelling and stereotyping and the exclusion of groups who may be thought undeserving, e.g. unemployed people with employed spouses.

There are strong arguments for universality. It is easily legitimised in terms of "rights". If it is assumed that groups with similar characteristics, e.g. families with children, the elderly, have similar needs, universal policies can be fair and equitable. Such policies also avoid any connotations of "charity", and are comparatively easy to administer.

However, in the interests of more efficient use of resources, and given the pragmatic need to constrain government spending, there has been growing emphasis on selectivity of government support and service provision, and criticism of poor targeting in social policy areas. There is a belief that, under current systems, public expenditure on the social services is distributed in a manner that favours the middle and higher income and occupation groups, and that this occurs even when such expenditure is targeted at low income groups¹. This is the concept of "middle class capture", which has yet to be tested in New Zealand in a rigorous way. It is less an argument against universality than reinforcement of the need for better targeting on the basis of need, and better identification of the groups who are benefiting from services but who may not be the immediate users, e.g. employers have much to gain from the provision of public transport. Actual costs, who is bearing them, and who has control over resources, must

¹ *Economic Management*, The Treasury, July 1984, p. 258.

be made clearer, so that costs are recognised and people are given the incentive to reduce them.

There is also a tension between targeting and the principle of policy neutrality, which applies particularly in the business sphere - between sectors and between firms. It applies to income maintenance as well, where fears have been expressed that unemployment benefits high enough to sustain families may act as disincentives to work, or where domestic purposes benefit payments have been seen as encouraging unsupported motherhood or marital break-up.

The related concept of "social insurance" suggests that central government's aim is less to reduce inequalities than to provide some security against events and situations which may threaten well-being - death of a provider, sickness, unemployment. Prior contribution through taxation, direct or indirect, justifies this approach and reduces the charity stigma. Dependency in childhood and old age are more universal experiences, however, and these are the pressure points in terms of financial provision.

Where there is diversity in cultural values, income levels or other attributes, then selective policies may be more effective and efficient and may also be able to provide an element of choice. This is especially the case when particular minority groups are deemed to be disadvantaged, e.g. in access to health care, or in disproportionate contact with the criminal justice system. Selective policies are also more flexible, allowing for changing needs, and for the appearance of new groups in need of support.

A middle-of-the-road option between universality and selectivity is to make benefits available to everyone and then to make adjustments through the tax system. However, examples such as the tax surcharge on national superannuitants, and the resultant furore, reduce the attractiveness of such an approach.

Ultimately, as noted elsewhere, the policy stance taken, or mix of policy adopted, must depend on acceptability to the public at large. Universalist approaches require high levels of government spending and hence either increased taxation or the diversion of resources from other areas. Set against this is an apparent high level of demand for universal approaches. This was exemplified in submissions to the Budget '85 Taskforce, with high levels of support for one general benefit, eligibility at age 15, the abolition of stand-down periods and "remote areas" provisions, individual entitlement, and more liberal conditions for benefit abatement against earnings.

Movement towards selectivity will not, therefore, be plain sailing. Acceptance of such an approach brings a raft of new decisions for policy-makers and associated administrative complications. The questions which remain include how need is to be defined: the discussion of social objectives has underlined the relative and changing aspects of need. Eligibility is also controversial and leads into value judgments, stigmatising recipients, dividing them into "deserving" and "undeserving" groups. Most people would agree that one-parent families require support, but traditionally this has been given much less grudgingly to widows than to unmarried teenagers. Should farmers receive more assistance in the form of price support than manufacturers because of their historical contribution to the economy and distinctive lifestyle?

The selective approach is probably the way in which social policy is heading. Targeting can be justified, and possibly made more acceptable, on the basis of need rather than entitlement. The implication is that social justice will be served by redistribution according to need, rather than equal distribution. People with special needs, regardless of categorisation, will therefore be targeted for assistance. As already noted, distribution according to need is unlikely to occur through the free play of

market forces and requires government intervention.

