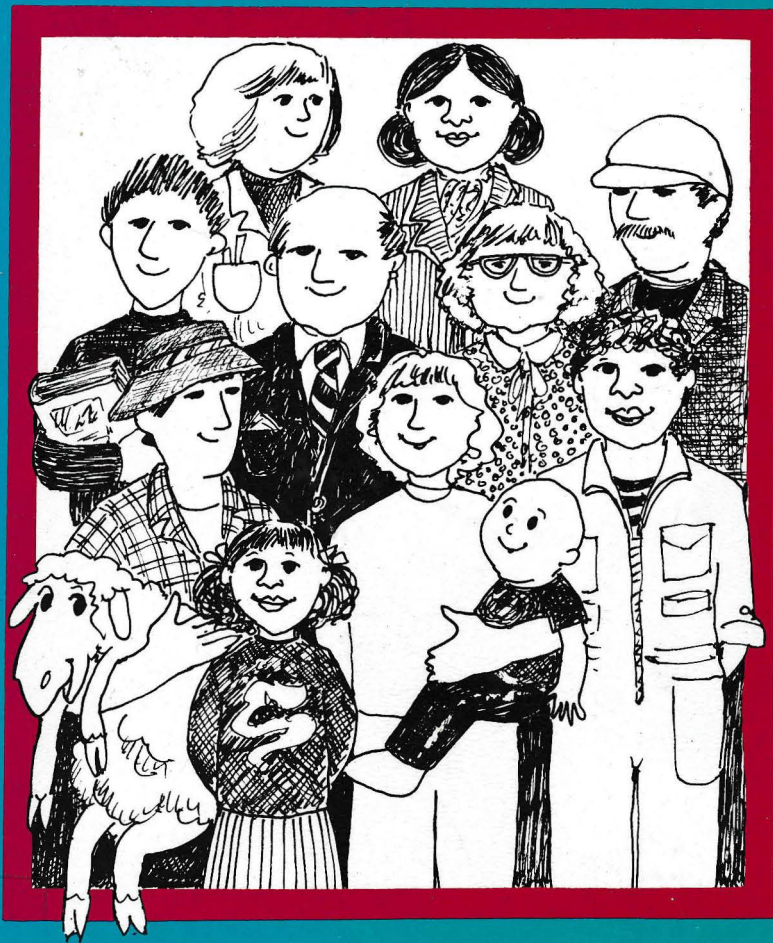


NEW ZEALAND IN THE 1990s



NEW ZEALAND

Planning Council

Te Kaunihera Whakakaupapa
Mo Aotearoa

\$10
NZ Socio

Where To Now?

NEW ZEALAND IN THE 1990s

Prepared by
Judith A. Davey and Jane Westaway

With illustrations by
Isabel Lowe

New Zealand Planning Council
Wellington

September 1990

ISBN 0-908601-73-5

Contents

Introduction	1
Chapter 1 One Canoe, Two Paddles: The Treaty of Waitangi	3
Chapter 2 Getting and Spending: Income and Wealth	11
Chapter 3 The Family Way: Kiwi Households	19
Chapter 4 Tomorrow's Skills: Education and Training	27
Chapter 5 Dream or Reality: Prospects for Full Employment	33
Chapter 6 New Zealand Inc: The New Economy	41
Chapter 7 Old Ideas: The Ageing Society	49
Chapter 8 The Bulge in the Boaconstrictor: Population Change	57
Chapter 9 Level Playing Fields and Safety Nets: The Role of Government	65
Chapter 10 A Fair Go: Towards Equity and Diversity	73

Introduction

Looking at ourselves is difficult. Not because there is too little information to be had, but because there is too much. Every day we are bombarded by newspapers, television, magazines, books, films, overseas and domestic experts, neighbours, friends and family. What we see and hear passes through the filter of our own experiences and aspirations, and much of it conflicts. Yet out of this confusion of fact, opinion and wishful thinking each of us, whether consciously or not, forms a picture of the country we live in.

This book may disrupt that picture. It compares some popular images of life in 1990 New Zealand with what the Planning Council has seen in its recent monitoring work. Some of these images are partly right, some outdated, and some are plainly wrong.

More difficult still than seeing where we are, is determining where we are going. Many New Zealanders, disoriented from the speed of recent change, wonder if it is possible to say anything about New Zealand that is true and will remain true for more than five minutes. 'Where to now?' is an anxious question. But we hope this book shows that the future is not uncharted territory, and neither is it entirely out of our hands.

We begin with the Treaty of Waitangi — the basis of our modern bicultural nation. Later chapters focus on New Zealanders at home, at work and growing old, as well as on broader issues which affect us all, such as migration and government's role in the economy. It is, of necessity, a selective view but we hope we have focused on the issues concerning New Zealanders now. We believe sound information, and not politicking and sensation, is what many need and want, and that a brighter future lies not in resist-

ing change but accepting it, in seizing opportunities, challenging worn-out stereotypes, and valuing diversity.

The Planning Council publishes many reports, often directed at those already well-informed about demography, economics, employment and bicultural issues. Everyone makes decisions, everyone plans, and everyone needs the best possible information on which to base his or her decisions and plans. This book is for everyone, the general reader with no inside knowledge, but with a desire to discover what is happening in New Zealand in this sesqui-centennial year, as we peer over the horizon to the year 2000.

1

One Canoe, Two Paddles: The Treaty of Waitangi

“He iwi tahi tatou,” Governor Hobson said, as he shook the hand of each chief signing the Treaty of Waitangi on February 6 1840. “We are now one people.”

One hundred and fifty years later the Treaty is again the focus of relations between its two parties — the tangata whenua and the Crown. The irony is that, while for some, New Zealand’s founding document promises the solution to all our ills, others see it only as an historical artefact and dismiss as divisive calls for it to guide Maori/Pakeha relations today.

These differences of opinion about the Treaty’s significance are not always along ethnic lines. Some can pinpoint a relative’s signature on the document and, for them, it has intense personal meaning. But most of us are comparative newcomers to Aotearoa, our families uprooted from thousands of kilometres away. As immigrants, we have paid scant attention to what went on here before we and our families came ashore. Yet on Waitangi Day 1990 Queen Elizabeth II, whose great-great-grandmother Queen Victoria was represented at the signing by Governor Hobson, allied herself with all those whose ancestors signed the document. Both parties, she said, had believed the Treaty to be an honourable basis for a new way of life together.

That belief is not only valid today, it is vital to our future. If New Zealand is, as one Maori leader has put it, a canoe with two paddles then, unless we balance the power on each paddle, we will be doomed to wallow in circles going nowhere. But the canoe’s best course may lie between relegating the Treaty to history and believing it can solve all our problems.

Everyone who calls New Zealand 'home' does so on the basis of the Treaty. It was not only an agreement between the tangata whenua and the Crown to share the country's land and resources, and a guarantee of citizenship rights. It also set the terms on which British and other settlers could come here. Unlike many other colonial nations New Zealand was not founded by conquest or discovery. The Treaty confers on Pakeha the right to call New Zealand home.



Indefinite articles — what the Treaty says

As legal documents go, the Treaty of Waitangi looks brief and to the point. In fact, it is no simpler to interpret than any other legal contract. Legal and lay argument is further complicated by there being two documents. One is in English. The other is a translation into Maori, which was the one actually signed by 46 chiefs on February 6 1840, and by another 450 chiefs as the Treaty toured the country during the next seven months.

The Treaty is in three parts, with a preamble justifying the need to secure the peace and property of the indigenous people in the face of extensive immigration from Europe and Australia.

The first article transfers power from the chiefs of the Maori tribes to the British Crown. The sticking point is, just how much power? The chiefs agreed to yield to the Crown 'kawanatanga'. This word, coined by the document's translator, literally means governorship. But we have no way of knowing whether the chiefs believed they were handing over day-to-day management or sovereignty in international terms. Chiefs embody the mana of their whole tribe; many believe they would never have diminished that mana by handing over more than limited power. Britain's motivation for drawing up the Treaty makes it no clearer how much power she wanted the chiefs to hand over. Britain was keen to keep other European powers out of New Zealand by staking her own claim and opening the door for colonisation. Yet there was also a movement back home calling for humane treatment of indigenous peoples.

The Treaty's second article assured the chiefs they would keep their tino rangatiratanga (chieftainship) over their lands and estates, forests, fisheries and taonga (treasures). It also stipulated that if land was sold out of Maori ownership, it must pass to the Crown. This article is the basis of claims for Maori autonomy and protection of language and culture. But while the English text specifies forests and fisheries, the Maori does not. There is also debate about how much autonomy is implied by rangatiratanga, and whether it differs from kawanatanga.

The last article is the same in both versions — it extends to

Maori the protection of the British Crown and the rights and privileges of British citizens. It is the article which melds us into one people. But even so, it is invoked by those wanting no special treatment for Maori, and by others seeing plenty of evidence Maori are not getting the full rights of protection and citizenship the Treaty guaranteed.

Years of neglect

Best estimates put the Maori population of New Zealand at about 80,000 when the Treaty was signed. There were about 2,000 settlers. The Maori had made a swift and successful adjustment to commercial enterprise and European technology since the first contact a couple of generations before. With their collectively-owned land as an economic base, the Maori grew food and supplied other essential goods, trading with the settlers and across the Tasman. The new colonists could hardly have managed without them. For a decade or so, both Maori and Pakeha regarded the Treaty as a binding contract.

More settlers poured in, and at the first census in 1858, the two peoples were about equal in number. As the settlers arrived they took over the land by individual title. The Land Wars, and the confiscations following them, alienated still more Maori land. The tribes losing the most land were also those most depopulated. By 1878 there were 412,000 settlers and the Maori, numbering 45,000, were a minority in their own land. By the end of the century there were fears they would die out altogether.

The Treaty was all but forgotten by Pakeha. In 1877 one judge declared it "a simple nullity" and so it remained, in legal terms, until the 1975 Treaty of Waitangi Act.

But Maori never forgot. Throughout last century and this, their leaders pushed for acceptance of the Treaty, particularly for protection of the land which had been their spiritual and economic base. They repeatedly petitioned the Crown and Parliament — with little success. Maori numbers grew, and with them political strength and commitment to their culture and language.

The 1975 Treaty of Waitangi Act reinstated the Treaty's legal standing. It established the Waitangi Tribunal to investigate Maori claims against the Crown dating from 1975. Its principles, as the government defined them, were also incorporated into the State Enterprises, Environment, and Conservation acts of the mid-1980s. Then, in 1985, the Treaty of Waitangi Act was amended to allow the Tribunal to settle claims dating back to the signing of the Treaty in 1840.

While the existence of a legal contract for the sharing of resources is an advantage, international evidence suggests that, even without the Treaty, the indigenous people could have asserted their rights. They have done so in America and Canada, reclaiming resources and managing them without the disastrous consequences predicted by pessimists.

The Treaty today

In 1990 Maori are around 13 percent of the population. Yet they number far more than 13 percent of prison inmates, the unemployed, welfare beneficiaries, children in care, and psychiatric patients. They are fewer than 13 percent of home-owners, university students or high income earners; Maori are not as healthy as Pakeha, neither do they live as long (see Chapters 2, 4 and 7).

These inequalities may be due to neglect of the Treaty or the dislocation caused by post-war, rural-urban migration. Some blame discrimination; others, Maori failure to adapt. But there is also evidence against the way in which New Zealand has run its welfare state. We have prided ourselves on its universality — its ability to provide the same service for everyone. But if, to take a few examples, the Plunket approach does not keep Maori babies at least as healthy as Pakeha babies, then Maori parents might be better served by Maori-initiated child health services based at kohanga reo or marae. Co-operative work schemes might suit Maori communities better than individual placements. Supervision by elders might rehabilitate Maori offenders better than the probation service. Such delivery systems, which would result in



differing groups using separate services, would not be apartheid. Rather they would be culturally appropriate and, therefore, more effective methods of delivery.

Maori language — one of the taonga understood to be protected by the Treaty — is fundamental to the survival of Maori culture. Its revival may herald a reversal of Maori fortunes.

Much of future Maori development is likely to be tribally-based, as it always was. Tribes, or iwi — linked by a common ancestor to a home territory identified with a mountain, river or other physical feature — have always been the basis of Maori social structure. Within the iwi are hapu, sub-tribes centred on home marae and made up of whanau (extended families). Tribal identity has survived the massive disruption of the last 150 years, and Article Two of the Treaty gives tribes the right to manage their own resources.

This is why land, forest and fisheries claims made under the

Treaty are vital — tribal authorities can do little without these resources. But claims are made on the Crown, not on private citizens, and the Waitangi Tribunal has made it clear it will not right one injustice by perpetrating another. It is the government, not individual Pakeha land-owners, which is obliged to return land unfairly taken or to provide compensation.

Not all tribes are at the same stage of development. Few are well-off financially — their strength is their people and their hopes for the future. The iwi look for information and help to develop what resources they have. They need to know about population and social trends, economic and employment prospects.

It is in everyone's interests for Maori to improve their social and economic position. It is in no-one's interests for injustice and inequality to continue, or for Maori to remain dependent on the state. We have a long way to paddle the canoe before New Zealand really is one nation, home to two equally respected peoples.

Publications used in writing this chapter include:

The Treaty of Waitangi, Claudia Orange, Allen and Unwin, Wellington, 1987.

Pakeha Perspectives on the Treaty, Proceedings from a Planning Council seminar, September 1988.

Maori in New Zealand Economy and Society, Denise Brown, New Zealand Planning Council, forthcoming.

