To market, to market to buy a ?? Social policy reform in Aotearoa/New Zealand,

1984-1998

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Introduction

Historically, Aotearoa / New Zealand[1] has prided itself on the development of its welfare state, a welfare state that has been described (erroneously) as providing 'cradle to the grave' welfare (Gustafson 1986). A range of social policy legislation is associated with that development. That legislation has traversed areas as diverse as the creation of the first old age pensions in 1898, the Industrial Conciliation and Arbitration Act in 1893, the Social Security Act of 1938 (which created free health care and extended social security coverage), the 1972 Accident Compensation legislation, the provision of free compulsory education, the universal national superannuation coverage of 1977, the 1984 Treaty of Waitangi Act - to name but some of the key legislative enactments. Alongside these legislative enactments was a critical state role in economic management, keeping unemployment historically at very low levels. Furthermore, it was widely accepted, officially and publicly, the welfare state had eliminated poverty. Events of the last fifteen years have turned much of this coverage around; the purpose of this chapter is to highlight key features those changes, their characteristics and consequences.

It is not my intention here to regale all the details of the last fifteen years - interested readers should consult (Easton 1997; Kelsey 1995; Sharp 1994). Rather I want to draw out some themes which are important in Aotearoa / New Zealand[2] but which also, hopefully, have salience when considered internationally. In particular, I want to concentrate on three major dimensions and their consequences, namely the growth of income inequality and the associated unemployment and poverty, the 'remoralisation' of welfare through authoritarianism and surveillance and, third, the ways in which these two factors link to the retreating state and the associated emphasis on diversity and 'consumer choice'. This third theme is of particular relevance to the current social policy debates on difference and equality, debates which are drawn on in the chapter's conclusion. Maori and Pacific Islands communities have borne a heavy

impact in the changes under consideration here. Hence, the position of these communities is a particular and specific consideration throughout the chapter.

The focus is on the period since the election of the Fourth Labour government in 1984. It was that government which initiated many of the economic and social changes fundamental to the reordering of social policy in New Zealand, changes which the succeeding National governments, first elected in 1990, have continued and extended. The changes were not limited to social policy matters (using that term in its widest context), but our attention here is necessarily limited to such matters. I shall, however, use the term 'social policy' to refer to the structuring of inequality and the distributional consequences arising from those structures (Cheyne et al. 1997).

Inequality, unemployment and poverty

The historical development of the welfare state in Aotearoa/New Zealand was based around full male employment in which it was expected that the worker would earn enough to support himself, his wife and two children (Castles 1985). The economy was managed in such a way that official levels of unemployment were so low that the Minister of Labour is commonly reported to have commented in the late 1950s that there were five people unemployed and he knew them all! By the middle of 1984, 65055 people were registered as unemployed. In 1998 unemployment stands officially at 144,000 or 7.7 percent. The jobless figure is 226,500.[3](The Jobs Letter, 1999). The official figure is predicted by Treasury to rise a further one percent in the next twelve months (The Jobs Letter 1998).[4] While the increases in the levels of unemployment have been extremely significant, this significance has been augmented by the changes in the pattern of employment. The labour market has been characterised by an increasing percentage of the workforce being located in part-time work. Over the decade between 1988 and 1998, there has been an increase of eleven percent in the number of full-time employees compared with an increase of thirty six percent of part-time employees (Statistics New Zealand 1998b). The relevance of these employment changes for our current purposes is that the shift in the nature and structure of employment and unemployment has been accompanied by the development of a range of income support and tax credit measures to supplement the incomes of those in paid work, measures which prior to 1984 were limited to tax exemptions and rebates of various kinds. For many, paid work cannot be guaranteed to provide adequate income.

Moreover, the economic and social costs of unemployment (frequently referred to by such euphemisms as 'downsizing' and 'restructuring') were not distributed equitably. The heaviest impact was in industries such as railways, forestry and meat processing where Maori and Pacific Islands peoples were over-represented. The impact of the change is starkly reflected in the recent review of the comparative position of Maori and Pakeha undertaken by Te Puni Kokiri, the

Ministry of Maori Development (Te Puni Kokiri 1998).[5] The report notes that before 1984 Maori were more likely to be found in employment than Pakeha.