Public or private provision of services

The argument for continuing state provision of some services is that they are either "merit" goods, which it is in the interests of society that people should be encouraged to consume, or "public" goods, for which consumers cannot be made to pay directly. Education is an example of a "merit" good. It can not only be seen as an investment in human capital, as development of the human resource, but also as a means of improving income distribution and reducing income inequalities. This is not to say, however, that resource-use in education is at present the most efficient it could be, and that policies towards education should remain unchanged. In its link with the labour market, and its role as the means whereby skills are acquired for paid work, the education sector does not appear to have been performing well. It has also been criticised as being less than adequately responsive to market signals and to the need to minimise costs.

An example of a "public good", from which most people benefit but for which most people are unwilling to pay directly, is the provision of a police force. "Middle class capture" may well apply to policing and crime prevention, at least with respect to property, on the basis that the more affluent people have more to protect. When it comes to victimisation, however, there is some evidence to suggest that people from the lower socio-economic groups are more likely to suffer.

If people are considered to know best what is needed for their welfare, it follows that they should also be responsible for their own security and protection. The result of this would be either vigilante or militia policing and summary justice, following the self-help mode, or protection services provided by commercial enterprises and paid for by clients. Neither is likely to produce consistent or comprehensive coverage, and both are thus unacceptable, especially from the point of view of dispensing justice. Government provision of services can also be justified on the basis that a system from which everyone benefits should be paid for by the tax system. Heavier users of such services can, however, be asked to pay more. Already there have been moves to shift some types of policing to the private sector, e.g. security guards at large public gatherings, and to charge more realistic court costs in private actions, e.g. costs against objectors in planning hearings.

The provision of services on a commercial or "private" basis implies that such services have a profit-oriented approach, and that prices are set according to competition in the market. This approach does not mean that such enterprise must be confined to the private sector. It is possible for state institutions to take on commercial approaches, as is now happening. Several existing government bodies are separating out their commercial activities and conferring them on quasi-commercial agencies. This is intended to make more "transparent" the various functions and to avoid conflicting or apparently conflicting objectives, e.g. exploitation versus conservation of natural resources. The question of control and ownership also arises in this area. Where should ultimate control of large-scale publicly-owned resources lie and who should own them? Who should be gaining benefit from them? Would allowing private exploitation ensure a closer approximation to the end objectives stated?

The provision and funding of basic services by the state is central to the social wage concept. The minimum coverage of services necessary can be defined on a purely dispassionate basis. It is sensible for society to see that its future productive members are educated and protected from threats to health and security. This approach

is based on the long-term self-interest of all members. However, an ideology which emphasises collective responsibility would espouse the same position.

Can the requirement by society that its members be educated, receive health care, and be protected from serious risks to their well-being be left to individual initiatives and commercial provision? If it is left to individual families to provide education for their children, the result may not be consistent with society's view of equity. What would the reaction be if many families decided to educate their sons, but keep their daughters at home? Would it be acceptable for seriously injured or sick people to be turned away from hospital because they could not pay?

Up to now, "provision" has been taken to include funding, and the discussion has implied that either the given service will be provided free by the state - funded from general taxation - or on a profit-making basis by private concerns - with the consumer meeting the full cost. For some services, one or other of these approaches will be the optimum mode of supply. National defence is likely to remain "free" to the public, and it is not foreseen that the state should enter into retail trade. For many of the elements of social policy, however, an intermediate approach may be the most efficient. Provision can be separated from funding by means of subsidies. Many examples of this model already exist. The government covers part of general practitioners' consultation fees, with higher subsidies for groups deemed worthy of such help - the young, the elderly, the chronically sick. Subsidies are available to private schools and private hospitals, where users also pay substantial fees. Another approach is through vouchers to consumers, as has been suggested in the case of education, opening up a range of choice as to sources of education and when entitlement is taken up.

Assistance to community groups has already been noted. Considerable use is made of the voluntary sector to provide state-subsidised services to the community. Large voluntary organisations such as IHC, the Crippled Children's Society and the Foundation for the Blind receive multi-million dollar grants annually to assist special groups. As pointed out in *Meeting Needs in the Community* and elsewhere¹, there are advantages and disadvantages in this approach, revolving around questions of efficiency, equity and accountability.

These approaches may involve a sharing of costs by the state and the community, or the users. Many would suggest that at least part-payment by users is essential to ensure proper valuing of the service and as an incentive to avoid waste. Rather than deciding who should provide the services and who should pay on the basis of ideology, it is more pertinent to focus on the appropriateness of the service for meeting needs and the efficiency with which resources are used to do this.