2

Getting and Spending: Income and Wealth

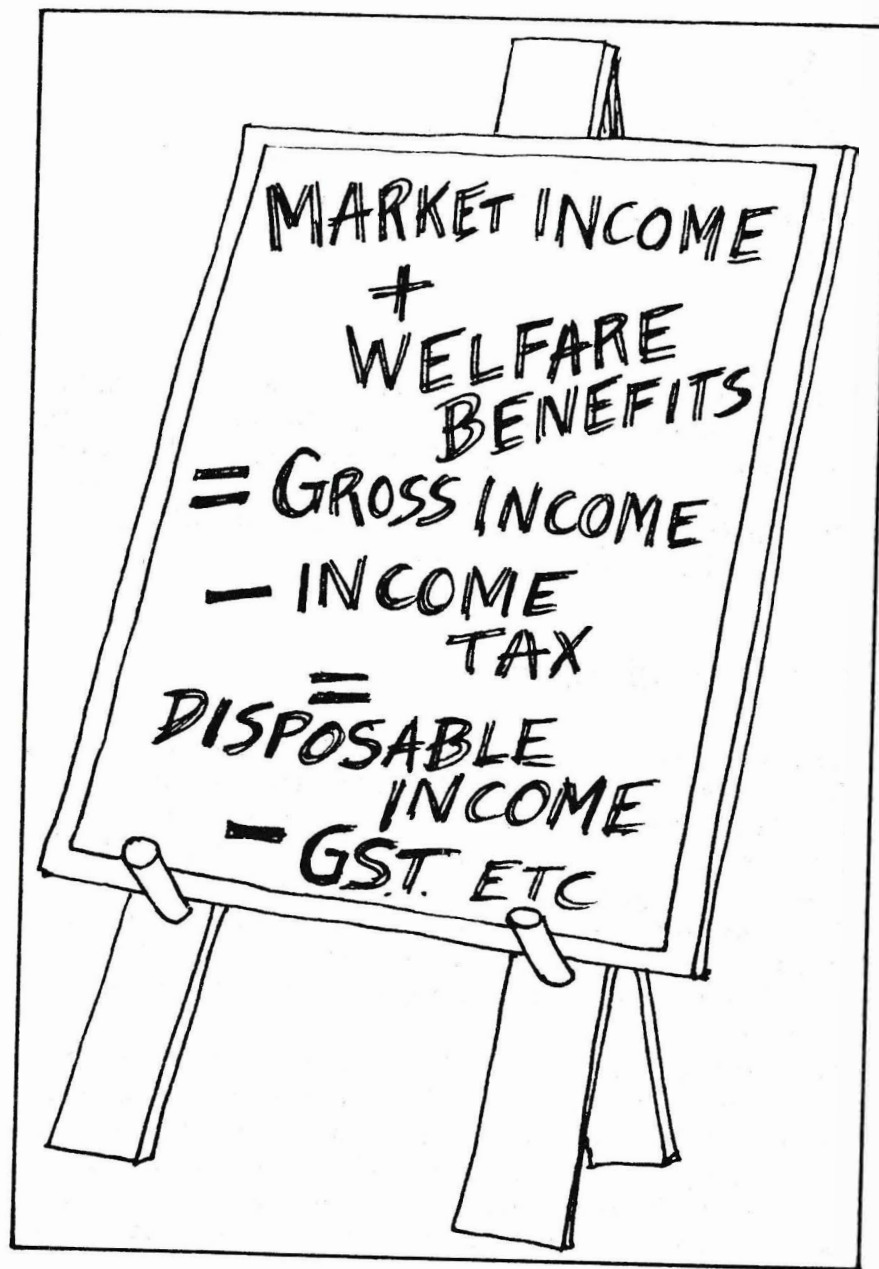
The best protection against poverty is not a burglar alarm, a Goldie painting, or a Lotto ticket. It is a full-time job. Income from employment supplies more than 90 percent of all market income. Market income — everything earned from wages, rent, interest, royalties or dividends — is what makes the difference between being rich and poor in New Zealand.

The ins and outs of income

Market income is what comes in regularly, either from paid work, or assets and investments. The value of fringe benefits, such as subsidised housing, company cars and expense accounts, is also included in market income. But it does not include irregular windfalls such as property sales or a win on the horses.

Many have little or no market income — the sick, the unemployed, the elderly — and the government supplies them with benefits. So total or gross income is made up of market income plus any benefit we receive.

Then the tax department holds out its hand. Personal income tax is the most important way of raising money for benefits. It varies so that those earning over a certain amount pay more tax per dollar they earn. What is left of total income once tax has been deducted is our disposable income. Disposable income is what each household has to spend, although some of it will go on indirect tax, such as GST.



Share and share — unlike

If market income was evenly distributed, any 20 percent of the population would be getting 20 percent of the total income earned. But it is not. The 20 percent of households with the highest income receive 48 percent of the total earnings of the whole population, mainly because the higher income households are more likely to have more than one earner. The lowest earning 20 percent includes many households with no market income at all, plus some who report running at a loss, often because of self-employment.

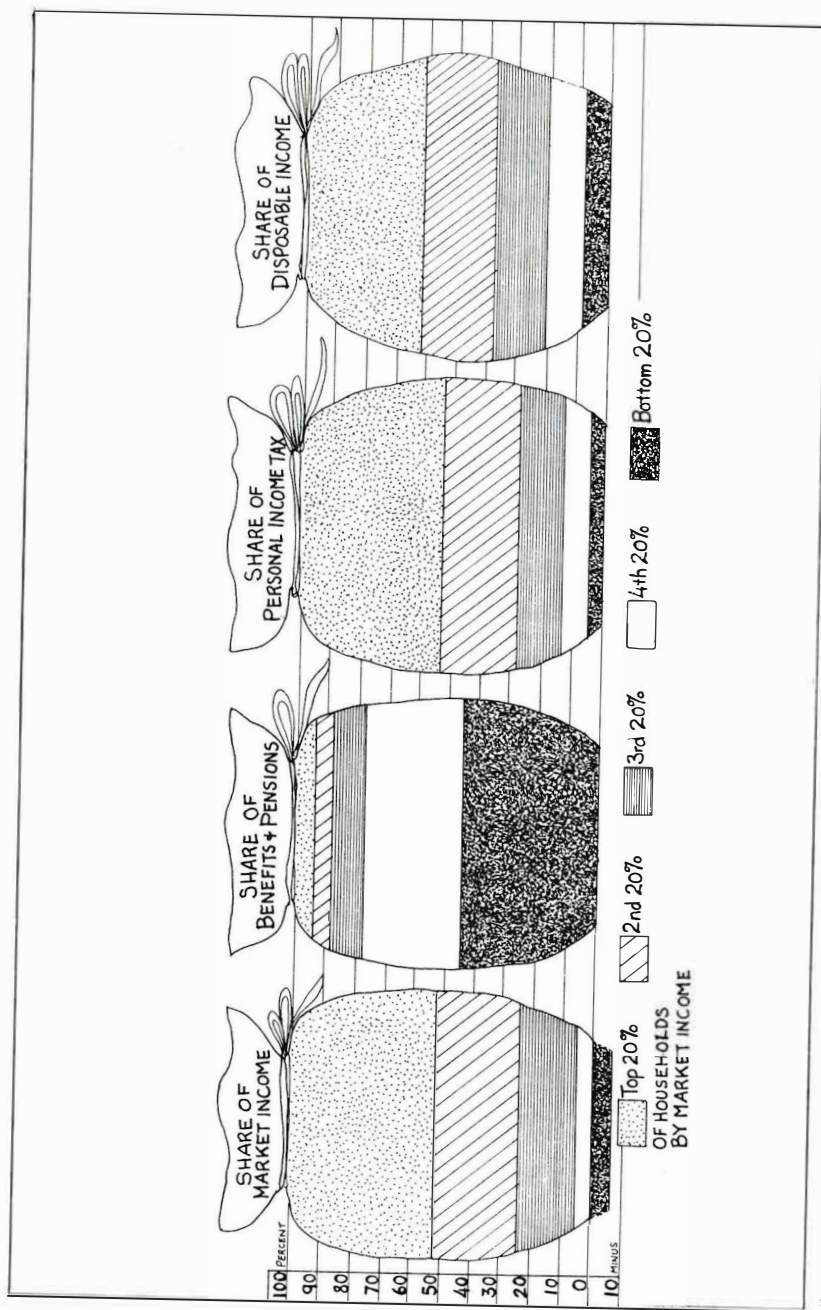
The picture changes when we look at social welfare benefits. The bottom earning 20 percent of the population is paid almost half of all benefit money. But even though benefits are crucial to families without an income earner, and provided a sixth of total household income last year, benefits are by no means a major source of income compared with paid work.

Taxation is also an important factor in income distribution. The lowest income-earning groups pay only a small share of the taxes — the bottom 20 percent paying five percent of total tax, while the highest 20 percent pay 49 percent.

Even after benefits have been banked and taxes paid, the 40 percent of households who began with 76 percent of all market income, still keep 62 percent of disposable income. The bottom 40 percent, with only seven percent of market income, are managing on only 20 percent of all disposable income. The pattern set by market income distribution is still in evidence. How much money households earn from their labour and the use of their assets is the source of the greatest inequality between them.

Spending, too, is taxed but at the same rate for everyone. GST is the most familiar indirect tax but petrol, alcohol, and tobacco are also taxed. These taxes vary, not according to how much you earn, but how much you spend. You do not pay GST on what you save. Poorer households pay out proportionally more of their income in indirect taxes because they have to spend more of their income to survive and can save very little.

There are other ways to avoid being poor, apart from having a



"If market income was evenly distributed, any 20 percent of the population would be getting 20 percent of the total income earned."

full-time job. Being male and Pakeha (see Chapter 4) is an advantage, and not having young children. Households go through life-cycle changes which affect their incomes and the expenses they face. Child-rearing and retirement are often financially difficult times.

Market income also varies with sex and ethnicity. Women are less likely to be in full-time work than men, and are usually paid less. They are concentrated in retailing, service and clerical work where the pay is low, and they tend to hold more junior positions. Pakeha generally earn more than Maori or Pacific Island Polyne-sians, mainly because of the type of work they do.

BALANCING THE BUDGET - FOLLOWING THE INCOME PATH THROUGH LIFE



Wealth

Nearly everyone has some form of wealth. Although we usually associate the term with BMWs and weekends in Sydney, even the most meagre savings account and old bomb of a car qualify for the definition. Wealth also includes personal attributes, such as a good singing voice or typing skills, and communal assets, like national parks and unpolluted rivers. Maori people regard their language, culture and tradition — their taonga — as wealth too (see Chapter 1).

Only a little is known about wealth. The census tells us how many own houses, cars, boats, washing machines and holiday houses. But it cannot tell us how many have paintings, antiques or stamp collections, or what is owned debt-free.

Income from assets — interest on savings, rents, and share dividends — amounts to about seven percent of market income. It usually supplements income from paid work, and is important to many low income earners, such as national superannuitants with savings and pensions. Most elderly New Zealanders also own their own homes freehold. Paying off a mortgage reduces housing costs and frees income for other uses. Apart from the use of personal skills, this is the most common way of employing wealth to boost regular income.

Government — action and assumptions

Free or subsidised services provided by the government can also be seen as a supplement to income. Parents do not pay the full cost of their children's education, for instance, and all taxpayers contribute to the cost of hospitals for those who need them. This amounts to an income redistribution towards older people, in the case of health spending. In the case of expenditure on schools, households with children are helped by those who have none.

It is less easy to see who benefits from other types of government spending — whether the rich gain more from police services be-

cause they have more property to protect, or who gets value for money spent on the National Library, national parks and diplomatic representation overseas.

The government plays a major role in the distribution of market income. It decides on our behalf who is capable of paid work, and who is entitled to a benefit. How much a benefit is, and how easy it is to get, affects how and where people look for work and when they retire. But government decisions are often controversial — should solo parents be encouraged to go out to work or stay at home with their children; should a fit 60-year-old be entitled to national superannuation? Taxation also raises questions of fairness — whether those who earn more should be taxed more so the poorer are better off, or whether this would be a discouragement of effort; what allowance the tax system should make for families with children compared with single people earning the same?

Underlying tax and welfare policies are deeply held, often unexamined values; assumptions such as that the elderly should be independent, but that we should support our children; that husbands and wives are financially responsible for each other, but brothers and sisters are not. We often enjoy complaining about who gets what but the crucial question is, what images of society our tax and welfare policies are based on, and what sort of society they create.

Publications used in writing this chapter include:

For Richer or Poorer: Income and Wealth in New Zealand, Income Distribution Group, Zealand Planning Council, June 1988.

Income Distribution Report, New Zealand Planning Council, forthcoming 1990.

3

The Family Way: Kiwi Households

Stroll down any New Zealand suburban street. Row upon row of three-bedroom houses stand sturdily in their own fenced gardens, evidence of our faith in the mother-father-two-children household as the basis of society.

We reminisce about a time when dad went out to work, and mum stayed home to keep the house and children neat as pins, the cake tins full, when the children skipped happily to school, then work and flatting, while mum and dad enjoyed a quiet retirement. Eventually the children would settle down, buy a home of their own, have children ...

This is the picture of family life politicians leap to their feet to defend. Developers build for it, advertising agencies target it, leader-writers praise it, wage bargainers base their claims on it, policy-makers plan for it. Somewhere along the way, the image is confused with reality.

No longer the norm

In fact, if we mean the way most people live, then mum, dad and the kids is no longer the predominant type of household. Only just over a third of households look like this, and every year there are fewer. Households with a breadwinner father and housewife mother are an even rarer one in eight. The most rapidly growing type of household is one person living alone. One in eight households in 1971, now they are nearly one in five.

More and more mothers are going out to paid work. In 1976 a fifth of mothers with pre-schoolers were in full- or part-time paid work. Ten years later, nearly a third of them worked outside the home. Now, more than half of mothers with dependent children have some paid work.