As in other countries which have pursued the path of structural adjustment (Kelsey 1995), the processes have resulted in substantial growth in inequality and poverty. In 1994 The Economist (1994) was to argue that, among the OECD countries, the growth of inequality in New Zealand was second only to the United Kingdom. Hills (1995) work has pointed in the same direction). Reviewing income changes between 1982 and 1996, a recent report from Statistics New Zealand notes that: "the increase in income inequality in New Zealand from 1982 to 1996 appears to have been as large as, or larger than, that in other countries for which similar data is available" (Statistics New Zealand 1999, p.95). The material widening of inequality has, then, been significant. Equally significant has been the political and ideological justification of the growing gap. Historically, New Zealand has prided itself as the country of equality. Irrespective of the empirical validity of this claim (and it was a claim that was as important politically and rhetorically as it was substantively (Pearson and Thorns 1983), recent political and ideological responses have actively jettisoned not only the substance of the claim, but also the desirability of the pursuit of equality as a goal. Inequality is validated and lauded, reflected in the comment of the Labour Prime Minister of 1987 who described inequality as the engine which drove society (Lange 1986) and the current (1999) Finance Minister who responded to a recent economists' study (Posser and Chatterjee 1998) which showed growing income inequality by asserting that this was desirable as it provided evidence of reward for effort and qualification (New Zealand Herald, July 24, 1998).

Growing unemployment has been an important feature creating the greater inequality. So also have been the actions of the state itself in its approach to disposable income distribution through reducing taxes for higher income earners and increasing taxes for the poor through such mechanisms as user charges in areas such as health and education and the introduction of an almost universally applicable consumer tax, the Goods and Services Tax in 1986.[6] The largest cuts in personal income taxes have been given to the highest paid. Income taxes have been reduced for higher income earners from sixty six cents in the dollar on taxable income in excess of $38,000 in 1984 to thirty three cents in the dollar on income in excess of $38,000 in 1998, while for those on lower incomes the rate has changed from twenty cents in the dollar on taxable income below $6000 in 1984 (thirty three cents in the dollar for taxable income between $6000 and $25,000) to effectively fifteen cents in the dollar below $9,500 and twenty one cents in the dollar between $9,500 and $38,000.[7] Dalziel (1999) has calculated that in excess of one-third of the income gains from the tax cuts of 1996 and 1998 have gone to those in the highest income quintile. The processes and outcomes of change have represented significant redistribution, but in the opposite direction from that associated with the welfare state. The state, directly and indirectly, has

redistributed both materially and ideologically from the poorer to the more affluent.

This redistributive process is also reflected in the growth of poverty in the last fifteen years. Again, rhetoric to the contrary, poverty was apparent prior to 1984 (Easton 1995). It has, however, become much more pronounced since that time. In the initial period following the 1984 election, the position of the poorest improved in relation to the general pattern of income distribution. These gains were short lived, and were more than wiped out by the losses in the latter part of the 1980s (Johnstone and Pool 1996; Martin 1995). The disadvantages faced by low income groups were dramatically augmented by the cuts to social security benefits that took effect in 1991, with the benefit for some lone parents (the Domestic Purposes Benefit) being reduced by almost 24 percent. Benefits were cut for almost all beneficiaries with one significant exception, superannuitants. Initial attempts to turn this universal benefit into a means tested payment were turned back, but a change is again under serious consideration. The cuts in entitlement have been matched by tightening of eligibility conditions through such measures as increasing the age of eligibility for unemployment and lone parent benefits and parental income assessment to determine eligibility for tertiary assistance allowance.[8]

The result of these processes has been a significant increase in the numbers below the poverty line. Recent work by various authors (Easton 1995; Krishnan 1995; Waldegrave et al. 1996) all demonstrate this growth, with current estimates giving a figure of approximately 30 percent of children in poverty. Worst affected by the growing poverty are families with two or more children and lone parents. Among these groups, Maori and Pacific Islands families are significantly over-represented, with (Krishnan 1995) estimating that approximately twice as many Maori and Pacific Islands households were below the poverty line compared with their respective numbers in the population. Data from the 1996 census suggests that Asian families are also significantly over-represented in the low income groupings (Statistics New Zealand 1998a).[9]

