

The April Report

VOLUME III
Part One

Future Directions

Associated Papers

Report of

The Royal Commission on Social Policy

Te Kōmihana A Te Karauna Mō

Āhuatanga-Ā-Iwi

April 1988

Report of the Royal
Commission on social
policy



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THE ROYAL COMMISSION ON SOCIAL POLICY

TE KŌMIHANA A TE KARAUNA MŌ
NGĀ ĀHUATANGA-Ā-IWI

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Ann Ballin *member*

Marion Bruce *member*

Len Cook *member*

Mason Durie *member*

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*Standards
and Foundations*

NGA TIKANGA
ME NGA RITENGA O
TE AO MAORI

Standards and Foundations
of Maori Society

Manuka Henare

Nga Tikanga Me Nga Ritenga O Te Ao Maori

Standards and Foundations of Maori Society

*I raro i te mana o ratou ma kua wehe atu ki te po,
tena koutou, tena koutou, tena koutou katoa.*

Manuka Henare

He Mihi

Kō tēnei rīpoata he whakarāpotopotonga mai i ngā whakaaro, i ngā kōrero i whakatakotoria iho e ngā Ariki, e ngā Tohunga, e ngā Tūpuna o nehera. Na rātou i tohu iho te ara, heoi tā matou he whakapūāwai i ā rātou taonga ki te ao tūroa. He tohu whakamaharatanga.

Me ū, me mau ki ngā tikanga, ki ngā āhuatanga i whakaritea iho e o tatou tūpuna—he taonga tuku iho.

Mā te pūmau ki enei taonga e tupu ai, e puta ai hoki tatou, te iwi Māori, ki te whaiao, ki te ao marama i roto i ngā ra o te tau 2000 e heke iho nei.

This report is but a gathering together of all the work done by the leaders, experts and ancestors of days gone by.

They signposted the pathways to progress, our task was but to follow their signs.

In humility we print this report of their work which we hope will stand as a memorial to them.

If we, as a distinct people are to enter the 21st Century as Maori, it will be on this path signposted by our ancestors and founded on their standards and values.

He timatanga—Introduction

The Royal Commission was required to predict the social and economic consequences of adopting each one of the alternative policies that have emerged, and evaluated the outcomes and the institutions involved according to normative principles of justice, fairness and efficiency.

This was the broad context in which the Maori perspective of the Standards and Foundation Phase was prepared.

The objectives of this phase are:

to articulate, clarify and critically evaluate those philosophical positions which are used to provide the basis for justifying policy alternatives, and that both Maori and Western philosophical traditions will be considered.

(Standards and Foundations—Work Outline)

Whatever philosophical principles are used to justify policy choices will depend on the the values that relate to ‘. . . our unique culture and history’. This paper discusses the underlying concepts of Maori society, its values and standards, and relate these to the formulation and implementation of social policy.

Te Tiriti o Waitangi

Giving consideration to the Treaty of Waitangi was another factor:

Giving recognition to the principles of Te Tiriti o Waitangi recognises special obligations and rights that have a legal and moral force, and these rights may be essentially different from those that are acknowledged in western philosophical traditions. (Work outline)

The Maori values perspective emphasises a range of primary and secondary values and suggest policy prescriptions that flow from these.

This paper discusses from a Maori perspective:

- The traditional basis for the organisation and maintenance of Maori society.
- The contemporary relevance and expression of these values and concepts.

Nga Paiaka o Te Maoritanga— The Roots of Maoritanga

The cultural evolution of the Maori in Te Ika a Maui and Te Waipounamu has been a long process. Throughout this time, the land and people covenant has formed as a source of identity for the tangata whenua, the people that are of the land, and indeed are the land. When reflecting on this relationship with the land, Maori see the generations of ancestors who have been the guardians of the land before them: the link to those predecessors is held by the land, and the land is the link to future guardians.

Toitu te whenua, whatungarongaro he tangata

The land remains forever, but people pass on (Traditional)

The roots of Maoritanga are traceable within Te Ika a Maui (The Fish of Maui)—the North Island and Te Waipounamu (the South Island) in the first instance, and then beyond these shores to Island Polynesia, wider Oceania and the Indo-Malaysian world. However, oral tradition refers principally to East Polynesian roots only.

Te Whakato—the Implanting

From the beginning both material and non-material aspects of culture became the basis from which Maori society and philosophy was hewn. Many cultural adaptations were made to the new environment, where flora and fauna differed, seasonal changes were more obvious, building and craft materials had to be adapted. These adjustments and additions are extensive and although many basic similarities persist between Maori and Polynesian peoples, there are many differences. One important similarity is the relationship of people to particular land. For Maori, it is with Te Ika a Maui and Te Waipounamu, the closeness of the people and the land.

Te whenua (the land) is the nourisher of Maori people, reflected in the use of 'whenua' for placenta, and in custom of returning the placenta to the land.

When a child is born to the Pakeha the doctor or nurse burns the after-birth. The Maori did not do this—it would be against the mana of that child, it would destroy the child's mauri. Burning a corpse did not destroy its mana as its mauri was already gone, but burning the whenua (afterbirth) of a child born alive was destroying its mana, the mauri of the living child would be gone. Therefore the whenua was never burnt,

but buried in the whenua (earth) . . . and so the child's mana and mauri were preserved. (Tikao 1921, in Mead, 1984b:222)

Maori creation traces itself to Ranginui the sky father and Papa-tū-a-Nuku the mother earth. The offspring of this coupling were the creators of all resources: they are the patrons of all things tapu. The close relationship of the people and the land, and the culture which they built around this relationship, stem from the religious belief of common ancestry.

The relationship between people and the land established Maori identity; without these relationships a man did not exist. (Simpson, 1979)

(Land) provides us with a sense of identity, belonging and continuity. It is proof of our continued existence not only as a people, but as tangata whenua of this country. It is proof of our tribal and kin group ties. Maori land represents turangawaewae. It is proof of our link with the ancestors of our past, and with generations to come. It is an assurance that we shall forever exist as a people, for as long as the land shall last.

(New Zealand Maori Council, 1983:10)

The indigenous character of the Maori culture gives the tangata whenua of Te Ika a Maui and Te Waipounamu a sense of belonging that no other people can achieve. The Maori culture was nurtured and developed here, this is its natural habitat. Other cultures have their roots elsewhere, where their language, beliefs and traditions survive. As time passed and succeeding generations adapted their culture and society to the changes they encountered, their culture became the basis of Maori society and philosophy, that became 'Te Maoritanga'.

Hawaiki Pamamao—Ancestral Polynesia

Ka noho te iwi ra i Hawaiki. Ka mea ki te tarai waka mo ratou, hei rapu whenua hou mo ratou. Ka taraia te waka ra, ka oti . . . ka maanu ki te wai, ka utaina . . . Katahi ka rere mai te waka ra, ka whiti mai ki tenei motu.

That people dwelt in Hawaiki. They planned to shape a canoe for themselves, in order to search for a new land of their own. That canoe was shaped. When it was finished . . . it was launched and loaded up . . .

Then that canoe travelled forth, and made a crossing to this land.

(Naahe, 1860:3)

(An account based on the traditions of Ngati Maru)

There are many values, norms, social systems and social organisation which have developed for 5,000 to 7,000 years. These contribute to the core of Maori culture today. Maori people are a Pacific people and are part of a people called Polynesians.

According to most oral traditions and subsequent pre-history, Polynesian origins lie in the island realms of South-East Asia. Their progression into Te Moana nui a Kiwa (the Pacific world) must be viewed as a gradual process of settlement and development. In time the many islands and atolls became places of human habitation and culture.

the Polynesians became Polynesians in Oceania over the course of several thousand years of continual change. (Kirch, 1984:42)

Over the course of time, the East Polynesians, from whom the Maori came, developed as island dwellers, navigators, canoe builders, fishers and gardeners. The social organisation of these ancestral people was based on descent, seniority and the extended family. The kainga, or extended household and the marae, a place for discussion, decision making and ceremony where consensus decision making took place, found their earliest expression in these pre-Te Ika a Maui and Te Waipounamu periods. The ancestral religion and rituals linked society to the supernatural and validated social relations. These developed along with other human values and concepts, such as mana and tapu.

The Maori world view (like that of other Polynesians) incorporates a belief in the interrelatedness of people and nature and the ability of people to exert some control over the natural world by the power of the spoken word.

The East Polynesian explorers and settlers who first arrived in Te Ika a Maui and Te Waipounamu brought with them technology, systems of social relations, values, religion, economic thinking and a descent system. They also came with a distinct language which was already some thousands of years old.

Taku tamaiti e, i puta mai ra koe i te toi kei Hawaiki. He toi tapu, he toi ora, he toi i ahu mai i Hawaiki.

My child, you sprang from ancient origins in Hawaiki, that sacred source from whence cometh growth and life itself coming as it does from Hawaiki. (Szaszy, in Maori Women's Welfare League 1983:11)

Te Whanau, Te Hapu, Te Iwi, Te Waka : Whanaungatanga

The traditional Maori system, based on decentralised tribal autonomy and the organic solidarity of kinship, consisted of four organisational levels, all linked to a greater or lesser degree by a common ancestor or event. (Pūao-te-Ata-Tū, Appendix 1986:6)

In general terms, Maori identity is founded in three closely bound entities—whanau, hapu and iwi. In more recent times two other means of identity have emerged—te waka and—being Maori.

The principle of descent from an ancestor is sufficient basis for membership of these three social groups, but they can be qualified by certain considerations of residence. Whakapapa (genealogy ties) is a means of confirming membership and learning the history of the ancestors. It is also a direct link with nga atua: supernatural powers. Many whakapapa connect the membership to atua. It is said, that from the atua came the ancestors. Waka has always existed as an organisational level but its importance has increased in recent times.

Some flexibility of choice in association with kin groups means that an individual might affiliate to a community through the father or the mother. A partner can affiliate to their spouse's community. This flexibility of choice has consequences for social organisation. It means that there are a number of distinct groups with which the individual might have reciprocal ties. Although a person can live with only one group at a time, the remainder are always of special significance. Status and rights in these groups will lie dormant, but they can be revived at any moment merely by taking up residence. These ties also serve as a means whereby individuals and groups can mobilise support in times of crisis on a fairly extensive scale.

The status, rights and obligations of individuals are never forfeited and can be claimed on the basis of whakapapa and residence. The group can lay claim to a relative elsewhere and expect a positive response.

Te Whanau

This was the basic social unit of Maori society. It formerly consisted of a household of up to 30 people or more, and comprised three or four generations at any one time. It lived together under the

direction and guidance of kaumatua and kuia. Children, grandchildren and great-grandchildren with their spouses make up the whanau. This was the kinship extended family into which a person was born and socialised. As the fundamental social unit, it was food producing, residential, and land-holding. The whanau held all its own houses, tools and effects in common, but other things such as fishing nets were circulated within the hapu. Te whanau had its own internal authority structure and was the group in which the basic day-to-day decisions were made.

Te Hapu

Since members of the hapu could trace their descent from an ancestor several generations back it comprised a closer kin group than the iwi but was more extensive than the whanau. Each hapu was led by a (usually) hereditary rangatira and it was distinguished by its own government whose autonomy was fundamental.

This larger grouping of whanau were all closely related through kinship ties. It was capable of meeting the requirements and needs of the whanau, such as larger cultivations, fishing, canoe making and political affairs.

Each hapu lived on that part of iwi land apportioned to them and for which they were responsible. A person's land rights were inherited either through their mother or father. In order to make good one's claim to membership and hapu land, there was one important stipulation. This was the principle of ahi ka, which was achieved through occupation and cultivation of the land and surrounding environment. The system of social and political life was dynamic. As populations changed there was a reapportionment of land and resources amongst the various hapu. New hapu were established by splitting and recombination of kin groups. New lands could be occupied and developed according to needs, but always with the agreement of the wider iwi.

Te Iwi

This was the larger grouping of hapu. It often exhibited the political and social control of the hapu when in opposition to other kinship groups. It was generally a territorial entity and the basis of a wider group ideology. The iwi were alliances of hapu who remained together as a mutually interdependent political unit. In

many aspects of its economy and social organisation the iwi were self-sufficient and self-governing. It was the largest socio-political organisation that existed in Maori society. Iwi authority was vested in ad hoc councils of hapu leaders meeting from time to time according to the needs of the times.

The territorial boundaries are of great social economic and cultural importance. The history of the iwi is recounted in the recital of the prominent land marks and the significant ancestors who lived there. Oral history of the iwi helps to establish occupancy of iwi land and their authority over it. For example, the Tainui people recite the following in identification of their affiliations.

Ko Mokau ki runga, ko Tamaki ki raro,
ko Parewaikato, ko Parehauraki,
ko Mangatoatoa ki waenganui.
Mokau to the south, Tamaki to the north,
Manukau Harbour to westwards,
and Hauraki Gulf to eastwards,
Mangatoatoa in the midst.

Te Waka

Relates the people to the canoe on which their ancestors came to Te Ika a Maui and Te Waipounamu. As a social group Te Waka was made up of a cluster of related iwi usually based in a commonly recognised territory, and bound to members of the canoe. In recent times the waka has become more prominent as an identity symbol for Maori groups.

Ko Tainui te waka, Ko Hoturoa te tangata,
Ko Waikato, Ngati Maniapoto, Ngati Raukawa,
Ngati Toarangatira me Ngati Haua nga iwi.
Tainui is the canoe, Hoturoa is the captain,
Waikato, Ngati Maniapoto, Ngati Raukawa, Ngati
Toarangatira and Ngati Haua are the tribes.

This whakatauki is recited by the tribes of the Tainui canoe as a ready means of identification as well as recognising the close tribal relationship between the tribes.

Whanaungatanga

Te whanau, te hapu, te iwi and te waka are underpinned by a set of kinship rights and obligations which together serve to strengthen each member as well as the family and the wider groupings. From

this develops a strong sense of belonging, which is referred to as whanaungatanga.

The whole essence of whanaungatanga (of belonging to whanau) is a deeply in-grained concept. This desire or necessity to unite individuals with one another and strengthen the kinship ties is a basic cultural value so strong that whanaungatanga must be seen by members in order for it to operate effectively.

Before the arrival of the European at the turn of the nineteenth century, Maori people considered themselves only in terms of their whanau, hapu, iwi and waka. The general meaning of the term Maori is normal, regular or usual. The idea of tangata Maori as another means of identity grew out of their contact with the European, a completely new human group.

Te Iwi Pakeha, Tauwiwi

The earliest traders and missionaries were referred to as 'tangata Pakeha', to distinguish them from ordinary people the 'tangata Maori'. Hence another level of identity grew out of the relationship between Maori and Pakeha. For a kinship based society, this required the establishment of a whole new range of relationships and rules of behaviour, not based solely on kinship. Thus the need for collective and unifying terms arose which named the two sets of people, in time these became te iwi Maori, (the Maori people) and te iwi Pakeha. (Henare, M.1985:9)

Tauwiwi is another Maori word used for other people who are not Maori. Its derivation is from tau to stay or to settle. It is an all-inclusive term to refer to Non-Maori New Zealanders, and includes Pakeha, Continental Europeans, and other ethnic groups from Asia, the Americas and Africa. There is some ambivalence about its use to include or exclude Island Polynesians. These terms are Maori terms used to define relationships and to describe their cultural and social affiliations between Maori and Non-Maori.

The idea of whanaungatanga (belonging to a whanau) has been further elaborated in its usage and meaning. When used in discussions which concern Maori and Tauwiwi relationships, it can express the value of uniting Maori people with one another so that kotahitanga Maori (Maori solidarity) can be seen to be effective. (Henare, M.1985:3,12)

Customary Maori land tenure treats the resource as tribal. The right of the individual to utilise the land is secondary to the rights

of the tribe, with the maintenance of tribal unity and cohesion being paramount. The communal nature of Maori land is therefore fully dependent on whanaungatanga (kinship) and whanaungatanga has a real expression in Maori land and its shared title. For all tribes, the land is important as their prime economic resource and symbol of existence—their politics, myth, history and religion. Land is a communal resource.

Sir John Salmond (1909, 1931) wrote:

All land was held tribally; there was no general right of private or individual ownership except the right of a Maori to occupy use or cultivate certain portions of the tribal lands, subject to the paramount right of the tribe.

In respect of land, the Maori have been remarkably consistent, demonstrating only too clearly that group development and tribal recognition is still preferred. In its 1987 Waiheke Report on the claim brought by Ngati Paoa, the Waitangi Tribunal stated:

From the first Tu Tangata Conference in October 1980 to the second in 1981 and thence to the Hui Taumata in 1984, tribal development, tribal recognition, tribal land ownership and the use of Maori land to assist tribally-based training projects for young people has been a consistent theme of the resolutions, and so too resolutions calling for assistance to increase tribal land holdings through the acquisition of lands to be owned of course by tribes. The settlement of individual farmers has barely ranked mention. The long-held call for tribal identity and autonomy still persists.

Descent and ancestry provide the basis of an affiliation to a particular marae and the overwhelming importance of turangawaewae—the rights and responsibilities that stem from belonging to that marae.

Te Wairuatanga

Before the coming of the Pakeha and Christianity, Maori religion both dominated and was a reflection of the Maori way of life. It emanated from the everyday existence of Maori and at the same time gave that existence meaning. This persists—the Maori understands the physical realm as being immersed in and integrated with the spiritual realm. Every act, natural phenomena and other influences were considered to have both physical and spiritual implications. All these are associated with the belief that supernatural forces govern and influence the way people interact with each other and relate to the environment. It was said earlier that

whakapapa (geneology ties) connect the people with nga Atua, that from the Atua came people.

The cultural milieu (of the Maori) is rooted both in the temporal world and the transcendent world, this brings a person into intimate relationship with the gods and his universe. (Marsden 1975:163)

Spirituality is seen as a dimension internalised within a person from conception—the seed of life emanated from the supreme supernatural influence. Maori beliefs, values and traditions ensured that both realms are recognised, sustained and nurtured together in a holistic way. (Pere, 1982:12–15)

The Maori does not and never has accepted the mechanistic view of the universe which regards it as a closed system into which nothing can impinge from without. Western concepts which distinguish between the sacred and the world of the profane and talk of dichotomies between human and natural do not fit easily into the Maori world view.

It is with this understanding of culture that people refer to their taha wairua (their spiritual side) and they are profoundly influenced by it. From a Maori perspective, appropriate social policy as it affects Maori people should have a wairuatanga (spirituality) as well as a temporal aspect central to its formulation and practice. The integration of Te wairuatanga forms a central and significant aspect of Maori aspirations for social reform.

Mana Maori

Mana

Mana Maori is rendered here as Maori wellbeing and integrity, and emphasises the wholeness of social relationships, it expresses continuity through time and space.

Ko te mana i ahau no oku tupuna no tuawhakarere.

My strength comes from my ancestors from long ago. (Karetu, 1987)

Maori values, behaviour and social organisation are the basis of sound social order and the common good. In this sense, common good is concerned with peoples' long-term development and is not necessarily confined to one distinct or isolated action. It implies the wellbeing of all, especially the weak, who benefit continually from the common good, via social, economic and political procedures.

A feature of Waikato social organisation which demonstrates this principle that has survived intact for over a century is the

poukai. This was an elaborate institution whereby the various Waikato tribes travel to different marae in turn to give their surplus wealth to the hapu leaders who would then redistribute these goods to the widows, the indigent and others in need. Today the practice persists, with 27 poukai hui each year.

For Maori, social policy and the promotion of the common good aim to enhance their world view and their social order. This requires cultural, social, political and economic structures and systems which enhance Mana Maori. As with kinship-based societies in other parts of the world, ways of dealing with personal and intergroup relationships were developed on the basis of kin or fictive kinship. All relationships had to be considered in the framework of the kingroup. As a consequence, contractual, objective relationships were unknown. A subjective approach to all interpersonal relationships became the norm rather than any abstract notion of how society was ordered.

Whatever form mana takes in the abstract, it is nevertheless true that in everyday use, mana like aroha, is seen for its active manifestations. The Maori concept of mana, though often used in reference to the rangatira and ariki, is always closely linked to the powers of the spiritual ancestors. While the formal Maori cosmology distinguishes clearly between the divine and the human, locating the former in the heavens and the latter on the earth, this world view was more concerned with interrelationships between the spirit world and the temporal world, and the exchange between these domains. The high status genealogies of Maori society suggest divine origins for their ariki. The prime aim of religious ritual in traditional Maori society was to channel the influence of the gods into areas of life where it would be useful, and away from those areas where it might be harmful.

Either directly or indirectly mana is linked to generative power, to the sources of organic creation. Hence mana wahine is interpreted as an expression of the generative and nurturing power of Papa-tū-a-Nuku the earth mother, and māna tane as the power of the source of life Te Waiora a Tane. The close link between sexual fecundity and the abundance of agriculture and fishing was expressed throughout each tribe's oral literature.

It is not life-giving powers alone that constitute the mana of the Maori world and their spiritual forces, but also the imparting of order, the organic design won out of chaos and without which life forces become destructive and polluting. With this concept in

mind, it is possible to understand the reflection of Te Matahoro in his Lore of the Whare Wananga.

The tapus are over; the eternal traditions are lost, the karakias (ritual words) are lost and are not understood any more today. For the tapu is the first, if there is no tapu, then all the acts of the gods become without any force (mana), and if there are no gods then everything becomes insipid. The ways of people, actions and thoughts . . . are confused and desperate in this country now. (Johansen, 1954:55)

It is this association of mana with form and order that underlies the Maori (and other Polynesian) concern for appropriate ritual and etiquette. Mana implies purity as a kind of potency. If the form and order are right then the mana will exhibit its completeness, its perfected form and its capacity to organise whatever it subsumes. In this sense then mana represents a special sort of generative power.

Without an understanding of mana and its related concepts there is no pathway into the Maori world view. Mana is a quality which cannot be generated for oneself; neither can it be possessed for oneself, rather mana is generated by others and is bestowed upon both individuals and groups.

In the Maori world, virtually every activity, ceremonial or otherwise, has a link with the maintenance of and enhancement of mana. It is central to the integrity of the person and the group. Many everyday measures, threaded into the fabric of existence, are designed, consciously or otherwise, as maintainers of mana.

Tapu and Noa

Mana Maori is Maori wellbeing, integrity, and emphasises the wholeness of social relationships. There is a very close relationship of mana to tapu. Explicit references to one are implicit references to the other. Tapu is being —with potentiality for power. The emphasis is on being, not having (Shirres, 1982:146). Tapu is the social and psychological state, of which mana is the manifestation which reflects the tapu. A great rangatira remained tapu even if he were enslaved although his mana may be diminished.

Tapu originates from the gods:

Ko te tapu, te mana o nga Atua.