Marriage is still popular: nearly everyone 35 or older has been married. The proportion of the adult population who are separated or divorced has increased from two in 100 in 1956, to still only seven in 100, 30 years later. But more marriages, both legal and de

facto, are becoming unstable.

More than a third of New Zealand children will probably spend some of their childhood with a solo parent. On census night in 1986 one in every six dependent children was living with one parent only, and the number of one-parent families doubled between 1976 and 1986.

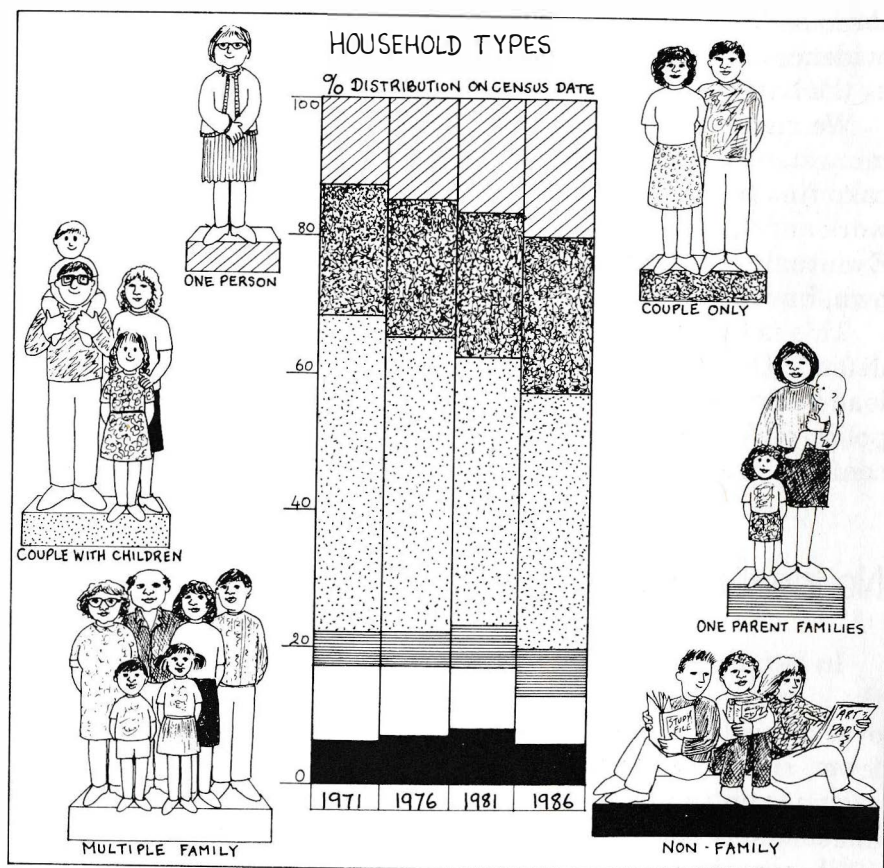
The one-parent family — usually headed by a woman — often lives on a low income, probably from a benefit or part-time work, and with the disadvantages in housing and living standards that go with it. Overseas research shows that while men's incomes usually go up after marriage breakdown, women's go down. There is no reason to believe the situation is different here, and the Matrimonial Property Act has not alleviated the poverty and housing problems of many one-parent families. Fortunately, of the one in three children who will spend some time with a solo parent, few will pass their whole childhood this way. Solo parenthood is very often a temporary phase.

The hazards of childhood

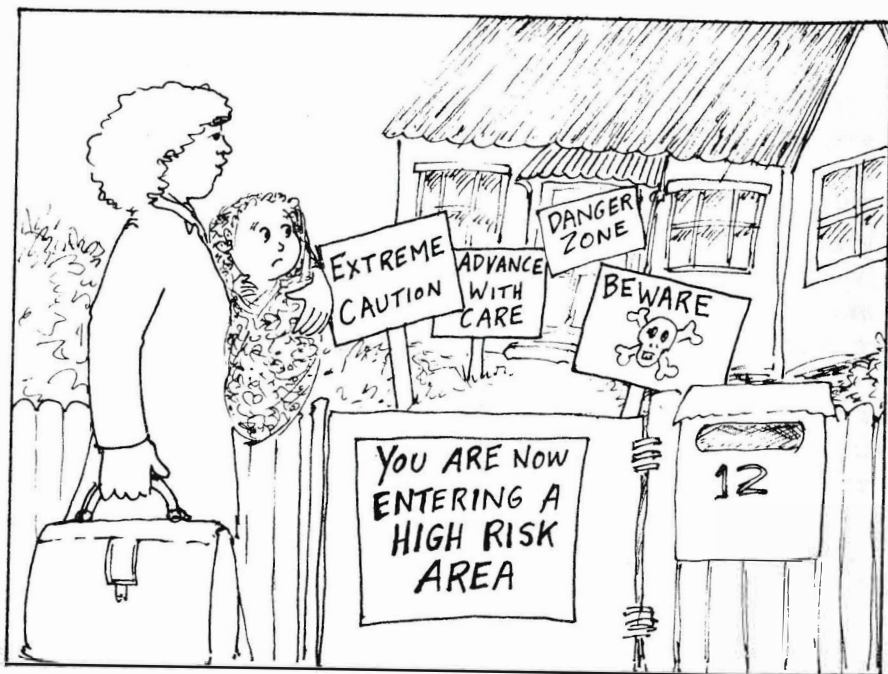
By no means all the risks of childhood are suffered in one-parent families. The infant mortality rate is generally accepted as an easily measurable indicator of a country's social wellbeing. Those countries with the smallest number of babies dying relative to the number born tend to have the highest standard of living. Sixty years ago our low infant death rate led the world. Now it has been overtaken by most developed countries and, proportional to births, more babies die here than in Singapore or Hong Kong.

The main cause of death in babies aged between one month and a year is cot death, or Sudden Infant Death Syndrome. The children most at risk from it are not newborns still in hospital, where medical technology can keep them alive, but babies who have gone home to their families and whatever risks await there.

Rates of admission to hospital for babies under a year old have



"Mum, dad and the kids is no longer the predominant type of household."



"The New Zealand family begins to look less like a childhood idyll."

doubled since 1970, and they are hospitalised mainly for bronchitis, pneumonia, asthma and chest infections — diseases quite possibly linked to a low standard of living. The Maori hospital admission rate for young children is twice the Pakeha rate.

Studies show a fifth of children will be poisoned or burned by the age of three, seriously enough to be reported by parents, and in accidents that are often preventable. The Committee on Child Health estimates that one in 10 children are mentally distressed or disturbed, while services to care for them are inadequate. There is also widespread evidence of all kinds of child abuse and its long-term effects, although no-one knows its actual incidence.

The New Zealand family begins to look less like a childhood idyll and more like an obstacle course.

The family's future

It is difficult to pinpoint what lies behind these recent social trends. Seeking out one factor to explain the others — married women going out to work, more one-parent families — is too simplistic. We do not know which is cause, which effect. But we do know we are in a period of rapid change in our social and economic environment.

In future, we shall probably see an even smaller proportion of mum, dad and children households. There could be more one-parent families, and more adults and children experiencing them — at least for a time. There will also be more reconstituted families — newly-formed couples living with each partner's children from a previous relationship, and possibly some shared children. As the population ages next century one-person households, comprising mainly older women who tend to live longer than men (see Chapter 7), will become even more common.

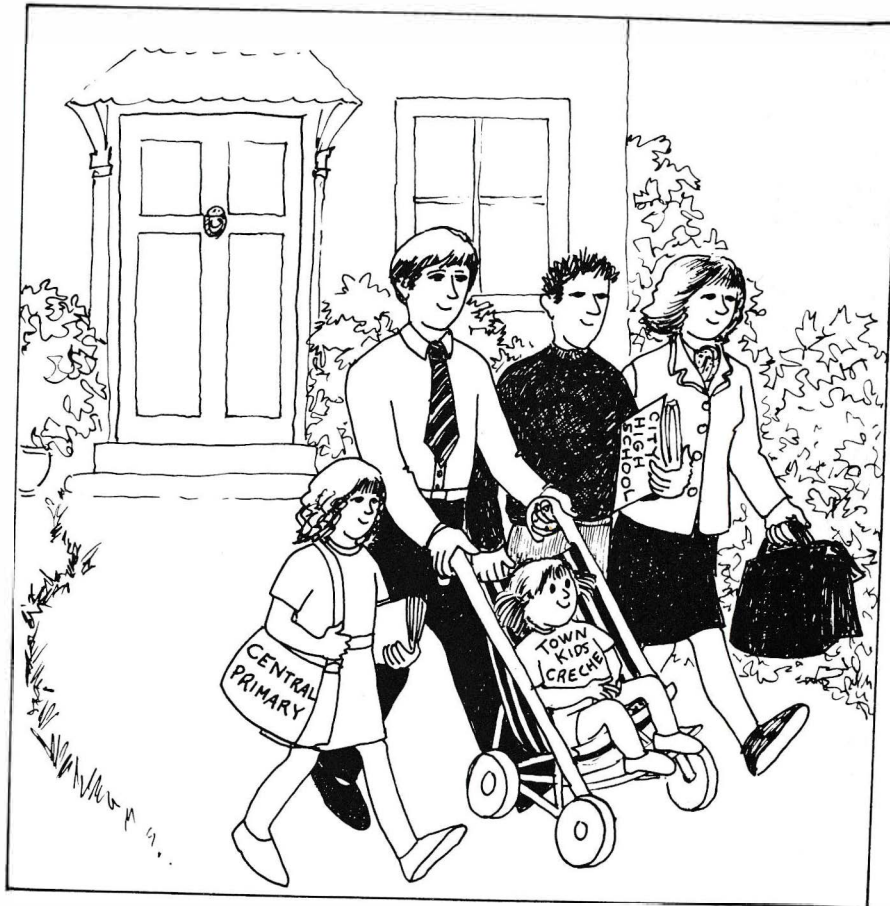
Extended-family households will continue to be more common amongst Maori and Pacific Islanders because many choose to live this way. But they and others may have to live in larger households because of economic circumstances. Separate homes for ageing relatives, and independent flatting for adult children, are now more than many can afford.

Nothing is likely to reverse the participation of women in the paid workforce. Women are now as indispensable in the office, factory and shop as they are at home. But here, although the household may now rely on two incomes, things have been slower to change. Women still do most of the housework, and childcare in or out of the home is still usually seen as the woman's responsibility, by the father if not by the mother. The family income may be enhanced by a mother in paid employment, but the stress may tell on every family member, and particularly on her.

Solo mothers bear a double burden, earning a living — and perhaps not a very good one at that — doing the housework, and

taking care of the children on their own. Many families would find it impossible now to manage on one income, even if large numbers of mothers with dependent children suddenly wanted to leave paid employment.

While women generally earn only 80 percent of what men earn, economic necessity often dictates that the mother is the parent to give up paid work while the children are young. An ability to command more equitable pay might increase the chance of revers-



"We are going through a period of changing roles."

ing, or at least combining, traditional mother-father roles.

Nostalgia for old ways ignores social change and tries to turn back the clock. We are going through a period of changing roles, and people are choosing from a growing array of lifestyle options. These are by no means all bad, and many are found to be liberating. Few people expect to live their whole adult lives in the same house. As circumstances change they move to more suitable homes, and few regard this fact of modern life as a social disaster. So a couple in their late 40s who have successfully brought up their children might celebrate their new-found freedom to pursue independent lives.

We may come to accept diversity in our own and others' family lives, seeing it not as a threat but a challenge, and welcoming the opportunities that change can bring.

Publications used in writing this chapter include:

From Birth to Death, Social Monitoring Group, New Zealand Planning Council, February 1984.

From Birth to Death II, Social Monitoring Group, New Zealand Planning Council, March 1989.

4

Tomorrow's Skills: Education and Training

Nearly every German 17-year-old is still studying, as are nine out of 10 Americans, and eight out of 10 Japanese. But only half New Zealand's 17-year-olds are still in full- or even part-time education, and this is not because Kiwis are quick learners. Of all the OECD countries only Turkey has fewer 17 and 18-year-olds still studying.

