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Concepts and Theories

Assignment One

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It is a testament to the remarkable variety of human individuality that in the realm of political beliefs one can find so many separate ideologies with so often the greatest of gulfs between them. Our experiences, beliefs and ideals colour our expectations in manners that can be as obvious as they are difficult to pin down. This is clear particularly when examining political theories as widely incompatible as those of neo-liberalism and social democracy. Each has entirely distinct ideas on the role of government, the ideal citizen and society (including the meaning of equality and best method to deliver it), and while examples provided will show that each has been an extremely visible guiding force in New Zealand politics in the late twentieth and early twenty first centuries, they also have their own flaws when applied to the often extremely messy real world. Nonetheless, these two ideologies will no doubt continue to influence the political path the country takes, resulting in often contradictory policy as new legislation is layered on top of old.

In any examination of theories it is necessary to first define what they are. While the fact that these are by no means organised groups with a unified membership base can make it difficult to agree on a universal definition, there are certain key elements to each. Perhaps the pithiest explanation would be that neo-liberalism places focus on the strength and importance of the individual, while social democracy is more concerned with society, a concept that neo-liberalism often dismisses as artificial - nothing more than the word for a disparate collection of rational agents acting in their own interests who happen to exist in the same space.¹ The two biggest figures in a neo-liberal 'society' are the individual and the market, the latter being shaped by the desires and needs of the former. Individuals have ultimate control over businesses as they are free to choose where to spend their money, increasing profits for one company while decreasing them for another, and if a disfavoured company does not pay attention to these market trends it will find itself at risk of failure. Individuals are also responsible for employment negotiations so as to gain the best possible

¹ Christine Cheyne, Mike O'Brien and Michael Belgrave, Social Policy in Aotearoa New Zealand, 4th ed, Auckland: Oxford University Press, 2005, p.80.

terms, where a social democratic government will generally pass legislation favouring group negotiations that grant more power to employees. As well, the market will be more heavily regulated, limiting the ability of businesses to engage in practices that could adversely affect vulnerable portions of the population. A downwards transfer of wealth is one of the major cornerstones of a social democratic society.

Though government is a necessary construct in any society, we often hold very different beliefs on the exact rights and responsibilities it holds. To a neo-liberal, these rights and responsibilities are as small as possible so as not to encroach on the rights of the individual. It is to step in on occasions where the market suffers an egregious failure such as outright criminal action, but it mustn't take on provision of services as these would necessarily be less efficient than any private supply and remove the individual's right to choose. Competition and demand are what are believed to drive quality, with profit being the individual's leverage over a company that doesn't perform to satisfaction. Thus privatisation of state assets and the removal of state monopolies are key examples of neo-liberalism in New Zealand, something seen throughout National's reign in the 1990s and again since their re-election in 2008. In 1998, the National government introduced the Accident Insurance Act, opening ACC up to competition and removing its status as privileged supplier of work-related accident compensation. As it only came into effect in 1999, an election year, it in fact was in place for less than a year before Labour reversed the Act. Other acts of privatisation lasted longer, such as Telecom (sold in 1990)² and New Zealand Rail/Tranz Rail (sold in 1993)³, but it was the timing of the changes to ACC, just months before the end of National's third term with a strong opposition promising to repeal the legislation, that show the dominance of ideology over political nous. In contrast to this market favouritism, social democrats see the state as responsible for addressing social imbalance and inequality, largely through methods such as

2 Privatisation and Nationalisation: New Zealand retrieved August 2012 from <http://www.caslon.com.au/privatisationnote4.htm>