Tapu is the prestigious force of the spiritual powers. (Shirres, 1986:166)

In this sense, mana has a supernatural basis and is bestowed on people as an inheritance from their spiritual predecessors. The essence of tapu is the setting apart of things, places, and persons,

and includes their dedication to Atua (spiritual powers). Thus, in many instances, they become inviolate. (Marsden 1988)

Tapu expresses that once a person, or thing is, then because of its existence, it has a real potentiality for mana. Extensions of tapu to things that are not intrinsically tapu, for example, the burial ground that has the tapu of humans, often incorporate ideas of restriction and separation. Things are tapu and therefore sacred and sometimes restricted or forbidden, not the converse.

In social terms, tapu can be interpreted as potentiality for full realisation; to have influence, to evolve, to control, that is, to be more Maori, more human.

Ko tona mea nui, he tapu.

Tapu is his/her greatest possession.

All people are tapu although degrees of tapu vary amongst them.

E kore hoki e rite te tapu o te tutua ki te rangatira.

The tapu of the low born does not equal that of the chief.

Clashes between intrinsic tapu and their extensions do occur, and the resolution of these clashes is the central concern of almost all Maori public ritual.

Noa is described as normality and freedom from tapu. Noa opposes extensions of tapu not intrinsic tapu, a difference often lost in past interpretations (Shirres, 1986:169). According to the Maori, it is possible to be intrinsically tapu and to be noa concurrently. Noa and tapu may be opposites but not negations, rather complementary opposites with little meaning in isolation, c.f. the Asian concept of Yin and Yang. Both tapu and noa encompass negative and positive aspects in themselves. Both men and women have their own intrinsic tapu.

The positive aspects of noa are best observed in purification rites (whakanoa), ceremonies to neutralise extensions of tapu. When whakanoa has been applied to a tapu object, it is no longer restricted, but available for normal use with connotations of safety and freedom. For example, after grieving at the gravesite, mourners wash their hands to cleanse the tapu, to whakanoa. The tapu of the graveyard and the tapu of the mourners are not made noa, but the extension of the graveyard tapu to the people is. They can then participate in normal activities without fear of trampling the tapu of the dead.

Women are especially powerful in making things and activities noa. Women have a particularly important task in ensuring that the extension of tapu on buildings does not apply to the users.

They therefore make buildings safe for use or habitation. This is the mana and the tapu of women, in that they have the ability to free areas, things and people from restrictions imposed by tapu. Women are not noa, as is often thought, but they are agents to whakanoa—to make things noa. This is their tapu, and they are tohunga because of their own specific areas of activity. (Marsden 1988)

Recently there has been a tendency to use mana in association with individuals of repute or dignity. Mana, however, has little application outside the collective context. The mana of individuals can only be understood if there is an appreciation of the relationship between that person and te whanau, te hapu and te iwi. Mana is a group-enhanced quality, it belongs to the group.

While a man or woman may be recognised as a competent spokesperson, such recognition does not confer mana as an individual property. In this respect individuals are more correctly seen as agents of their people; their value being measured by the way in which their efforts promote the mana of their people.

Waiho, ma te iwi hei whakanui i a koe

Let the tribe praise your efforts

It is the promotion of activities which, in turn, promote mana, that must be at the base of any good social policy.

Mana permeates the ethos of Maori life in very subtle ways and is associated with tika (truth, justice and correctness), with aroha (love, sympathy, care), and with utu (reciprocity).

Tika

Tika, too, is central to the understanding of mana in the Maori world. Maori like to contrast tika (the right way of doing things) with he (the wrong way) and, consequently, tika cannot be discussed without its opposite, he. Being tika involves keeping to a prescribed path, especially if that path has been set down by atua (spiritual powers, including christian God), tipuna (ancestors), group consensus, or customary practices. Tika also means justice, thereby implying that justice and truth are interchangeable concepts. Justice and truth are not to be understood in abstract terms, but rather in how they are practised. In the concept of justice, tika means more than observing the laws and living within them. It means that the spirit of the law should be based on truth. If it is not, then no amount of adjustment will make it right, Maori

expect that the correct path can only be regained by going back to whakatikatika (to make it right).

Ehara tena i te tika! Whakatikatika!

That is not right, Put it right!

As well, a sense of justice was considered to be a norm. As a component of mana, tika is necessary for individual and group wellbeing.

Utu

Utu is a Maori institution vital to social control. The central thesis of utu is that of reciprocal responses; obtaining equivalent value for services or gifts and the righting of injustices for the balancing of social relationships. Social dealings were maintained by reciprocal exchanges of kindness and hospitality as well as the exchange of tangible goods and services. To right an injustice, to restore the mana of the victim as well as of the offender, the parties involved would agree on an appropriate exchange to achieve reconciliation. Both parties would be satisfied, both would have their mana enhanced.

Na teteahi te tihi, na teteahi te tokomauri

If one person begins a quarrel, his enemy will retaliate

(Karetu, 1987:87)

In Maori thinking, an individual or group will reciprocate anything they receive, whether good or bad, because of the challenge such an act represents to the concept of mana. Whanau, hapu, iwi and waka will work hard to unite together to keep their mana intact in dealings with people outside their kinship group. Often they are prepared to make personal sacrifices to uphold the mana particularly for example by returning any hospitality and support they, or others of their group, has received. The mantle of mana embraces people, and when worn demands and provides far more than just prestige and status.

Rangatiratanga

Mana also means authority and, in the context of social policy and its implementation, is important. The Waitangi Tribunal (1983,1987) discusses mana as authority. The tribunal (1987:11.5.6) noted that rangatiratanga and mana are inextricably related, and rendered:

'rangatiratanga' as authority, and then 'tino rangatiratanga' as 'full authority' and to give it a Maori form we use 'mana' . . .

(Orakei report, 1987:11.5.19)

This finding is consistent with Maori usage and understanding of the terms rangatiratanga and mana. According to the Tribunal (1985:8.3; 1987:11.5.6) mana was the term used in *He Wakaputanga o Nga Rangatira o Nu Tirene*, the 1835 Declaration of Independence, to describe 'all sovereign power and authority'. However, the words kawanatanga and rangatiranga were used in the Tiriti o Waitangi (1840) to mean sovereignty and Maori authority respectively. The Tribunal says, that for Maori people, mana would have described both; Mana motuhake too, would have described the autonomous character of the mana Maori.

These understandings and application of mana Maori and mana motuhake have consistently been held by Maori people since the advent of the Europeans. The Maori leaders at Kohimarama, in 1860, discussed the treaty and mana (Orange 1980:145). In 1934, some 10,000 people met at Te Tii Marae, Waitangi, to mark the centenary of Britain's acknowledgement of Maori sovereignty and the gift of the national flag. The Maori understanding of the treaty as an agreement recognising Maori independence was sustained in 1934 (Orange 1987:235). Then, in 1984, another national hui of Maori representatives gathered at Turangawaewae Marae, Ngaruawahia, to discuss the treaty and the future. This hui declared that:

our Mana Tangata, Mana Wairua, Mana Whenua supercede the Treaty of Waitangi. Our dignity as people, the dignity of our spirituality, the dignity of our land supercedes the Treaty of Waitangi.

(Blank et al, 1985:2)

Being responsible for the life, health, care and general wellbeing of their people is fundamental to a Maori understanding and practice of wellbeing. The aspiration since 1834, when the more formal relationship with the European settlers and the Crown began, has been consistent. The desire to be responsible for their own lives is a modern day expression of older values and lifestyle. From the tribal point there has always been an obligation to care for its members.

Waiora

Waiora in traditional terms refers to the seed of life. To the Maori it is the absolute foundation of life, existence and total wellbeing of a person. It also refers to other forms of life. In its totality it is the

spiritual, intellectual, physical, emotional and psychic development of each person.

Waiora is a natural part of everyday living—part of a person's waiora related to how that person interacted with the natural environment and its resources. It is, for instance, the purest form of water, containing the source of life and wellbeing. Water is thus used in sacred rituals to purify and sanctify.

Ma te wai nga mea katoa e ora ai

Tae atu ki te tangata kei roto i tena i tena

o te puna o te waiora me kerī kia pupu ake.

We depend on water to grow

Who will give us that living water?

Young plants grow at the sound of water

We all need water, true living water.

(Kirby in Maori Women's Welfare League, 1983:22)

Waiora also has the potential to give life, sustain wellbeing and to counteract evil.

Mauriora

Mauriora is the life principle—it involves the receiving and containing the strength of the ancestors and spiritual powers. It is the very essence of being alive and is responsible for the maintenance and survival of life. It can pertain to the ethos of animate and inanimate life. For example,

te mauri o te tangata (the mauri of a person),

mauri o te whare (the mauri of the house),

mauri o te whenua (mauri of the land).

Mauriora involves the belief of the people and is very real and meaningful for them.

Tangata mauri is a further extension of the concept and deals with policy making and the role of the facilitators within each whanau, hapu, iwi and waka. It involves the devising of plans of action to cater for the needs of people particularly in group undertakings. It demands active participation of members of the group where the leaders are bound to reflect the minds of the group. The concept of tangata mauri is vital because it deals with the essence of the organisation and political affairs of whanaungatanga.

Mauri tu, mauri ora, Mauri noho, mauri mate.

One must work and be alert if one seeks success

(Karetu, 1987)

Hauora

Hauora describes the breathing of the spirit from the atua at the moment of creation and also at birth. Its basis is in creation itself. Hauora refers to the physical sense of wellbeing and was formerly used in reference to warriors being fighting fit. Hauora and health are not synonymous from a Maori view. The healthy physique is seen only as a contributing factor to health, with contributions from the taha wairua (spiritual dimension), the taha hinengaro (psychic dimension) and the taha whanau (family dimension), all equally important.

Despite hauora being an individually-held quality, its integral part in the health amalgam renders it impotent without collectively-held qualities such as whanaungatanga and turangawaewae. In this way hauora is linked to mana, a quality sometimes bestowed collectively, but with individual benefits.

Kotahitanga

Kotahitanga is the value of solidarity. (Henare, M. 1985:3,12) It refers to the cultural imperative to work for the common interest of the group. It is a way of enhancing whanaungatanga. The wellbeing of the whanau, hapu, iwi, waka and Maori people relies on the strength and support of all working for the common interest, and good.

Ehara taku toa i te toa takitahi
engari he toa takitini.

My strength is not that of the individual
but that of the multitudes

Nga Pou Mana

There are four key sets of concepts that contribute to the status and development of mana and social policy. These are gathered under four titles (concepts in their own right) and are interacting.

- Whanaungatanga
- Taonga tuku iho
- Te Ao Turoa
- Turangawaewae

Within these four groups are other intrinsic concepts that also interact in such ways as to enhance and develop mana Maori.

Whanaungatanga Iwi, Hapu, Whanau, Waka, Tohatoha,
Whakapapa, Manaaki.

Taonga tuku iho Kete Matauranga, Tikanga, Ritenga, Reo
Rangatira.

Te Ao Turoa Whenua, Ngahere, Moana, Awa, Ahi Kaa,
Raupatu.

Turangawaewae Tangata Whenua, Marae, Papakainga,
Manuhiri, Koha.

Finally, these all come together to form the fundamental notion:
mana

Whanaungatanga

E toro nei nga kawai, taura tangata

The human links extend like branches of a tree (Karetu, 1987)

The first contributing concepts are clustered around whanaungatanga. The associations between whakapapa (kinship ties) and whanaungatanga (sense of belonging) have already been discussed as have the associated social responsibilities.

Tohatoha

Tohatoha is the principle of a fair distribution of material things of the society; it is a sign of social responsibility. The material benefits of the community are not just for oneself alone.

Nau te rourou, naku te rourou, ka ora te manuhiri.

With your basket of food, and my basket of food
the guests can be catered for.

In 1984, the hapu of Whatapaka marae on the Manukau harbour claimed at a Waitangi Tribunal hearing that in the previous year:

for the first time Whatapaka marae had to purchase the seafood to entertain guests at the marae's annual poukai. These people can no longer maintain their traditional obligations to supply seafood to their related inland tribes, or to provide their important guests, including the Maori Queen, with the seafood for which they were once renowned.

(Manukau Report, 1985:59)

Manaaki

Manaaki as a part of mana relates to the finer qualities of people, rather than just to their material possessions. It is the principle of the quality of caring, kindness, hospitality and showing respect for others. It is a means of expressing mana. In marae-based communities the care of children, families, old people and visitors is manageable because the rules and customs are more easily adhered to. In the contemporary urban situations there are new challenges, especially in the larger nga hau e wha situations such as Auckland, where hosting Maori communities have a number of iwi living in their tribal areas. To exhibit manaaki is to raise one's mana (manaaki) through generosity.

Taonga Tuku Iho

Taonga

This factor of mana Maori comprises treasures inherited from past generations. Taonga are things highly prized whether tangible or intangible and have meaning at both a physical and spiritual level. In today's society all inherited aspects of Maori culture are regarded as taonga tuku iho.

Te Reo Rangatira

An essential part of Maori culture is te reo rangatira (the Maori language). It is a taonga.

The language is the core of our Maori culture and mana. Ko te reo te mauri o te mana Maori. (The language is the life force of mana Maori)
(Sir James Henare, 1986:6.1.21)

The language expresses the values, beliefs and ideologies of the people and now has the added dimension of being a public declaration of pride and unity, a focus for identity. Tamati Reedy, Secretary of the Department of Maori Affairs, submitted to the Waitangi Tribunal claim on the Maori language:

It is inconceivable that Maori people can retain any measure of (their) identity without their language . . . (Te Reo Report, 1986:59)

The Tribunal records that speaker after speaker affirmed this view. A common Maori way of expressing the link between culture, language and inheritance says:

Ko te putake o te Maoritanga ko te reo Maori, he taonga tuku iho na nga tupuna.

The root of Maori culture is in the language, a gift from our ancestors.
(Traditional)

Nga Tikanga

Maori people actively maintain and develop their tikanga, the principles that govern appropriate conduct, and dictate correct situational behaviour. The framework of mana Maori is built with the rules and plans, customs and methods which are aspects of tikanga. Rights of the group and individual, authority and control are determined by tikanga, that which is correct.

Nga Ritenga

Ritenga, behaviour and practises, are based on and determined by nga tikanga. As such, ritenga are enshrinements of the philosophy in behaviour and customs. As tikanga pertain to rights and authority, ritenga extend to social structures and relationships, their basis thus in Maori philosophy.

Te Kete Matauranga

The knowledge pool entrusted to successive generations is te kete matauranga, literally, the basket of knowledge. The wisdom of past generations, their history and skills, are contained therein. Skills and knowledge range from those involved in the provision of food to include weaving arts, carving and other tikanga. Genealogy was central to this oral history extending to times before Te Waipounamu and Te Ika a Maui.

The complexion of matauranga is somewhat broader than that what was seen in the past. Although matauranga *per se* was the most prized level of knowledge, the collective nature of the learning in te kete matauranga is more inclusive. Continual learning and the attainment of skills for life were fundamental to past Maori as indeed they are now.

Te Ao Turoa

Te Ao Turoa is the Maori term for the environment. The relationship of the Maori with Te Ao Turoa is specifically one of

tiakitanga (stewardship), since this relationship is qualified by a set of varying holistic beliefs.

Maori people use whakapapa to link all things, both in the natural environment and in the social world; the Maori person has the same origin as elements within Te Ao Turoa.

Any distinction between myth and oral history is purely academic. Land and its salient features are personified, and the connection between land and ancestry is emphasised in both oratory and everyday language.

You know, Taranaki (the mountain) is seen as a person, Hikurangi (the mountain) is seen in the same way. Taupiri mountain is a woman. Our old people refer to themselves as the children of the mist, the Pukohurangi. They say that the mist and the mountain, Maungapohatu, got together and produced those people. That is myth, but that is the sort of thing they talk about in terms of land. In the same way, people to the east of them are referred to as nga uri o Hikurangi—the descendents of Hikurangi—the mountain. You can argue all you like about poetic licence or figures of speech, but to us our mountains have children. The Pakeha dismisses that as the basis of our identity, but we believe it, we talk about it, we live it. (Douglas, 1984:75)

Therefore the wellbeing of Te Ao Turoa is inextricably linked with Mana Maori and is an essential element in the identity and integrity of the people. Without the natural environment, the people cease to exist as Maori.

Whenua, Ngahere, Moana, Awa

Whenua, Ngahere, Moana and Awa (Land, Forests, Lakes, Seas and Waterways) are all elements within Te Ao Turoa, each with a further set of relationships. Mutually beneficial beliefs are practised to ensure continuing benefit for both the people and Te Ao Turoa itself. This is so for all uses found by the Maori people for Te Ao Turoa.

The bases for these beliefs is explained by the Waikato kaumatua Dr Henare Tuwhangai,

That Maori people did not just own whenua or Te Ao Turoa, but that they, the people, were also the possession and the land and Te Ao Turoa were the possessors.

The land, more than any other element of Te Ao Turoa, embodies Maori values. One's identity is often elaborated in terms of that persons' place of origin and specific land features, in conjunction with whakapapa.

Ko Aoraki taku mauka
Ko Waimakariri taku Awa
Ko Kaitahu taku iwi
Ko Te Tahupotiki taku poua

Aoraki (Mt Cook) is my mountain
Waimakariri is my river
Kaitahu are my people
Tahupotiki is my ancestor.

Because of their permanence, links to the land are links both to the past and to the future. To maintain responsibility to the land is to maintain the responsibilities proffered by those of past and future generations, and felt by those of the present.

Noku te whenua, o oku tupuna

Mine is the land, of my ancestors. (Firth, 1929:368)

The present generations have a stewardship over the land given to them by past generations in trust for those of the future.

Whenua, ngahere, moana and awa are also the wahi tukukai (food yielding domains). As such the mana of a people is dependent upon the wellbeing of these domains for their role in manaaki, a practice described earlier.

The Tuhoe people of the Urewera mountains are referred to as a forest people and thus derive mana from their ngahere (forests) as their primary food source vital to manaaki. In contrast, Te Ati Awa of Taranaki are a coastal people and have a similiar bond to the moana (sea).

Ko te wao nui a Tane, ko te pataka a Tangaroa

The forests of Tane, the storehouse of Tangaroa (Karetu, 1987)

In a less tangible sense, but no less importantly, these domains possess mauri (life force) particular to each. As such, people develop ritenga (ritualistic behaviours) in accordance with these mauri, in every step of the food gathering process.

When we look at water, or when we look at a landscape, it is not just a tree, but the (spiritual ancestors) are standing in front of us.

(O'Regan, 1984)

Raupatu

Prior to the signing of te Tiriti o Waitangi, title to land was maintained in a number of ways, namely whenua raupatu (conquest and discovery), through ahi ka (constant occupation) and through the most important means, take tupuna (ancestral right). A rarely used

form of title could be gained through *tuku*, to cede land in compliance with some custom.

The gaining of land through conquest or discovery is referred to as *raupatu* and *taunaha whenua*. In order to establish rights and responsibilities of this land it was necessary to occupy the land (*ahi ka*).

Since Te Tiriti o Waitangi, *raupatu* has come to refer to the confiscations of Maori occupied-land by settler governments. A consequence of these acts was that vast areas of desirable Maori land was opened up to Pakeha settlement; leaving only the less fertile areas as places where Maori life could continue to survive.

The long-term consequences have impacted on many Maori people in terms of economics, social organisation and health, but more importantly on *mana Maori*. The *raupatu* issues are now being raised in a number of claims of *hapu* and *iwi* to the Waitangi Tribunal.

Ahi Ka

Ahi ka means 'keeping the home fires burning'. The land is kept warm by the people occupying it although this does not preclude other *hapu* from having rights to the same land for another purpose. For example, the people of Otepoti (Dunedin) may gather *titi* (muttonbirds) from the Titi Islands adjacent to Rakiura, Stewart Island.

Relinquishing occupation of an area after time led to loss of *ahi ka*. This could be rekindled by the return of a subsequent generation of those who departed. Most Maori oral tradition had it that before contact with westerners, the right of a *hapu* to reestablish tenure was generally extinguished after three or four generations of absence.

I ka tonu taku ahi i runga i toku whenua.

My fire has ever been kept alight upon my land. (Firth, 1929:385)

In recent years Te Ati Awa were invited to open the Pipitea marae in Wellington, as a demonstration by the other tribes that the fires of Te Ati Awa were still smouldering in Wellington City, thereby acknowledging their primacy as *tangata whenua* of Wellington City.

Turangawaewae

The marae is the most enduring cultural feature of Maori life and descent from the ancestors named and represented there is central to Maori identity.

Marae, Papakainga

The marae concept has broader meaning. The link to marae stretches beyond the actual marae reservation to the land and to the region, especially to the major geographic features of a place. These include mountains, rivers and coastal features. These are landmarks associated by tradition with ancestry, the hapu and the iwi.

The following pepeha (tribal expressions) illustrates the breadth of the marae concept.

Ko Tongariro te maunga,
ko Taupo te moana,
Ko Tuwharetoa te iwi.
ko Te Heuheu te tangata.

Tongariro is my mountain,
Taupo is my lake,
Tuwharetoa is my tribe,
Te Heuheu is my leader.

The importance of marae has been greatly emphasised by Maori people in recent times because nowadays most Maori do not live adjacent to their marae or papakainga, and there are fewer and fewer areas where Tikanga Maori are allowed to flourish. Because it has become the last bastion of Maori life and customary ways, many Maori seek ways of ensuring its continuing importance in tribal affairs by taking issues back to their marae for debate and decision making.

Ritenga and tikanga (tradition and customary practices) pertaining to marae vary significantly from tribe to tribe. The term marae is now also used to refer to all of the land, buildings and associated activities centred on these. Papakainga is the traditional term with which marae is now used interchangeably.

Despite all the changes and adaptations of marae customs in recent times, it still has a great influence on Maori people. To be able to stand tall and feel one's sense of belonging because one's

papakāinga is intact, one's ancestral land is intact, is to have turangawaewae. The papakāinga is a Maori's tangible evidence of turangawaewae, a place where Maori predominates in all ways, a refuge from pakehatanga.

Ko te marae me te whenua te turangawaewae o te iwi

The marae and the land are the physical and cultural supports of the people (Traditional)

Tangata whenua

Tangata whenua are the people of the land, the guardians of a portion of Te Ao Turoa (the environment). Any use of tangata whenua is relative. One hapu is tangata whenua when welcoming another hapu to their papakāinga. Those same two hapu may be the tangata whenua of a region in dealings with another iwi (tribe). In its widest terms, tangata whenua refers to all Maori people. Only Maori people are of the land; only they have maintained a mutual covenant with Papa-tū-a-Nuku (earth mother) since their history recounts. Taiwi (non-Maori) trace their roots elsewhere and cannot make claim to being tangata whenua in this land.