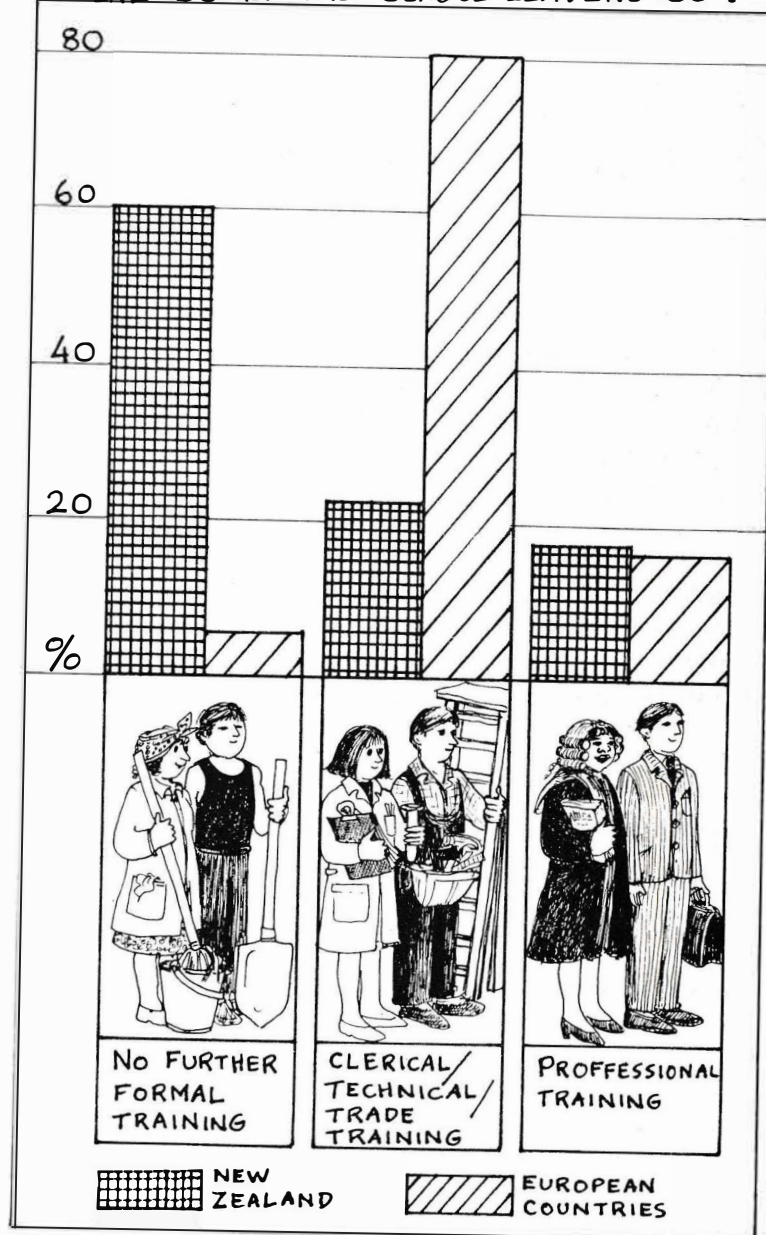
Not only do overseas workers stay longer at school, university and polytechnic, but more of them return to formal education when they are older. At 24, just under one in 10 of us is studying, whereas in Germany, one in six is. Nearly half of our workforce have no school qualifications, and 60 percent have no tertiary qualifications.

New Zealand falls behind

Our economic ranking roughly parallels that for our level of participation in education. How wealthy we are, in other words, approximates how well educated we are. Our poor rates of participation in formal education are contributing to New Zealand's falling economic status.

In America, Europe, Japan and Australia business people and educationalists are concerned with the competitiveness of their industries in the international marketplace. Concern focuses on the quality and content of schooling, and these countries aim to raise participation rates by the end of the century. Third-world

WHERE DO ALL THE SCHOOL LEAVERS GO ?



countries, too, are realising the importance of boosting the skill level of their workforce.

Overseas research shows the fastest growing jobs are those requiring high levels of communication, reasoning and number skills. New Zealand experience backs up these findings. At the turn of the century, 40 percent of the workforce spent their working day on the farm, in the forest or on a fishing boat. Despite the popularity of domestic servants, less than one in three workers was employed in the service industries. In the last unemployment-stricken decade, jobs demanding higher education and skill training have grown the fastest. Between 1971 and 1986 we employed 159 percent more managers, twice as many lawyers, and more than three times as many statisticians.

The jobs growing more slowly, or even declining, are those needing fewer than average skills. This is bad news for a country where less than 30 percent of third formers stay on into the seventh form, and particularly bad news for Maori when only one in 11 stays on until the end of school.

The adaptable workforce

In the new information age, anyone unable to read, write or understand basic maths will be seriously handicapped. Even those with high levels of specialist skills, such as doctors and engineers, will need to continue training throughout their careers.

Success in the new world economy will depend on selling goods and services in highly competitive markets. Trade in goods like food and clothing is still important, but the burgeoning trade is in less tangible items such as tourism, communications, marketing and information services. These demand a highly skilled, adaptable workforce which concentrates on quality rather than quantity production. The situation is grim for those leaving school with only their muscles to offer potential employers. You cannot, as one worker put it, go into an office with a shovel and pick. The situation for a country whose workforce is ill-prepared to face a changing



"It is unlikely they will have passed through their careers without upskilling or reskilling."

economy is equally serious.

New Zealand will not get rich attempting to compete with low wage economies using an assembly-line approach and low skilled workers. New Zealand's economic strength must come, because of its size, from the quality of its education system and the skilled, flexible workforce it creates.

New Zealand may never be able to produce cheaper wool carpets than China, but it could apply better design, better advertising and marketing techniques, better delivery schedules, and end up with a higher quality carpet to sell. Services such as designing, advertising, marketing and transport add quality to our goods and raise their value. Workers in these industries create wealth as surely as the farmer who grows the wool.

So assuming our best chance in the world economy is to use our brains rather than our brawn, what will the job scene look like in the near future?

Automation will continue to reduce the availability of low skilled jobs but increase the number of higher paid, highly skilled

jobs.

Take a potential growth industry like pulp and paper. In an old plant, manual workers open and shut valves, check pumps and pulp flows, and sample the pulp, feeling its consistency and texture. In a high-tech North American plant, computer operators sit in a control room studying monitors. This type of automation is a direct threat to those employed in an old style plant. But if plants can become more efficient and competitive, they can expand and earn income for New Zealand. The end result should be more jobs.

The fewer workers these new plants employ will not sit at monitors with blank minds and fixed stares. They will analyse and react to electronically presented data, foreseeing developments, and identifying causes of problems, rather than physically manipulating the process.

To do so, they must be numerate, literate, able to cope with information and computer technology, and have a firm grasp of basic scientific principles. It is unlikely they will have left school at 15 without basic reading, writing and arithmetic skills, or passed through their careers without upskilling or reskilling — learning more about the same job, or retraining for an entirely new one.

Traditional jobs are also changing. Bank officers need basic qualifications like computer and interpersonal skills, creative thinking, and possibly a foreign language or two. A kiwifruit farmer must be a computer literate chemist and a financial wizard. A car assembly worker needs basic statistical skills for quality control.

Emphasis on education

The news about New Zealand education is not all bad. Our participation rates in formal education have gone up dramatically. Between 1980 and 1988 the number of Maori teenagers staying to the seventh form increased from nearly four to almost nine percent. The non-Maori figure was even more dramatic — from nearly 17 percent to over 30 percent. By the end of the century, the

workforce will be better educated than it is now. We can have better education retention rates if we want to — and we do still need to. We may have improved, but other developed nations have improved faster.

It is not merely how much education we have that matters, but also the quality of it. The evidence is New Zealand performs well in some areas, poorly in others. In mathematics, for example, third form standards are low. Seventh formers perform much better, comparative to other countries, but it is only the top third of students who are still at school then.

We should be encouraging diversity in our education system. Just over a quarter of third formers learn French, yet France constitutes less than two percent of our export market. School children, and especially those taking commercial subjects, might be better off learning Japanese.

To succeed as individuals and as a country we have to be better educated, and more motivated and creative than our overseas competitors. This dictates a dramatic leap in our commitment to education. It must become a national obsession.

Publications used in writing this chapter include:

Tomorrow's Skills, Paul Callister, New Zealand Planning Council, April 1990.

What Creates New Jobs?, Paul Callister, New Zealand Planning Council, October 1989.

Work Today: Employment Trends to 1989, Lesley Haines, New Zealand Planning Council, December 1989.

5

Dream or Reality: Prospects for Full Employment

Full employment has, over the last decade, evolved into something of a mythic creature. Just as we have a good idea what a unicorn looks like but would not hope to see one, so we remember full employment, while most of us expect to greet next century with long dole queues.

One thing is certain — if we go on gloomily resigned to continuing high unemployment, that is what we will get. Pessimism is an economic health risk. It hinders our ability to respond, and makes a virtue of passivity. In fact, we are not locked into a miserable employment future. High income full employment is possible — not overnight, and not without effort and imagination. We can choose our future.

An optimistic outlook

Most economic forecasts look at the future by projecting current trends and assuming no radical changes of direction. When we do this the view from 1990 is indeed bleak.

But there is another way to see what lies ahead. Instead of accepting unemployment as a miserable spin-off from other economic forces, we can put high income full employment at the centre of the composition and build a picture of New Zealand around it. Then the view alters dramatically. We can see clearly what must be done to ensure that, within a few years, every New Zealander who wants a job and a living wage has one.



"Pessimism is an economic health risk."

Full employment actually means two percent unemployment — the usual rate for a mobile society where people change jobs and move house. That is the rate in the best performing OECD countries for employment, Sweden and Japan. For us to reach this level by 1995 would demand the creation of 33,000 jobs a year, starting now. Employment grew at that rate between 1962 and 1977. The challenge is to discover what will deliver us similar rates today.

The answer is productivity — the crank which drives the whole economy. Productivity is a measure of our resourcefulness. It tells us, and the world, how good we are at getting more out of what we put in. Every year, our productivity improves by one percent. Every year we become one percent more efficient — by using less labour and capital to get the same output of goods, or by getting better quality goods for the same cost. Either option makes our products more competitive at home and abroad and, inevitably, our ability to employ people grows. Increased productivity is often associated with new technology and lay-offs. But job losses are only a short-term effect. In the long run, as efficiency improves, employment expands (see Chapter 4).

Doubling productivity

The full employment scenario we have built for 1995 depends on doubling our productivity growth from its present one percent a year to two. This is not an impossible dream. Countries such as Japan, Sweden and the USA have succeeded in achieving even faster rates for long periods.

Producers here will be unable to achieve it unless they can respond to what is happening in marketplaces overseas. Clearer views of world markets help us adapt our production and marketing strategies faster. Policies which protect domestic producers muddy the view. We should welcome entrepreneurship, encourage a flow of new firms to replace those dying off, and cater for much-needed extra jobs. Small business, too, needs encouragement. It is

quick to develop new ideas and products, filling gaps in the market. We should also be investing in research and development so we can profit from a stream of new products and processes.

As well as providing all the jobs we need, raising productivity would also increase the GDP (Gross Domestic Product) by 15 percent, and expand exports 19 percent beyond what we might expect if present trends continued (see Chapter 6). But a higher productivity economy needs a higher level of investment. So the optimistic employment scenario also demands increased investment and capital, and an increase in savings. Along with full employment, the 1995 scenario also awards us a seven percent increase in wages, over and above inflation. A two percent leap in productivity would actually entitle workers to more than this, but they would be foregoing part of their potential reward to take up the slack in employment.

So if we want full employment and substantial wage increases, not only will we have to double our productivity, but we will also have to save more and spend less.

The 'third world' option

Some argue the way to full employment is lowering wages. A four and a half percent drop in earnings would guarantee a job to all who wanted one. But this is not as simple as a trade-off as the figure suggests. Low skilled blue collar workers would have to take a wage drop of 28 percent because their labour would be in least demand. White collar workers' wages would rise a little. This is clearly inequitable. It is also unlikely New Zealanders would want to fall any further behind the living standards of Australia, the USA or Japan. What is more, allowing wages to drop below benefit levels would amount to a disincentive to work, creating further problems.

But looking at this option, even to dismiss it, highlights the need for improving skills. The low skilled blue collar workers who would bear the brunt of the low income option are now about half the

unemployed. They will become increasingly vulnerable. More education and training fits people better for the new economy in which we must compete with other advanced countries. We need higher levels of skills in every sector — farming, forestry, manufacturing and the services (see Chapter 4).

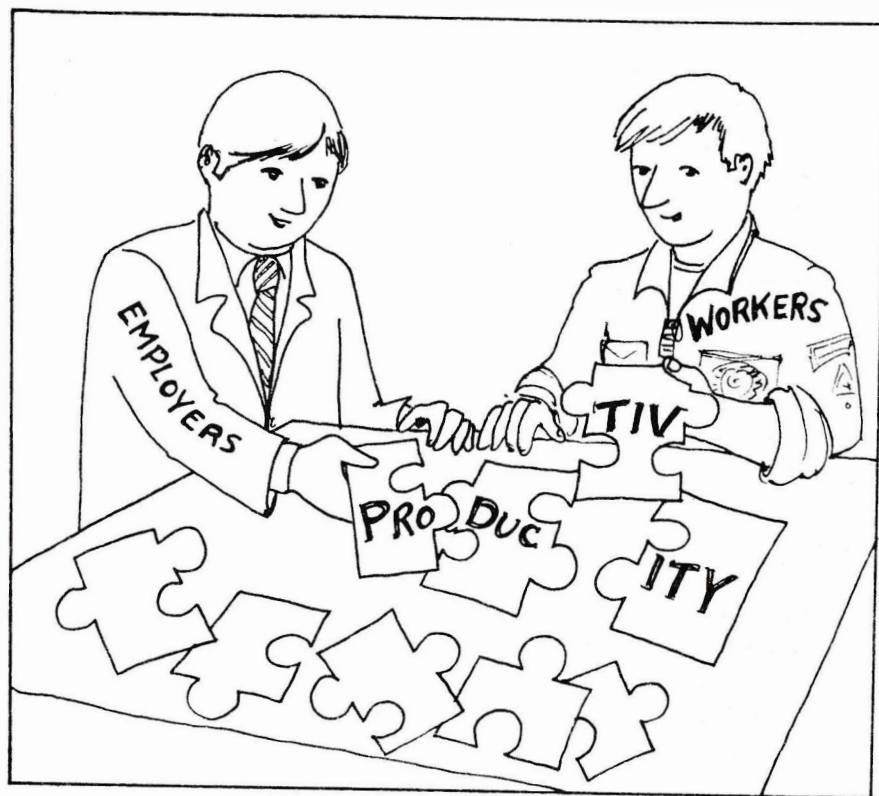
We, Us and Co

To raise our productivity, we will also need to change our attitudes. In particular, we need to rethink industrial relations. Traditionally, they have worked — or not worked — on an I-win, you-lose basis. But the cost of the goods and services we produce depends on how well workers and employers can co-operate to get things done, and how they agree to share out the rewards of their work.