3 Privatisation and Nationalisation: New Zealand

progressive tax systems which shift wealth downwards, legislation to address discrimination, and provision of those things vital for quality of life to those who are deprived of them. State owned power companies such as Mighty River are necessary to manage the cost of electricity, as ensuring that lower prices are available means that private competitors are less able to collude (either intentionally or not) in pricing low income customers out of the market for such a vital necessity entirely. Welfare provisions, too, should be generous enough to allow participation in society rather than the bare minimum safety net that most neo-liberals find acceptable. Universal superannuation, set at a level relative to average income, guarantees an income for retirees; likewise the creation of ACC was intended to provide standard, adequate compensation for people who suffered accidents in or outside of work instead of allowing and expecting victims to sue. The scheme was, as recommended by the Woodhouse Commission, to be based on five principles: community responsibility, comprehensive entitlement, complete rehabilitation, real compensation and administrative efficiency.⁴

It is obvious already then that neo-liberals and social democrats would have wildly diverging ideas on what it means to be a citizen. The mantra of the neo-liberal is "personal responsibility" - they recognise that every individual is a rational agent capable of managing their own affairs and that any welfare should be completely voluntary, often remaining within the family. This belief is shown in the New Zealand Values Survey, with 60% of respondents in 2005 considering that people were poor because of laziness and lack of will power. The current National government follows a trend of cutting funding to non-profit organisations, which most recently has seen Wellington Rape Crisis facing a \$55,000 shortfall in their operating budget that would lead to them only being open to the public four days a week. Minister of Social Development Paula Bennett was critical of publicity highlighting the issue, stating that it was "a shame" that WRC had not approached her "without

⁴ [History of ACC in New Zealand](http://www.acc.co.nz/about-acc/overview-of-acc/introduction-to-acc/ABA00004), retrieved August 2012 from <http://www.acc.co.nz/about-acc/overview-of-acc/introduction-to-acc/ABA00004>

going to the media".⁵ This belief, that an individual is responsible for their own fate, means that state provision of services becomes an intolerable form of overt authority and condescension, constraining a citizen's choices and not allowing them to choose the service that best suits their needs; it is a "one size fits all" approach incompatible with the idea of demand driving supply. Meanwhile social democrats believe we have a responsibility to each other, recognising that the market cannot, by its very nature, provide for all fairly - historically this was seen perhaps no where better than in the formation of the welfare state in the 1930s, while in the 1990s it produced the Human Rights Act 1992, covering sexuality and pregnancy for the first time and moving disability out from within the umbrella of health. Disability issues also made up some key policy in the "Third Way" Labour government of 1999-2008 with the New Zealand Disability Strategy being one of their earliest acts⁶, followed closely by the opening of the Office for Disability Issues in 2002, and most recently the end of debates over the rights of family caregivers - those carers for people with disabilities who are related to their charge - to equal compensation.⁷ Social democrats, then, believe that outcome is the relevant issue to focus on, sometimes requiring that particular groups have more resources allocated to recognising their needs than others, while a neo-liberal believes in equality of opportunity and the idea that what a person makes of that opportunity is their own business.

Unfortunately there is no truly perfect political ideology. Both neo-liberalism and social democracy make key assumptions about people that cannot be held to be universally true, and as a system of social organisation relies on the actions of individuals, when they do not act as expected assumptions begin to fall apart. Generally speaking, neo-liberalism expects people to be 'rational utility maximisers',⁸ always acting in their own self-interests, while social democracy expects them to uphold connections to a community and willingness to sacrifice what they are able to help to

5 Hansards, 16 August 2012

6 Minister for Disability Issues, New Zealand Disability Strategy, 2001

7 Scoop, 12 June 2012, Govt will not appeal family carers decision, from <http://www.scoop.co.nz/stories/PA1206/S00140/govt-will-not-appeal-family-carers-decision.htm>