The Relationship Between Christianity and Nga Tikanga Me Nga Ritenga (Maori values)

Today Maori Christianity is acknowledged by Maori as the religion of the culture. But the journey leading to this acknowledgement was traumatic. Christianity as an organised religion and as a set of moral, ethical and religious beliefs and practices has had a profound effect on nga tikanga me nga ritenga of Maori society.

According to Maharaia Winiata,

The Christian missions were sources of the most powerful forces of change in the early interaction between the chiefs and European society. The Christian church was, in effect if not in form, a totalitarian organisation both in its purpose and policy. It directly initiated and controlled vital agencies such as schools, literature, modes of religious activity and belief, systems of behaviour, and technical training schemes. The missions set out deliberately to change Maori society and its personnel, for the dynamic had always been the conviction that the Christian revelation was unique and that this fact imposed an absolute obligation on the bearers of the gospel to bring the heathen into the Kingdom of God. (1967:49)

It is clear from Maori sources that Maori came in contact with Christianity before the end of the eighteenth century. This is in contrast with the commonly held view that Christianity was introduced in 1814 by the Reverend Samuel Marsden. Many whalers, sealers and traders belonged to various Christian denominations and introduced elements of Christian belief and practice among the hapu and iwi with whom they lived and worked.

Maori introduction to Christianity may have begun nearly 200 years ago. During this time Maori have studied and incorporated Christian insights, beliefs, important elements of its many ritualistic practices and its world view as part of Maori life. Maori belong to a variety of denominations which are all referred to as Maori Churches, the largest of which are Anglican, Catholic, Ratana, Methodist, Mormon, Ringatu and Presbyterian.

According to Apirana Ngata and I. L. Sutherland (1940) Maori initially identified Christianity and British law with Pakeha. This identification was consistent with Maori holistic understanding of the place of the social order in religion.

... Maori was used to thinking of religion and the civil law as one. The functions of his religion took the place of what the Pakeha calls civil law as the restraining and controlling force in the Maori commune. Western civilisation, when it reached New Zealand, presented a combination of Christianity and British law. ... He [Maori] assumed the law and the gospel to be one. (1940:344-345)

This Maori understanding of the unity of the spiritual and temporal orders can be exemplified in events relating to the signing of the Treaty of Waitangi. The Rangatira in 1840 were often unsure of the exact outcome of their decision to be party to the treaty, but they had confidence in missionary advice and in the good faith of the British Crown. The Maori Christian saw that the British Crown embodied both spiritual and temporal leadership, and on this basis Maori trusted the English and French missionaries, and the Crown. In Maori terms the treaty made a covenant between the Maori and the British Queen and this compact was witnessed by God. (Kawharu, 1984:2.8.5) As a consequence, the covenant demanded of both sides certain honourable behaviour.

Maori learnt through the experience of colonisation that there is a difference between the message and the messenger, and that Christian beliefs and activities of the Crown were not necessarily the same thing. Christianity came with the coloniser and all the

latter's superiority complexes and so-called civilising mission. They found that:

Pakeha religion, Pakeha trade, Pakeha agriculture, and Pakeha government were not all woven of one cloth, as was the case in their own society. They found that the Pakeha God was often neatly separated from more mundane pursuits and that the Pakeha order and justice were not all they were cracked up to be. (Mol, 1982:27)

In time Maori people incorporated Christian beliefs and Christian churches as integral parts of Maoritanga. Christian values, prayers and rituals have given additional insights regarding the meaning of life. Through the adoption of universal Christian values such as love, charity, justice, peace, faith and hope, the Maori world view was considerably broadened. On key elements of the life process—birth, growing up, old age and death—Christian beliefs and rituals gave added meaning to the existing religious beliefs. These profoundly influenced Maori customs related to marriage, family structures, fighting and so on. (Ngata and Sutherland, 1940:337)

Through the process of acculturation and the adjustment of Christian teachings and rituals to the forms and customs of the existing religious system, whanau, hapu and iwi became Maori Christians.

The Bible, printed in Maori and widely distributed, was quoted with great freedom, and became part of whaikorero (speech making on the marae), and in iwi discussions biblical quotations were used as authoritatively as the sayings from iwi traditions. Biblical names were adopted and bestowed at baptisms on children and in some cases on Maori communities. (Ngata and Sutherland, 1940:341–342)

Because of government and settler aims of assimilation and the demise of Maori customs and practices (Ward, 1978:36) Maori Christians identified with the sufferings of the children of Israel in the Old Testament. Maori prophets found parallels to the condition of their own people, making identification easy. As Ngata and Sutherland have said:

The promised land was Aotearoa restored. (1940:351)

New Testament qualities of peace-making, humility, goodwill, charity, service, law-abidingness, obedience and faith provided a new concept of rangatiratanga. These new ideals were eased by the fact that some of these qualities were also inherent in the traditional concept of rangatiratanga. (Winiata, 1967:51)

Today many Maori make a distinction between Pakeha Churches and Maori Churches where the fundamental Christian belief and values of faith, hope, charity, justice and peace are expressed according to each group's cultural norms and practices.

Initially, certain features common to both Christian and Maori religion eased the propagation of the gospel (Winiata, 1967:50). Later, Maori reinterpreted the gospel in the light of their fundamental values, thereby giving rise to particular Maori cultural expressions of Christianity which are still evident. Today Maori traditional values and those values inherent in Christian teachings have come together in a continuing dynamic interaction, and increasingly it is Maori who determine their hierarchy of values.

Value conflicts exist within Maori society and between Maori and Pakeha. These take the form of clashes between *nga tikanga me nga ritenga* and what is understood to be Maori Christian values—that is, Maori influenced by Pakeha value systems. This results in competition for primacy from a Maori hierarchy of values over those of the dominant Pakeha. These conflicts include on the one hand individualism and personalist values such as private ownership, personal wealth and the domination of the environment by people; and on the other hand, communalism, a sense of group benefit, joint ownership, *hapu* and *iwi* wealth and well-being and the interaction of the environment with people.

Conclusion

Social policies cannot be considered outside the broadest of social, economic and environmental contexts. The cultural values inherent in those systems obviously underpin the philosophy and goals of social and economic policy. While there are many similarities in the economic and social structures of all societies, the differences are significant enough to warrant examination of essential cultural values, at least as they pertain to the formulation of social policy in *Te Ika a Maui* and *Te Waipounamu*.

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Glossary

Ahi kaa	constant occupation
Aotearoa	New Zealand
Ariki	firstborn of a chiefly line
Aroha	love, sympathy, care, compassion
Atua	spiritual powers, including christian God
Awa	river
Hapū	sub-tribal group
Hauora	good health
Hawaiki	ancestral Polynesia
Pamamao	
He	the wrong way of doing things
Hui	meeting
Iwi	people
Kainga	household
Karakia	ritual words
Kaumatua	elder
Kawanatanga	governorship
Koha	gift
Kotahitanga	Māori solidarity
Kuia	matriarch
Mana	authority, prestige
Manaaki	respect, care
Mana Māori	Māori authority
Mana motuhake	independent Māori authority
Manuhiri	visitor
Māori	aboriginal people of Aotearoa
Māoritanga	of being Māori
Marae	meeting place where Māori protocol takes precedence
Mātauranga	knowledge
Mauri	life force

Mauriora	<i>life principle</i>
Me	<i>and</i>
Moana	<i>sea</i>
Ō	<i>of</i>
Ngā	<i>the</i>
Ngā Atua	<i>the gods</i>
Ngā hau e wa	<i>the four winds</i>
Ngā paiaka	<i>the roots</i>
Ngā ritenga	<i>behaviour and practice</i>
Ngā tikanga me nga ritenga	<i>tradition and customary practice</i>
Ngāhere	<i>forests</i>
Noa	<i>normality and freedom from tapu</i>
Pakeha	<i>Europeans</i>
Pakehatanga	<i>of being European</i>
Papakāinga	<i>marae</i>
Papa-Tū-a-Nuku	<i>the mother earth</i>
Pēpeha	<i>tribal expressions</i>
Poukai	<i>feast</i>
Ranginui	<i>the sky father</i>
Rangatira	<i>chief</i>
Rangatiratanga	<i>authority</i>
Raupatu	<i>confiscation</i>
Ritenga	<i>customs, practice</i>
Taha	<i>toward</i>
Taha hinengaro	<i>seat of emotions, heart</i>
Taha wairua	<i>spiritual dimension</i>
Taha whānau	<i>family dimension</i>
Take tūpuna	<i>ancestral right</i>
Tāne	<i>God of Forests</i>
Tangata	<i>person</i>
Tangata Māori	<i>the Māori people</i>
Tangata Pākehā	<i>the European people</i>
Tangata whenua	<i>the people of the Land, the Maori</i>
Taonga	<i>treasures</i>
Taonga tuku iho	<i>treasures handed down</i>
Tapu	<i>sacred, restricted</i>
Tau	<i>stay, or to settle</i>
Tauiwi	<i>non-Māori</i>
Taunaha whenua	<i>speak about land</i>
Te Ao Tūroa	<i>long-established world</i>
Te Ika a Maui	<i>the Fish of Maui, North Island</i>
Te kete mātauranga	<i>basket of knowledge</i>
Te moana-nui-a- kiwa	<i>the Pacific Ocean</i>
Te reo rangatira	<i>Māori Language</i>

Te timatanga	introduction
Te Waipounamu	South Island
Te waiora a Tāne	healing waters of Tāne (God of the Forest)
Tiakitanga	stewardship
Tika	trust, justice and correctness
Tikanga	tradition
Tino	full authority
rangatiratanga	
Tipuna	ancestors
Tiriti	Treaty
Titi	muttonbirds
Tohatoha	disperse, distribute
Tuku	let go
Tūrangawaewae	rights and responsibilities of belonging to marae
Utu	reciprocity
Wahine	woman
Wahi tukukai	food-yielding domains
Waiora	health
Wairuatanga	spirituality
Waka	canoe
Whaikōrero	speech-making on the marae
Whakanoa	purification rites
whakapapa	genealogy
Whakataukī	proverb
Whakatikatika	to make it right
Whakatō	implanting
Whanau	family
Whanaungatanga	belonging to a whanau, kinship
Whenua raupata	confiscated land

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STANDARDS AND
FOUNDATIONS
FOR SOCIAL POLICY

Maxine Barrett

Standards and Foundations for Social Policy

Maxine Barrett

The task of the Royal Commission is to assess existing policies, administration and institutions and make recommendations on principles for policy that will ensure a more just, humanitarian, and economical social policy.

This section of the work is concerned with clarifying thinking on those very basic values and principles which are the foundation of New Zealand society, including the values of social justice, freedom and equality.

Introduction

It is probable that everybody would agree that New Zealand ought to have social and economic policies which promote the wellbeing of everybody in this society, and that our social policy objectives ought to reflect this society's commitment to democracy, equality and personal liberty.

It might be argued that these values cannot provide a sound basis for policy, since we cannot have any objective answers to the question of what will count as a fair and just policy, or what policies will protect and enhance personal freedom and choice.

While we would want to insist that *justice* and *freedom* mean something, when we look at how these expressions are used in political debates, it is evident that they mean different things to different people. Although we can all agree on an abstract or general sense of *freedom* as *the absence of constraint*, this idea conveys very little information until we have an idea about what sorts of constraints and limitations people have in mind when they argue about freedom. The new right would appear to mean the absence of the constraints on individual enterprise that result from government intervention in the economy. The socialist left have traditionally

meant the absence of unsatisfied need as a constraint on the achievement of individual wellbeing.

Miller (1976) suggests that while these important political concepts do show a genuine diversity of meaning, the range of accepted uses at the present time is probably quite small. The contest over the meaning of justice, for example, takes place between three standard uses. So we cannot use this expression any way we want. There is this range of meaning, he argues, because each version of a concept like justice finds its *natural home* in a *different* way of looking at society. Because there are different ways of looking at society it is quite understandable that these political notions should have this diversity in meaning. A view of justice as reward for effort, for example, fits most readily with a view of society as a competitive market. Which view of society we decide to adopt depends on more fundamental beliefs and values, about the nature of human beings, what sorts of behaviour they are capable of, and what is good for them. A commitment to a particular definition of justice as freedom will finally carry with it a commitment to more fundamental values and beliefs.

To some limited extent Miller (1976) believes a view of society may be indicated by an appeal to the facts of sociology. It may not be possible for example, to arrange society in such a way that everybody participates in all social decision making. Distinguishing what is possible in the factual sense, from what is desirable, may in practice, be extremely difficult. For example, it is not always easy to separate questions about whether equality is possible from questions about whether the consequences to the economy are acceptable. Miller recognises that differences between people over ways of seeing things may depend in the last analysis, on fundamentally different value assumptions, but if he is correct questions of justice cannot, as he puts it, fruitfully remain merely questions about the meaning of words, but:

must be conducted in a broader context in which competing ideas about the nature of society are given central place. Miller 1976, (p. 249)

In the western tradition there is evidence of a range of views on the nature of society, and on the fundamental values that determine a world view. While no particular set of value assumptions may be able to be proved in any absolute sense, values can be reasoned about, and we can give better reasons for some views than others.

It is beyond the scope of this paper to examine all these views, however, even though these matters are contested and controversial, it does not follow that all views are equally plausible, or relevant to New Zealand at the present time.

It is evident that any philosophical position that requires a radical rejection of those institutions that form the foundation of our society, no matter how coherent the arguments, would be of little use in relation to the Commission's task.

It is also suggested that economic or social theories that view human beings as independent social atoms, are an inadequate basis for appreciating the complexity of contemporary society. While it may be true that from a *moral* point of view we place prime importance on the value of the individual, we cannot understand society's problems, or devise solutions, if we do not recognise the extent to which human beings are interdependent. Firstly, no individual comes into the world with a set of beliefs and attitudes already in place, or even a language with which to express them. Preferences, wants, attitudes and values are, like language, acquired in a social context. Secondly, all production, at whatever level, in a modern society, is in some sense a collective enterprise, even though for some purposes we may want to identify and estimate individual contributions.

We cannot explain how society operates without reference to groups and collective entities, including class and family as well as individuals. The behaviour of groups cannot be explained by the same laws as those that explain the behaviour of individuals.

This approach to social values is individualistic only in the uncontroversial sense that it is individual persons who are the bearers of ultimate value, have interests and suffer harm. Communities, states or collectives cannot have interests or be harmed except in a derivative or metaphorical way.

There are forms of social organisation that serve an important role in securing individual wellbeing in the New Zealand context, including the family and the tribe, to which we ascribe value. Good social policies will be ones which give support to these forms of organisation. However, the instrumental value that these organisations have should not be confused with the special moral status we attach to persons.

The ideas that are expressed in this paper are based on the following uncontroversial moral beliefs, that most New Zealanders

would probably agree with. The point of view which will be developed on social justice is one that reflects many of the views expressed in the submissions received by the Commission.

- 1 The objective of all social policy is to create the conditions necessary for human wellbeing to flourish.
- 2 All individual human persons are of intrinsic moral worth; this worth is not derived from personal ability, merit or contribution to society, but is derived simply from their moral status as persons.
- 3 All persons have interests which provide the basis for an equal claim to consideration, and all persons are worthy of respect in some fundamental, or residual sense, irrespective of differences in respect based on merit or desert.
- 4 Human beings are social beings, and can only realise their nature, or individual potential, in a community.
- 5 Human wants are in principle unlimited, and resources limited. In any society which permits freedom of choice, scarce resources must be allocated between conflicting claims in a way that is fair and just, as well as efficient. Justice is a moral requirement that all organisations and institutions should meet. At a pragmatic level, social stability depends on inequalities being recognised as just.

Social Justice

The word *just* is derived from *jus* meaning law. In ancient times justice was both defined and constituted by the law. It was, therefore, a highly conservative ideal in so far as the law was considered as given and immutable, reflecting some divine order. Little if any distinction was drawn between what was right in a moral sense and what was just.

However, the meaning given to justice may differ from one historical period to another. Miller (1976) suggests that like many other important political concepts, *justice* has undergone much historical change. Any present analysis of its meaning will, therefore, be a reflection of contemporary use.

Since ancient times, justice has been distinguished from righteousness, or virtuousness, and hence some aspects of personal ethics, including the moral requirements to be charitable and compassionate.

Miller (1976) suggests that the modern conception of justice has, at least in part, a progressive ideal. We are concerned not only with what arrangements we actually have, but with how society might be arranged, and what rules and regulations might determine a person's entitlements and liberties.

While justice is a broad concept, Miller (1976) argues that it is not so broad that it has no substantive content, or is simply a term of approval which can be used as we individually see fit. If we look at the ways that the expression is presently used, we see that it is used only on the basis of a certain general criteria, and only to advance a limited range of moral considerations (Miller 1976). *Justice* is predicated on persons, actions, and states of affairs, but its primary use is when applied to states of affairs. Miller claims that if we did not have independent criteria for assessing whether states of affairs are just or unjust, we could not describe persons and hence actions as just, or unjust.

A State of affairs must satisfy the following conditions to be properly described as just:

- 1 It must involve sentient beings (and typically it involves beings who are both sentient and rational).
- 2 It must be a state of affairs in which at least one of the sentient beings is enjoying a benefit or burden.
- 3 It must be a state of affairs which has resulted from the actions of sentient beings, or can be changed by sentient beings. Thus we cannot non metaphorically talk about situations that have natural as opposed to human causes as just or unjust (Miller 1976).

The general meaning of justice in all contexts is, most philosophers agree, *to each according to their due*. The just state of affairs then, is one in which each individual has exactly those benefits and burdens that are their due, by virtue of personal characteristics and circumstances. Justice is, therefore, essentially individualistic. What is due to an individual is clearly a different question from what is in the general interest, or what will maximise total welfare, well-being or wealth.

Much of the debate about what is just, occurs when we attempt to determine what features of a person's circumstances, and what personal characteristics are relevant to determining their due.

Miller (1976) states that the substantive principles of social justice that we employ in determining a person's due, are the following:

- to each according to their rights.
- to each according to their deserts.
- to each according to their needs.

Without spelling out in any detail what rights, deserts and needs are, these principles can be illustrated by the following example. The actual situations that the Commissioners will have to grapple with are considerably more complex but the example illustrates the quite different conclusions that people come to concerning justice.

Suppose I decide to hire three students to paint my house. I advertise, and come to a contractual arrangement with three I considered suitable, and agree to pay each student eight dollars an hour. As a result of this contractual agreement, the students each have a right to eight dollars an hour. Suppose also, that I note that one student's work is better than the others, and she works harder. I might then decide that it is unfair to give her the same payment as the others. She deserves more. Suppose also that I know that one student is in need, and will be unable to continue her studies unless she earns rather more than eight dollars an hour. I might then think that she needs more and so has a legitimate claim to more.

Clearly each one of these principles is *right* in some way, and each reflects conflicting intuitions that we bring to bear on more complex issues. What should be evident from the example is that the principle of desert conflicts with the principle of need. We cannot consistently reward the student according to the principle of need, and at the same time, the principle of desert.

As the above simple example indicates, we cannot combine all three principles of justice into a single consistent principle of distribution in any obvious way.

It should be realised that even at this level of analysis, the kind of thinking that is employed is quite alien to Maori ways of doing things. Their rights would not be secured by free contracts between independent persons concerned solely with their own interests, but be determined on the basis of kinship obligations and communal responsibility.

As Miller (1976) notes, some philosophers in the western tradition have given accounts of justice which have placed weight on one principle at the expense of others.

The liberals of the extreme right such as Nozick (1974), place weight on a right to acquire property by one's own efforts and to dispose of it, or even abuse it, if one freely chooses, and deny that society has any right to *coerce* individuals to surrender property for

the good of all. The only just procedures for the exchange of property are free and voluntary contract, and voluntary gifting. The only circumstances in which coercive action by the state towards any individual is justified, is to rectify one individual's violation of another's Lockean natural rights. It is unlikely that Nozick's views would be at home with New Zealand social traditions.

The Friedmanites place emphasis on deserts, or reward for skill and effort, which is best determined by a free and competitive market.

The liberals of the left are generally concerned with justifying a universal right to some minimum standard of living irrespective of desert.

Socialist thinkers, if they recognise a requirement for principles of distribution, generally favour some version of the principle of equal satisfaction of needs. They may differ on the question of how wants ought to be satisfied, once agreed needs are taken care of.

The theories of Rawls and the utilitarian school, Miller (1976) argues, can be viewed as attempts to provide principles, or a set of principles which give some weight to all three considerations, but which give guidance in cases of conflict. Utilitarian theories are more accurately seen as theories of morally right action than theories of justice. Of the possible courses of action open, a utilitarian will consider the right action to be the one which maximises total human happiness, or welfare. These theories invite the criticism that concerns with total welfare or happiness fail to acknowledge our central concern with justice, which each particular individual is entitled to.

Barry (1967) argues that Rawls' maximin principle can be seen as a compromise between two principles, the utilitarian principle, and the principle of equality. It might otherwise be considered a principle of justified inequality, departures from equality are justified if they are to the advantage of everybody. While this principle has obvious intuitive appeal it is, for the same reason, not strictly a principle of justice.

In the following section some attention will be paid to the three substantive principles of justice that Miller (1976) identifies. Some very general remarks will be made concerning their relevance to contemporary issues, and how we might resolve the conflict between them.

It will be suggested here that considerations of need can give rise to claims that can be advanced as a matter of right. As Feinberg puts it:

I accept the moral principle that to have an unfulfilled need is to have a kind of claim against the world, even if against no one in particular. Such claims based on need alone are 'permanent possibilities of rights', the natural seed from which rights grow. When manifesto writers speak of them as if already actual rights, they are easily forgiven, for this is but a powerful way of expressing the conviction that they ought to be recognised by states here and now as potential rights, and consequently as determinants of present aspirations and guides to *present* policies. Feinberg, 1970

Such rights do not exhaust our concerns with justice, but in some circumstances, it will be suggested, they should override other considerations in determining an individual's due.

Desert and Justice

In this section, some very general remarks will be made concerning desert principles as a basis for economic justice, with particular reference to the difficulties in supporting some of the claims that are made for the free market as a just instrument of social policy.

When we claim that somebody deserves something, we have in mind some feature of the person, their behaviour or character which we consider praiseworthy and which therefore should receive a benefit or reward as recognition.

As Rawls (1967) remarks, it is part of the *common sense notion of justice* that individual contribution and effort create a claim, and should therefore be a part of what determines an individual's due.

Desert principles, like need principles, are ideal principles of justice. They reflect the considerations that we think *ought* to be relevant, in determining a person's due, whether or not these considerations play any part in the principles of distribution that actually exist in society, at any one time.

Distribution according to the principle of existing rights and entitlements, is, on the other hand, a conservative principle, since it is concerned only with the existing rules and practices, contractual and property rights, irrespective of whether these rights reflect what we think people ought to have because of individual desert and need. This difference was illustrated in the simple example of the student house painters.

While individual contribution and effort may be, as Rawls (1967) admits, intuitively plausible principles of desert, there are a number of difficulties in putting these principles into practice, especially in a modern economy.