While some of our larger companies have successful co-operative industrial relations systems, smallness is an advantage, allowing personal interaction between employer and employees. Problems can be greater in organisations whose authoritarian pyramid command structures mirror those of empires, churches and armies. They are outdated in the 1990s. More active participation by employees in decision-making might defuse our adversarial industrial relations. Wider consultation on company policy, teamwork on the production line, worker representation on the management team or company board, employee shareholding, and union participation in industry should all be explored.

Working on a car assembly line is no longer a matter of individual workers applying the same nut to the same bolt all day, every day. Multiskilled workers are needed, operating in teams responsible for meeting their own production targets, monitoring quality control, and playing a key role in productivity.

The test of a good industrial relations system is that it helps resolve conflicts and moves the enterprise on so the size of everybody's share gets bigger. Instead of Us against Them, we will have to learn to think in terms of We, Us and Co.



"To raise our productivity we need to rethink industrial relations."

How many workers?

Achieving full employment also depends on how many people are looking for jobs and what hours they want to work. Here, too, change goes on all the time. The average American worker puts in less than half the annual hours worked by his or her grandparents last century. The same has probably happened here. In 1966, 36 percent of women were in paid employment and 90 percent of men. Twenty years later, 63 percent of women were going out to work, but the proportion of men doing so had dropped to 86 percent. The rapid movement of women into the workforce shows major change

is possible in a short time.

The high wage option will make it easier for people to choose to work shorter hours, take longer holidays and earlier retirement, each individual decision contributing to broad social change.

Commitment to high income full employment is a necessary first step. But that is not just a government responsibility. Corporations, small firms, local government, investors and trade unions can also take action. Communities, families and educational institutions can change their attitudes, and everyone can challenge the prevailing gloom about unemployment. The changes we can make to achieve high income full employment are not simply changes that affect ordinary people — they are changes ordinary people can make. We will not alter the view from 1990 unless we believe we can.

Publications used in writing this chapter include:

Prospects: Economic and Sectoral Trends to 1997, National Sectoral Programme, New Zealand Planning Council, December 1988.

The Fully Employed High Income Society, Dennis Rose, New Zealand Planning Council, April 1990. (Short summary also available.)

6

New Zealand Inc: The New Economy

New Zealand has changed at an unprecedented pace in the last five years. New terminology peppers our daily news — balance of payments, GDP, exchange rate, Barclays index, productivity, restructuring, inflation. Those of us not already in the economic know stay in the dark wondering why things are not what they used to be, whether it is coming right, and what it has to do with us.

The story begins nearly 40 years ago in the 1950s. It is about a comfortable little country in the South Pacific. In those days it resembled a huge farm, and cows and sheep were 90 percent of everything it sold overseas. In fact, we were often called a British farm, and that other little country, about as far away from the farm gate as you could get, took 80 percent of all our exports.

New Zealand hovered contentedly around third and fourth place in the world for GDP (Gross Domestic Product) — that is, everything a country produces in a year and how much income from it there is to share out. How well-off we are, in other words. In the 1950s we were as rich as Switzerland. By 1965 Switzerland had overtaken us. Ten years later, the average Swiss had twice the income of the average Kiwi. But by 1985, New Zealand had dropped to 19th place in the 25 OECD countries.

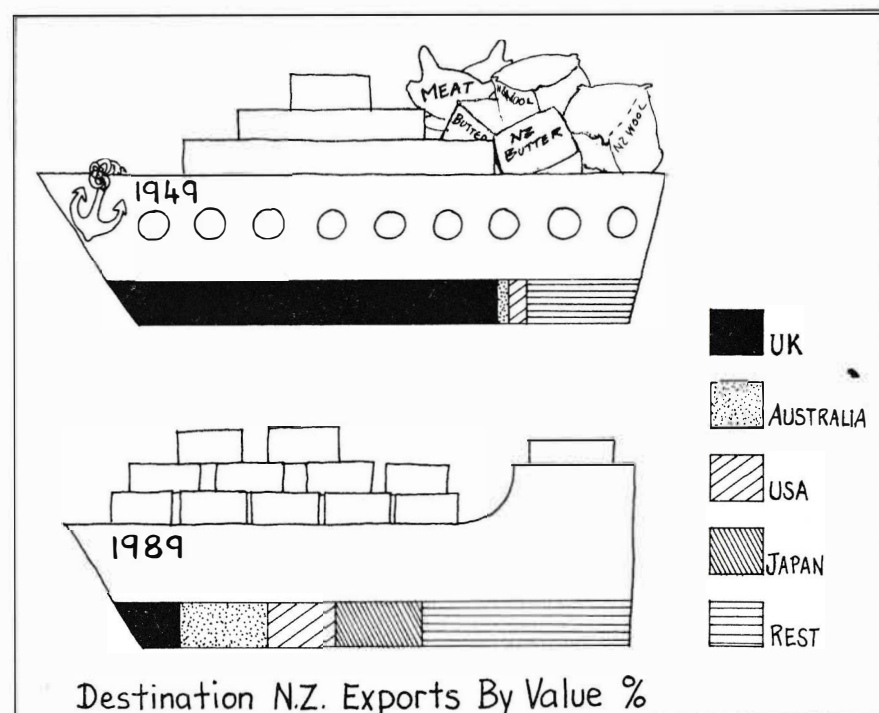
The tail that tried to wag the dog

We had fallen victim to low growth in productivity — that is, how well we use our skills and capital to produce what others are

willing to buy (see Chapter 5). Our productivity had improved, but much more slowly than most other countries. We had fallen behind because of poor investment decisions, because capital — machinery, factories, and vehicles — was not well utilised and, most significantly, because our economy was not flexible enough and many resisted change.

Our economic structure hindered change rather than encouraging it. Business people wanting to put effort and resources into new ideas were hampered by regulations, and the protected market encouraged them to keep doing things the old way.

Import licences protected the manufacturers of radios and black and white televisions, for instance, but this was little help once new hi-tech electronics began pouring into the country. These new



"Compared to the 1950s our trade links are now highly diverse."

products were not covered by the licence, but demand for the old goods diminished and many New Zealand firms went out of business. Meanwhile regulations protecting railways, postal services and telecommunications prevented the importation of new ideas and new services.

New Zealand's attempt to carry on blithely ignoring the rest of the world was like the tail trying to wag the dog. But on we went, producing fat lambs, unprocessed wool, and mountains of butter and cheese, despite the signals warning us to diversify.

We knew Britain would probably join the EEC (European Economic Community) and buy its farm goods closer to home. We could see the Middle East and Asia growing in economic power and should have realised that even a small increase in their wealth would mean a huge increase in their purchasing power. We might have foreseen, too, that Western tastes were changing — away from butter to margarine, away from the lamb roast to lean meats, and from wool to synthetic carpets. Electronic equipment was taking over the home and office. Prices for our traditional products fell sharply.

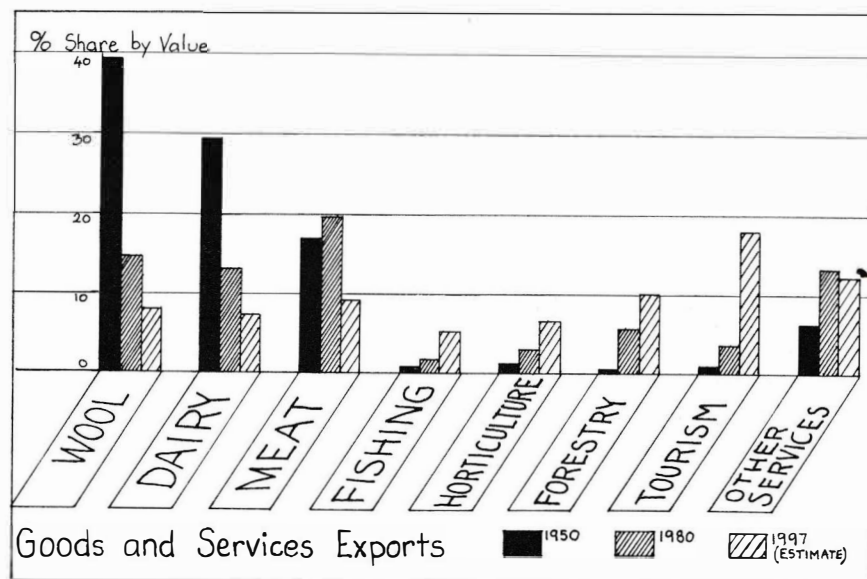
By the late 1960s, unemployment and inflation — almost insignificant in the affluent 50s and early 60s — were creeping into everyday conversation. The balance of payments — the cost of how much we buy overseas against what we make by selling, New Zealand Inc's profit or loss, in other words — took a blow from the early 1970s oil crisis. Suddenly we were paying much more for the imported fuel we needed. The unemployed were one percent of the workforce in 1961. By 1986 they were almost seven percent.

In spite of these growing difficulties we still expected maintenance of the welfare services we had come to take for granted. So by the mid-1980s, the government had borrowed so much money overseas to cover yearly living expenses, we were desperately in the red. One-fifth of government spending was going on interest payments. Total government and private overseas debt had trebled its percentage of GDP since the late 1970s. We were like a small household which had borrowed just a little more each year to keep it going, and had woken up 20 years later with a crippling mortgage.

New products, new markets

Change was being forced on us. By 1977 Britain, who had provided half our imports, was now only selling us a fifth of what we needed. Her share of our exports was only a quarter of what it once was. Nearly three-quarters of our exports were spread over Europe, the USA, Japan and Australia. By 1987 Japan was our second-largest export market, after the USA, and our major supplier of goods. China, Taiwan, the Philippines and Singapore were also growing markets.

There have been big changes in what we export, as well as to whom. Manufactured goods are now a good deal more important, and farming in the old sense is no longer the backbone of the country. Fishing, forestry, horticulture and tourism have come from almost nothing to make a major impact on the export market.



"There have been big changes in what we export."

Playing to our strengths

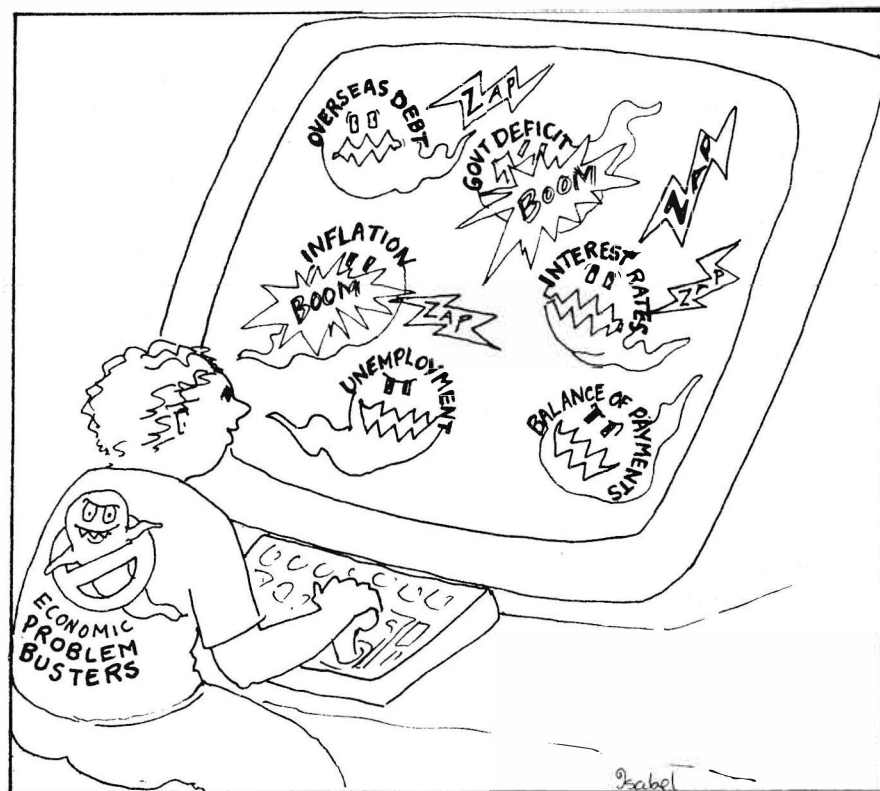
The restructuring policies of recent years were necessary but painful, and the costs — unemployment and business failure — have not been equally shared. If better times lie ahead the changes will have been worthwhile. But do they?

Inflation is down, and interest rates have fallen, although not far enough. Overseas debt is no longer crippling and the government has all but eliminated its own deficit. Business confidence is improving, if more slowly than we would like. The balance of payments has not righted itself. Unemployment is still a serious problem, and the Maori, the young and the less educated have borne the brunt of it. But imaginative ways of finding jobs for all who want them remain untried (see Chapter 5).

Compared to the 1950s, our trade links are now highly diverse, spreading the risks and widening opportunities for the future. Agriculture has diversified too, into deer, goat and llama farming, and new fruit and berry crops. We are now processing more of our own farm, forest and fishery products, linking primary industry to manufacturing and services.

New Zealand has no need of mass markets for most of its goods. Our production is small by world standards. What we need is niche marketing — small slices of big markets. Our economic future lies in low volume, high value foods — such as specialty cheeses, mussels and venison — fashion clothes, racing yachts, education services, consultancy, electric fences and car wheels. This gives us a diverse resource base, offering a range of opportunities, and reducing our vulnerability when prices for specific commodities fall.

The priority for economic survival is flexibility. Change is difficult but in the end less painful than the poverty which results from not changing. Perhaps change comes hard to New Zealand because of past success. Countries such as Japan and Germany which had no choice but to change are now economically almost unrivalled. We must seize trade openings wherever they arise, emphasising efficiency and fitting supply to meet demand. To



overcome the drawback of our geographical isolation, New Zealand must identify what it is good at and play to its strengths.

World-wide production has become more efficient. Our best bet for success in the 1990s is to produce more saleable goods by improved research, financing, design, transport, packaging, distribution, marketing and advertising. These all add value to goods, and make them more attractive to the buyer. To sell New Zealand to the world we must sell new products and new images. The more adaptable our economic structure, the better off each New Zealander will be.