This quantitative data has been complemented and supplemented by a range of qualitative studies over the last fifteen years, highlighting the significant ways in which the processes and outcomes of social policy reform have impacted on lives, living standards and wellbeing (O'Brien, forthcoming). Basic areas such as access to food, clothing and shelter have become much more tenuous for many, while the diseases of poverty (tuberculosis, rheumatic fever and meningococcal meningitis) have reappeared. Foodbanks grew from 16 in the Auckland region in 1990 to approximately 130 in 1994 (McKay 1995), with an increasing proportion) of users being in paid work (currently approximately 11 percent in Auckland) (Auckland City Mission, 1998).[10]

Remoralising welfare

Thus far, I have highlighted some fundamental structural aspects and consequences of the social policy change programme that has occurred in New Zealand since 1984. The next section moves to a second key feature, namely the ideological forerunners and correlates. The move from citizenship rights to individual and familial obligations (including the rhetoric which focuses on replacement of the state by the market, voluntary charity and the family), the increasingly authoritarian nature of the state and its widening powers of surveillance, and the obsessional concentration on paid work as the replacement for state income support are critical features of these changes. While the structural changes identified above are critical in shaping the lives and opportunities of thousands of New Zealanders, particularly those who are the most impoverished and economically disadvantaged, the ideological changes reviewed here are equally critical in two fundamental senses.

First, they establish and sustain the climate within which the poor are required to manage their lives and the lives of their children. Increasingly, it is a climate which is cold and icy, with constant messages (subtle and not so subtle) about personal and family failure and attendant lack of responsibility, pejorative abuse for dependency, and a message that 'you are on your own and get cracking to sort your life out'. Recent changes to the provision of income support provide a good illustration of that climate; they were referred to by the Minister responsible as being based on 'hassling', a term also used by the Department of Social Welfare to describe elements of its approach to income support changes. ('Hassling' is described as solving the problem of welfare dependency by "forcing a change in attitudes to work". Department of Social Welfare 1996, p.26).

Second, these ideological changes have a longer term significance in that they fundamentally alter the expectations about the nature of personal, family and social relations in ways which highlight individual and familial responsibility and minimise state responsibility. Over time, expectations of the rights of citizens in the nation state are replaced by the obligations of individuals and family members with an emphasis on caring for yourself and seeking assistance from voluntary charity for the desperate and unfortunate situations in which family cannot assist. Such a fundamental ideological shift represents a major change for social policy in New Zealand, representing a recommodification in place of the decommodification identified by Esping-Anderson (1990). Markets, including quasi markets in areas such as health and education, replace the state. The accompanying political changes shift the balance of political forces with the result that re-establishing a fundamental place for the state in the shaping of the society becomes extremely difficult. Inequalities are cemented in; the focus moves from *how* can the state interact with civil society to provide greater opportunity for all to an active rejection of any notion that the state *should* attempt to create such a social framework. It is a change that is as pervasive as it is subtle, although it must be acknowledged that the processes have not always been subtle. In many instances they have been very direct and confrontational.

Two specific illustrations of the ways in which these processes of transfer of responsibilities and the accompanying extension of surveillance and of punitive administrative oversight are provided by a proposed Code of Social and Family Responsibility and the changes to income support that took effect in October 1998. The Code was formally abandoned in October 1998, but some of the proposals within it such as the workfare requirement were adopted. Even more significant was its ideological impact, reinforcing a notion that the poor and beneficiaries were individually irresponsible.

The Code listed eleven specific items which were set out as expectations, each expectation being accompanied by a description of the sets of the individual and family behaviours which would reflect that expectation in operation. In addition, relevant current law was set out and there was a statement about 'how the government helps now'. The items included in the proposed Code covered such areas as getting children ready for school, sharing parenthood, training and learning for employment, keeping ourselves healthy and managing money - to identify five items. Reflecting the critical and developing linkage between economics and the moralism of social policy, the Code was first formally announced in the 1997 budget statement. Focused initially on beneficiaries only, the proposed code was quickly extended to all New Zealanders. In the following year a booklet was sent to all households as a discussion document. Additional background information, labelled as 'Fact Sheets' was also available if requested. These 'Fact Sheets' represented a very selective and, in some instances inaccurate, summary of empirical information on each item. For example, the fact sheet on managing money claimed that research showed that budgeting advice enabled people to improve their financial situation through improving their income and/or decreasing their expenditure. In fact the research report found that the most significant outcome for participants in the study was increasing income through paid work or taking in a boarder. Half of those coming to budget advice could not be assisted because their income was too low (Wilson et al., 1995). In addition to commenting on each of the items, people were also asked to indicate what form the Code should take, that is, should it be legislated or used as a guide to legislation and policy, or published as a statement of government policy. An explicit option of rejecting it altogether was not included in the range of alternatives provided. Despite an extension of time, only approximately 95,000 responses were received; this represents less than a six percent response rate. No work has been undertaken to identify the reasons for the low response rate.