We normally think that people deserve rewards for what is due to their personal qualities. How do we estimate how much of what a farmer produces is due to his personal qualities, and how much is due to the environment, the weather, the soil, and the state of agricultural technology?

Again, how do we separate one person's contribution from others? In a modern economy production to a large extent results from interdependent activity.

As many feminist critics of conventional economic theory and practice point out, much of the output of males is a function of domestic labour that is neither recognised in any description of the social product, nor rewarded.

Critics of the market have made the following important point which should be taken into account in any discussion of personal desert and economic justice.

It concerns the way in which individual contribution is valued. Markets reward, and value, only those activities that have exchange value. Exchange value is, however, only one way in which human efforts can be determined to have value. The deserts of those in the informal or private sphere which includes domestic labour and voluntary care are simply left out of the equation.

In free markets, the return for labour depends, at least in theory, on the supply and demand of particular skills. As Rawls (1967) suggests, this detracts from the view that deserts, as measured in the market, determine any claim that can be endorsed from the *moral* point of view.

Surely a person's moral worth does not vary according to how many offer similar skills, or happen to want what he can produce. No one supposes that when somebody's abilities are less in demand, or have deteriorated [as is the case of singers] his moral deservingness undergoes a similar shift . . . Rawls 1967

A realistic view of modern society suggests that what in fact determines success in a competitive market is less likely to be due to those features of a person which have some claim to be morally significant, including ability or effort, but rather initial social status, race, gender, or sheer luck.

Rawls (1967) raises a more fundamental question concerning deserts and economic reward, one which more than any other distinguishes the socialist view of persons, from that of the liberal right. He argues that, while we ordinarily think that skills and abilities ought to be rewarded, in fact whether or not we have valued skills and abilities does not depend on us but on accidents of nature, and social circumstance. Since they are beyond our control we cannot, therefore, be said to deserve them.

It is one of our fixed points or our moral judgements that no one deserves his place in the distribution of native endowments any more than he deserves his initial starting place in society. *Rawls 1967*

Since skills and abilities are not deserved they ought not form the basis for desert claims.

Two points can be raised here. Firstly, we often think that people deserve rewards and praise for qualities that are beyond their control. We think that the best chess player deserves the title even if the particular skills that determine who wins are beyond their control. Secondly, to some extent the skills any individual brings to the market place depends on the choices they have made in the past concerning education and training. If we give any credence to the idea of free will or self-determination, then we must suppose that all individuals have some, if limited, responsibility for the abilities and skills which they possess.

If these arguments are accepted, market rewards would seem to fail to be in accord with the principle of proportionality—that the amount of the reward should be in proportion to the amount of that quality that is deemed to warrant a reward. It is implausible to suppose that some individuals are worth ten or twenty times more than the average person.

The differential rewards that the market offers can perhaps be defended on utilitarian grounds, rather than by appeal to any principle of justice. Self-interested individuals are in a market economy seen as the engines pulling the train of social progress. Differential rewards provide the incentives in a competitive market to harness individual self-interest and competitiveness for the good of all. Incentives are an essential part of capitalist society, and policies aimed at a fair and just society must take this into account.

However, any moral judgement that is made of those who fail to respond properly to incentives should be carefully examined. In conventional economic theory, markets reward activity that is undertaken from motives that are presumed to be selfish, usually

the desire for personal monetary gain, personal status, and personal success.

Yet selfish actions are not those that we typically regard as deserving or praiseworthy. We are perhaps somewhat less willing to reward somebody who returns lost property or rescues a drowning child if we think the actions were done out of a desire for recognition or monetary reward; but it does not follow that a reward is not in order. Perhaps as Miller (1976) suggests, when an action has a selfish character, it lessens a person's deserts, even if it does not entirely extinguish them.

The implication would seem to be that rewarding people for working has some justification in deserts. What is really meritorious about working, as opposed to not working, when there is a clear choice between these options, may be the presence of other motives such as the desire to be self-reliant or to take up one's share of social burdens.

Incentives and differentials in income might be, as Rawls (1967) suggests, justified on other grounds when they result in increased production, and are therefore to the benefit of all, including the worst off in society.

Justice and Rights

For somebody to have a right to something, for example medical care, or a benefit that results from a contractual agreement, means more than that it is a morally good thing that they should receive it. It implies that someone or other is under an obligation to give them what it is that they are entitled to. Thus, while it might be a good thing that desperately ill individuals should be given heart transplants, it does not follow automatically that they have a *right* to such services.

When someone has a right to something, whether it is income, hospital care, or an annual holiday, they have the power to make a claim against somebody, their employer, or at the limit, society. This power reflects the existence of some rule, which defines the nature of the obligations and duties that correspond to the right.

It can be argued that having rights, of some sort, is essential to individual dignity and self respect. Receiving care as a matter of right is distinctly different from receiving care as a charity. While we all have moral obligations to be charitable, nobody can claim a

right to our charity, and we can expect the recipients of our charity to be grateful. Nobody is required to be grateful for receiving that to which they have a right, because it is their due, and it is both proper and fitting that they should have it.

Miller (1976) identifies two kinds of rights that are evident in the literature.

- 1 Those conventional entitlements and claims that arise out of existing social arrangements, practices and socially recognised rules, including contracts, promises, laws, *positive rights* and
- 2 those rights or entitlements that all human beings *ought* to have, whether or not they are recognised by our or any other society. There are entitlements and claims that all persons ought to be able to make on others that result from the special moral status, and value we ascribe to all persons, in virtue of those characteristics of human beings that distinguish them from other creatures. They are thus referred to *human* or *ideal* rights.

Miller (1976) thinks that this latter category of rights should not, properly speaking, be termed rights at all, but as Feinberg (1970) has described, a special way of advancing claims of need.

The existence of the first category of right can be determined by finding out what social practices, regulations and rules exist, what contracts people have entered into, and so forth. In other words, on the basis of empirical criteria.

The second kind of rights can only be established by an appeal to moral argument, showing that having certain benefits or liberties would be of moral value to the individual. The moral principle or rule in this case defines the right.

Recognising *positive rights* and entitlements is an important aspect of justice. If somebody has a right to a benefit that results from a contract, or a socially defined rule, then this is one of the facts about a person that is relevant to determining their due. Actions which respect individual rights are at least *prima facie* actions which are just. What is good and valuable about rights in this sense, as Miller points out, is that they give people legitimate expectations about the future, and hence security, when they know that they will receive certain benefits as a matter of entitlement.

Any socially just society must provide some mechanism for specifying and protecting people's rights.

But rights in this sense cannot be said to exhaust our concerns with justice, since they may conflict with considerations of desert and need, as the earlier house painting example illustrates. Secondly, rights, in the positive sense, are conservative. They protect existing arrangements, particularly economic ones, and concepts of ownership which may have little intrinsic moral justification.

Some balance must be struck between what Raphael (1964) terms *conservative* and *prosthetic* justice by which is meant the justice which preserves established rights and the justice which modifies these rights in terms of ideal standards, either deserts or need. Obviously this will be struck differently by persons with different philosophical perspectives. Those that defend conventional economic and social arrangements are most likely to want to place the emphasis on a pattern of rights and obligations that support the status quo.

It is suggested that a fair and just social policy ought to show some concern with individual needs, even when satisfying those needs requires some re-examination of the existing allocation of rights and obligations. In particular, in response to many of the submissions received by the Royal Commission, policy should show a concern for individuals that present arrangements disadvantage, including women, Maoris and people with disabilities.

It will not be possible to set out a priori how the balance between existing claims and needs should be struck. It will be suggested, however, that the general rule should be to consider first those claims that are most urgent.

Human Rights

Human or natural rights are those moral rights that have been traditionally claimed for all persons, irrespective of whether they have been recognised by society in theory or in practice. They represent important moral claims about the way all persons ought to be treated, because of the distinctive moral value we attach to them. The concern for these human rights has come largely from the liberal philosophical tradition. In the liberal tradition, as a whole, they have included both liberties and claim rights. The difference between the two is that the first category of rights, liberties and immunities, permit individuals to do things, for example acquire property, and require others not to interfere. The second

category are rights to be given things, for example income or education, and entail duties for others to provide them.

Not all liberal philosophers have been willing to recognise those claim rights, that are usually described as welfare rights. Indeed, liberalism is often quite wrongly considered to include only those philosophers with an overriding concern with liberty.

Human rights of this universal sort are usually seen as to be held against the state. They have been used by political philosophers to set some very broad limits on state activity, or require governments to act in certain ways, depending on the sorts of rights that are recognised. Most advocates of universal rights also want to insist that, in so far as people have rights, as citizens, they also have obligations.

Some of the seventeenth century human rights theorists attributed rights to individuals, as if they were intrinsic and absolute properties of persons, as persons. Thus, Locke's claim that: *We are born free as we are born rational*.

Whatever rights were attributed to an individual, they went with them. Wherever they went, they were, as Benn and Peters (1959) express it, *inalienable and indefeasible*. No government or law could deprive any person of their rights, nor could any claim prevail against them. If they are to be limited at all, it was only by the consent of their possessor. There are a number of difficulties in viewing human rights in this Lockean fashion.

One difficulty with this view is that if they are attributed to individuals in an absolute sense, then conflicts between one person's rights and other moral claims cannot be resolved, since there is no higher principle that can be appealed to. We are inclined to think that it is right (or at least not wrong) for a cold and hungry tramp to break into somebody's country cottage and avail themselves of food and fuel in order to avoid death from exposure. Clearly the owner of the cottage has some right to have their property remain secure. Interpreting a right as holding, in an absolute sense would, in this case, violate some other moral concerns that we surely have.

Another problem is that, in so far as these rights were regarded as self evident or following directly from a universal conception of human nature, it follows that they must be regarded as universally valid, irrespective of social and cultural differences. As Benn and Peters (1959) remark—*such a view is tenable only when the rights in question are vague enough to fit almost any set of concrete conditions*.

Clearly any account of natural or ideal rights in abstraction from any social environment will have little credibility. Having rights implies somebody's having a duty, and hence somebody who is the bearer of the duty in a social relationship with the subject of the right.

Locke clearly recognised that rights and obligations arose out of social conditions, but saw the origins of rights in the state of nature. Individuals retained these rights when they contracted into civil society, since presumably no rational individual would be willing to surrender these powers to any government. Civil society was merely an instrument that rational individuals employed to further their own interests. Government and society must, therefore, respect these rights, but never influence their content.

Unless rights are grounded on some firm base, they are arbitrary. However useful the state of nature is for political theory, it is insufficient to provide the basis for a plausible conception of human rights.

Schoeman (1977) argues that a better basis for an account of rights may be drawn from a theory of human nature. If we have some idea of what it is to be human, then we have some idea of how people can be harmed, and thus the ways in which they need protection. Or, in other words, what they need in order to realise their nature, as persons. As he expresses it:

Rights represent basic ways in which people deserve protection—[They] emerge as moral and legal means of insisting that these needs be met [so] that they are in a position to exercise their nature, or achieve their nature. *Shoeman 1977*

One obvious point is that a successful account would have to be immune to the usual criticisms of sociologists and anthropologists who argue that there is no observable universal human nature, every society reflecting its own peculiar conception of what it is to be human, and what is beneficial, or harmful, to persons.

Anthropologists and sociologists have tended to view any idea of a universal human nature as untenable, or even an instance of cultural imperialism. It is clearly true that whatever the differences between people in different societies, there are certain properties of humans that differentiate them from other species, and allow some very broad generalisations about human nature to be made.

Schoeman (1977) argues that there are properties and capacities that we believe all human beings have:

A fraction of the conception of what it is to be a human being, involves the belief that humans have the capacity to be autonomous. . . We regard persons as having the capacity to consciously alter some of the principles of their behaviour . . . that these principles need not be determined independently of their will. Human beings can participate in the determination of what they are, and it is this potential for autonomy that is the basis for the special *moral* status that we ascribe to people.

Many philosophers have argued that the capacity for moral choice, wanting to make something of oneself, and something worthy of self-respect, are amongst the reasons why we regard humans as intrinsically valuable.

It would be unreasonable to restrict any account of what it is to be human to the capacity for autonomy and the capacity for moral choice. The capacity for friendship, love, and empathy for others are essentially human features that are often forgotten, particularly by liberal philosophers. The development of all of these capacities can be seen as being essential for living a good life and one which is truly human.

These essentially human characteristics may not be realised by all, or even many persons, to any great degree under all social conditions. We can, however, ascribe a potential to all persons universally. We may not be able to say exactly what conditions are required for persons to realise their essential nature, but we can be sure that these abilities, including the ability for choice, are not an innate ability, present in the newborn child, but something that develops only with the growth of understanding. As Norman (1982) puts it:

The newborn child cannot be said to make choices because it has no awareness of possibilities. Its behaviour is purely a response to immediate stimuli, and only gradually does it become capable of making free choices as it acquires the ability to envisage desirable alternatives which are not immediately at hand and which contrast with the existing state of affairs. This capacity to envisage alternatives is increased enormously by the acquisition of language. The process is not, however, one which has any natural terminus. As we acquire education and experience, we thereby come to understand our world and are increasingly able to conceive of alternatives to the present situation, and to think rationally about ways of realising alternatives.

It is because of features like this that we recognise in all humans that we regard them, as Kant said, as *ends in themselves* and not means.

Benn (1967) makes the important point that to treat persons as ends in themselves requires more than simply treating them

humanely; that we recognise that they ought not to be killed, tortured, exploited, frustrated or humiliated; but that they should be treated with respect, recognised as the subject of claims, and not merely as objects. Recognising persons as ends in themselves is to recognise them as having interests. Recognising persons as a means is to give no consideration to their own interests and to consider them only in so far as they promote or frustrate the interests of someone else.

In essence, to believe that humans are autonomous, or have that capacity, is to regard them as ends in themselves, and hence the subject of claims.

On Benn's (1967) account interests are not to be equated with desires, wants or preferences, but instead with a claim to those conditions which are necessary to wellbeing, or to a way of life, or conditions necessary to making of oneself something worthy of self-respect. What this amounts to must be more than simply a respect for life, since we can consistently show this without showing significant regard for those conditions necessary for wellbeing.

The principle that Benn (1967) articulates is clearly distinguishable from what is usually meant by equal opportunity. Equal opportunity is consistent with some individuals failing to secure very much in the way of the conditions necessary to their wellbeing, even when such obstacles as race and gender do not impede access to important resources such as education.

Equal opportunity is, as Miller (1976) says, best understood as a principle of desert, or even as a principle of efficiency. It can be defended on utilitarian grounds by people who care nothing for equality but who are concerned that any scarce talents should not be wasted.

By this conception, genuine equality of opportunity can be understood as depending upon each individual being able to secure those conditions necessary for living a life that is worthy of both their own respect and the respect of others.

The principle of equal consideration of interests that Benn (1967) endorses does not require us to treat everyone the same. We are justified in treating people differently if we think that one person's claim is more urgent than another's in relation to some standard of wellbeing we can recognise and endorse. We consider the needs of those without food, clothing and shelter as taking precedence over those who have these, but lack television. We must, he

thinks, arrange human interests in order of priority, distinguishing basic from other less urgent needs.

This qualification of the equal consideration principle would be, Benn (1967) argues, accepted by any reasonable person who had an understanding of human wellbeing, since they would recognise that the lack of some conditions will frustrate the living of a decent life more than others. The absence of food and shelter is more damaging to ones self-respect than the absence of holidays or motor cars.

Any qualification of the equal consideration principle to accommodate recognition of deserts and incentives, would be accepted as reasonable only if it was to the benefit of those whose needs were most urgent.

Such a qualification reflects the Rawlsian (1967) intuition that it is unfair and unjust to let some starve so that others grow fat, but not unjust to let some grow fat if we thereby reduce the number who would otherwise starve. As Benn (1967) notes: *this principle works as a practical guide for social policy only so long as there is a very wide measure of agreement on priorities*. He considers it reasonable to suppose that there is agreement on that range of interests that we commonly regard as needs.

Over and above those needs which can be determined to be universally shared in any community what any one person needs is determined by their way of life. In any society which values liberty then, the right to choose ones life-style and interests will be an important social value. It is unlikely that there will be any agreement on whether the needs of a concert pianist should have a higher priority than the needs of a golf player.

If we have got some agreement that basic needs must be satisfied in order to live any life we regard as human, we have gone some way to determining the set of rights that we will want to ascribe to all persons. Rights on this conception can be seen as both the moral and legal means of ensuring that these human needs are met, to ensure that all are in a position to achieve their essential nature.

However, no catalogue of human rights can be devised in an a priori fashion. Rights, as Schoeman (1977) puts it, are not self-evident but, *epistemologically problematic*. The seventeenth century liberal rights theorists tended to emphasise rights of life, liberty and property. These rights are part of what human beings require in order to realise wellbeing. However, certain material conditions

must also be satisfied in order that persons are not required to bargain away their liberties in order to satisfy essential needs. Prostitution is an example where it may be clearly rational for individuals to bargain away their rights to their person, in order to meet basic economic needs.

As society changes technologically and economically, interdependence increases, and what any individual can independently secure for themselves diminishes. With increasing complexity our social obligations to each other increase, since the impact of one person's activities on another increases. What is required for any individual to be a functioning member of a community is likely to change with time.

As a general principle, we may be committed to securing the most extensive individual liberty, consistent with liberty for all. But we cannot, for the following reasons, determine in any *a priori* fashion, how liberties may have to be constrained, in order to satisfy the needs of others.

Individual *needs* cannot be determined in the abstract. As Townsend (1983) remarks, what is unsatisfactory about conventional definitions of basic human needs is that they have been interpreted as purely physical, for food, shelter and clothing, rather than as social; yet:

the critical fact about human beings is that they are social beings rather than physical beings. It is their social relationships and their social roles, as parents, partners, neighbours, friends and citizens, which govern and define their needs.

They are also actors and producers and not only consumers . . . Deprivation cannot be engraved on stones like an historical benchmark. Deprivation is relative to the society of which people find themselves members.

To understand and identify the kinds of deprivation and hence harm people experience, he adds:

A full account has to be given of the roles which people are expected to play, the obligations which they are expected to share, and enjoy as citizens. By registering and maintaining a concern with these matters, it is possible to remain in touch with the changing nature and extent of deprivation and poverty. *Townsend, 1983*

It should not be inferred that those rights an individual does have, are to be taken lightly or dispensed with, simply because doing so might increase social utility. As Dworkin (1977) puts it:

Individuals have rights when, for some reason, a collective goal is not a sufficient justification for denying them what they wish, as individuals,

to have or to do, or not a sufficient justification for imposing some loss or injury upon them . . . The basic idea of a right-based theory is that distinct individuals have interests that they are entitled to protect if they so wish . . . In most cases, when we say that someone has a 'right' to do something, we imply that it would be wrong to interfere with his doing it, or at least that some special grounds are needed for justifying any interference.

What is intended is that rights are to be regarded as *natural*, in the sense that they are first principles, and also that they are schematic, there are things that we must know about what, in fact, persons need, and how they can suffer harm, before we can go on to specify any list of human rights.

People do need some property in order to express their individuality and to have a stake in society. They also need to be able to express their opinions, and organise and form associations to protect and advance those interests they have in common with others. None of these rights are defined in such a way that they are unconditional. Nobody can reasonably be said to have a right to free expression when it puts the safety of others at risk. For example: *Nobody has a right to shout 'fire' in a crowded theatre* (Sir Ivor Richardson 1987).

People need more than property rights to be autonomous. They also need meaningful work, education, health care and some participation in social decision-making. In traditional accounts, rights involving any more than non-interference were seen as an assault on individual freedom.

In this sketchy account of human rights, welfare rights stem from exactly the same considerations as a concern for liberty.

This idea of the fundamental rights of persons is considered to be the most valuable in the western liberal tradition. However, the supreme importance that is placed on these principles may be in some tension with some of the claims that are currently being advanced, in New Zealand, on behalf of special groups, and in particular on behalf of the tribe.

Van Dyke (1982) accepts what he calls the *dominant liberal view*, that moral rights reflect a conception of human interests and needs, some of which are so important that they should be said to give rise to rights. He suggests, that by insisting that only individual persons can have rights, liberalism has presented itself with a dilemma. Liberals will insist that collective entities, such as the state, have obligations but, in order to rescue their doctrines from charges of reification they *dissolve* this entity into those persons that

hold public office. Van Dyke thinks that this dilemma can only be resolved by recognising that certain collective entities exist, as he puts it:

just as individuals do—perhaps not tangibly but not transcendently either.

and that,

these collective entities have moral rights that are distinct from the rights of individual members.

The sort of entities that Van Dyke (1982) claims to exist are sovereign states, nations, peoples and ethnic and racial communities. He suggests that, even if we grant that the objective of recognising rights is to satisfy the needs and interests of individuals, it does not follow that the associated rights should go to individuals. Where the right is located should be determined on practical grounds. Sometimes it is best, he thinks, to locate the right in a collective unit.

Legal rights are assigned to group entities such as corporations, and as Van Dyke (1982) insists, these rights and obligations that corporations have, are distinct from those of individual stockholders. He claims that as well as legal rights, groups and governments should have moral rights—a *claim of entitlement that ought to be honoured if justice is to be done or the good promoted*. These rights, in Van Dyke's opinion, cannot be reduced to the rights of individual community members. The rights in question may include language rights, the right to self determination, and differential rights of property and residence.

Van Dyke (1982) suggests that when there is a conflict between the rights of different collective entities or between one collective entity and the State, this should be handled through a balancing process in which judgements are made about the *relative urgency* and *importance* of the various claims.

There may be no objections, philosophically speaking, to talking about group rights, when the model for such rights is the corporation, the analogy that Van Dyke (1982) uses. There is nothing mysterious about the legal rights and obligations of corporations, and acting in accordance with these rights and obligations is clearly the moral responsibility of their managers and representatives. They have a moral force in this sense. However, corporations do not have moral rights in the same sense that individuals do, which stem from their special status as persons.

The *liberal* doctrine, that any social institution or arrangement is of value, but only instrumentally, as far as it promotes important social values is quite sensible. It makes little sense at all to consider the group or the tribe, as being of final, or intrinsic, value.

Collective entities, including tribes and families, exist in the sense that Van Dyke (1982) appears to recognise, not tangibly, as do tables and chairs and even persons, nor in any transcendental sense, whatever that might amount to. We cannot explain the way the social world operates without *entities* of this sort. There may well be differences between western metaphysical beliefs and traditional views on this point. While they cannot have human rights, there appears to be no reason why tribes cannot have rights, in the same way that corporations have, including the right to receive and distribute benefits. Some of the rights that Van Dyke (1982) wants to grant to groups, for example, language rights, would appear to be more correctly described as individual rights.