Publications used in writing this chapter include:

The Economy in Transition: Restructuring to 1989, Economic Monitoring Group, New Zealand Planning Council, July 1989.

7

Old Ideas: The Ageing Society

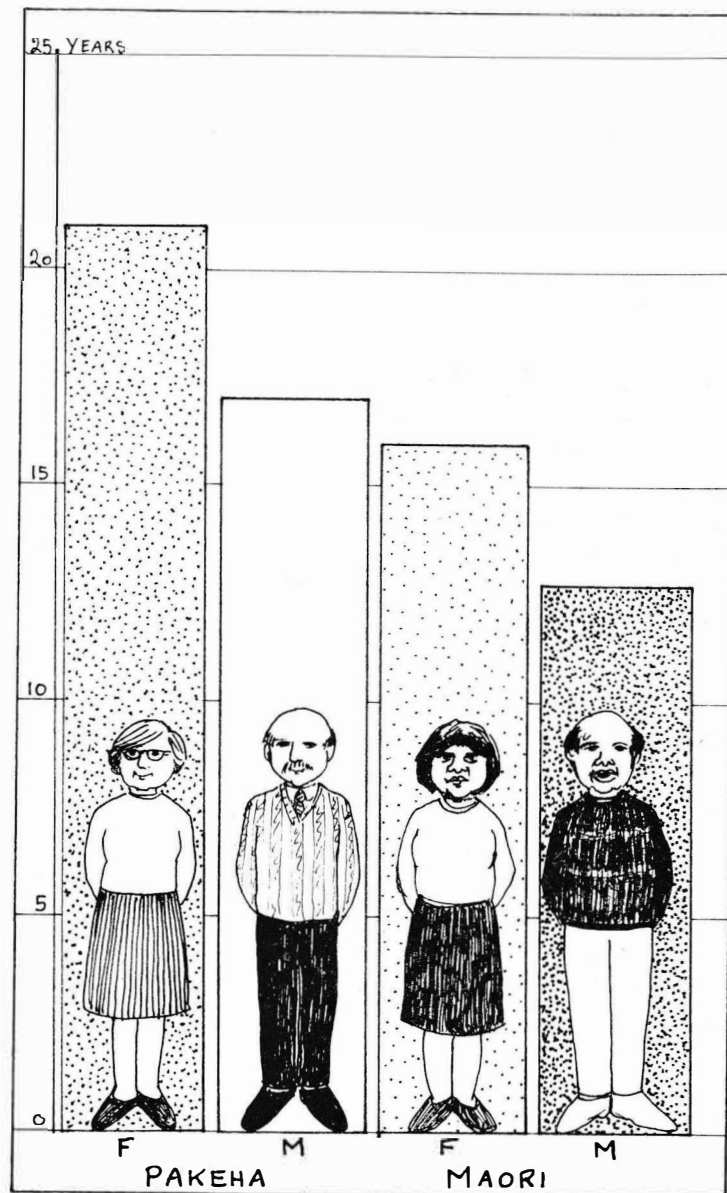
But you're not *really* old, we say to those we know and love. We mean, there is more to you than wrinkles; you're far from tottering, mindless or dependent. Old is a label pinned more easily on strangers. Suggesting something more than mere chronological age, phrases like 'over the hill' or 'past it' speak of loss of youth and usefulness. We see old people on the street — but hardly see them at all. For us, they have withdrawn to the margins of life. They are merely waiting to die.

Living longer

If they were it would, for most, be a long wait. The average 60-year-old Pakeha woman still has a quarter of her life — or 21 years — ahead of her. A Pakeha man has another 17 years to look forward to. The Maori figures are lower — 16 years life expectancy for 60-year-old women, 13 for men. But Maori are catching up fast to Pakeha, and both groups are living longer than they were several years ago.

Working less

One reason older people in this society tend to become invisible is that, although they are living longer, they are retiring from paid work earlier. Retirement itself is a recent invention — people used



Average Life Expectancy At 60 Years

to work until they dropped. The average age of retirement has come down from the beginning of the century. Then, 80 percent of men 65 and older were in paid work. By 1986 almost 90 percent of men and nearly all women over 65 were out of the paid workforce. The number of 60-plus with paid work fell by a fifth between 1976 and 1986, even though there were more people in that age group than ever before.

Now, even if they want to go on working, older people are often made to feel they should move over for the young. We give them the message, implicitly if not explicitly, that we do not want old men in swept-up offices, old women in smart shops. We are more comfortable when they go home and do the gardening or take up bowls.

There is no fixed age at which people are expected to leave paid work. Retirement, voluntary or compulsory, depends on how well people are, whether they want to keep on working, and what interests they have to pursue at home. It depends, too, on what jobs are available, and whether they can choose not to retire — in many organisations retirement is compulsory. Then there is the retiree's financial situation. Many face the problem of what to live on once they are no longer in paid employment. Finally, as we have seen, other people's attitudes will have an impact too.

Retirement does not mean the same for everyone. While women generally leave paid employment younger than men, most women never retire at all because their major responsibility for housework is never-ending. Ironically, this may be a good thing for women — it continues giving them a sense of purpose while their male partners often face a life made meaningless without paid work.

Maori and Pacific Islanders tend to retire earlier than Pakeha, possibly because more of them are manual workers and they do not enjoy such good health.

Self-employed people, such as farmers, professionals and small business owners, were a quarter of the paid workforce 60 or older in 1976, a third in 1986. They tend to go on working longer than wage and salary earners, probably because their working conditions are more flexible. They can choose when to retire or cut down on their working hours.

Retirement is a major event in anyone's life, yet surprisingly

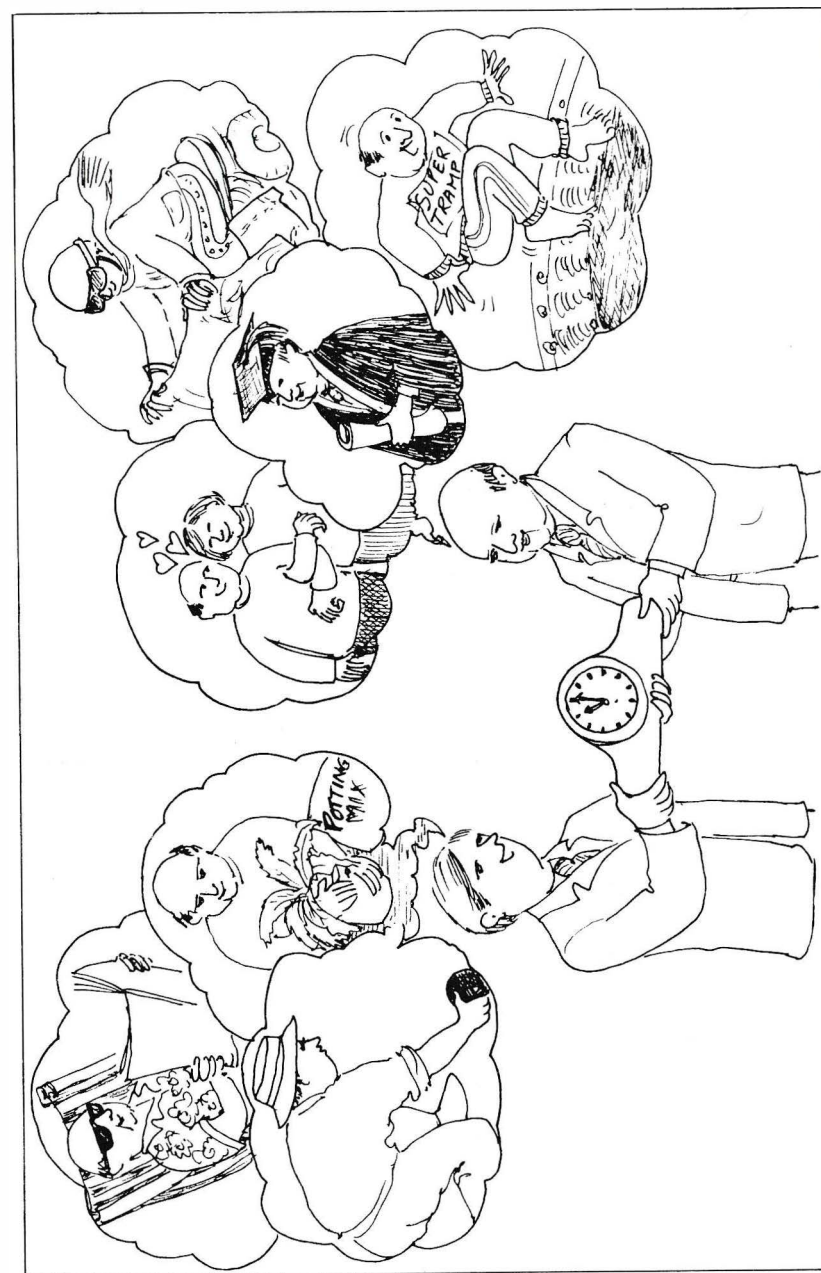
little is done to prepare people for the dramatic change in lifestyle it heralds — in stark contrast to the way we ready young people to go out to work. Some financial planning is probably all that many older people — those lucky enough not to have to rely solely on a government benefit — do in preparation for it. Yet the new retiree must cope not just with endless leisure and possibly a reduced income, but also with all those community attitudes suggesting a person who does not go out to work is on the scrapheap.

Older and fitter

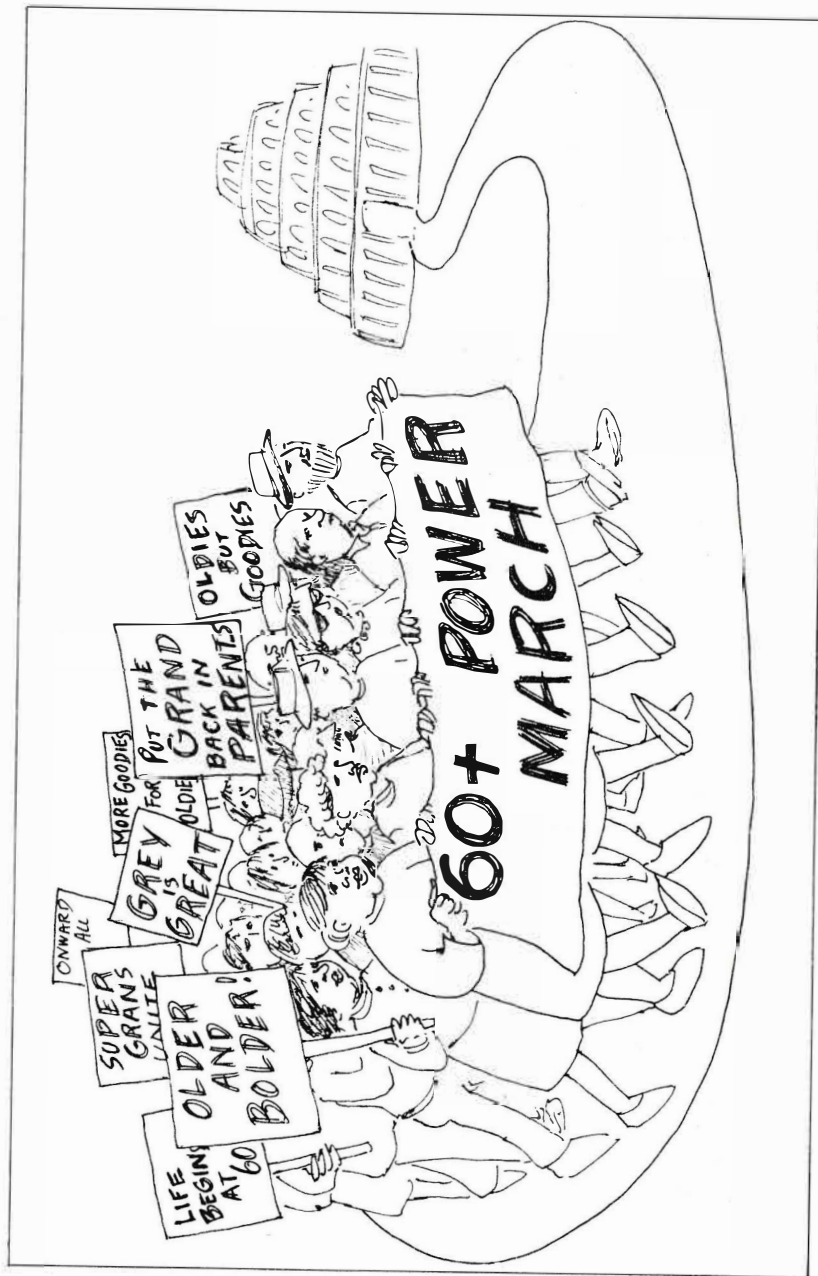
Not only are people living longer and retiring earlier, they are also fitter in their old age than ever before. About a third of 60 to 74-year-olds have some impairment, but it is usually minor — the need for glasses or a hearing aid — and it scarcely restricts their activities at all. Only four out of every 100 in this age group have a severe handicap. The incidence of this increases from 75 onwards but, even so, only 15 percent of very old people are severely impaired. What is even more surprising, given our assumptions about old age, is that only six percent of those over 65 live in institutions like hospitals or rest homes. Most are independent and stay that way until the end of their lives.

Older and bolder

A good reason for amending our idea of old age is that by early next century we will be living amongst more and more of these fitter, independent, older people. The numbers of 60-plus increased by eight percent between 1981 and 1986, while the total population grew by only three percent. One in eight New Zealanders are now 60 or older. In 30 years' time the baby boomers born in the 1950s and 60s will reach this age and, depending on what happens to our birth rate, comprise about a quarter of the population (see Chapter 8).