The preventive/remedial balance

There is nothing new in advocating the fence at the top of the cliff instead of the ambulance at the bottom. The case for avoiding unnecessary suffering and disruption in the lives of individuals and society as a whole is unassailable. In many areas, preventive action is beyond the scope of the individual, e.g. provision of clean water, and this calls for state action on behalf of the community. There are many problems, however, in implementing a preventive approach to social policy. What should be

¹ *Voluntary Social Services: A Review of Funding*, Sue Driver and David Robinson, NZPC, 1986.

prevented? How should prevention be achieved? First, and obviously, not all undesirable happenings can be avoided. This applies to many types of illness and problems associated with ageing. Accidents often cannot be foreseen. The course here must be to minimise risk as far as practically possible or socially reasonable. The banning of all motorised vehicles would prevent most traffic accidents, but can hardly be envisaged in modern society. Secondly, action to avoid distress and disruption often has to be indirect. Job creation for teenagers may reduce vandalism; community centres may help to combat mental illness exacerbated by isolation; recreational programmes may help to keep the elderly active and alert - "may" because it is often difficult to establish with certainty that such action "causes" the change. Nor may the efficacy of such moves be universally accepted. It is often difficult to evaluate the impact of preventive programmes, for instance to measure redundancies which did not happen, or family breakdowns which did not occur.

Preventive measures may be seen to conflict with freedoms, e.g. fluoridation of water, monitoring of children cared for by young unsupported mothers. Community education programmes may be seen as intrusive or culturally biased, e.g. family planning. Professionals, trained in the remedial tradition, may be unwilling to support preventive programmes which seem remote from their spheres of activity, e.g. community houses and hobby classes set up using community mental health resources. There may also be a defensive element in this.

Public attitudes may produce additional barriers to the preventive approach. People are prone not to look ahead and anticipate the consequences of their actions, especially if this means curtailing current gratification, or incurring expense for an intangible result. It is easier to accept medication from a doctor to correct a metabolic disorder than to adhere to a strict diet.

There are, however, many initiatives which could be taken by individuals, groups, communities and the state, if the knowledge was widespread, if there was the will, and if there was an acceptance that individual freedoms may have to be made subservient to the security objective, e.g. the prevention of motor accidents by restrictions on young drivers. Such initiatives would result in social gains which are again difficult to measure, e.g. accident-free or illness-free years of life.

Prevention is not only better than cure, in terms of meeting social objectives, but can also be more efficient in terms of resource use. The scope for preventive action by government which can be justified in efficiency terms is especially obvious with regard to health. Programmes to make people aware of how they can reduce risks to their health and encouraging them to adopt such behaviour should have a measurable preventive effect and would be more acceptable than compulsion. The aim within this approach must be to identify the way of achieving the greatest benefits at the least cost.

This might mean charging patients who require health care as a result of their own action/behaviour (e.g. conditions resulting from substance abuse, sports injuries, motor accidents where alcohol was a factor). Rather than stopping people from engaging in dangerous activities by some form of legal restraint, policies may aim at ensuring that they pay for the social costs that their activities generate. The disadvantage of this approach is the possible effect on the dependants of such individuals, who may require community support.

Preventive action in the employment area could help to enhance both social and economic efficiency. Assistance to the unemployed should improve the security of society as a whole if the "social environment" theory of the causes of crime is accepted. The question of whether employers should take on more of the costs of redundancy, as these

costs relate to laid-off workers and their families, is more controversial. It is bound up with whether, from the point of view of economic efficiency, closures and redundancies should (or could) be "prevented".

Promoting community-based services has been linked with the preventive approach, as such services have the potential to influence lifestyle and to work on factors in the social environment which create problems, e.g. unrest among young people. This approach should also have the potential for reducing service delivery costs while making all types of care more responsive to consumer needs, more accessible to disadvantaged groups and allowing a concentration on positive action. For example, the Maori community has been shown to be disadvantaged in relation to a whole range of indicators of well-being - unemployment, criminal offending, life expectancy, infant mortality and so on. Rather than taking a negative, problem-oriented approach, the Maori community working with the Department of Maori Affairs, and using a community development model, has set in place a range of programmes - Tu Tangata, Te Kohanga Reo, Waiora - which have strong preventive potential. This approach is not without its problems, but deserves consideration for possible expansion elsewhere.