Moreover, when a society comprises distinctive ethnic groups, and is committed to securing biculturalism, as it seems New Zealand is, it can be argued that society will be more stable if rights of special groups or peoples within society are recognised.

However, such group rights *may* conflict with human rights in the following circumstances:

- 1 When groups, for example the tribe, deny individuals the right to choose whether to belong or not belong.
- 2 When membership of a group entails the acceptance of particular cultural practices, rituals or beliefs which are part of a defining characteristic of the particular group, which must be accepted as a condition of participating in the group benefits.

A number of other difficult questions arise concerning the bearers of rights, most noticeably children and future generations, that are beyond the scope of the paper. Most contemporary philosophers have little difficulty in acknowledging children's rights, but they may diverge on what obligations they can be said to have.

Harris (1982) argues that the usual reasons that are given for denying the right to some say in political decision making do not withstand close examination.

The rights of future generations are somewhat more problematic. We would want to insist that we owe something to future generations, that they have the same right to enjoy wellbeing as we have. While we may know in a very general sense what conditions

will be necessary for their wellbeing, we are not at present in any position to determine in any detail, what their interests, and hence their rights are.

It is reasonable to claim that what we owe more to the immediate future than to more distant generations.

Freedom and Equality

It should be evident that the account of human rights sketched above suggests implicitly that equality and freedom are compatible values. It has been one of the mainsprings of the new right position (of which Hayek is a prominent example) that freedom and equality are in opposition, and that egalitarianism destroys liberty.

From the fact that people are very different, it follows that if we treat them equally, the result must be inequality in their actual position, and that the only way to place them in an equal position would be to treat them differently . . . The equality before the law, which freedom requires, leads to material inequality . . . The desire of making people more alike in their condition cannot be accepted in a free society as a justification for further discriminatory coercion. *Hayek 1960*

Whether we accept or deny Hayek's (1960) conclusions will clearly depend in part on how *freedom* is understood, and what sorts of equality we are interested in. Political philosophers who defend welfare rights emphasise positive freedom, or *freedom to*; and those who want to defend individual rights to non-interference, and property rights emphasise negative freedom, or *freedom from*. It seems obvious that if positive freedom is emphasised, then *freedom* and *equality* can indeed be compatible. However, if we are at liberty to understand *freedom* in any way we choose, then clearly it will follow that there is no right or correct choice.

If we want to insist that freedom and equality are compatible we may do so, but this will only reflect a preferred way of seeing things.

Freedom, in ordinary language, just means the absence of constraint. McCallum (1967) provides a philosophical analysis of freedom which argues that it should be understood as a three place relation of the form—X is free (or not free) from Y to do (or not to do) Z: where X stands for a person, Y stands for constraints, restrictions, interferences and barriers, and Z for actions.

Those theorists who insist on positive freedom will place emphasis on the constraints that unsatisfied need produces, the libertarians conversely on negative freedom, freedom from interference and coercion.

Hayek (1960) is of the opinion that, we can use freedom in different ways. Negative freedoms are those that he is interested in. Freedom presupposes, he says, that *the individual has some assured private sphere, that there is some set of circumstances in his environment with which others cannot interfere.*

Clearly freedoms of this sort are some of the liberty rights we wish to protect, but there are good arguments that suggest Hayek's (1960) view is a narrow one. Some accounts of positive freedom can be seen to be neither arbitrary, nor merely the insistence that anything that is good for people must be provided in order for them to be considered free.

In other words, while we have some room to manoeuvre in developing the concept of freedom, there are some philosophical constraints on how far we can move, and there seem to be good reasons for defending a broader conception of freedom.

The account of freedom that is argued for by Norman (1982) is one where equality and freedom are not just compatible but interdependent. The account of *freedom* that is defended is a positive one. But Norman points out, and quite correctly, that we should not understand positive freedoms so widely that being free amounts to doing what one wants or desires, and that thus the sole task for theorists interested in freedom is to satisfy *wants*. Hayek (1960) clearly agrees with this. He says:

It is only too easy to pass from defining liberty as the absence of restraints to defining it to the absence of obstacles to the realisation of our desires, or even more generally as the 'absence of external impediment'. This is equivalent to interpreting it as effective power to do whatever we want.

What is missing from accounts of *freedom* as the satisfaction of wants is, Hayek (1960) says, the centrality of *choice* to human freedom.

Therefore, what is plausible about defining freedom as the absence of coercion, is the undeniable fact that when human beings are coerced they are indeed not free to choose.

Norman (1982) insists, however, that freedom requires more than the absence of coercion. People are not enabled to exercise choice simply by being left alone. Genuine free choice depends, he argues, on certain positive material and social preconditions being

met. There are degrees of freedom, Norman suggests, and genuine free choice, and hence being fully free, depends on the degree to which these preconditions are satisfied.

By this account of positive freedom, full *freedom* amounts to the availability of, and capacity to exercise, *meaningful* and *effective* choice.

Those social goods, he argues, such as social and institutional power, income and wealth, and education, which positive liberty theorists have argued are essentially linked with freedom, should be seen as the *sources* of our capacity to exercise meaningful choice, the prerequisite of freedom, rather than *freedom itself*. These social goods include the right to vote, and some degree of participation in institutional decision making in areas that are of immediate concern to us. Without access to these *goods* our freedom is constrained. While the poor have some freedom, they have less than the rich and powerful. The latter, Norman (1982) explains, have more possibilities for choice open to them, and more opportunity to direct their lives in accordance with their own desires and intentions, instead of having their *pattern of life* dictated by the narrow limits that poverty ensures.

Not all constraints on the range of choice and possibilities open to one, limit freedom. For example, increasing the number of brands of instant coffee from 10 to 20 does not enable persons to make better or more effective choices between instant or real. While choosing between instant and real may be a real choice, the choice between 20 brands of instant is unreal, because the additional choices are pointless choices.

In order to exercise meaningful choice, we want to have the possibilities for choice extending over the normal range of human desires and tastes. As far as the coffee example is concerned, people's tastes do not differ that much. We might also argue that people do not *want* to have to make such choices between so many brands of coffee; having to choose in this situation is more of a burden than a benefit. In these situations the facts of human nature, and the human condition, are decisive when it comes to determining what counts as realistic or meaningful choice.

Norman (1982) suggests that, in general, meaningful choice has essentially to do with the choice of ends. In many cases when we have chosen to pursue certain ends, we have little choice about the means by which we can achieve those ends. For example, if somebody's conception of a meaningful and satisfying life includes

excelling at sport, they may not always be able to deviate from a fairly rigid regime of diet and exercise. Such constraints on the range of choice would hardly be considered a meaningful constraint on individual freedom. On the other hand, a limitation on one's choice of ends to pursue, is a limitation of one's freedom. Only in the case where the means to a particular end, have themselves value as ends, does the fact that someone cannot pursue ends this way rather than that, constitute a restriction on freedom.

Education, in its widest sense, as an earlier quote from Norman (1982) makes evident, has to do with more than effective choice; it has to do with the capacity for making choices at all. We do not come into the world capable of choosing, and we need education and experience to understand our world, and think about alternatives to our present circumstances and situation. Also, most importantly, we need education to see the alternatives to the point of view that dominant *ideologies* and philosophies may present as the only possible way of viewing the world.

The pushing back of these restraints is the enlargement of freedom. Norman 1982

Finally, Norman (1982) argues, not all restraints are constraints on freedom, but only those that are amenable to human intervention. What makes the *absence of coercion* plausible as one condition necessary for freedom is that it draws attention to constraints imposed by our fellow human beings. It is clearly not the only one and therefore, there seems to be little in the way of good reasons to restrict freedom to the absence of coercion.

The criterion of oppression is the part that I believe to be played by other human beings, directly or indirectly, with or without the intention of doing so, in frustrating my wishes. Berlin 1969

One is free, on this account, if one's choices are limited by social arrangements that can be attributable to, or changed, by human agency. Conversely, one is not unfree if one suffers from physical or mental or social constraints that are beyond the capability of human beings to alter. Just as justice has to do with how human beings treat each other, freedom, not surprisingly, has to do with the restraints and constraints human beings are responsible for imposing on the capacity of others to choose.

If we look at the conditions which, on Norman's (1982) positive conception of freedom, are essential to the realisation of full freedom, then, it seems evident that these are the same conditions that most egalitarians have argued, must be met for true equality.

Firstly, plausible versions of equality are not concerned with making everybody alike, nor do they insist on ensuring equal wellbeing for all.

By Benn's (1967) account, *equality* means that all persons have a claim on those conditions necessary for wellbeing, or achieving a worthwhile life, so long as the individual's conception of life is one that we can recognise and endorse. (Perhaps it should also be added that the claim is to those conditions for wellbeing that are within the powers of humans and society to provide.) Whether individual persons actually enjoy wellbeing, or realise their human potential, depends to some extent on individual quirks of personality, temperament and inclination. What egalitarians do insist on, is that we create the social conditions necessary for wellbeing, so that differences in wellbeing reflect *only* differences in temperament and inclination, and not differences that reflect social obstacles to wellbeing. In practice, Norman (1982) suggests, the social conditions that prevent everybody from having an equal chance of achieving wellbeing, are inequalities in social power, wealth, income and education.

Egalitarians direct their attention, Norman (1982) thinks, towards unequal relations between social groups rather than unequal relations between particular individuals as such, or with the *mere fact* that this person and that person happen to be unequal in some respect. This is because inequalities between groups reflect the structural features of society, and these being made by human beings can, therefore, be altered by human intervention.

Structural features of society, as this expression is being used here, refers to *institutional*, or *semi-institutionalised* social relationships. The former are defined by Norman (1982) as *relations embodied in explicit formal rules* and the latter, as those relations depending on habitualised implicit assumptions, which, together with institutionalised rules, govern the relationships between groups. As an example of the first, the South African system of apartheid is cited. As an example of the second kind of social relations, racism in the United States is cited. While such discrimination and racial inequality may be grounded in individual attitudes and prejudice, Norman is careful to distinguish the role that prejudice and social structures play in inequality and oppression. Prejudice, he feels, creates inequalities only when it is *super-imposed on relations which are institutionalised*.

Egalitarians have, as Norman (1982) points out, claimed that inequalities between social groups; including inequalities between whites and non-whites, men and women, those who control productive wealth and those who do not; are attributable to distinct features of society and not merely individual attitudes or prejudice. Where and when these structural inequalities exist, there will be inequalities in freedom, as well as inequalities in wellbeing. And clearly these sources of inequality are of quite different concern for social policy than those inequalities that result from the random differences in individual ability, industry and moral virtue.

Inequalities in material wealth have been a cause of egalitarian concern, since inequality in this respect makes it more difficult for some to enjoy a worthwhile life. It is not clear that *exact* economic equality would, as Norman (1982) appears to suggest, enable people to live worthwhile lives in accordance with their own choices and preferences. Neither needs nor preferences can be satisfied equally by an equal quantity of income or material resources. However, we do not perhaps need so precise a formulation of egalitarian values. It is sufficient to insist that vast differences in wealth produce inequalities in individual wellbeing, as well as inequalities in personal freedom.

Egalitarian principles of education are difficult to define. It is plausible to suggest, that educational goods and services ought to be allocated according to desert, on the basis of ability and effort, and not on the basis of an ability to pay, and this is often what is meant by equality of educational opportunity.

Norman (1982) points out, that equality of opportunity means little to an egalitarian, if it simply means equal opportunity to compete for educational success, and the economic rewards that often follow educational success. Egalitarians are concerned with ensuring *not* that everyone has an equally worthwhile life, but an equal opportunity to live a worthwhile life. Education, like social power and wealth, is one of the most important opportunities, the possession of which enables all to live in accord with their own preferences and wishes. Equal opportunity in education, therefore, should mean neither equal opportunity to compete, nor equal educational outcomes, but:

equal provision of the kind of education which gives everybody the opportunity to live a worthwhile life. *Norman 1982*

A concern with equality by this account, suggests a concern with the very same aspects of individual needs, and the social conditions

that enhance or detract from them, as a concern with freedom. Therefore, freedom and equality are not just compatible values, but interdependent values. If Norman (1982) is correct, then we should see both *freedom* and *equality* as admitting of degrees. The degree to which either are realised in any society will depend firstly, on those social circumstances considered *relevant* to free choice, and relevant to determining differences in wellbeing, and secondly on the extent to which both these values are compatible with other social and economic concerns.

Social Wellbeing and Social Justice

Whichever side in the current debate about social welfare is being considered, all participants appear to accept that advances made in individual and collective wellbeing in this century, have been due to the recognition that the responsibility for the provision of basic needs in modern industrial societies, must be a collective rather than an individual matter.

However, the consensus is illusory, since it is clear that there are at least two incompatible and competing views on what social welfare and collective responsibility mean, both in theory and practice. These different conceptions reflect not just a difference about the proper definition of wellbeing, and collective responsibility, but a radical difference in fundamental values and ideas concerning social justice. It is these fundamental differences, rather than any dispute about the *economic facts*, that produce the positive and negative responses to social provision that are evident in the current debate about social policy.

The following quite different definitions of social welfare have been identified by Trlin (1977):

- 1 Social assistance and other forms of minimal support to the disadvantaged, and those with disabilities they cannot help.
- 2 All those forms of social intervention that have a primary and direct concern with promoting both the wellbeing of the individual and society as a whole.

The first definition implies a safety net which provides help to all those unable to provide for themselves, via the normal institutions, for example the family or the market place. The traditional recipients of this sort of welfare have been the mentally and physically

handicapped, the old, the able-bodied poor, and dependent children, provided they are considered deserving. This view sees social welfare in terms of relief, charity, and philanthropy.

In the second definition, welfare is concerned not just with the treatment of problems or problem people, but in identifying causes of problems in institutions and social structures, and attacking the problems at their presumed source. This view is associated with both social planning and community action.

What distinguishes these two conceptions of collective responsibility, is not that the fact that the community, acting through the state, assumes this responsibility; but the moral light in which this responsibility is viewed. The first conception of humanitarian aid is consistent with a view of social justice as desert, and reward for individual effort. This view will be most attractive to those who see individuals as largely responsible for their success or failure in the economic system. The state's role will then be justified, if it is the most efficient way of giving expression to the community's feelings of charitable concern.

The second view reflects an acknowledgement that Government protection, of some agreed minimal standard, is an assured political right that can be claimed by all members of the community. These rights reflect more than caring attitudes and feelings that the community may, or may not have, but moral obligations, the existence of which can be defended by reasoned argument. Obviously, feelings and humanitarian concern, are not without value.

It has been suggested here, that a rights based approach to social policy reflects more than an efficient response to community feeling, but also the claims that all human beings ought to be able to make. It follows from this view, that taxing all members of the community to finance this entitlement to the basic requirements for wellbeing cannot be considered coercion. It is simply the requirement to meet an obligation that all persons have, by virtue of being members of the community.

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*The Treaty
of Waitangi*

TE REO O TE TIRITI MAI RA ANŌ

The Treaty Always Speaks

‘Those who study the Treaty will find whatever they seek. Those who look for the difficulties and obstacles which surround the Treaty will find difficulties and obstacles.

But those who approach it in a positive frame of mind and prepared to regard it as an obligation of honour will find the Treaty is well capable of implementation’ (Sir Hēnare Ngata, quoted in Blank *et al*, 1985:144).

Mānuka Hēnare

Edward Douglas

He Mihi

E mihi ana, e whakamoemiti ana ki ngā rangatira nā rātou i haina te Tiriti o Waitangi, nā rātou hoki i whatu ki te remu o te kākahu o Kuini Wikitoria.

Me mihi hoki ki o rātou uri nā rātou nei i pupuri, i maimoa te mana o taua Tiriti i roto i o rātou rā ki te ao tūroa. Nā rātou i whawhao a rātou poroporoakitanga iho ki ngā iho o ngā waka ki roto i ngā pūtea i whakairia ake e rātou ki ngā tāhuhu o ngā whare o runga i ngā tini marae, taiawhio te whenua.

He mutunga iho, e mihi atu ana ki a koutou, ki a rātou mokopuna o tenei ao tūroa. nā koutou i whewhera, i wewete aua pūtea ao koutou tūpuna, i whakarāpopoto mai ki roto i ngā rīpoata nei, nā reira, tena koutou ngā kanohi ora o o koutou tūpuna.

Ai hoki kia whai hua ngā tumanako a o tatou tūpuna a te wa e horahia atu ai tenei rīpoata ki mua i ngā aroaro o ngā uri o te wa o Kuini Wikitoria.

E ngā tino rangatira, nā koutou i awhina, i manaaki mai te kaupapa i puawai mai aite rīpoata nei, tena koutou katoa.

Me tatau pounamu, kia kore ai e pakaru ake ake.

In humble gratitude, we pay homage to the memories of our ancestors who signed the Treaty at Waitangi and wove it on to the hem of the cloak of Queen Victoria.

We also pay homage to their descendants, who, during their time, held and enhanced the mana of the Treaty. They who left their instructions in the baskets of knowledge hanging from the rafters of the many meeting houses on the marae around the country.

Last, but not least, we humbly thank their descendants, both Māori and Pākehā, who in recent months opened those baskets of knowledge and released the words and wisdom which have been gathered into this report. Without their assistance and support, this report would not have been possible. Thank you.

It is hoped that the aspirations of the past, the present and for the future will bear fruit when this report is placed before the descendants of the era of Queen Victoria.

Let us conclude a permanent treaty that it may never ever be broken.

Foreword

During 1987, the Royal Commission published a number of discussion booklets to stimulate public debate about key elements in Social Policy. One of these booklets, *The Treaty of Waitangi and Social Policy*, appeared in English and Māori. There has been a sustained demand for copies of these discussion booklets, especially for the one on the Treaty, of which several thousands were reprinted and distributed. Many submissions made to the Commission appeared to have been stimulated by it.

Starting with the terms of reference of the Royal Commission, we organised our early analysis around twelve key issues (see Appendix I). Eleven of these twelve issues are the subject of 'chapters' in this report, the twelfth, the Treaty and Social Wellbeing, is addressed in the section on The Terms of Reference. There is some necessary overlap between the various issues which we tried to minimise but not eliminate. Each of the twelve parts which resulted is an important aspect of the interrelationship between the Treaty and Social Policy.

Altogether we sought advice from 117 consultants, prominent and knowledgeable in Treaty of Waitangi affairs who have written or spoken out about the Treaty and the formulation and delivery of social policy programmes. Our letter to them listed the twelve points. Many of the 117 responded in writing, others orally. Most agreed to attend a wānanga which the Royal Commission arranged (see Hēnare & Douglas, 1988). The views expressed therein are of both Māori and Pākehā participants, and are not necessarily consensus decisions. This monograph is based therefore on consultations, a review of oral and written submissions made to this Commission, and from a wealth of material already available from earlier research and enquiry. We have sought both Māori and Pākehā opinion on the issues addressed in these papers.

Māori Views

We have tried throughout to follow the traditional practice adopted by rangatira of seeking a consensus among their people when decisions were needed. Fortunately hapū and iwi structures

have enabled us to tap group opinion within them, and this source has been augmented by the views of other contemporary Māori organisations including many that are represented nationally such as:

Te rūnanga Whakawhanaunga i ngā Hāhi

(Māori Council of Churches);

The New Zealand Māori Council;

Te Roopu wāhine Māori Toko i te Ora

(The Māori Women's Welfare League);

28th Māori Battalion Association;

Mana Motuhake.

Besides these, opinions which are the agreed consensus of other groups of Māori are incorporated in our work. These have come from a range of other formally organised groups including:

Ngā Puna Waihangā (Māori Artists and Writers);

The 13 Māori Trust Boards;

Māori Policy Councils of Political Parties;

Māori Sections of Trade Unions;

The Rātana and Ringatū Churches;

National Association of Teachers of Māori;

The Four Māori-elected Members of Parliament.

In addition, we have used Māori writings which are acknowledged by Māori as being authoritative, and these include reports from national hui such as Hui Whakatauirā 1981, 1982, 1983. Published academic works which cite Māori authorities both contemporary and historical have also been useful to us, as have the records of some court cases and tribunal hearings. All these sources have supplemented Māori submissions to the Royal Commission on Social Policy, some of which are individual submissions. The majority however, are the views of whānau and hapū presented by their Ariki, kaumatua or kuia as mangai (spokespersons). A few Māori expressed views at odds with those of the groups mentioned (for example submission 2830). Such views were almost always expressed by individuals. They were sincerely held, and although they may be shared by others, they were found to be greatly outweighed by the broader consensus.

Pākehā Views

The knowledge of the history of the Treaty and its relevance to all people living in New Zealand is not so well known nor understood by the majority of Pākehā. However, there are many New Zealanders who have settled or been born here since 1840, and who are very well versed in history and responsibilities under the Treaty. They too are an important source of opinion. Many are historians, or members of the Court, or Church members.

A variety of community organisations both local and national, and individuals from a wide section of the community are also represented. These sources have been supplemented by submissions to the Royal Commission from Pākehā groups and individuals. Published academic works which cite Pākehā authorities both contemporary and historical, records of court cases, and tribunal hearings have also been useful to us.

The discussion that follows looks at the Treaty of Waitangi and Social Policy. Although the Treaty was signed almost 150 years ago and has been with us ever since, recent years must rank alongside the final decades of last century for the prominence that the Treaty has assumed in a national life. Undoubtedly we all have begun to recognise that.

The Treaty Always Speaks
Te Reo o te Tiriti Mai Ra Anō

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Mānuka Hēnare and Edward Douglas

March 1988

1 Te Mana o Te Tiriti o Waitangi— The Authority of the Treaty of Waitangi

Mānuka Hēnare and Edward Douglas

Ko ōku whakaaro ake mō te Tiriti o Waitangi, he taonga tapu, he mea tā ki te moko no o rātou kiri. He tapu ra o tātou tupuna, he mātauranga, he tohunga, he Ariki hoki.

My own thoughts regarding the Treaty of Waitangi are that it is a sacred treasure. It was made so when the rangatira signed it with a reproduction of their personal moko. These rangatira, our ancestors, were tapu, possessed of infinite knowledge. They were tohunga because they were Ariki (Sir James Hēnare in Blank *et al*, 1985:113).

The significance of a Māori understanding of the Treaty of Waitangi is described in the above words by Sir James Hēnare (1985, 1987). He is the only surviving member of the Council of Chiefs of Ngāpuhi. This rūnanga (Council) was established in the 1880s and was known as the Paremata o te Tiriti o Waitangi (Parliament of the Treaty of Waitangi).

According to this Māori perspective, the mana of the Treaty of Waitangi adds considerably to its status as a legal document and a legal compact. While aspects of its legal status may be the subject of debate today in the community and in the courts, this should not be allowed to cloud the Māori view of its mana. Many Pākehā may see the Treaty as merely an interesting historical document of little importance today, but this is not the consensus of opinion within the Māori community (Orange, 1987:5; *Kaituna Report*, 1984:5.2).