The proposed Code was widely criticised, particularly, but not exclusively, by social services groups. Criticism focused on the statistically unrepresentative, unreliable and unmeasurable nature of the process, its selectiveness in that the emphasis was entirely on the responsibility of the individual and the family with no accompanying statement of state responsibility, and on the punitiveness of the approach to the issues reviewed. The identification of possible sanctions for failure to meet expectations was one of the most significant aspects of the

punitiveness which met with extensive opposition. For example, in an item entitled ‘Keeping Children Healthy’, one of the questions for discussion was: ‘If parents have made an informed choice to have their children immunised, should up-to-date immunisations be required for entry to early childhood education services and schools?’ Or, to take a second example under an item called ‘Getting children to school ready to learn’, one of the questions was: ‘Should parents who receive a benefit be required, as a condition of benefit, to get their children to school?’ (Department of Social Welfare 1998). Similar illustrations could be provided from each of the other items. The responses were analysed by staff in the Social Policy Agency. The proposed release date was shifted twice. When finally formally abandoned, the Minister of Social Services commented that he had received a number of good ideas from the exercise. The proposal for the Code and its contents and focus is itself highly illustrative reflecting the emphasis on individual and family obligations and (by default) a reduced state and locating this emphasis within a framework of obligations and sanctions, a framework which has become increasingly characteristic of social policy developments.

This individualising and familising of responsibility is also illustrated in the second specific example referred to above, namely the changes in the provision of income assistance. As noted earlier in this chapter, the levels of benefit were reduced in 1991; indeed only in 1998 has the actual dollar amount for lone parents reached the level that existed before the cuts. Accompanying the cuts, and over the ensuing years, income support structures have been characterised by increased surveillance of beneficiaries and more recently by a clear shift of focus to obligation to work, an obligation that is heavily and punitively sanctioned for failure to meet obligations. For example, failure to accept suitable employment leads to suspension of the benefit for one week on the first occasion and cancellation of the benefit for the second refusal. The first failure to participate in organised activity leads to suspension until compliance is established, while a second failure leads to suspension of the benefit for a week and then continued suspension until compliance is obtained. A third failure leads to cancellation of the benefit. Failure to attend a mandatory interview results in a twenty percent reduction of the benefit.

There is now an extensive network of connections between the Income Support service and other government departments such as Inland Revenue, Immigration, Employment and Accident Compensation with the stated aim of detecting fraud. The same connection does not operate for non-beneficiaries in areas such as tax evasion for example. Furthermore, the Income Support service regularly publishes figures purported to be benefit debt. However, the figures include such components as over payments by the Department and refundable advances made by the Service. They are technically inaccurate as a measure of fraud but more importantly they are critical in creating a climate in which fraud is seen to be extensive, thereby facilitating and reinforcing criticisms of beneficiaries. Benefit payments are suspended while the investigation proceeds;

in contrast to anywhere else in the legal system guilty until proven innocent replaces innocent until proven guilty.