"Retirement does not mean the same for everyone."



"The 60+pluses will be in a strong position to dictate their own terms."

We could learn a lot from the status given to elderly Maori — especially those who become kaumatua because of their wisdom and mana. We should be looking for ways to use older people's energy and experience, giving them access to training and education, and making it easier for them to contribute. We cannot afford to push so many people with so much to offer outside the mainstream of society.

The baby-boom elderly might change dramatically our ideas of what it means to be old. As generations age, they carry with them values and preferences formed throughout their lives by differing historical events and social eras. In the next few decades we will be seeing grannies who wore hippy beads and flowers. Behind them will come a wave of ageing yuppies. But even amongst their peers, no age group is homogenous. The elderly are as diverse in their needs, lifestyles and personalities as any group of 30-year-olds. The age span from 60 to 90 covers more than one generation, after all.

Not only is it in our own interests not to push older people to the margins of life, we may find they will not let us. As a quarter of the population, the 60+pluses will be in a strong position to dictate their own terms. If we refuse to change our attitudes, we may face a grey revolution.

Publications used in writing this chapter include:

From Birth to Death, Social Monitoring Group, New Zealand Planning Council, February 1984.

From Birth to Death II, Social Monitoring Group, New Zealand Planning Council, March 1989.

Diversity and Change: Regional Populations in New Zealand, Population Monitoring Group, New Zealand Planning Council, April 1989.

8

The Bulge in the Boaconstrictor: Population Change

Thirty and 40 years ago the country was economically and socially stable, and the population was growing faster than it had since the 19th and early 20th centuries.

Many of our current decision-makers and power-brokers grew up to take population growth for granted. We made sheepish jokes about the woolly population outnumbering the human, but we were gaining more than 45,000 people a year. We talked of New Zealanders numbering five million by the end of the century.

The fact is we are unlikely to reach even four million by the year 2000, and we should no longer take population growth for granted in our planning. By the late 1970s, our net gain had dropped to only 10,000 people a year. Our annual growth rate had gone from two percent to less than half a percent. Over the next 25 years, our population will probably increase by less than one percent a year.

Between 1971 and 1986 New Zealand's total population increased by 16 percent, with Maori gaining a spectacular 40 percent. Both figures are likely to drop. The overall rate of increase will be about 13 percent from 1986 up to the year 2001, the Maori rate about 30 percent. Maori, who were 12 percent of the total population in 1986, will be about 16 percent by then.

Two elements contribute to population growth (or decline) — births and migration. Birth rates have fallen since the 1960s and are unlikely to climb again. Migration flows are rather less predictable.

Footloose New Zealanders

New Zealanders are becoming increasingly footloose. More and more fly in and out of New Zealand every year. Arrivals and departures trebled between 1970 and 1985. But it is a myth that New Zealand suffers a huge and continuous outflow of migrants. Year by year, the flow is erratic. Since 1980 it has changed direction several times. During 1983 we had a net gain of nearly 15,500 people. In 1989 we lost nearly 19,000. The most recent figures show a balance in inflow and outflow.

Several factors lie behind these migrational swings. The baby boomers, born in large numbers in the 1950s and 1960s, are now of an age when people most want to experience foreign life and travel. Quite simply, New Zealand has bred more potential travellers. The economic situation is also crucial. New Zealanders leave home when the economy slumps, and return in droves when it



"It is a myth that New Zealand suffers a huge and continuous outflow of migrants."

picks up. About 200,000 Kiwis live in Australia alone and they, unlike Pacific Islanders, Europeans and Asians, may enter the country as of right whenever they wish. The number of New Zealanders who decide to come home cannot easily be predicted. So however finely tuned our immigration policy, whether we fling open the door or only hold it ajar, migration is likely to go on being something of an unknown quantity in the population mix.

Smaller families, later motherhood

The intensely personal business of having a baby is the population's most crucial ingredient and, fortunately for planners, also its most predictable. Birth rates, or fertility, have fallen since last century. For many reasons, women began to have fewer babies. The 1930s Depression low was an average 2.3 children per woman. The baby boom 25 or so years later temporarily interrupted this trend towards smaller families — in 1961 the average woman had 4.3 children. But afterwards we continued down the fertility slope into the 1970s and 1980s.

Since then our birth rate, like that of many developed countries, has been below replacement level or just on it. Many couples are not producing enough children to replace themselves. To do so, women must have on average 2.1 children each. In 1983 we were having only 1.9, and now the average number of babies per woman is just over two. Pakeha women average 1.9 children, Maori women 2.2. But the fall in Maori fertility has been even more dramatic — Maori women averaged more than six babies each in 1962.

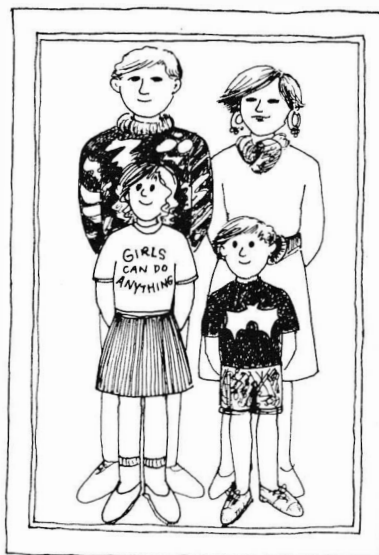
This does not mean the population has stopped growing. Even without migrational gains, New Zealand's population will go on growing because births exceed deaths. Superficially, recent figures suggest a return to bigger families — 50,000 births a year in the early 1980s, more than 55,000 in 1987, and 57,000 two years later. But this is another effect of the baby boom — the baby-boom echo. Those born in the peak birth-rate year 1961 are having their 29th



PAKEHA FAMILY 1960



MAORI FAMILY 1960



PAKEHA FAMILY 1990



MAORI FAMILY 1990

"Birth rates have fallen since 1960 and are unlikely to climb again."

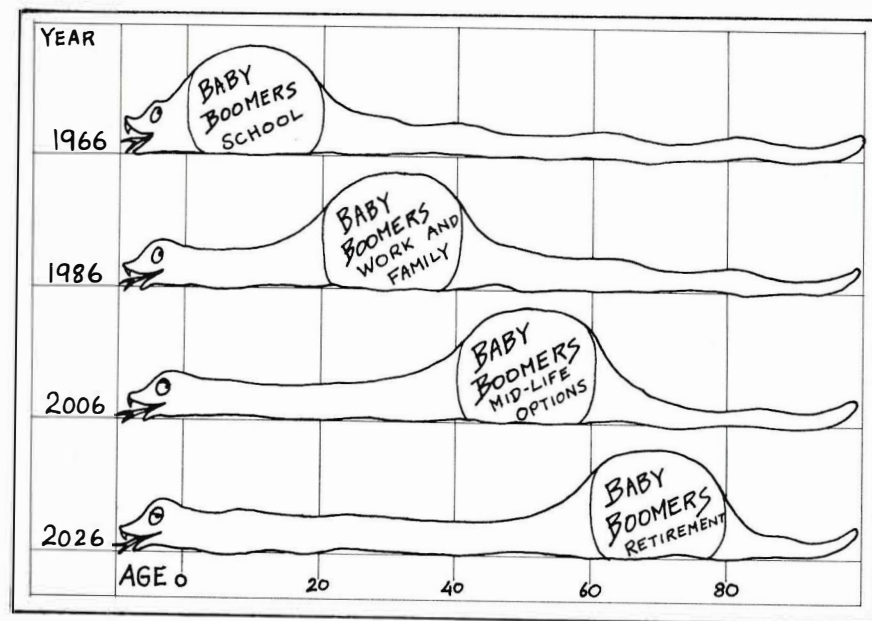
birthdays this year, and many are getting pregnant. Even if each individual woman has fewer children, there are enough women having them to ensure a bumper crop of babies.

Another trend behind the recent upswing in the birth rate is the decision many women, especially Pakeha, have made to delay motherhood until their late 20s and 30s. Maori women are less likely to have children in their 30s, but fewer teenagers, both Maori and Pakeha, are becoming mothers. Later motherhood, however, does not necessarily mean more women will have more children; on the contrary, it may mean they have fewer because of leaving childbearing until later. The baby boomers will be followed into parenthood by a much smaller group of people born in the 1970s, who will be having babies 10 or 15 years from now. So the recent increase in the birth rate is unlikely to last beyond the middle of this decade, and there is certainly no baby boom in the 1950s sense.

The baby-boom bulge

The baby boomers have moved through New Zealand society like the bulge in a boaconstrictor. In the 1950s and 1960s the bulge filled the maternity hospitals, then the kindergartens and primary and secondary schools. It flooded onto the job market (just as unemployment struck), perhaps travelled overseas, and is now settling down into domesticity and childrearing. Before it came a small Depression-age generation, now in their 50s, and after it will come the 70s age group, the generation that was too small to fill the primary schools opened for a swelling population in the 1950s and 1960s.

It is another myth that our population is rapidly ageing. Our present median age is 30 — half of us are older than that, the other half younger. Between 1991 and 2001, only a small group of Depression-born babies will reach retirement age. Just over one in six of us is 60 or more. This age group grew by 20 percent between 1981 and 1991. It will grow only 14 percent in the following decade.



"The baby boomers have moved through New Zealand society like the bulge in a boaconstrictor."

A glance at the snake shows that the baby-boom generation will not begin celebrating its 60th birthday until about 2010 and later. This is when the greying of New Zealand will begin (see Chapter 7). This is when the pressure will come on to goods and services catering for older people, and on to superannuation, or whatever type of income support is then in place.

In the meantime, the small group of over 80s is getting bigger. They are living longer and requiring medical and residential care, and services such as meals on wheels.

Don't take growth for granted

Decision-makers should be concerned not so much with how many people they must cater for, but who these people are, and

how the population is made up. As the baby bulge, for instance, has moved through its lifecycle, it has created alternate expansions and contractions of demand for various goods and services. These can be anticipated and planned for. Primary school intakes can be predicted at least five years ahead, with implications for the supply of teachers, classrooms, crayons, readers and sticking plasters. We can also predict how many people will need jobs and training, how many houses they will need, and how many elderly will need looking after.

Population growth and contraction are not in the lap of the gods. While birth and migration are the result of personal decisions made in private, the effect of these decisions is public and well known. We know more about likely population trends than many other aspects of the future. They are there for decision-makers to use.

Publications used in writing this chapter include:

The New Zealand Population: Change, Composition and Policy Implications, Population Monitoring Group, New Zealand Planning Council, December 1986.

Diversity and Change: Regional Populations in New Zealand, Population Monitoring Group, New Zealand Planning Council, April 1989.

"Implications of Change in the Cohort/Age Structure of the New Zealand Population," Ian Pool, in *The Business of Population*, New Zealand Demographic Society, June 1988.

9

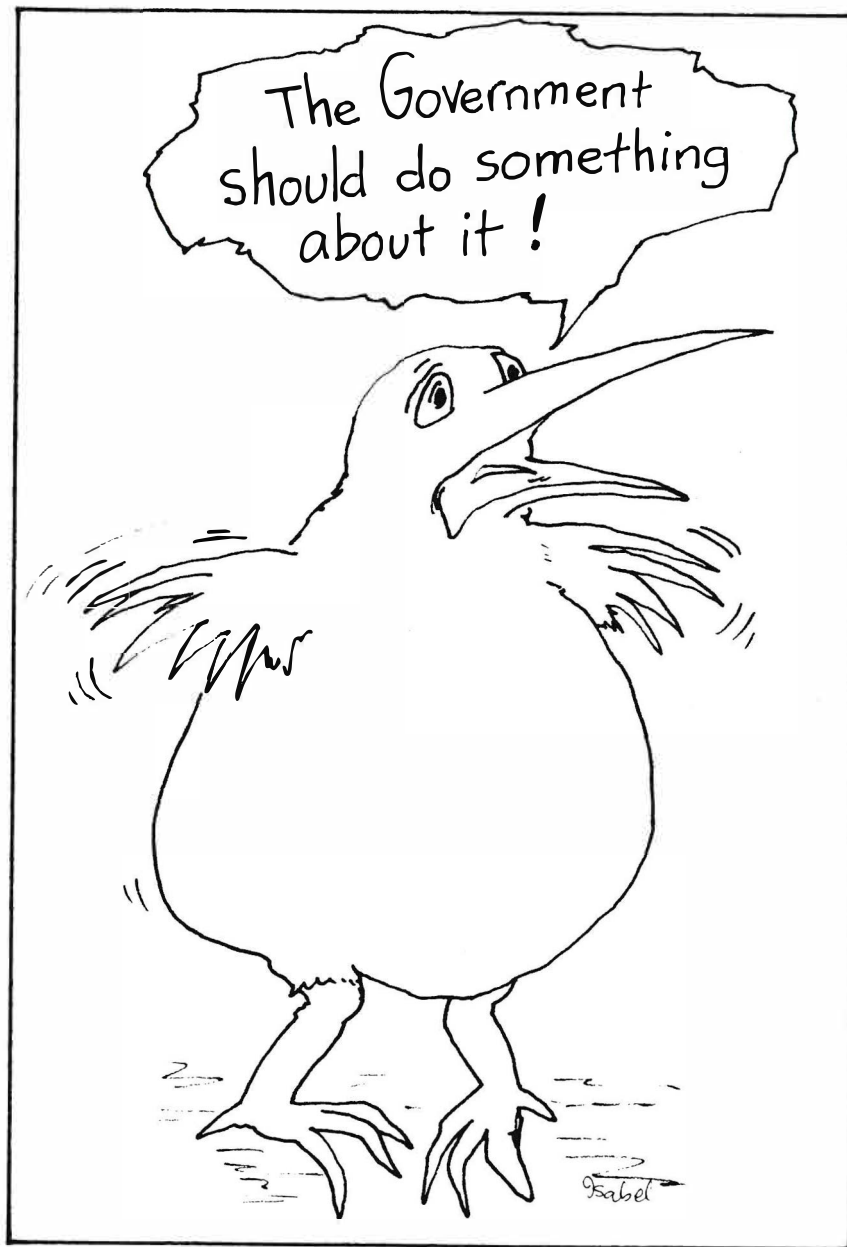
Level Playing Fields and Safety Nets: The Role of Government

Nobody is merely a spectator in the economic game. From giant organisations planning multi-million dollar gambits to the child with her 20 cents at the corner dairy, each of us makes a dozen economic decisions every day. Which loaf to buy, or whether to buy bread at all? Which garage to use? Which newspaper to have delivered? We are all players, while government hovers on the sidelines trying to ensure no-one is hurt in the game, and that the playing field is level. But it was not always so.