In conclusion, it must not be assumed that preventive programmes will always save money. Programmes which entail information-giving such as Citizens' Advice Bureaux and health education, may have the effect of raising demand for services, at least in the short-term, e.g. giving women confidence to leave violent marriages, encouraging people to have health checks or seek diagnostic tests. Preventive services should be seen as encouraging autonomy and resourcefulness and thereby avoiding dependence and hardship, not as having reduction of demand upon state services as their main goal.

Degrees of centralisation and decentralisation

The present institutional system in New Zealand is highly centralised and the functions of central, regional and local government are well defined. This system has been linked with an emphasis on state provision and a high degree of state intervention. It can be justified on the basis that New Zealand is a small country, with a fairly homogeneous population, and one which expects to receive the same standard of service throughout the country. Moves to promote decentralisation have been associated with policy shifts towards greater individual or community responsibility, and a more laissez-faire approach. These linkages are simplistic and in some cases misleading.

An interest in decentralisation in the limited sense of physical dispersion is not new. The old idea of decentralisation was movement of all or part of enterprises away from centres of economic activity to regions deemed to be under-developed, or where labour, infra-structure and resources were under-used (perhaps because of the decline of enterprises such as mining). This type of decentralisation may imply little functional change in the entities involved. Examples include the movement of parts of the Government Printing Office to Masterton, sections of the census operations to Christchurch, and the setting up of sub-offices of government departments (for example, Labour, Social Welfare and Maori Affairs) in suburban areas to allow easier access for the public. Innovations such as Internal Affairs detached youth workers and employment-oriented workers from the Social Welfare and Labour Departments may be seen as decentralisation, as are community-based schemes such as REAP (Rural Education Activities Programmes) and CEIS (Community Education Initiatives Scheme). But these moves are largely ad hoc and relate to specific needs; they cannot be seen as part of any clear decentralisation policy or planning for the future.

Real change must involve devolution, which is defined as the transfer of powers and

resources from one agency to another. It goes further than delegation and envisages a real shift of power and a considerable increase of autonomy at lower or outlying levels. Excessive centralisation and standardisation can create alienation from authority, as was recognised by the Taskforce on Social and Economic Planning, which concluded:

"A more relaxed approach to the development of local answers to local problems would be good for the social fabric and also for the economy."¹

The Planning Council has espoused this view in several of its reports:

"Greater regional variations could provide substantial economic and social benefits and facilitate the better use of all resources."²

Both publications drew attention to the likelihood of regional variations producing anomalies and inequities, and suggested that central government would always retain the role of co-ordination and ensuring that minimum standards are met, in health and education for example, perhaps to the extent of financing programmes to do this.

Arguments against decentralisation often centre on accountability for taxpayers' money and calls for devolution have been associated with calls for revenue-sharing between levels of government. There are some functions which central government seems willing to devolve on local authorities, such as public housing and some welfare functions. Local governments are in the main reluctant, however, to take on functions, especially without financial resources in addition to their rating base. If taxes are collected at the local level and redistributed there, then the level of accountability is shifted downwards and central government does not have the same reason for scrutiny and/or intervention. The quid pro quo is the acceptance of regional variations in policy and provision according to local needs and local ways of meeting them.

The ability of a decentralised political system to guarantee better democracy or better services has also been challenged. It will not do so if local government takes on a bureaucratic, unchanging and unresponsive role. The disadvantages may, however, be balanced to some extent by the greater accessibility and visibility of local government.

In *The Welfare State?* the Planning Council advocated a shift from the 'top-down' institutional approach towards a more participatory 'bottom-up' approach, but recognised that this implies a fundamental change in political and social philosophy, which will take time and commitment to implement. *Directions* went further in advocating a shift of responsibility for social programmes to institutions other than government. There is evidence of some movement towards this goal over recent years, certainly to the extent of providing for consultation. Measures in relation to the Maori community have perhaps gone farthest in attempting to meet needs and confront problems using culturally appropriate approaches, such as the tribal framework. Here a community of interest rather than a geographical community has been the focus for decentralisation.