In October 1998 the former Income Support service and the Employment Service were amalgamated in the symbolically entitled new Department of Work and Income (note the order of the words), symbolically established under a logo which said: 'Our Future is Working'. The former Manger of Income Support was appointed as the Chief Executive of the new Department. As part of the amalgamation, a range of former benefits (unemployment, sickness, training, fifty five plus benefit and young job seekers allowance) were renamed as the community wage, and work assessment tests were introduced. In addition to the active attempts to place up to 65,000 unemployed in some form of work (with the requirement of working as a condition of continued receipt of income assistance), a fundamental feature of the new Department is the introduction of a compulsory requirements for what is called 'organised activity'. This 'organised activity' may include such elements as undertaking training, engaging in personal change (for example, losing weight and changing appearance in order to be more 'presentable' to a potential employer), participation in an employment programme, seminar, scheme or specified activity, including community work or other experience activity, participation in training, medical or psychological assessment. Failure to meet either the compulsory work or organised activity requirements produces substantial sanctions such as loss of benefit for a second refusal of work and loss of up to forty percent of benefit for failure to comply with the organised activity requirements. The regulations surrounding the penalties for failure to comply with organised activity requirements are mandatory, and are established under regulation, not legislatively. The background notes accompanying the Work Test Bill were clear about the focus of the legislation, baldly asserting the key principle as: 'If you don't work, you don't get paid' (Social Security (Work Test) Amendment Bill, 1998, p.ii).

Targeting, choice and diversity

Two central themes have provided the ideological and political basis for the shape and direction of change, namely targeting and choice. Enunciated most clearly in the budget statement of 1991 (Shipley 1991), these two themes (at times sloganised) have been persistently presented as both a critique of the inadequacies and failures of the Keynesian welfare state and the fundamental framework for the new shape of social policy and state involvement in social policy.[11] Although developed significantly in the previous five years (O'Brien and Wilkes 1993), targeting had its most explicit articulation in the 1991 Budget.[12] "Targeting resources to those in greatest need" was identified in that budget as the first of the key elements governing state social policy. The Change Team established within the Prime Minister's Department in 1991 completed a review

of issues surrounding targeting, a review in which the author strongly challenged the appropriateness of the emphasis on targeting (Mulgan 1991). His challenges were, of course, largely ignored. Since that time it has continued to be the central theme, dominating all aspects of social policy (Birch 1996; Shipley 1998). It is not my intention to critique the general arguments in support of targeting here - others have done that very effectively. (See, for example, Bosanquet 1983; King 1987; Boston et al. 1999; Chapple 1996; Hyman 1996; Stephens 1996).

In brief, the government and supporters of the neo-liberal agenda argue that the role of the state should be to ensure that individuals are able to exercise choice. Direct state intervention should be carefully targeted to those with greatest need, thus ensuring that resources are only provided for those who genuinely need them (a phrase used frequently) and by keeping the state out of people's lives so that they can exercise choice.[13] In ensuring choice, the range of services available would most effectively meet the different needs of an increasingly diverse society. It is an argument in which there is a constant reiteration that individuals themselves are best able to exercise choice.

Health, education, social services and housing have all experienced extensive development of targeting as fundamental to the reshaping of social policy. For example, in health services, charges were introduced for public hospital care, care that was previously provided free at the point of use. Beneficiaries, low income earners and some groups of superannuitants were provided with a Community Service Card, the level of assistance depending on income. This card is used, inter alia, to obtain prescriptions at lower costs, to reduce the cost of medical consultation and reduce the cost of attendance at hospital outpatient services for those who fall within the income categories. A high user card was also introduced for those who make frequent use of health services such as, for example, more than twelve visists to the General Practitioner in one year. In 1997, as part of the agreement that led to the formation of the Coalition government in the previous year, visits to the doctor for children under six became free. This policy development was strongly criticised both within the majority Coalition party (National) and by the far right political party (ACT) because of its failure to target on the basis of income, criticism that has been sustained since its introduction. Nevertheless, following a recent review, the policy remains unchanged, despite the criticism.

In tertiary education, targeting has led to the introduction of significantly increased costs for many students, with student financial assistance provided through a mixture of *parental* income tested student allowance and non income-tested loans. (The means tested allowance replaced a previous universal payment to students). Eligibility for the student allowance uses a formula to test eligibility, with eligibility being based on assessment of the level of financial support the parent should provide, irrespective of whether the parent is contributing, and irrespective of whether the student is living with one or both parents.[14] Students are now completing their study with substantial debts.

Targeting of income support has resulted in tightening of both eligibility for and entitlement to income support. For example, the age of eligibility for superannuation, unemployment benefit and lone parent benefit have been increased (the age of eligibility for superannuation is to continue to increase until 2001), benefit levels have been cut, assistance with child care costs has been limited to those in work or study, levels of compensation for loss as a result of an accident have been reduced.