He Kawenata—A Covenant

The Treaty made a kawenata (covenant) between the Māori people and the British Queen and thus the British Crown. This covenant

was to enable the peaceful acquisition of land for settlement purposes and to ensure that immigrants could come in peace and live in Aotearoa. In return the Queen and the Crown were to respect Māori authority over their lands, fisheries, forests and other aspects of Māori culture and extend British citizen status to Māori people.

Claudia Orange (1980) in her study of the 1860 government-sponsored hui of rangatira held at Kohimārama, Auckland, confirms that Māori attitudes and understanding of the Treaty were almost certainly at variance with those of British officialdom and with European perception of the Treaty in general. It suggests that the Treaty may have been understood by or at least explained to Māori as a covenant between Queen and Māori similar to the covenants of the Bible.

He Taonga Tapu—A Sacred Treasure

The Treaty is a taonga tapu, a sacred treasure. It was enhanced when the rangatira and Ariki (Māori leaders) of the time confirmed their part of the covenant through Kōrero, the power of the spoken word in discussion, and by the placing of their moko (tattoo marks) or signatures on the Treaty documents. The mana of the rangatira was the mana extended to them from their hapū and iwi. Without hapū and iwi support the rangatira would not have put their moko or signature to the document. It is these combined acts which have made the Treaty a taonga tapu (Kawharu, 1984:2).

The rangatira, in accordance with Māori custom, gave their word that Māori would honour the covenant. As a kawenata and taonga tapu it has a deeper significance because the act of making the covenant, and the commitment to the ideals of the Treaty, embody Māori spiritual and religious beliefs. The wairua (spiritual) aspect of the Treaty draws on the Māori religion of the time and the Christian beliefs already adopted by many of the rangatira of the day.

Closely related to the spiritual dimension of the Treaty is the spirit in which the Treaty is interpreted. The Waitangi Tribunal in its *Motunui Report* (1983) discussed the interpretation of the Treaty. The Tribunal said:

A Māori approach to the Treaty would imply that its wairua or spirit is something more than a literal construction of the actual words used can

provide. The spirit of the Treaty transcends the sum total of its component written words and puts narrow or literal interpretations out of place (*Motunui Report*, 1983:10.1).

In signing the Treaty, the rangatira were often unsure of the exact outcome of their decision to be party to the covenant. They had confidence however in missionary advice and in the good faith of the British Crown. The Māori Christian saw that the British Crown embodied both spiritual and temporal leadership, and Māori trust in the English and French missionaries, and in the Crown, can be seen as the essence of the 'spirit' of the Treaty.

It was not only Māori who hoped that good would come of the Treaty. Many Europeans believed that good was intended. The first Bishop of New Zealand, the French Catholic Bishop, Jean Baptiste Pompallier, favoured the establishment of a British administration (Orange, 1985:3; Turner, 1986). The mana of the Māori signatories and the involvement of the Pākehā missionaries are not adequately addressed by focussing on the legal status of the Treaty alone. In Māori terms the Treaty made a covenant between the Māori and the British Queen and this compact was witnessed by God (Kāwharu, 1984:2.8.5). According to Professor Hugh Kāwharu (*Kaituna Report*, 1984:4.11) no other ethnic group in New Zealand has ever had such a solemn pact made with it.

It is not generally known that five Māori women signed the Treaty of Waitangi. They were—Ana Hamu, the widow of Te Koki original patron of the Paihia mission; Te Rau o te Rangi (Kahe) of Te Wharekauri and Ngati Toa at Port Nicholson; Rangi Topeora, chieftainess of Ngati Raukawa and Ngati Toa at Kāpiti (she was one of Te Rauparaha's military strategists); Rere o Maki, of Wanganui; and Ereonora, wife of Nōpera of Te Rārawa at Kaitaia (Orange, 1987:90).

Orange suggests that more women could have signed if they had been allowed by the British agents. Major Thomas Bunbury refused to allow the daughter of Te Pēhi of Ngatitoa to sign at Cloudy Bay. She was angered by the insult and her husband, one of Nohorua's three nephews would not sign, probably as a consequence. At Kāpiti, some of the women argued to no avail that there should have been more women involved as signatories since the Treaty was with a British woman (Victoria) (Orange, 1987:91).

Nowadays these five women signatories are quoted as the basis for a claim for greater status for women within contemporary

Māori society. They are an indication of the attitude of the tribes towards women and their status in earlier times. It is not without significance therefore that Māori women were party to the covenant which established the New Zealand nation.

A Constitutional and Legal Document

The Treaty was also seen as a constitutional and legal document by the rangatira who were acting on behalf of their respective hapū and iwi. The following group of historical events, culminating in the signing of the Declaration of Independence in 1835, contributed to the emerging sense of the Māori people as a nation (Orange, 1987:23):

In the 1820s some rangatira like Hongi Hika, already aware of other European colonialist designs, had travelled to Europe. There they observed, and were impressed by, the British Parliament and the strength of the British military forces.

In 1831 thirteen rangatira, with the assistance of missionaries in Tai Tokerau (Northland), wrote to King William IV. They expressed concern at their own tribal troubles and the possibility of strangers taking their land, and asked that the King become their friend and guardian. The rangatira were aware too of the troublesome behaviour of some Pākehā, and asked the King to deal with them lest the anger of the people of this land fall upon them. In response to this and similar pleas James Busby was appointed British Resident and was sent to the country to represent the British Crown (Buick, 1914:10).

In 1830, a ship constructed in New Zealand, but sailing under no flag, had been arrested in Sydney on the grounds that her register was not legal. Two rangatira on board interpreted the incident as an insult to their mana. At this time New Zealand had no status in international law as understood by Europe. To resolve this problem, which was affecting trade, a group of rangatira met with Busby during 1834 and adopted a national flag. This flag was acknowledged by the British Crown, and the Admiralty was instructed to protect New Zealand made ships registered from Trans-Tasman trade. The latter was, by and large, Māori trade (McLintock, 1966:694). The flag was later used as a symbol of Māori identity—it identified New Zealand as a separate country, a new born nation, yet associated with Britain (Orange, 1987:21; Buick, 1914:21). In British terms, national flags, anthems and emblems (along with declarations and treaties) were important symbols of sovereignty and nationhood (Hobsbawn, 1983:11).

During 1835 another powerful symbol of nationhood took form when 34 rangatira signed He Wakaputanga o te rangatiratanga o Nu Tirene—the Declaration of Independence. Later signatories brought the total to 52 (Orange, 1987:21, 22). The mana of the signatories extended from Ngati Kahungunu (Hawkes Bay to Wairarapa) to Waikato and Te Tai Tokerau

(North Auckland) (Hēnare, M., 1985a:10). The aim of the rangatira was to meet in congress annually and to frame laws for the promotion of justice, peace and trade (Orange, 1987:22). The Declaration—and hence the sovereignty and independence of Nu Tirene explicit in its text—were acknowledged by the British Colonial Office.

Subsequently, further recognition of New Zealand as an independent territory was given by several British statutes (Orange, 1985:2); this recognition was duly noticed by other nations as well as by British nationals (Orange, 1987:32).

The above account helps in the understanding of the developing Māori consciousness of international affairs and the interest of some of the then European powers in the Islands of the Pacific. It also indicates an emerging desire on the part of the rangatira to be in control of their tribal areas and the country as a whole, thus ensuring the wellbeing of the hapū and iwi. From out of this came the Treaty of Waitangi (Hēnare, M., 1985a:9).

The desire for mana Māori motuhake, a phrase embracing ideas of autonomy, self reliance and cultural integrity, is of long standing and was consistent with similar aspirations in many other parts of the world (Kawharu, 1984:3). Māori people of today hold similar aspirations, but because of the Treaty of Waitangi and its many facets (a covenant, a sacred treasure, a partnership, and a legal and constitutional document) mana motuhake is to be seen in terms of a partnership.

Contemporary Māori Opinion

In 1934 at Waitangi, at Te Tii Marae, a massive tribal representation of some 10,000 people gathered to celebrate the ninety-fourth anniversary of the Treaty's signing (Orange, 1987:230,234).

The 1934 celebrations from the Māori point of view, were not merely an anniversary of the signing of the Treaty. They also marked the centenary of Britain's acknowledgement of Māori sovereignty in 1834 with a gift of a national flag which became known as the flag of the United Tribes of New Zealand. In 1934 a replica of that flag was apparently unfurled at Waitangi in addition to the union jack, although this was not noted in the published record of the celebrations. The Māori understanding of the Treaty as an agreement recognising Māori independence was, therefore, sustained in 1934, alongside Bledisloe's encouragement to regard the Treaty as the foundation of New Zealand's nationhood (Orange, 1987:235).

Later in 1984 and 1985 representatives of hapū, iwi and Māori organisations met at two national hui (assemblies) to bring together collective opinions from Māori people on the Treaty of Waitangi today. The first hui held at Tūrangawaewae Marae, Ngaruawāhia, involved some 1,000 representatives. In a show of solidarity and with an understanding of Māori history those present at the hui made the following statement about their vision as tangata whenua of Aotearoa.

- 1 The Treaty of Waitangi is a document which articulates the status of Māori as tangata whenua of Aotearoa.
- 2 The Treaty of Waitangi shall be the basis for claims in respect to land, forests, water, fisheries and human rights of Māori people.
- 3 The Treaty of Waitangi is a symbol which reflects Te Mana Māori Motuhake. We declare that our mana tangata, mana wairua, mana whenua supersede the Treaty of Waitangi (Blank *et al*, 1985:2).

In February 1985, a second national gathering of some 1,600 hapū and iwi representatives, met in a follow-up hui at Te Tiriti o Waitangi Marae (Bay of Islands). Its purpose was to continue discussing the themes of the Ngaruawāhia hui, and the participants expanded the principles decided at the Ngaruawāhia hui. On the status of the Treaty, the following emerged:

- The Treaty is a document vested with the mana of the Māori signatories and which articulates the status of the Māori as tangata whenua.
- The Treaty should be respected in a unique way in our constitutional system.
- The Treaty is a guarantee of rights to lands, forests, waters, fisheries, as well as human rights and as a corollary, the Treaty should give rise to rights that are legally enforceable. The Treaty should be treated as a principal constitutional document to which legislation must conform.
- The Treaty gives recognition of the Māori as equal partner with the Crown (with consequences in the system of parliamentary representation).
- The Treaty is a symbol which reflects Te Mana Māori Motuhake (*Nga Kōrero me ngā Wawata mō Te Tiriti o Waitangi*, 1985:9-10).

The Waitangi Tribunal has become an authoritative forum for Māori opinion about the Treaty, its principles and applications. Its findings on particular claims are founded on evidence provided by recognised rangatira who are able to speak for their people.

He Kawenata nā te Hui Taumata: A Covenant from the Māori Economic Development Summit Conference 1984

At the end of this national conference convened by the Minister of Māori Affairs, another kawenata (covenant) was made between the Government and representatives of the Māori (hapū and iwi).

Among the many articles of this covenant was the following:

Measures to safeguard by constitutional means the inherent rights of the Māori, including the provisions of the Treaty of Waitangi, are long overdue. This should be the subject of close study by Government in conjunction with the Māori people.

Māori Claims to the Courts

Despite the Māori consensus that the Treaty has legal status and is a constitutional document, its standing in the existing legal system is controversial for many Pākehā.

Māori people have persistently pleaded the Treaty in the Courts but with limited success (Māori Legal Services, 1987:1). The most notable Court cases are dated from 1847, then 1877, 1881, 1902, 1912, 1914, 1956, 1965, 1977, and 1987. The Courts adopted the conventional approach to treaties, particularly the general rule that a treaty must be incorporated by legislation in municipal law. It is only in recent times that legislation has provided greater access to the Courts and has enabled Māori people to plead the Treaty. In the earlier cases cited, where there was no legislation, the Courts could not recognise its force. They nevertheless often recognised its moral force and the Crown's responsibility.

In the 1987 Court of Appeal case (*New Zealand Māori Council v Attorney General and others* hereafter referred to as the New Zealand Māori Council case), Mr Justice Somers observed:

This is not to suggest that the Courts have ever supposed that the Crown was not under an obligation to have regard to the Treaty although that duty was not justiciable in this country, at least when the dispute was not with the Crown in respect of its prerogative or royal rights. In 'in re London and Whitaker Claims Act 1871' (1821) 2 NZCA 41 Arney C.J., delivering the judgment of the Court of Appeal, said, at p. 49, 'The Crown is bound both by

the common law of England and by its own solemn engagements to a full recognition of Native proprietary right'; in 'Nireaha Tāmaki v Baker' (1894) 12 NZLR 483 (not affected on this point by the appeal reported [1901] Ac 561) Richmond J. for the Court of Appeal said, at p. 488, 'the Crown is under a solemn engagement to observe strict justice in the matter, but of necessity it must be left to the conscience of the Crown to determine what is justice'; in 'Baldick v Jackson' (1911) GLR 398 Stout C.J. observed of a claim that a whale was a royal fish under a statute of Edward II that it 'would have been impossible to claim without claiming it against the Māoris for they were accustomed to engage in whaling, and the Treaty of Waitangi assumed that their fishing was not to be interfered with'; and in 'In re The Bed of the Wanganui River' (1962) NZLR 600, Turner J. at p. 623 said, 'Upon the signing of the Treaty of Waitangi, the title to all land in New Zealand passed by agreement of the Māoris to the Crown; but there remained an obligation upon the Crown to recognise and guarantee the full exclusive and undisturbed possession of all customary lands to those entitled by Māori custom'. (NZAR, 1987, 6:399) [emphasis added]

The Existing Legal Status of the Treaty of Waitangi

From a Māori point of view, there has been a problem regarding the attitudes of the Courts to the Treaty of Waitangi. In his inaugural lecture, F.M. Brookfield, Professor of Law at University of Auckland, spoke about two areas of difficulty:

First there is the attitude of the courts to the Treaty of Waitangi. Few today would accept Chief Justice Prendergast's 1877 description of it [the Treaty] as a nullity. But the orthodox view is . . . that the Treaty of Waitangi 'confers no rights cognizable in a court of law'. A modern view might nevertheless allow it a role in assisting the interpretation of legislation. Otherwise it seems that the orthodox view must stand . . . I do not accept that this should be so. I say merely that the judges over the last 140 years cannot be criticised for not recognising Waitangi as part of the Constitution. There was no basis on which they could do so.

But and here we come to the second area of difficulty—the courts cannot be similarly exonerated in their refusal to recognise at common law and quite apart from the Treaty, Māori customary tribal rights in respect of land and fisheries (1985:15–17).

Professor Brookfield cited recent work done by academic writers. This work he said,

. . . appears to leave no doubt that since the late 1870s successive New Zealand judges have misunderstood the law. This is not a matter of academic criticism, in the pejorative sense of 'academic', so often suspect to

practising lawyers; who might be heard to ask incredulously whether eminent judges from Sir James Prendergast to Sir Alfred North could all have got it wrong?

But it appears from the research mentioned, at least the broad conclusions of which I certainly accept, that they did indeed get it wrong.

However there was a time when interpretations were different:

Earlier New Zealand judges, beginning 1847 with Martin C.J. and H.S., Chapman J. in *R. v Symonds* got it right, correctly (at least in essentials) interpreting and following persuasive line of authority from the United States Supreme Court, that recognised aboriginal land rights as in effect a legal encumbrance on the title of the Crown or State as ultimate land-owner; an encumbrance lasting until those rights were legally extinguished either by purchase by the Crown or by legislative action (Brookfield, 1985:17).

Interpretation of the Treaty of Waitangi, the recognition of Māori land rights, and discussion of the duties of the partners to the accord are currently within the domain of the New Zealand legal system, including the Waitangi Tribunal.

The debate surrounding legal standing has two aspects: the international status perspective and the constitutional status perspective.

International Status Perspective

In the Appeal Court case, the New Zealand Māori Council argued that the Treaty was an international agreement between sovereign nations. The difficulty with this approach is that discussion often focusses on whether the Māori in 1840 constituted such a nation. For the Crown or others to deny or to question nationhood has always been seen by some Māori as an attempt by the Crown to avoid its responsibility by discrediting the Treaty. Nevertheless the discussion does help in the understanding of Treaty ramifications.

Laws were passed in the years 1805, 1810 and 1814 (both in New South Wales and Britain) attempting to control the lawlessness of expatriates in New Zealand. These measures met with little success. Further statutes were passed in the years 1817, 1823, and 1828.

The acts were no more successful in bringing various criminals to trial than the previous moves, but they did clarify one matter: 'they defined New Zealand as "not within His Majesty's dominions".' His legal recognition of the country as an independent territory was to be taken into account by the Colonial Office when it decided to negotiate for a cession of sovereignty in 1840 (Orange, 1987:8).

Mention has already been made of the endorsement of He Whakaputanga o te rangatiratanga o Nu Tirene (A Declaration of the Independence of New Zealand), by the 'United Tribes of New Zealand'. A flag had been chosen and acknowledged by the British Admiralty several months before this, affording New Zealand built ships protection whilst trading (Orange, 1987:20).

These actions and the acknowledgement of the Declaration of Independence sent by the Colonial Secretary to the Governor of New South Wales support the requirement for international treaties, namely that both partners be independent autonomous states.

The text of the Colonial Secretary's instructions to Governor Hobson dated 14 August 1839, and expressions of intention after the signing, leave little doubt that the secretary intended the Treaty to have international standing.

... the increase of national wealth and power promised by the acquisition of New Zealand would be a most inadequate compensation for the injury which must be inflicted on (the indigenous) Kingdom itself, by embarking in a measure essentially unjust and too certainly fraught with calamity to a numerous and inoffensive people, whose title to the soil and sovereignty of New Zealand is indisputable, and has been solemnly recognised by the British Government (*Ōrākei Report*, 1987a:11.9.2).

In 1844 in a letter to Governor Fitzroy the Colonial Secretary said that he

... repudiated the notion that the treaties which we have entered into with these people are to be considered as a mere blind to amuse and deceive ignorant savages. In the name of the Queen I utterly deny that any Treaty entered into and ratified by Her Majesty's command was or could have been made in a spirit thus disingenuous or for a purpose thus unworthy. You will honour and scrupulously fulfil the conditions of the Treaty of Waitangi (*Ōrākei Report*, 1987a:11.2.2).

From time to time it had been argued that the South Island became British not by the ceding of sovereignty through the Treaty, but by proclamation based on the right of discovery. Important rangatira of Te Wai Pounamu (South Island) including Iwikau, Karetai, Tikao and Tūhawaiki signed the Treaty in May and June 1840; this was contemporaneous with both Hobson and Bunbury's separate proclamations of sovereignty over the South and Stewart Islands on the basis of Captain Cook's so-called discovery (Orange, 1987:84). This course was suggested by the Secretary of State for Colonies, Lord Normanby. Nevertheless, Major Bunbury, who had been deputed by Hobson to promote the Treaty in the South,

continued the quest for signatures from South Island Māori, possibly because they were unsure of the legitimacy of the outright proclamation. Evidence suggests that the southern rangatira were well aware of the Treaty and its implications. The proclamations of sovereignty were based on the erroneous assumption that Southern Māori would not have the ability to observe even the form of a Treaty (Orange, 1987:77).

Tūhawaiki was the Ūpoko Ariki (paramount leader) of Kaitahu and signed the Treaty at Ruapuke Island in Foveaux Strait.

On 14 February 1840 Tūhawaiki, Tikao and other southern rangatira were in Sydney where they were invited by Governor Gipps to sign a Treaty of Cession. This they declined to do (Orange, 1987:260).

On 10 June 1840, Tūhawaiki was back in the Foveaux Strait area and when invited to sign the Waitangi Treaty he did so 'without hesitation'. Orange argues that the Māori in the South

... had been associated with Pākehā for longer than those in any area other than the Bay of Islands. By inter-marriage and co-habitation, Southern Māori had acquired considerable knowledge of Pākehā ways (Orange, 1987:77).

Contact had brought changes: disease, and murderous raids from North Island Māori assisted by Pākehā ships, predisposed the Southern tribes to agree to the Treaty as a means of protecting their legitimate interests.

Both Tūhawaiki and Tikao appeared to understand the nature of the Treaty and some of its implications for land and trading interests. Tūhawaiki viewed the Treaty as a pre-requisite to obtaining Crown protection of his rights. He built, owned, sold and sailed ships trading with Australia, and also owned a fleet of whaleboats, with which he maintained the southern trade. Tūhawaiki has been referred to as shrewd, sagacious and knowledgeable, among other things he was a principal southern informant of Edward Shortland. He presided over the Ōtakou block purchase negotiations of 1844 (Orange, 1987:77-78; Scholefield, 1940:399-400).

That the Treaty of Waitangi, rather than a proclamation based on 'right of discovery', was the valid constitutional instrument used for the British settlement of Te Waipounamu has since been reaffirmed by the Kaitahu and Kāti Māmoe. These tribes lodged a claim against the Crown in 1986 with the Waitangi Tribunal.

Also in 1986, the Bi-Cultural Commission of the Anglican Church on the Treaty of Waitangi supported the contention that 'New Zealand was a state and the Treaty a treaty', for international recognition. The Bi-Cultural Commission proposed four arguments to support the contention that Māori sovereignty was acknowledged fully in the actions that led to the Treaty signing:

- 1 Acknowledgements of sovereign status which were made several times in the lead up to the signing of the Treaty.
- 2 The form of the authorisation given by the Colonial Secretary to Governor Hobson and the preamble to the Treaty articles which detail a negotiation for cession.
- 3 The form of the Treaty document, a form only appropriate for international regulation.
- 4 The proclamation of sovereignty by Governor Hobson which in the North Island was dependent upon the cession of sovereignty contained in the Treaty (*Te Kaupapa Tikanga Rua*, 1986:16).

However these arguments had been disputed. The Treaty may be considered an international treaty. International arbitral tribunals have twice held that the Treaty of Waitangi was a valid and effectual international treaty of cession. The two cases were *Rogers & Counder* the Convention between Great Britain and the United States, 8 February 1853, and the Anglo-American Pecuniary Claims Tribunal, 1925 (Kingsbury, 1987:23). Such findings are not legally binding but have persuasive value in New Zealand.

The Anglo-American Pecuniary Claims Tribunal considered the Treaty when it heard the Webster claim. Webster claimed he had purchased 5 million acres of land before the Treaty was signed and therefore was exempt from the Land Claims Ordinance 1841. Under this ordinance Webster was required to demonstrate the authenticity and the propriety of the purchase. The Tribunal found there was nothing in the claim (Keith, 1981:1; Nielsen, 1926:541, 543, 537).

Constitutional Status Perspective

When the Treaty is viewed as a constitutional foundation and part of the social fabric of society, rather than as an international agreement, general similarities and differences become obvious.