Once, government refereed the game and played as well. It was there in the thick of it, owning and backing particular industries, as it did in the Think Big era, and favouring particular groups of players. We got used to seeing government play both roles. It was difficult to imagine it out of the game.

The flightless kiwi had a loud and persistent cry — 'The government should do something about it.' And government obliged. It protected manufacturers from cheaper overseas suppliers, supporting prices on the domestic market. That meant farmers, for instance, paid more for New Zealand-made gumboots and wire, but government compensated them through SMPs (supplementary minimum prices), keeping farmers' incomes up despite higher costs. So SMPs were a second subsidy to offset the first, and all at the taxpayers' expense.

It was difficult for other players — particularly those in industry, farming or trading — to develop a flowing game with the referee playing too, and changing the rules to suit himself. But while the game was not stylishly flowing, it was the game we were used to. We were shocked when government pulled out and decided



"And government obliged."

to be a real referee; when it began to confine itself to managing the flow of play with financial measures like devaluation, printing money or taking it out of circulation, and by setting rules and enforcing them. There were cries of foul, and yells of protest.

Government as referee

But government did not turn its back on the game. Nor could it. We give governments power to act in the interests of the community. The least we expect is that they lay down and enforce the rules of the game, seeing to it no-one gets an unfair advantage. Underlying these rules are values in which most of us believe. Although we may rarely think about them consciously, these values bind us together in spite of differing views on the way the economy should be run. So we have laws enforcing contracts, protecting consumers, and limiting monopolies.

Most of us believe people are entitled to the safety net of a basic living, and access to essential services. So, few object to paying taxes for a legal system, health and education, and we generally support some sort of income redistribution. Government raises money through taxes to help those with no earning power, such as students, solo parents, the unemployed, and superannuitants — categories into which most of us, whether we intend to or not, will fall at some time in our lives (see Chapter 2).

By acting as referee, government influences the economy whether it likes it or not. People decide how much to save according to how confident they are government will provide an adequate safety-net income in future. They choose or reject private health insurance depending on whether they believe the public health system will provide adequate care when they need it.

Investment in New Zealand Inc

Every time government provides a service — in education, health, housing, law enforcement — it is making an investment on our behalf; an investment in the wellbeing of people which, it hopes, will profit us all. If more workers were educated to higher levels of technical skill, for instance, New Zealand would be more productive and we would all be wealthier (see Chapter 4).

But all investment involves costs and risks. Resources are not infinite. What is spent on education cannot be used for health. Government cannot always know whether investments in social services or economic initiatives will pay off. Before it steps in to provide a service, such as an employment scheme, it must satisfy itself and the electorate that the benefits of the investment will outweigh its costs, and produce the desired effect.

New rules

Change is not always welcome. Most people are more comfortable when things stay the same, and much recent change has been painful for many small- and big-time players. But change is inevitable and often makes more sense than piecemeal solutions. Elaborate systems of subsidy and benefit become expensive to manage. There comes a time when it is fairer and more effective to design a whole new system.

When government provided a service such as an airline or a television network, that service had to suit everyone. It was all there was. Now there is an emphasis on choice. There are several ways government might ensure all children have access to a pre-school education, for instance. It could allow and fund one type of pre-school only, and provide it free with taxpayers' money. Or it could give financial help to families with young children through the tax and social welfare system, or even give them a pre-school education allowance to spend on the one they select. Government

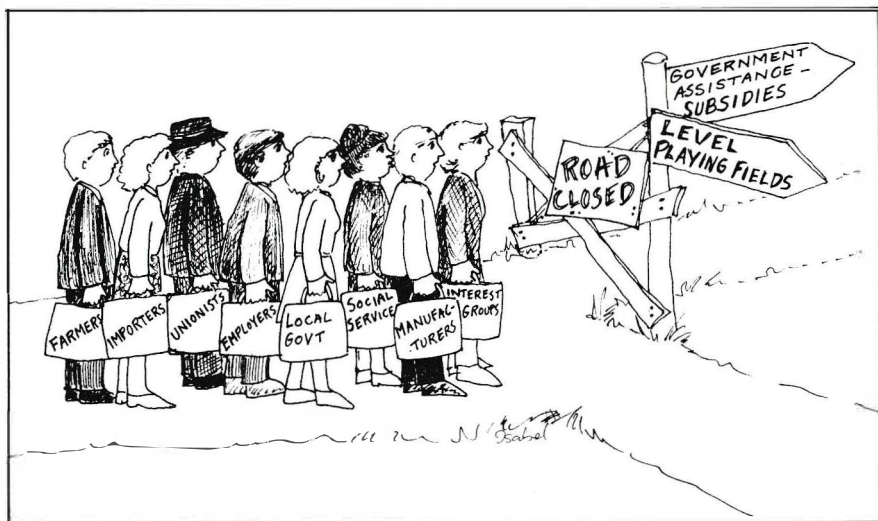
could then encourage a range of pre-schools — play centre, kohanga reo, creche, and kindergarten — for families to choose from.

Government can also help players make decisions which are good for their own wellbeing. People in business, on the marae, at home, in voluntary organisations, and on farms must have good information (including clear reception of market signals) if their decision-making is to be effective.

Government is continually lobbied for more money — by teachers, doctors, police, manufacturers, farmers. New Zealanders, while setting much store by notions of their own independence, still expect government to provide a bigger and bigger cake. It cannot do so, not without increasing the burden of debt, and not alone. When government tries to do everything, as it did in recent decades, debts pile up rapidly (see Chapter 6). If the nation spends



"Now there is an emphasis on choice."



"We need no longer be dependent on a handout from government."

more than it earns, it must borrow money and pay interest on the debt — tax money spent on interest cannot be invested in the public good.

Unless there is more cake, the only way one group can get a bigger slice is for somebody else to get a smaller one. The cake can, however, get bigger if good ideas and well-managed industries have room to grow, and if every New Zealander has the opportunity to be independent, creative and self-supporting.

Competition has given the consumer cheaper prices and more choice amongst products such as cars and air travel. But now buyer, as well as seller, must beware — with subsidies and protection gone, consumers pay the market price for goods and services they choose, and must choose carefully. But there is something to be said for having the resources and opportunity to select from a range of competitively priced services. We need no longer be dependent on a handout from government or forced to accept whatever services it sees fit to provide. It is a more demanding way to live, but one which gives us more control over our own lives.

Publications used in writing this chapter include:

Social Policy Options, Judith Davey, New Zealand Planning Council, February 1987.

The Economy in Transition: Restructuring to 1989, Economic Monitoring Group, New Zealand Planning Council, July 1989.

10

A Fair Go: Towards Equity and Diversity

New-born babies look startlingly alike. It is tempting to assume they face life on an equal footing, and that each will succeed or fail by his or her own efforts.

But we do not come into the world as naked as we like to think. Each individual is born into a family, a community, a culture, and these social groupings shape us as much, if not more, than we shape them. Male or female, Maori or Pakeha, rich or poor — before we have let out our first cry, these characteristics have begun shaping our life chances. A well-informed godmother leaning over our cot might predict a good deal of what we fondly believe to be our personal fate — what educational level we will achieve, what job we will do, how healthy and wealthy we will be, whether we will buy our own home, and how long we will live.

Take education. Potentially, it is our best chance of maintaining the good fortune of birth, or breaking free from inherited social disadvantage. Low levels of education lead to poor job prospects, keeping us on a low income and eventually jeopardising our own children's life chances. Education is the widest bridge across the social divides of ethnicity and wealth.

Invisible barriers to education

Education is compulsory between the ages of five and 15, and is fairly standardised. It is tempting to assume we all benefit equally from formal schooling. Yet children with hearing or health prob-

lems which go undetected, for instance, and children from non-majority cultures often do less well at school. What secondary or tertiary qualifications we gain, if any, depends not just on the intelligence we were born with, but to a great extent on which social groupings we belong to and identify with.

More and more young people are staying at school beyond the age of 15. More and more are going on to tertiary education at a university or polytechnic. But sixth and seventh formers and tertiary students are not a cross-section of the population; relatively few of them are Maori and Pacific Island Polynesian, or from low income families.

What prevents many young people from staying on at school or reaching university or polytech are the invisible barriers of expense and expectations.

Not only does it cost money to be a student — for tuition fees, textbooks, and accommodation — but while people are studying they cannot take on full-time paid employment. Many full-time tertiary students must rely on their parents' support. Poorer families find it harder to provide this, so their children are less often studying beyond the age of 15.

The children of those who had university education themselves grow up to take it more or less for granted and often follow suit. Children from homes where formal learning is valued, where they are given books and exposed to libraries, museums, theatre and music, are more likely to flourish within the education system.

Our approach to universal childhood education has not remedied inequity but perpetuated and often aggravated it. The education system allows a few to break free of the disadvantage they were born into. But frequently it reinforces it.

Maori and Pakeha

More Maori than non-Maori children are likely to bump up against these barriers to further education. But that is only one aspect of the gulf between the two groups. Previous chapters have

shown up other differences between Maori and Pakeha — family and household types, employment and income patterns, health and the use of health services, and how wealth is accumulated and held.

Many of these differences can be traced back to the monocultural nature of our institutions, restricted Maori access to resources, and more than a century's neglect by Pakeha of the Treaty of Waitangi. Others are due to policies aimed at giving the same health, education and social welfare services to all. Here, contrary to our intention, the results have been different for different groups. In treating everybody equally, our universal approach has failed to achieve equality of outcome. Policies and practices tailored to specific needs might meet with more success. The Kohanga Reo pre-school movement, for instance, is highly successful because it is a Maori initiative, not a case of majority planning for the minority.

Men and women

More and more women — even those with young children — are going out to work. Increasing numbers of them are their family's sole bread winner. Some regard this as a sign of equality between the sexes. Yet as well as taking on this new role, women are still expected to perform their traditional home-making and caring responsibilities. Childcare is still seen as a women's problem. Women are still targeted by advertising for domestic products like household cleaners and soup mixes, and expected to administer them.

Gender roles are changing only very slowly, and meanwhile men and women do not equally share opportunities and rewards. Women earn on average only 80 percent of what men earn. They are concentrated in a narrow range of low paid jobs. They are more than 90 percent of people bringing up children on their own, and they are generally poorer than men.

Equality between men and women, said the Royal Commission

on Social Policy, was one of the fundamentals of New Zealand society. Yet as with Maori/Pakeha differences, the theory is often not matched in practice.

Rich and poor

We do not know for sure if the rich are getting richer and the poor poorer in New Zealand. What we do know is that households differ widely in their incomes, what they spend them on, where they get them from, and how they fare under taxation and welfare policies. The shift towards indirect taxation such as GST, for instance, has, in spite of a reduction in personal taxes, increased the overall tax burden. It also means low income earners are bearing more of it because they spend a greater proportion of what they bring home on necessities.

We also know that paid work is what makes the biggest difference between being rich and poor in New Zealand; that the more educated a person is, the less likely he or she is to face prolonged unemployment, and that the wealthier the family, the more likely its children will be well educated.

Equity and egalitarianism

The three great divides of ethnicity, gender and wealth are clearly linked and their effects inextricably interwoven. We cannot afford to go on believing that New Zealanders are born equal.

Paid work is central to our economic, social and psychological wellbeing. With unemployment come risks of poverty, loss of status, self-esteem and social contact and, ultimately, of physical and mental illness. Yet these risks are not equally distributed across social groupings. The young, and especially Maori and Pacific Island young, bear more than their share. But ultimately, those costs are born by us all.

The myth of the egalitarian society in New Zealand has led,



paradoxically, to inequality. By treating everybody equally we have, in the end, accentuated differences. Our drive towards egalitarianism has also meant the loss of many high achievers — artists, entrepreneurs, sportspeople — who have left to pursue careers overseas.

We must adjust our picture of New Zealand as we move into the future. To survive economically we must adapt not just our behaviour but our attitudes. Previous chapters on the economy, the role of government, education, and employment suggest we should, and can, become more flexible. We need to seize opportunities, encourage innovation and excellence, and dispel pessimism.

Social survival, too, demands we accept and capitalise on change, rather than fearing it. Chapters on the Treaty of Waitangi, the family, the elderly, and population patterns show that the first step is to challenge stereotypes. We can only value diversity once we admit it. It is not in conformity that our future lies, but in equity. Ensuring everyone a fair go to make the best of themselves is to the advantage of every New Zealander.

Other publications used in writing this book include:

Maori Land, George Asher and David Naulls, New Zealand Planning Council, March 1987.

He Matapuna — Some Maori Perspectives, New Zealand Planning Council, reprinted December 1989.

Puna Wairere, New Zealand Planning Council, August 1990.

Population Dynamics, Population Monitoring Group, New Zealand Planning Council, forthcoming.

The April Report, The Royal Commission on Social Policy, April 1988.

Profiles of New Zealanders, Series of five reports, Department of Statistics, September 1989.