Special needs grants (sng) and special benefit (sb) (two discretionary forms of income support assistance) are presented as providing the basis for meeting financial need.[15] The availability of these two forms of assistance is consistently and persistently referred to whenever areas of unmet or undermet need are identified, indicating that such assistance acts as the prevailing mechanism through which to meet poverty. These forms of assistance are both tightly constrained and administratively regulated. In 1988/89 77,289 sng grants were made, while in 1996/97 (the latest year for which figures are available) 84,535 grants were made. In 199, 16,087 special benefit applications were granted, while in 1996/97 30,275 applications were granted. In addition, in the latter year 77,066 benefits in advance were approved compared with 38,416 in 1991/92 the first year for which figures are available. (Source: (Department of Social Welfare 1997).

While these figures provide some illustration of the extent of the increasing use of these discretionary elements, they mask the ways in which tightening of eligibility conditions and of administrative practices actually reduce measures of need by reducing eligibility and by changing administrative practices. The impact of these changes is euphemistically illustrated by the following comment in a recent quarterly statistics report from Income Support, the agency responsible at that time for administering income support payments:

> Income Support has also changed its service delivery in ways that are designed to moderate demand for special needs grants. Customised service means that staff are encouraged to talk to beneficiaries about ways in which they can better manage their finances. The one-to-one contact also reduces the opportunity for exploitation of the programme (Income Support 1998, p.18).

While this targeted structure has been fundamental to social security provision historically, the component that is significantly different as a result of the reforms is that it is now firmly located within a framework of obligations and responsibilities rather than rights of citizenship. The persistent ideological expression of limiting assistance to those in greatest need has been accompanied by and reinforced the notion of a minimalist state, acting as an institution of last resort. Furthermore, consistent with the international experience with targeted social security systems (Bolderson and Mabbett 1996) the levels of assistance have steadily eroded. For example, the real value of targeted family support for those in paid work has fallen since its introduction in 1988 (O'Brien 1998).

While targeting has served as a means reducing state assistance, universal assistance through family benefit and superannuation has not been immune from cuts.[16] The universal family benefit was abolished in 1991, while a surtax on superannuitants' other income was introduced in 1988, extended in 1991 (following unsuccessful attempts to change superannuation to a targeted system (St John 1999) and abolished in 1998. There have been marked differences in public and political responses to these changes. For example, the proposed introduction of a means tested framework for superannuation in 1991 was abandoned following extensive protest and there was significant protest at the 1998 reduction of the floor for superannuation payments. Conversely, there was virtually no resistance to the removal of the universal family benefit, although it must be said that abolition occurred alongside a range of other draconian measures such as the benefit cuts, measures which tended to overshadow the end of the universal payment for children. Furthermore, and significantly, the extensive and sustained opposition to the cuts in benefit levels has not produced any policy changes and there are no signs that a change of government in 1999 will restore their spending levels. A change in government is likely, however, to lead to a restoration of the value of national superannuation. The explanations for these different responses lie in the political power of elderly people, the familising of financial responsibility for children and the studied neglect of family and beneficiary poverty.

Thus far the discussion of targeting has focused on the individual/ family as the target. The use of targeting in education demonstrates one other significant aspect of targeting, namely group targeting. Here I am using targeting to refer to what might be described, albeit not totally adequately, as positive discrimination. Funding of schools is based on the school's decile rating, with schools ranked on a one to ten scale on a series of socio-economic characteristics such as ethnicity, proportion of beneficiaries in the school catchment area, levels of unemployment and levels of formal qualification. In an attempt to compensate for levels of economic and social disadvantage, schools in poorer areas (decile one) are funded at a higher per capita rate than their wealthier counterparts (decile ten). However, such measures do not compensate fully for disadvantage. Schools in more affluent areas, with more affluent parents are more easily able to obtain additional funds from their parents through such sources as direct contributions and levies and indirectly through the provision of goods and services such as professional expertise. The effect is to retain, and, in some instances, extend, privilege and unequal opportunities and unequal outcomes for children (Nash 1993). Nevertheless, targeting is used here as a means to provide additional resources to those groups, not to contain and constrain resource access, the basis of individual targeting.