¹ *New Zealand at the Turning Point*, Taskforce on Social and Economic Planning, December 1976, p. 156.

² *Planning Perspectives*, NZPC, 1978, p. 68.

The equation of state provision with centralisation and community-based service delivery with decentralisation is, however, too simplistic. The Planning Council reports *Meeting Needs in the Community and Paternalism or Partnership*¹ suggest that rather than wholesale shifting along the continuum, the need is to define which functions are appropriate for which type of delivery or level of administration. Who does what best - be it national defence, care of children or support for the unemployed?

Equity versus equality

Although in some aspects of life the aim will be to make people equal - before the law, in access to education - absolute equality is unrealistic as a concept and as a policy goal. It may also be undesirable where it ignores essential differences between people, their aspirations and capabilities, and does not compensate for experience, skill and risk-taking. Equity, in the sense of social justice or fairness, is more often used as a basis for policy, even though it is more difficult to define, and may mean different things in different circumstances. Equity may sometimes call for equality. Other inequalities may be seen as fair and some efforts to promote equality through standardised policy approaches may, in fact, be inequitable. Freedom of choice is an important consideration. Inequality may be freely chosen, e.g. lower pay for more job satisfaction, lower standards of service in rural areas for a less polluted and quieter way of life. Ideas about fairness will vary over space and time, and between groups in society, and policy approaches must be flexible enough to accommodate this. Thus, equity is a shifting goal in the same way as is "adequate" income.

It has been suggested that equity may have to be given less prominence than economic efficiency under current conditions, and this would be the logical outcome of the more "pure" market-led policies. A period of greater inequity may thus be expected in the short to medium term. Taken to the extreme, it could be argued that sectors of the population which are considered to be unproductive, e.g. the dependent elderly, should receive less support. This is unlikely to be acceptable on human grounds. In the business sector, on the other hand, enterprises which cannot compete in the new climate may be allowed to "die", despite the social consequences.

The aim is to reach a solution which is at once most efficient and most equitable. Meanwhile, people are asking how long it will take for this desirable state to be reached, and what amount of suffering will have to be endured in the interim. Current agitation in the rural sector is a case in point.

While it does not imply equality of outcome, an approach based on equity requires equal opportunities and equal access to services. This includes equality of opportunity in the economic sphere, and of rights in the political sphere. As noted in *Issues in Equity*, considerable emphasis has been placed on the education system to provide equal opportunity. Those whose skills and enterprise contribute most to growth in the economy increase the income available for redistribution, so there are arguments for them to receive higher incentives and rewards. However, universal access to training in these skills is still required, on the basis of equity.

Even so, the proposition that equal opportunity will automatically produce an equitable outcome ignores inequalities of income, wealth and power in society. Even though school syllabuses are standardised, children from higher socio-economic areas still do better

in public examinations and more of them go on to tertiary education. Although some preventive health services are provided throughout the country without charge, certain ethnic groups consistently underuse them. This implies that an approach based on equity demands more than providing equal opportunities for access, but must move into the area of positive discrimination.

There are several types of equity which must be considered in the policy context. Vertical equity seeks fairness between different socio-economic levels in society. This applies in the income distribution area, and has been touched upon already. Horizontal equity is fairness between different groups in society. Given growing diversity, it is becoming less and less appropriate to produce standardised solutions in the policy area. The challenge is to produce equitable policies which respect social and cultural diversity. Equity within households and families must be considered when looking at the unit of entitlement for government income support/benefits/services. Should this be the individual or the household/family (however defined)? Who may justly be dependent on whom, and for how long?

The time aspect of equity has already been referred to in relation to economic efficiency. It relates to saving, on an individual and on a community basis. Should those who have foregone higher standards of living in order to train be justified in having higher incomes later? Should society support those who do not save, while others make provision for the future, for example through superannuation schemes? Equity principles thus have considerable implications in the area of taxation policy.

Differences from region to region in access to services and opportunities are obvious inequalities. Are they inequitable? Some are based on geographical circumstances, not open to human manipulation - topography, climate, soil. However, the resources and infrastructure for development also vary regionally and must be deployed in a way which is both equitable and efficient.