8 Grant Duncan, 'Reinventing the right: Neo-liberalism', in Society and Politics: New Zealand Social Policy, Auckland: Pearson, 2004, p.194

provide for those with less. A neo-liberal society has no room for those things that do not have financial value or for people who either have different priorities or who are unable to earn enough to sustain themselves, such as through disability, lack of time, or low market demand for the type of labour they can offer. In fact one of the factors leading to the conclusion that publically-run institutions must be less efficient is the refusal to admit to the presence of altruism in the public service (for example, teachers, nurses and other positions that interface with the public who act in the best interests of the client simply for the love of the job).⁹ Long term investments in education must be funded somehow, and though scholarships may be available for a few, for the majority reliance on well-off family members or taking on a job that reduces their ability to focus on schoolwork are the only options. Nevertheless, this ideology is one that the current National government is committed to, with policies being introduced to limit eligibility for the student allowance, in particular removing it from post-graduate students who are often arguably those who need it the most.¹⁰ National is also responsible for closing New Zealand's public broadcasting channel, TVNZ7, on the basis that commercially run television is sufficient to meet the needs of the population - this makes New Zealand the only country in the OECD without a dedicated public broadcasting channel¹¹. An environment with these ideals is one in which minority values are at particular risk, particularly those of Maori, women and the disabled, and in which workers rights are eroded. The theory of equality of opportunity too is revealed as a tenuous one - when a society has unequal outcomes, the next generation does not begin with a blank slate. Those children of low income families are disadvantaged even from prior to birth with less access to health care, poor housing, parents who are frequently away working or looking for work, and faced with the stigma of poverty and the self-fulfilling prophecy of low expectations. These children are unlikely to be able to afford higher education that could raise their income levels later in life, and are often ethnic

9 Duncan, p.195

10 I is for I Really Think You Should Reconsider, John Key, retrieved August 2012 from <http://ymcabackwardsbutwithoutthec.blogspot.co.nz/2012/05/i-is-for-i-really-think-you-should.html>

11 Scoop, 11 April 2011, NZ Govt plan to axe TVNZ7 blow to public broadcasting, from <http://www.scoop.co.nz/stories/WO1104/S00263/nz-govt-plan-to-axe-tvzn7-blow-to-public-broadcasting.htm>

minorities who face racial discrimination as well, such as an increased likelihood of punishment by educational authorities or police.¹² However these problems do not mean that social democracy is automatically a perfect alternative. It relies on a population that is invested in helping those who are not well off, but this investment is easily prone to manipulation and PR spin that leads to people voting against even their own interests.¹³ A citizen's trust in the media can also be abused particularly when commercial interests often dictate how information is presented and controversy, such as news stories that play on people's prejudices against groups they're unfamiliar with, fuels profit. A recent example is John Ansell's 'Treatygate' campaign, about which he claimed, "It's a tough road, because in America you're a racist if you wear a white hood and want to lynch black people, and in [New Zealand] you're a racist if you want racial equality."¹⁴ It is possible that these problems would be reduced in a society with less of a neo-liberal influence, but it is clear at least that the convergence of two such wildly different ideologies can in some circumstances bring out the worst of both.

There are many contradictions in the social policies of New Zealand. This is a result of over a hundred and fifty years of new legislation being layered on top of old, with different governments and interest groups holding unique ideologies and beliefs about the very nature of government and what its responsibilities entail and the character of society's ideal citizen and how this shapes the behaviour of the population as a whole. In their own ways each of these ideologies fail to account for the whole of reality, resulting in policy that often has unintended consequences that negatively affect minority groups within society. The ability to understand the shape of these ideologies and their underlying assumptions is vital when studying any form of public policy, though each is complex enough that a complete understanding may never be possible.

12 Department of Corrections, Over-representation of Māori in the criminal justice system, retrieved August 2012 from <http://www.rethinking.org.nz/assets/Maori%20and%20the%20CJS/Overrepresentation%20of%20Maori%20Corrections%202007.pdf>

13 Possum Comitatus, 'What Australians Believe', Pollytics, 11 June 2012, from <http://blogs.crikey.com.au/pollytics/2012/06/11/what-australians-believe/>

14 Callum Fredric, 'Treatygate', Critic, retrieved August 2012 from <http://www.critic.co.nz/news/article/2271/treatygate>

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