Group targeting has also led to different forms of resource allocation and service provision to attempt to meet obligations arising out of the Treaty of Waitangi, the founding document of New Zealand which provides the basis for Maori and pakeha relationships in this country. This allocation and provision

takes such forms as specific allocation of resources for services to Maori by Maori in health and social services, funding of specific Maori initiatives in education and economic development, use of Maori delivery mechanisms in social services, adoption of Maori institutional forms to respond to offending - to name but some illustrations (Durie 1998). Similarly, there has been some targeting as a basis for policy decisions and provisions for Pacific Islands peoples (education and health), women (health and education), people with disability (education).

Concluding comments: Reform, Difference, Inequality

In this final section I want to reflect briefly on the implications of the Aotearoa/New Zealand reform processes in the light of current social policy debates surrounding such central themes as difference and diversity, universality and particularism (Ellison 1999; O'Brien and Penna 1998; Thompson and Hoggett 1996; Williams 1992; 1994). One of the central considerations in those debates (and in the associated specific policy measures) is the development and provision of social policy in ways that reflect and reinforce identity and difference without losing (or worse abandoning) a commitment to social justice, however that term is understood. Policy makers have been at pains to emphasise the diversity of forms of provision and the equity inherent in formulae of resource allocation, almost universally eschewing any attention to 'social relations of power and inequality' (Williams 1994, p.70). It is a decontextualised, individualised choice (even when supported by limited group targeting) which defines the individual as a consumer. . Diversity is provided for within a neo-liberal economic and political framework, overlain by liberal and neo-liberal notions of self help at a group level.

The New Zealand changes have certainly given explicit emphasis to diversity and difference, an emphasis built on neo-liberal assumptions about the freely choosing individual. This freely choosing individual is set against (in contrast to) the state, a state which is depicted as an over-powering, controlling, limiting institution, unable and unwilling to meet individually different needs. The role of the state is, then, limited to individually targeted provision, with the significant exception of group targeting discussed above. In the form developed in New Zealand, targeting links well with *choice* for *consumers* (Williams 1994). Both words are deliberately highlighted because they represent two separate but linked dimensions. Citizens become reduced to 'consumers' who 'choose' the service which they require. In this process rights are replaced by individualised decisions which reflect the actions of buyers and sellers in the market place. Choice is reflected through those decisions. It is the neo-liberal framework at work; we are categorised and conceptualised as competitive unsocial individuals. In social policy it is clearly manifest in such specifics as the abolition of school zoning, with parents then (supposedly) able to choose where they will send their child. However, schools establish their own rules of admission, using

such criteria as academic and sporting prowess as their yardstick. ‘Choice’ is limited to those who meet the established criteria, in some instances resulting in children being unable to attend their neighbourhood school. The diversified choice is markedly limited by economic and social inequalities that are inherent in the policy change project.

The context and framework within which targeting and choice have been developed needs to be fully appreciated if the measures are to be evaluated and understood appropriately. The initiatives to facilitate Maori provision for Maori, to provide frameworks for Maori and Pacific Islands responsiveness to their own communities have occurred in a context of growing and deepening poverty, growing and lengthening unemployment, growing under-employment, growing pressures on families, dearer and less accessible housing. Individuals and communities are encouraged, often expected, to do more while resources decline.

Treaty of Waitangi obligations, historical injustices and the currently disadvantaged economic and social position of Maori (Te Puni Kokiri 1998) are important forces driving Maori demands for the targeting responses referred to above. However, the economic and social context within which such responses are located mean that there is less real choice for many, particularly the socially and economically excluded. The likelihood is that in such circumstances the excluded will be even further punished and penalised. After all, the argument will run (refrains are already beginning to appear), you had opportunities but you did not take them. In such circumstances, a thriving climate for hostile racism flourishes easily. The renewed moralism discussed above is also easily established, focusing on the immoral behaviour of those ‘deviant’ individuals and individual failures who did not succeed because they did not make the effort despite the opportunities made available to them.

Diversity and difference require equal attention to economic and social justices. The New Zealand experience indicates clearly that without attention to both, diversity becomes equated with consumer choice and develops alongside social and economic inequality. In such circumstances, diversity is a requisite component of widening inequalities. While the welfare state failed to adequately meet diverse and different needs, the unequal neo-liberal state is no solution. Indeed, as the New Zealand experience demonstrates, it offers much less.