In the decades following the signing, there is little doubt that the Courts considered the Treaty as a legally binding document: as mentioned, the leading case was that of *R. v Symonds* 1847. After the *Wi Parata v The Bishop of Wellington*, 1877 case and with the passing of Acts such as the Land Title Protection Act 1902 and the

Native Land Act 1909, the Treaty has not been a source of rights in law. As stated earlier the Treaty was seen by Māori leaders as a constitutional document. The Kotahitanga Movement presented tribal and inter-tribal grievances to the government during the latter part of the nineteenth century. Their aim was to protect Māori rights 'under the Treaty of Waitangi' (Williams, J., 1969:51, 52, 57).

In 1894 Hone Heke, MP, a leader of the Kotahitanga Movement and Member of Parliament for Tai Tokerau, attempted to introduce a Native Bill of Rights (McLintock, 1966:13). Although the Bill was eventually thrown out some of the principles were embodied in the later Land Control and Administration Act 1900, and the Māori Councils Act 1900. The Bill was thrown out in 1900 after many attempts by Hone Heke to introduce it. At each attempt Pākehā Members of Parliament would leave the Chamber ensuring a quorum was never in the House. The Native Bill of Rights proposed a Māori Constitution for all persons of the Māori race and provided for the enactment of laws by a Parliament elected by such persons. These laws were to relate to and exclusively deal with personal rights, lands, and all other property of the Māori living in New Zealand (Heke, 1894:1). Heke was the spokesperson for Māori people about the Bill. In an interview in 1893 he said:

Our first aim is to ask the New Zealand Parliament to grant the natives a separate constitution . . . They base their right, first upon the Treaty of Waitangi, and then upon the Constitution Act 1852 . . . They contend that the provisions of the Treaty have been violated, and in the latter case they have not had the opportunity or the privilege of obtaining the right set forth in Clause 71 (Heke, 1893:163-64).

The Māori leadership of the latter nineteenth century was concerned about constitutional and human rights matters related to their people. The settler government was unsympathetic, as seen by its Acts of Parliament (Hēnare, M., 1985a:4); it was also supported by an English legal system established to meet the requirements of the settlers (Kelsey, 1984:21).

The current legal status of the Treaty is still not clear despite the 1987 judgement in the *New Zealand Māori Council* case (Hēnare & Douglas, 1988:1.7).

Neither the provisions of the Treaty of Waitangi nor its principles are as a matter of law, a restraint on the legislative supremacy of Parliament (Somers, NZAR, 6, 1987:399).

The other judgements in the New Zealand Māori Council case carefully avoided such pronouncements. Despite disquiet from some sources as to what this case achieved in the Māori cause (Kia Mohio Kia Mārama Trust, 1987a, Part 6:2), its judgements became part of the New Zealand social fabric, and as having some influence because of this.

The case also helped to clarify the concept of 'the honour of the Crown'. As Mr Justice Richardson said,

Where the focus is on the role of the Crown and the conduct of the Government that emphasis on the honour of the Crown is important. It captures the crucial point that the Treaty is a positive force in the life of the nation and so in the government of the country (NZAR, 6, 1987:390).

The moral status of the Treaty as conferred by the involvement of the partners' honour and the unclear legal position could be reconciled. Entrenchment of the Treaty as a constitutional foundation would bind the partners legally and the Treaty would be a direct source of rights.

Consequently, although there is increasing acknowledgement that the Treaty of Waitangi is a cornerstone document for New Zealand constitutional arrangements, the situation is similar to that for international treaties: an Act of Parliament is needed to cement the Treaty in position. Thus it becomes clear that Parliament intends the Treaty to be given full effect, and that the Crown is an honourable partner.

Current Status

The situation is that although courts might not give direct effect to the rights of the Treaty, they might:

- 1 interpret legislation so that it does not breach the Treaty (Huakina),
- 2 give content to general language in legislation by reference to the Treaty (Te Weehi),
- 3 use the Treaty as evidence or declaratory of the existing customary position (even Wi Parata acknowledges that possibility),
- 4 in an extreme case use the Treaty as a basic limit on legislative power. (Keith, 1988:2)

The Courts are now able to look to the Treaty because they are able to find in very limited instances an Act of Parliament containing a command that they should do so. Where there is no specific command in the Act, the Courts may apply the accepted principle that Acts of Parliament should be interpreted, where possible, so as not to conflict with the Treaty obligations of the Crown as part of the New Zealand social fabric. Thus according to Richard Boast (1987:245), Lecturer in Constitutional Law and Legal History, the status of the Treaty as a constitutional document has not been formally altered as a result of the *New Zealand Māori Council* case. However, he noted there was a willingness by Mr Justice Cooke to see the Treaty as an aid to interpretation. In such situations the Courts have managed to accomplish surprising things with the principles of natural justice.

If the Court is confronted with a problem of statutory interpretation it will, where appropriate, lean towards the meaning which is most in accordance with Treaty principles. This will be so even where the statute in question itself makes no reference of any kind to the Treaty (Boast, 1987:245).

Mr Justice Cooke accepted a submission: '... that the Court will not ascribe to Parliament an intention to permit conduct inconsistent with the principles of the Treaty' (NZAR, 6, 1987:15).

Although the Royal Commission on the Electoral System said that the Treaty of Waitangi marked the beginning of constitutional government in New Zealand and they recognised its special position in respect of the Māori people, and although there are references to the Treaty in a limited number of Acts of Parliament, the fact remains that the Treaty has not been recognised widely as a cornerstone of the New Zealand constitution. Until that status is achieved, the possibility remains that legislation could be introduced requiring that the Treaty be disregarded.

In March 1988, M.R. Love and members of the Taranaki tribe sought an injunction in the High Court against the sale of Petrocorp. Many of the assets of Petrocorp were situated on land subject to a claim lodged with the Waitangi Tribunal. Petrocorp was a State Owned Enterprise until July 1 1987 but ceased to be so on the passage of the State Owned Enterprises Amendment Act 1987. As an incorporated private company, it was not subject to the undertaking made by the Crown in 1987 resulting from the New Zealand Māori Council case and as embodied in the Treaty of Waitangi (SOE) Bill. The injunction failed because although the

action was pending with the Waitangi Tribunal, the beneficial outcome of which claim could be no more than a favourable recommendation to the Crown that redress be made. The applicants had not established that any of their power or privilege was directly affected by the sale, neither did they have a right which was affected by the sale, and hence the injunction was not justiciable. (Ellis J., 1988, Oral Judgement, CP No. 135/88).

The limited recourse for Treaty claimants to the ordinary Courts combined with political pressure from Māori organisations supported by Pākehā groups (including some Churches) led to the establishment of the Waitangi Tribunal, under the Treaty of Waitangi Act 1975.

The Tribunal is a Court of enquiry and is able to hear complaints from Māori that laws or government actions conflict with the principles of the Treaty to the detriment of those claimants. The Tribunal has power to make recommendations as to how the legislature and government agencies might remedy any detriment which is found to be established. Two things should be noted.

First, the 1975 Act is not a command to the Courts to enforce the Treaty. Second, the power of the Tribunal is at present confined to making recommendations. However under the recent Treaty of Waitangi (SOE) Bill, the tribunal will have some powers of decision.

In its considerations the Tribunal is required to have regard to both the Māori and the English versions of the Treaty, and to '... determine the meaning and effect of the Treaty as embodied in the two texts and to decide issues raised by the differences between them' (Treaty of Waitangi Act 1975).

In its *Ōrākei Report* (1987a) the Tribunal discussed the interpretation of treaties, referring often to the *Law of Treaties* (Lord McNair, 1961) and to relevant overseas experience and precedent:

In the case of the Treaty of Waitangi it is important to note that with very few exceptions, the Māori version of the Treaty was signed by the Māori chiefs. We believe that when there is a difference between the two versions considerable weight should be given to the Māori text since this is the version assented to by virtually all the Māori signatories. Moreover this is consistent with the *contra preferentem* rule that, in the event of ambiguity, a provision should be construed against the party which drafted or proposed that provision (*Ōrākei Report*, 1987a:11.3.2).

Growing Māori Respect for the Waitangi Tribunal

The recommendations of the Waitangi Tribunal are widely respected in the Māori community, as the proceedings are now conducted in a culturally sensitive manner. The Tribunal is seen as having a bicultural composition reflecting the theme of partnership intrinsic to the Treaty itself. Most importantly the Tribunal is viewed as the most likely avenue to justice.

The Tribunal cannot enforce its findings, it can only recommend them to Parliament. The backlog of claims yet to be heard (approximately 100) and the tardiness of the Government in responding to the recommendations may engender disenchantment (Walker, 1987:13). The Tribunal is expected to deal expeditiously with 150 years of Crown transgressions. With its present limited resources, despite much effort, only 2–3 claims are completed each year.

The problems of international and constitutional status and the problems of the Tribunal illustrate some of the confusion surrounding the Treaty. The New Zealand Māori Council case showed that because the Crown and Māori partners have not discussed the Treaty, their perceptions of it were quite different (see Chapter 2).

The texts of the Treaty itself compound the confusion. The British Crown gained the Kāwanatanga that is exercised by Parliament from Article One. In this context there is meaning behind the following statement: 'If the Treaty is a nullity then I am the ruler of this land' (Rickard, in Hēnare & Douglas, 1988:25, 1.2).

Under international law however, it is not as simple as that. It is the recognition of whoever seems to be in control which is the important criterion for the recognition of a state.

These difficulties and the effective veto that the Crown has over incorporation by legislation of the Treaty into municipal law are seen by some Māori as lying at the heart of the problem: 'Someone is dishonouring the Treaty and I want to know who' (Dame Whina Cooper, in Hēnare & Douglas, 1988:26, 3.5).

The honour of the partners is at stake. There is a sacred covenant between the Crown and the Māori people. (see 'The Pursuit of Partnership, Good Faith and Mutual Trust', Chapter 3). Therefore appealing to one another's honour in the context of good faith and mutual trust is seen as a necessary prerequisite to redressing grievances.

2 The Obligations of the Crown under the Treaty

The Nature of the Treaty

Interpretation of the Treaty does not easily render a definitive list of the obligations it places on the Crown. Because of this, the 'principles' of the Treaty have been identified by some as the basis from which reciprocal obligations should be drawn. (*Ōrākei Report*, 1987a:11.8; *Government Briefs*, 1987:321). For example, the State Owned Enterprises Act section 9 refers to the 'principles of the Treaty'.

The Waitangi Tribunal has described its view that the Treaty was a continuing and developing social contract:

It was not intended merely to fossilise the status quo but to provide a direction for future growth and development. The broad and general nature of its words indicates that it was not intended as a finite contract. It follows that there is room for movement and scope for agreement between the Crown and the Māori people which involves a measure of compromise and change (*Ōrākei Report*, 1987a:11.8.2).

An important qualification has been made by many Māori, who quote Article Two of the Treaty. To them the guarantee nature of the Article is clear. The tino rangatiratanga of the listed resources and taonga must not be compromised. That is not to say that Māori are not prepared to allow the utilisation of these resources. This is the area where leeway exists for negotiation. The right of Māori to negotiate in these circumstances should be acknowledged (Hēnare & Douglas, 1988:4).

In the *New Zealand Māori Council* case Mr Justice Cooke stated: 'The Treaty has to be seen as an embryo rather than a fully developed and integrated set of ideas' (*NZAR*, 6, 1987:369).

Three Fundamentals—Partnership, Equality and Guarantee

It is the covenant of the Treaty which establishes three fundamentals: partnership, equality of peoples, and guarantee. Many Māori believe that these fundamentals must guide the interpretation of the Treaty of Waitangi. This understanding may be controversial to many Pākehā. It emerges clearly however, from Māori interpretations of the Treaty texts, and their historical and contemporary perspectives.

The *fundamental of partnership* referred initially to the relationship between Māori people and the British Queen and Crown. Later, the relationship changed to that between Māori and the Crown based in New Zealand (and thence all immigrants and settlers). It was to be a relationship of mutual respect between equal peoples.

The rangatira sought a partnership for several reasons. Although numerically and militarily the stronger, the Māori wanted a system of law and order to govern the relationship between Māori and Pākehā. Many rangatira were also worried about the continuing conflicts between some iwi. Further they wanted continued access to internal and overseas trade and new technology, and independence from other colonial powers.

The *fundamental of equality of peoples* refers to the understanding that Māori and Pākehā would have equality and live in such a way that mutual respect and integrity were maintained.

The *fundamental guarantee* refers to the promise that the Queen would ensure that Māori were treated and protected as British subjects. At the same time the retention of Māori fishing grounds, forests, lands and other properties including culture would be guaranteed.

The Principles of the Treaty

More Dialogue of the Partners Needed

While it is heartening that following the challenge to the Crown at the Muriwhenua hearings at Te Hāpua in December 1986, the

Crown lawyers have regularly appeared to assist the Waitangi Tribunal; it is regrettable that the Tribunal did not have their contribution to assist in earlier hearings. This point was made by Mr Justice Richardson:

There is both the opportunity and the need to respond to these circumstances and to address these grievances through the forum provided by statute for that purpose—the Waitangi Tribunal—recognising that the Tribunal will require the resources to carry out its statutory responsibility and deal with claims expeditiously. As in the discharge of the responsibilities under this judgement, this will call for a constant application of the basic principle of the Treaty that each Treaty partner act in good faith fairly and reasonably within its sphere of responsibility (NZAR, 6, 1987:392).

It is the responsibility of the Crown to participate more actively in the discussion as one of the Treaty partners, and to ensure adequate resources. The different lists of principles identified by Treaty partners highlight this past lack of discussion.

The New Zealand Māori Council argued that the texts, particularly the Māori language text of the Treaty constitute the principles, and that 10 other principles are also implicit. The principles are:

- 1 the duty to actively protect Treaty rights to the utmost;
- 2 the power of the Waitangi Tribunal to investigate breaches;
- 3 a relationship like a partnership;
- 4 the duty to consult;
- 5 the honour of the Crown;
- 6 the duty to make good past breaches;
- 7 the duty to return land for land;
- 8 the Māori way of life would be protected;
- 9 the parties would be of equal status;
- 10 where Māori interest in Taonga is affected, priority would be given to Māori values. (Richardson, NZAR, 6, 1987:379)

These principles contrast starkly with those put forward by the Crown, who rejected the concept of implied principles, and therefore the basic proposition that there was a duty to consult on matters affecting Māori people.

According to Mr Justice Richardson:

The Crown could identify five principles from its analysis of the Treaty and the preamble:

- 1 A settled form of government was desirable and the British should exercise the power of Government.
- 2 The power of the British Crown to govern included the power to make laws for everything affecting 'peace and good order'.

- 3 Māori chieftainship over their lands, forests, fisheries and other treasures still existed and would be protected and guaranteed.
- 4 Māori should be given the protection of the Crown by making them British subjects, and outlawing the sale of land to anyone except the Crown.
- 5 The Crown should have first rights to obtain land from the Māori at agreed prices, if the Māori owners wanted to sell it. (NZAR, 6, 1987:379-80)

There are allegations that focussing on 'the principles' of the Treaty is an attempt to diminish the Crown's Treaty obligations:

Government has avoided honouring the Treaty itself and rewritten its obligations by:

- replacing the Treaty with the 'principles of the Treaty'; as the reference point for justice to Māori.
- Pākehā courts deciding for themselves what the 'principles' should be (Kia Mōhio Kia Mārama Trust, 1987a:Part 5, 2).

It has been suggested that the phrase 'in accordance with and to give effect to the Treaty of Waitangi' is an appropriate substitute (Hēnare & Douglas, 1988:3, 2.1).

The generalised nature and brevity of the Treaty texts lend some support to a broad interpretation, but the themes of partnership and good faith require that this should not be conducted in a one-sided or inconsistent manner. The failure to implement this requirement made some Māori wary of a broad approach. Their apprehensions are given some credence when the 'principles' are used to question to clear ownership guarantees in Article Two (cf. *Government Briefs*, 1987:324).

Waitangi Tribunal Proceedings

As described earlier the Waitangi Tribunal was established by the Treaty of Waitangi Act 1975. Its task was: '... to make recommendations on claims relating to the practical application of the principles of the Treaty. ...' Practical, in that context, envisages claims in respect of circumstances not contemplated in 1840.

Mr Justice Richardson in the *New Zealand Māori Council* case offered the following:

Whatever legal route is followed, the Treaty must be interpreted according to principles suitable to its particular character. Its history, its form and its place in our social order clearly require a broad interpretation and one which recognises that the Treaty must be capable of adaptation to new and changing circumstances as they arise (380).

and Mr Justice Somers in the same case:

The principles of the Treaty must I think be the same today as they were when it was signed in 1840. What is changed are the circumstances to which those principles are to apply (NZAR, 6, 1987:400)

As found in the Tribunal's *Manukau Report*,

... the Treaty of Waitangi obliges the Crown not only to recognise the Māori interests specified in the Treaty but actively to protect them.

The Crown is obliged by the Treaty to meet the obligations in the same manner.

... the omission to provide that protection is as much a breach of the Treaty as a positive act that removes those rights. It is the omission of the Crown to provide that protection that has been the main cause of complaint ... (*Manukau Report*, 1985:95; *Ōrākei Report*, 1987a:11.11.5)

The Crown's obligation is not only to those hapū and iwi who had their mana expressed in the Treaty by their own rangatira signing. The rangatira of some iwi did not sign, but this should not be used against them because the subsequent actions of representatives of those hapū and iwi in attending the 1860 Kohimārama Hui, by petitioning either the British Crown or the New Zealand Parliament, by invoking the Treaty or by lodging a claim with the Waitangi Tribunal, have established their recognition and adherence to the Treaty. The Crown has exercised the kāwanatanga it gained from the Treaty over all Māori, irrespective of whether they signed or not. Accordingly, the Crown must meet the obligations of the Treaty of these iwi also.

The Tribunal (*Ōrākei Report*, 11.9.1) has discussed the meaning of *te tino rangatiratanga o o ratou wenua, o ratou kāinga me o ratou taonga katoa*. In accordance with the decision of the United States Supreme Court, in the matter of interpretation of treaties with Indian people (the Court said treaties should be construed in 'the sense which they would naturally be understood by Indians'), and in the terms of the contra proferentem rule, the Tribunal has given a vital interpretation of the Māori text. Essentially they:

... concluded that the Māori text conveyed an intention that the Māori would retain *full authority* over their lands, homes and things important to them, or in a phrase, that they would retain their *mana Māori* and that this was wider in scope than the guarantee in the English text of Article 2 (Orr, 1988:2) [emphasis added].

The English text of Article Two refers to 'full exclusive and undisturbed possession of their land and estates, forests, fisheries and other properties'.

Taonga was understood to mean treasured possessions and was not limited to physical objects. Language is a taonga which must be protected as well as recognised (Orr, 1988:2).

The Treaty guaranteed the possession of lands and fishing grounds, and also the mana to control these in accordance with the preferences of the owner (*Ōrākei Report*, 1987a:11.5.24).

Article Two of the Treaty gave the Crown the valuable monopoly right to purchase land from Māori to the exclusion of other buyers. This right was used to great profit by the Crown and these profits were used to fund the colonisation of New Zealand (Adams, 1977:207-9).

In the *Waiheke Report* (1987:77) Chief Judge Taihakurei Durie found that this right of pre-emption imposed on the Crown a corresponding duty: '... to ensure that each tribe maintained a sufficient endowment for its foreseen needs'.

In the *Ōrākei Report* the Tribunal discussed at length whether the granting of the pre-emption right under Article Two imposed a reciprocal obligation or duty on the Crown. They found:

... that Article 2, read as a whole imposed on the Crown certain duties and responsibilities, the first to ensure that the Māori people in fact wished to sell; the second to ensure that they were left with sufficient land for their maintenance and support or livelihood or, as Chief Judge Durie put it in the *Waiheke Report* (1987:77), that each tribe maintained a sufficient endowment for its foreseen needs ... (1987a:137-47).

The Honour of the Crown

The most critical concept in the Treaty is honour. There is no doubt that the 1840 signatories (representing both partners) were honourable in their intentions. To the present day, Māori have argued that the Crown has not acted in the most honourable way. Rectification of injustices and continuing commitment to Treaty obligations depend on the honour of the Crown. When a claim is lodged, with the Waitangi Tribunal, it is heard and the tribunal's findings come forth as recommendations to the Crown for appropriate redress. The very process requires the Māori claimants to trust the Crown.

Contemporary Māori opinion is that the Treaty is not fraudulent, but that it requires the application of absolute honour. One of

the more telling instances of Māori attitude change is that the slogan of the early 1980s 'The Treaty is a Fraud' has almost disappeared from the Māori side of the debate. As the descendants of the rangatira signatories, Māori too must honour the word of their tūpuna.

Discussion of the Crown's obligations raises the question, who is the Crown? The Waitangi Tribunal has answered this question as follows:

'Crown' for the purposes of the Treaty of Waitangi Act has the same meaning as that given to the Crown Proceedings Act 1950, that is, 'Her Majesty in right of Her Government in New Zealand'. Currie (1953:11) states:

'Where particularisation is not required it is convenient to use the compendious term "the Crown" to include the Sovereign and also the Governor-General, Ministers and other servants of the Crown through whom and through which the executive functions assumed by the State are exercised.'

It is well recognised that the Courts are not part of the Executive arm of Government and indeed are required to function independently of it. They are not the Crown nor are they agents of the Crown (*Ōrākei Report*, 1987a:11.7.2).

The Waitangi Tribunal is not therefore an agent of the Crown, nor does it act on behalf of the Crown. It is like other Courts.

However, when a traditional Crown function is privatised, does the new service remain bound by the Treaty of Waitangi, as a partner? When the Crown devolves some of its activities, who then is the partner?

The question of jurisdiction and things done by or on behalf of the Crown are seen as important by many Māori and Pākehā. In the Manukau Claim (1985), the Te Reo Māori Claim (1986), and the New Zealand Māori Council case (1987), these questions were pertinent.

In the case of the Manukau Harbour, argument centred on the responsibilities of the Auckland Harbour Board and whether the Board is an agent of the Crown or acts on behalf of the Crown. The Board is a statutory body. It does not consult with the Crown in the exercise of its powers and its funds are independent of the Consolidated Fund.

The Claimants argued that the words 'on behalf of the Crown' were wider than 'Agent'. Therefore the tests were whether the body concerned or any project undertaken by it was in any way

promoted by the Crown as a matter of policy. The Waitangi Tribunal in the *Manukau Report* (1985) found that the Crown has a responsibility in terms of the Treaty. Then it asked whether statutory parameters prescribed for others in defining that responsibility are adequate having regard to the principles of the Treaty. According to the Tribunal, as far as the Harbour Board is concerned,

... it follows that the Crown cannot divest itself of its Treaty obligations or confer an inconsistent jurisdiction on others. It is not any act or omission of the Board that is justiciable but any omission of the Crown to provide a proper assurance of its Treaty promises when vesting any responsibility in the Board (*Manukau Report*, 1985:99–100).