In New Zealand most social services are centralised and the population has come to expect standardised provision throughout all regions, for example in health care, education, policing. Costs of provision between rural and urban areas, for example, will vary and thus the equity-efficiency arguments again arise. If the provision of services on a community basis is encouraged, this may result in greater regional disparities. Services will flourish in areas where communities are strong and well-endowed. Where resources are scarce and the people less inclined, for whatever reason, to support community initiatives, services are likely to be at a lower level. This points to the necessity of central government setting minimum standards and assisting in their maintenance by central funding, as mentioned elsewhere in this chapter.

Thus, equity is a much more complex concept than equality, but is central to policy-making in a democratic society. Although equality of outcomes cannot be guaranteed, the principle of equity demands that equal opportunity and equal access should be important social policy objectives.

Conclusion

Previous chapters have noted the extent to which we are not meeting our social objectives: the persistence of poverty and disadvantage and their concentration in particular groups; the ineffectiveness of many current policy initiatives to fill the gaps. How can we devise a social policy strategy which is attuned to the circumstances of the late 1980s and which looks forward to the 1990s with some hope of progress and positive change? What should be the attributes of such a policy?

¹ *Paternalism or Partnership*, Robert Sowman, NZPC, 1984.

Central to the social policy strategy must be the question of ensuring adequate income, either from paid work, or through a transfer system. Adequate income is an essential, but not the only prerequisite to allow individuals greater freedom to make their own choices over priorities and trade-offs, and to pursue their own objectives. Equity must be an important attribute of the system of income distribution, which calls for policies to ensure a degree of redistribution. This is unlikely to go as far as providing a guaranteed income for all, paid on an individual basis, which will meet all needs. More narrowly-focussed measures must be relied upon to ensure an equitable distribution of income.

Macro-economic policies must be set in place which will promote growth in national income. Without growth, redistribution can take place only by "robbing Peter to pay Paul". With growth, all should be able to benefit, if not to the same extent, so that the process of redistribution is easier and less painful. This illustrates the essential link between social and economic policies and the need for them to be seen as working, not in competition, but towards the same ends, if not always by the same means.

Given the importance of paid work as a generator of income (as well as having social and psychological importance), the provision of employment must be a central aim of the policy strategy. Employment opportunities must be appropriate both in numbers and in quality, i.e. in pay and conditions of work, in safety and in location. This means primarily the adoption of macro-economic strategies which will maximise the demand for labour, but - of equal importance given indications that skills, rather than jobs, may be the scarce commodity in the 1990s - also provide a heavy emphasis on training. In the short term, support to the unemployed must not be overlooked.

For those who do not, or cannot participate in paid work, an adequate income "safety net" must be set in place. This would apply also to households and families on low incomes and/or with dependants, especially as the shift to a labour market system which sets wages by supply and demand gains momentum.

Those who shape the new social strategy will need to tackle the difficult problem of setting a minimum or adequate income, in the knowledge that expectations of living standards will always be rising, and that it will be extremely difficult to draw back from them. The unit of assessment when measuring adequacy of income is another issue. The present system which implies dependency between married or de facto couples does not necessarily satisfy equity requirements when other households are treated on an individual basis. The welfare of children and of the adults who have care of them is likely to be a central concern. As earlier sections have shown, our present system of income support is full of inconsistencies and inequities, which have developed through ad hoc policy-making, and which are only slowly being tackled.

However, the social strategy cannot stop at income distribution. Even given a greater emphasis on individual autonomy, there will still be several ways in which government must continue to act. It must retain regulatory powers to maintain standards and equity. For example, standards of care in institutions and safety standards in consumer goods must be set and enforced. Public education programmes to promote healthy and safe practices should be sponsored. In these areas the state is acting as an agent of society, acting on its behalf in areas where it is difficult for individual action to be effective. In the same way the state remains the best agency to provide "public" goods, such as national defence and large-scale pollution control, and the taxation system is still the best way of providing funds for such services.

Accepting that society has a collective responsibility for its members, central

government must always provide a "safety net" to ensure survival and the maintenance of adequate standards of living. In maintaining such provision, however, fiscal constraints are forcing government to be more selective. Support on the basis of group membership may be a less adequate basis than a system which identifies and delineates basic and specific needs on an individual and household basis.