As various commentators have noted internationally in their review of the politics of neo-liberalism, the free economy is matched by the strong state (Gamble 1994). Liberalisation of the economy requires careful control and management of the poor and disadvantaged, legally, administratively and ideologically. The heralded new vision that was to be achieved through the economic and social reforms has proven to be something of a mirage. As the economic miracles have failed to materialise, there has been an increasing emphasis on targeting ‘those in greatest need’ and on the remoralisation of the social. The ideological and political emphasis has been placed on critique of the moral behaviour and standards, particularly of the poor but more generally also of families and users of state services. Built on an ideological construct which

emphasises self and/or family responsibility, independence and self reliance, the state has developed a more authoritarian style, emphasising administrative surveillance, a style and response which has become increasingly explicit over later years. Indeed, the most recent part of the period examined here might be characterised as the re-presentation of the morally authoritarian unequal state. Difference has provided a cloak in which inequality has flourished. In such circumstances there will inevitably be a close link between choice and location on the ladder of inequality.

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[1] "Aotearoa" is used here as the Maori name for the country internationally defined as "New Zealand. Literally the name translates as "land of the long white cloud". It is increasingly used within the country to refer to "New Zealand".

[2] Moralisation never did disappear completely.

[3] The former figure refers to those who are defined as actively seeking work, while the latter figure includes those who are unemployed but not actively seeking work.

[4] In the period since 1984, a range of factors have made simple comparisons between the two time periods extremely difficult. In addition to the already incorporated elements, the

comparative measure would need to include such factors as the number now involved in training programmes (non-existent in 1984), increased numbers in advanced secondary and tertiary study because employment is not available, older workers who have moved into transitional benefit prior to receiving national superannuation, discouraged workers who do not bother to register because there is no work available.

[5] The term 'Pakeha' is widely used in New Zealand to refer particularly to New Zealanders of European descent.

[6] The significant omissions were mortgages and rents. All basic commodities were included such as food, clothing, power. The regressive nature of the tax is indicated in the work of [Department of Statistics, 1990 #87; (O'Brien and Wilkes 1993).

[7] The word 'effectively' is used because of the way in which the low income earner rebate affects the tax rate, lowering the effective tax rate for those earning less than $6000.

[8] There is a further component operating with tertiary allowance eligibility - the income of parents is considered, irrespective of whether the parent is contributing to support and irrespective of whether the parents are still living together. No steps are taken, however, to require the absent parent (usually the father) to contribute; his income position simply determines the eligibility of the young person for an allowance.

[9] The term 'Asian' is based on self-definition in the 1996 census.

[10] Foodbanks are voluntary and church operated social services which provide food parcels to individuals and families without sufficient food.

[11] The other principles were identified as 'fairness', 'building opportunities', value for money', 'realism, and 'management of change' (Shipley, 1991).

[12] It should be noted that social security provision has been built on a mixture of targeted and universal assistance since the first old age pensions were introduced in 1898. The significant universal exception was family benefit, while income support for elderly people mixed the two, with a universal and means tested component. All benefits are and always have been taxpayer funded. The significant exception to the taxpayer model is provision of accident compensation following loss of income through injury with payments related to previous levels of earnings, not to actual contributions.

[13] In these changes, the floor for superannuation payments is to be allowed to fall from 65 percent to 60 percent of average net wage for couples by altering the base of adjustment in line with costs rather than incomes. Previously the tax surcharge which applied to superannuitants with higher private incomes was abolished. In other words, the targeted component was removed, improving the income of those with the most and the universal payment would fall in comparison with the rest of the population, affecting those 'in greatest need', the group with the least financial resources.

[14] The formula includes a component of the calculation related to family size.

[15] The distinction between the two is that the former is a one off payment for beneficiaries only, with annual capped limits for categories such as food and bedding. The payment is usually treated as a loan to be repaid from subsequent benefit payments. The latter is an ongoing payment, available to both beneficiaries and non-beneficiaries, and is paid on the basis of a formula applied to income and expenditure. It is not refundable.

[16] One of the common arguments for universal forms of assistance has been that such assistance is less vulnerable to reductions because all citizens have an interest in its preservation (Titmuss, 1968).