There are also areas in which the community interest seeks to encourage the use of certain services, or certain types of behaviour in the context of "human investment". "Merit" goods of this sort include education and health care, especially in relation to children, in whom society must invest to ensure its continuance. There should thus be a baseline of service provision, analogous to the income safety net. Over time such a baseline could be raised or extended as needs require and as circumstances allow.

It can no longer be assumed, however, that central government will itself provide the full range of services, or that it will fully fund them even if other agencies deliver them. Government can encourage the consumption of services in several ways. In line with the over-riding requirement for flexibility, the aim must be to explore the most effective and the most efficient means of (a) providing, and (b) funding services to meet needs in society. This will mean using the resources of central government, local government, the voluntary sector, geographical communities and communities of interest, the commercial sector, households, families and individuals. All have their strengths and weaknesses, areas in which they work well and areas in which they are less appropriate or effective.

A wide range of options is available for both funding and provision. The state may both fund and provide, as it does now in the case of policing. It may provide, but ask for some contribution from users, e.g. prescribed pharmaceuticals, roading and traffic control. It may provide and ask for full payment at market rates, as is the movement now for government scientific and technological services, and has been suggested for Housing Corporation rentals.

If government is less active as a provider of services, then other agencies must be more so. Alternative means of service provision include voluntary and community organisations, commercial agencies and self-help. The justification for fostering the use of these types of delivery is not only ideological, i.e. the encouragement of power-sharing, but also based on the goal of efficiency. Competition between them should provide greater choice, greater and more rapid responsiveness to needs.

An important result of such diversification would be devolution, with decision-making power and accountability being passed from central government to the agencies involved, to communities, households and individuals; in other words, towards the consumer end of the spectrum.

The question of funding still remains. Central government is likely to remain the leading source of funds for a decentralised system, through subsidies to providers or to consumers. In some cases there may be a monopoly provider, for example a large voluntary organisation such as the Foundation for the Blind, or the Marriage Guidance Council. In others it may be more appropriate for a variety of agencies to be active, with a mix of voluntary, community and self-help groups, as is the case with pre-school education. In all these, community fund-raising and/or some degree of consumer contribution may be used. Consumer-oriented methods of funding, such as vouchers or ear-marked benefits, would allow better targeting than subsidies to providers.

This could lead to the development of a more diversified social policy environment, where basic social wage coverage and an income safety net would be retained, but where

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the costs of many services were shared between the state, the community and the users. There are benefits in making consumers aware of the true costs of the services provided to them and in requiring some contribution. It might encourage the search for and use of cheaper alternatives, such as using relaxation rather than medication to reduce stress. It might encourage a greater emphasis on prevention, e.g. risk avoidance, adoption of a more healthy lifestyle, insurance and saving. It might help to reduce waste and promote a more efficient use of resources. A careful choice of policy approaches and initiatives among those set out in this chapter should seek a balance between the rights and responsibilities of the individual and those of the wider group, so that the welfare of both is enhanced.

The package of social policy measures, or social strategy, which emerges from this choice should allow a range of policies and programmes designed to meet a variety of needs, recognising and respecting social and economic diversity, and aware of the need for flexibility in the face of circumstances which are likely to be rapidly changing. This means keeping options open rather than closing them off and welcoming innovation. At the same time, this flexible approach must retain a good degree of certainty and predictability, grounded in a firm base of principles, such as those contained in the statement of social objectives.

Therefore, rather than adopting any one of the policy approaches which have been described in this chapter, and applying it in all areas, the most appropriate means for each situation would be chosen. The test would be whether this is the best means by which progress can be made towards social objectives and whether it will make the best use of available resources. In taking this approach, policy-making must be well-informed and in touch with trends and options. Thus action on emerging problems can be appropriate and swift.

The challenge is that which emerged at the 1981 OECD conference on social policy. To design:

"A social policy capable of developing equity, stability and cohesion, while becoming more diversified in its allocation of responsibility and its delivery."

Whether this can be achieved by gradual or rapid change is a question of management and political will. It will certainly require a sharing of effort and responsibility. As mentioned already, the transitional period is likely to be stressful, but will not be made easier by delay.

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