To clarify the position the Tribunal (1985:132) recommended to the Ministers of the Crown that the laws relating to the ownership and control of rivers, harbours, coastal and foreshore areas be reviewed, with a view to restoring the ownership of the Crown. In this way Māori sensibilities to ownership can be reconciled with public ownership and the Crown's responsibilities as Trustee under the terms of the Treaty of Waitangi are more obvious.

In the *Te Reo Māori Report* (1986a:52–54) the Tribunal heard arguments whether the Broadcasting Corporation 'acts on behalf of the Crown' within the meaning of Section 6 of the Treaty of Waitangi Act 1975. Mr Pat Downey, Counsel for the Corporation, argued that under the Broadcasting Act 1976, Section 20(2) provision inhibits direction being given in a number of areas. Therefore the Corporation could not be said to be acting 'on behalf of the Crown' and therefore its activities were outside the jurisdiction of the Tribunal.

Alex Frame, Senior Lecturer in Law, presented an argument on behalf of the Claimants. He said that from 1936 broadcasting had been a government function in New Zealand, and except for a period from 1973 and 1976, the Minister of Broadcasting always had the power to give directions to the Corporation which 'shall have regard to ... the general policy of the Government in relation to broadcasting ...' (Broadcasting Act 1976, Section 20).

According to Frame (1986:1) the 'policy or practice' and 'acts' of the Corporation insofar as they relate to the allocation of resources towards the sustenance of Māori language and culture, are 'by or on behalf of the Crown'. He gave evidence that the Corporation is a 'state agency' and cited the *Mersey Docks and Harbour Board v Cameron* (1865) and *B.B.C. v Johns* (1964) cases.

There the United Kingdom Court of Appeal accepted the 'Mersey Docks doctrine' that the Crown's identity extended to bodies 'in consimili casu' (or in a 'like position to') Crown servants, and that bodies were to be so regarded where:

- (a) they are appointed to carry out government purposes, or
- (b) they carry out 'traditional provinces of government' (pp. 5-6).

Frame's argument was that by using the 'Mersey Docks Theory' the Crown can include bodies who perform traditional Crown duties.

The Waitangi Tribunal noted that the Courts have not interpreted Section 99(2), then addressed the matter by another way. They concentrated upon the statutory authority of the Minister, whereby he can direct the Corporation to have regard to general government policy. In the end, because of the unknown outcome of the Broadcasting Tribunal Hearings, they made no finding.

The questions raised in this discussion may have long-term ramifications in many areas of social policy and the Treaty. For instance, if over the coming 20 years future governments continue to devolve social responsibilities such as health, social welfare, pensions, employment, away from the Crown to private bodies or statutory agents, who then is the Non-Māori partner to the Treaty? It is possible to envisage a Crown with little remaining responsibility or social power under the Treaty. In this case does the Crown exist? This is a crucial question for Māori.

A possible remedy is to entrench the Treaty in municipal law and/or pass legislation in which the Crown and its servants or agents are appointed to carry out government purposes or to carry out traditional provinces of government.

Professor Gordon Orr (1988:5) has said that successive generations of Pākehā and other immigrants have enjoyed the fruits of the compact between Māori and the Crown. The Pākehā migrants have until recently largely failed to make any real concessions to the cultural values of the Crown's Treaty partners. They have in fact gained appreciably more than they were entitled under the Treaty.

For Māori the Treaty guarantees many things and it is a source of rights (*Ngā Kōrero me ngā Wawata mo Te Tiriti o Waitangi*, 1985:9). However, the Treaty is not the starting point for Māori rights. It *affirms* their status as the tangata whenua, the people of the land. Māori lore, custom and law was alive before the arrival of European settlers (Blank *et al*, 1985:2).

3 The Pursuit of Partnership, Good Faith and Mutual Trust

Partnership

The thesis of partnership stems from the reciprocal nature of the Treaty of Waitangi. The two parties both gave and received under its terms. The ongoing nature of the exchanges implies that the relationship is one that continues and develops (Orr, 1987:3).

While the Treaty itself establishes the principle of partnership, according to the Bi-cultural Commission of the Anglican Church there is a tension between Article One and Article Two (*Te Kaupapa Tikanga Rua*, 1986:19).

The tension arises from the Māori people exercising their tino rangatiratanga and the Crown exercising its kawanatanga. Māori people consider the Article Two guarantees are not open for reinterpretation, and therefore the ownership of resources should not be under question. The partnership does have a bearing when the Māori people decide how these resources are to be utilised (Hēnare & Douglas, 1988:4, 2.4).

A consistent theme emerges from Māori Hui: partnership means sharing power, and sharing control over New Zealand's progress (Hēnare & Douglas, 1988:Sec.2.2, 3.6.5).

Pākehā opinion on the Treaty of Waitangi and the principle of partnership is often expressed in very broad terms. Further, bodies that represent both Māori and Pākehā interests often adopt positions which Māori find alien. Few government departments exhibit bi-cultural power-sharing so even when their policies are favourable to Māori, they will still be seen as representing a Pākehā response. Such departments may have Māori consultative and advisory bodies, but proposals from them can be vetoed within the

departmental hierarchy. Government departments and agencies are instruments of the Crown, and the actions of these services are directed by government policy, which includes social policy. Whereas the Crown was once conceived as a mediator between Māori and Pākehā, the Pākehā has assumed the Crown's power. To many Māori the Crown is Pākehā (Hēnare & Douglas, 1988:4, 4.2).

The New Zealand Māori Council, a statutory body, believes that power-sharing and bicultural decision-making are the only methods capable of establishing meaningful partnership between the Māori people and the Crown. The Council has proposed constitutional amendments to achieve this end. Their proposals assert that the Māori people have an equal right with the Crown to make decisions, that is, one people one vote (Winiata, 1988:5).

Māori opinions on how best to implement this fundamental proposal vary. But there has been clear and consistent agreement that a meaningful partnership has yet to be established (Blank *et al*, 1984, 1985; Hēnare & Douglas, 1988).

Responses to the Requirement for Partnership

Government Departments

In June 1986 the Cabinet issued the following minute directing all government departments to assess the impact of the Treaty on their future policies:

- 1 that all future legislation referred to Cabinet at the policy approval stage should draw attention to any implications for recognition of the principles of the Treaty of Waitangi;
- 2 that departments should consult with appropriate Māori people on all significant matters affecting the application of the Treaty, the Minister of Māori Affairs to provide assistance in identifying such people if necessary;
- 3 the financial and resource implications of recognising the Treaty could be considerable and should be assessed wherever possible in future reports. (Cabinet Minutes 86/22/7 as quoted in Department of Health Circular, 26 Sept. 1986)

A further means of drawing attention to any implications which the principles of the Treaty may have for legislation is being provided through the Legislation Advisory Committee. This Committee, which is advisory to the Minister of Justice, is able of it

own volition to examine legislation introduced into Parliament. It can also review legislation referred to it before its introduction to the House, and look at subjects of public law referred to it by the Minister of Justice.

The Minister, Hon. Geoffrey Palmer, had asked the Committee to study and comment on some aspects of the legislative process, including the Treaty of Waitangi. In August 1987 the Committee prepared a Report, *Legislative Change: Principles of Process and Content*, which was endorsed by Cabinet and referred to government departments. The departments, when asking for legislation to be included in the current programme, were required to answer a number of questions. One of the most important of these was: is the proposed legislation consistent with the principles of the Treaty of Waitangi?

Constitutional changes such as a Bill of Rights have yet to occur but in many ways responses to the Cabinet directives described above have made the Treaty an active influence and enhanced its position as part of the New Zealand social fabric.

The following paragraphs are a selection of departmental responses to the Treaty and a bicultural partnership.

THE MINISTRY OF WOMEN'S AFFAIRS sees the Treaty of Waitangi as a fundamental basis from which it operates. In practice this means a commitment to a partnership between Māori and non-Māori, with the equal sharing of power and resources; the recognition of both cultures and languages, and the right to self-determination for the Māori. It is on this basis that the Māori and non-Māori staff of the Ministry work together. Within that context, Te Ohu Whakatupu (the Māori Women's Secretariat within the Ministry) works to ensure that the specific needs and values of Māori women as tangata whenua are fully considered. They operate from a whānau, hapū, iwi base and, as such, are accountable back to these groups.

A dialogue among Māori and Pākehā women took place before the Ministry was fully established, and from this, proposals for a Māori Women's Secretariat were developed.

THE TREASURY views partnership as being adequately reflected when power-sharing is adopted for areas such as fisheries, which are identified in the Treaty. In such cases, Treasury concedes that the Māori partner should have some ability to influence the decision-making process (*Government Briefs*, 1987:325). Treasury

doubts that any form of power-sharing was implied by the Treaty in areas other than those mentioned in Article Two, and cite Article Three in asserting

... the Māori people should have as much right to influence outcomes as all other persons who may be subjects, but no special rights (*Government Briefs*, 1987:325).

... in our view the principle of partnership can indeed be deduced from the Treaty, but its application cannot be divorced from the particular provisions of the Treaty and be declared to be binding on a universal basis (*Government Briefs*, 1987:326).

The Treasury view raises the important question: What is the extent of the partnership?

As mentioned, many Māori sources interpret the second Treaty article as a firm guarantee. Indeed, in both languages the text is explicitly of this nature. The Treasury's conception of 'partnership' is thus seen as another attempt to diminish the Crown's obligations. The earlier discussion of 'principles' illustrates a similar point.

The Treasury also raises questions about the application of Article Two to mineral deposits and fisheries beyond in-shore waters (*Government Briefs*, 1987:339, 334).

The recommendations of the Waitangi Tribunal regarding the Muriwhenua fisheries claim will give guidance on this question of the Treaty's extent. The claimants argued that the Treaty includes deep sea fish resources also. The basis of their argument was that when the government established a 200 mile economic zone, it exercised powers (kāwanatanga) it gained from Article One of the Treaty. The Crown's obligations to Māori fishing rights under Article Two of the Treaty should therefore have the same 200 mile extent.

THE DEPARTMENT OF HEALTH, having taken careful account of the Cabinet minute referred to above, the research on Māori health conducted by the Māori Women's Welfare League, and the recommendations of the Standing Committee on Māori Health, the Department of Health challenged itself to develop 'a bicultural (and eventually a multicultural) health system in Aotearoa', by adopting the following recommendations:

- 1 that the three articles of the Treaty of Waitangi be regarded as the foundation for good health in New Zealand;
- 2 that Māori tribal authorities be regarded as the proper trustees for Māori people;

- 3 that resources be made available to those authorities to enable them to include health in their own development programmes. Improvements in Māori health are likely to come about through whānau, hapū and iwi development;
- 4 that Māori health issues be addressed by the involvement of a greater number of Māori people in the delivery of health services and the setting of priorities;
- 5 that for Māori people, the health team must have the support of the Māori community and must include both Western-trained health professionals and those people trained in Māori schools of learning;
- 6 that training programmes should reflect the bi-cultural nature of New Zealand society. If teaching institutions are unable to adequately prepare people, they should contract out to those organisations equipped to do so. (Department of Health Circular 1986:2-3)

In October 1987, a memorandum 'Creation of Area Health Boards: The Treaty of Waitangi' stated:

... that because of the Government's recognition of the principles of the Treaty of Waitangi, the health service was obliged 'to consult and seek the involvement of Māori people in the development of policies and services and the setting of priorities'.

It would seem that to some extent action has ensued:

- bicultural education workshops have been supported;
- marae based health workers have been appointed;
- some monetary support has been given to the autonomous Māori initiative 'Te Waiora o Aotearoa Trust';
- research into the assessment of iwi strengths and weaknesses has been funded. (Department of Health, 1988)

The true commitment of the health service to the six recommendations listed above will be measured by the success of these and further programmes.

The implementation of the six recommendations will be an important step in allowing the Health Department to represent Māori perspectives adequately. If Māori perspectives are to be taken seriously by all government agencies, policies of partnership and biculturalism will need to be introduced as comprehensively as in the Department of Health.

THE DEPARTMENT OF LABOUR has produced a Māori Perspective Action Plan (1988), and a detailed programme for its implementation.

The Secretary of Labour explained that the action plan is intended to enhance the department's delivery of services to its clients (McKenzie, 1987). The failure of the plan to mention the

Treaty of Waitangi suggests the lack of a departmental ideology similar to that of the Health Department.

The success of the plan cannot yet be measured but the absence of a clear commitment to the Treaty is a cause for concern.

The Immigration Division of the Labour Department processes few if any Māori clients and therefore the current action plan will not be able to infuse this service with the Māori perspective it currently lacks. The 1986 *Review of Immigration Policy* (Burke, 1986) makes no mention of the Treaty, yet the Treaty could be seen as the first statement of an immigration policy for New Zealand. Is it fair to Māori and to immigrants to portray New Zealand as a society totally founded in Pākehā values and institutions? Should not new citizens be required to accept the Treaty as part of New Zealand's social fabric?

THE DEPARTMENT OF SOCIAL WELFARE. In July 1985 the Minister of Social Welfare appointed a committee to report from a Māori perspective on the operations of the Department of Social Welfare, which was one of the largest departments of state whose activities impinge on all sections of the community. The resulting report *Pūao-te-ata-tū* (1986) was the product of wide consultation with Māori and consideration of relevant issues including the Treaty of Waitangi.

The report was submitted to and endorsed by the Minister in 1986. Some changes in the Department of Social Welfare were instituted as a result of the report. Despite the statements of intention by official department spokespeople some Māori remain circumspect about the effect the report has had.

Further, the department has been unable to tackle the cause of Māori state-dependency. At best it can provide a culturally sensitive ambulance at the bottom of the cliff.

THE DEPARTMENT OF INTERNAL AFFAIRS. This department is entrusted with responsibilities related to national identity, cultural heritage and community wellbeing of the people of New Zealand. It carries out this role through a series of closely linked functions which are structured to deliver services to the people best and create an environment for the enhancement of community wellbeing.

The department provides constitutional services to central government and citizens which ensure the smooth running of the machinery of government and promote the national identity of the country (Ministerial Brief, 1987:4).

Initially, the department was the Colonial Secretary's Office, and dates back to the beginning of British Sovereignty in New Zealand in 1840. It was set up in that year by Governor Hobson when he appointed a Colonial Secretary, whose office was the principal agency of the Governor's administration. Although some other agencies were established about the same time, the Colonial Secretary's Office was the focal point of the Governor's administration, and the channel of communication between him and government agencies and between the government and the public.

As the central agency of the Governor, the Colonial Secretary's Office assumed a miscellany of functions, many of which later became important enough in matter and scale to warrant setting up separate departments of state to deal with them, for example Agriculture, Health, and Printing and Stationery.

In 1907, when New Zealand achieved Dominion status, the Colonial Secretary's Office was renamed the Department of Internal Affairs. Although by this date some of its duties had already been transferred to separate departments, many of its original functions remained and new ones have been entrusted to it from time to time.

For example, since the Second World War the department has assumed administrative functions in respect of the Local Government Commission, the Fire Service Commission, National Archives, the Arts and Civil Defence. The department advises government on legislation defining the functions and powers of these agencies also, and has a co-ordinating role in respect of local government together with specific responsibilities for the Chatham Islands. As at August 1987 the department administered 53 Acts, including:

Antiquities Act 1975

Bylaws Act 1910

Citizenship Act 1977

Māori Land Amendment and Māori Land Claims Adjustment Act 1926

National Art Gallery, Museum and War Memorial Act 1972

River Boards Act 1908

Waitangi Day Act 1976

Many of the department's *constitutional functions* are concerned with the office of Governor-General plus responsibility for some matters concerned with the Royal Family itself, such as supervision of the use of Royal Emblems. It is the department's traditional status in

relation to the Crown and the office of the Governor-General, and its general responsibility for the reception of distinguished guests of government which make it responsible for the planning and administration of visits to New Zealand by members of the Royal Family.

The department is the office of State Record in connection with the office of the Governor-General and the Administrator of the Government. It administers financial matters pertaining to the office of the Governor-General under the Civil List Act. The administrative and clerical staff of Government House are members of the staff of the Department of Internal Affairs, except for the Official Secretary, who is an officer of the Prime Minister's Department. The role of Internal Affairs in these fields is traditional and important (Ministerial Brief, 1987:1-43).

It is surprising, in view of the department's central place in the history of the nation, its constitutional functions and its stated responsibilities related to national identity, cultural heritage and community wellbeing, that there is no specific reference to the Treaty of Waitangi in the Briefing Papers. It is unclear what effect the Cabinet directives mentioned earlier have had on the department.

THE DEPARTMENT OF MAORI AFFAIRS The following account of this department includes an extended survey of its history in order to correct any current misconceptions about its origins and role.

The present-day Department of Māori Affairs was created out of the former Department of Native Affairs which in 1906 had evolved from the Native Department of the nineteenth century. The early departments were responsible for the transfer of Māori land to government ownership and control, and thence to settler possession. The land transfers were central to the philosophy of successive administrations in their obsessive quest for 'responsible' government:

At the heart of our experience with Pākehā institutions has been the alienation of our lands. It was the primary, driving motive for the development of 'Responsible' Government in Aotearoa (*Pūao-te-ata-tū*, 1986, Appendix I:5).

Land was wrested from Māori control through the passing of many key Acts of Parliament. Such Acts as the Constitution Act 1852, Native Lands Acts 1867, 1873, and Native Land Act 1888, gave legislative power to the Native Department to operate as it saw fit:

McLean's Native Department had long been disliked as a law unto itself. . . ' (Orange, 1987:161).

In the early twentieth century, as more and more land was alienated from the Māori people, the new Department of Native Affairs began to extend its activities. Native Boards and the Māori Purposes Fund were just a few of the entities created to aid the work of the department. Acts were passed through Parliament, and Boards, Commissions and Trustees were created. In the early 1920s, long after 'responsible' government had been established and resources fixed, the 'Pākehā government further legitimised itself by active attempts . . . to improve Māori economic status' (*Pūao-te-ata-tū*, 1986:Appendix I:13).

Yet still more Acts were passed: the Native Trustee Act 1920, and the 1926 and 1929 amendments to the 1909 Native Land Act. These later amendments allowed Māori Land Boards to lend money to Māori farmers, a step in the process of empowering the Minister of Native Affairs and his department to 'use Government funds to develop Māori lands' (*Pūao-te-ata-tū*, 1986:Appendix I:13), so that 'By 1931 the Native Affairs Department had become the ultimate corporate entity for regulating and controlling Māori Affairs' (*Pūao-te-ata-tū*, 1986: Appendix I:13).

In 1947 the Department of Native Affairs became the Department of Māori Affairs, and in 1953, the Māori Affairs Act was passed. It was subsequently amended in 1967 and 1974. As a continuation of the vast land management activities of the old department, the Board of Māori Affairs, the Office of the Māori Trustee and the Māori Land Court continued to administer the amendments to the 1909 Native Lands Act (*Pūao-te-ata-tū*, 1986:Appendix I:13).

This continues today.

In 1954, the Department of Māori Affairs stated that its aims were:

... to ensure for Māori settlers a good title to their farms, to assist them to develop the land, to teach them modern methods and to establish farming as a way of life that can be regarded as economically and socially rewarding (Kāwharu, 1977:131).

In the Corporate Plan 1987/88 (1987), the Department and the Māori Trust Office published their mission statements. The department statement was:

The mission of the Department of Māori Affairs is to give effect to Government and Māoridom's aspiration to achieve Rangatiratanga in the

sense of the agreed partnership guaranteed under the Treaty of Waitangi (1987:4).

The Māori Trust Office's mission was: 'The effective management and development of Māori resources to the economic and cultural advantage of the Māori people' (1987:6).

There can be no argument over the intent of the statements, but there is uncertainty about how their objectives can be achieved. This uncertainty is reflected in a submission presented by Hori Tuauru Forbes and others to the then Governor-General (Sir David Beattie) on behalf of the Tainui tribes:

The future of the Department will and should be widely debated. It is still not clear what the Department of Māori Affairs should and should not be doing (*Nga Kōrero me ngā Wawata mo te Tiriti o Waitangi*, 1985:150).

The following resolutions from the national hui on the Treaty of Waitangi, held at Tūrangawaewae Marae, Ngaruawāhia in 1984, include further comment on the department's role:

- That the Department of Māori Affairs be required to account to the people for its actions especially for the year by year practice of under-spending its appropriation—thereby handing millions of dollars back to the Government while Māori needs are so widespread and critical.
- We challenge Māori people to take a wider interest in the way the Māori Trust Office functions. This would ensure that the fullest possible benefits are made to the Māori people.
- The Māori Land Court be given wider powers—not less than equal to the High Court.
- The Māori Land Court and Māori Affairs should follow the recommendations of Royal Commissions to do with Māori issues (Blank *et al*, 1985:4, 6).

The department's Corporate Plan goes on to say:

Its statutory obligations are those defined in the Māori Affairs Act 1953 . . . the fundamental role of this department is to promote the development of Māori people in order that they may contribute fully to New Zealand's social, cultural and economic life (1986:5).

The Department of Māori Affairs and the Māori Trust Office are statutory bodies, and are part of the machinery of government. Their joint mission is to give effect to government and Māoridom's aspirations to achieve rangatiratanga in the sense of the agreed partnership guaranteed under the Treaty of Waitangi, and to promote the development of Māori people. However there are questions which can be asked about the obligations which institutions of government feel towards the parties to the Treaty. The signatories to the Treaty were rangatira who acted on behalf of their

respective hapū and iwi, and Hobson who acted on behalf of the British Crown. Today the partners to the Treaty are the hapū and iwi (the Māori people), and the Crown based in New Zealand.

The Department of Māori Affairs and the Māori Trust Office were not always seen by hapū and iwi as representing their interests in terms of the Treaty. History and experience have taught them to be cautious. As the Report of the Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare said:

The Māori was trapped in a structure of internal colonialism—a process by which majority culture systems reinforce and maintain social and cultural deprivation (*Pūao-te-ata-tū*, 1986:Appendix I:13).

In its preliminary submission to the Royal Commission, the Department of Māori Affairs stated that:

Māoridom has always seen the Treaty as a fundamental constitutional fact that provides the basis for economic, cultural and social rights. The Māori people believed that the Treaty upholds their status as Tangata Whenua and sees its provisions as the stamp of partnership between the Māori tribes of New Zealand and the British Queen. Virtually all Māori political movements since at least the 1850's have looked to Government to uphold the principles of the Treaty (Reedy, 1987:1).

and later,

The Treaty, the Māori people's historical experience and the Hui Tau-mata constitute the kaupapa that our Department is responding to (Reedy, 1987:5).

In elaborating on the central importance of the Treaty of Waitangi to the department's work, the submission states that:

Māori opinion is emphatic that the Treaty of Waitangi remains central to the history of New Zealand as a modern nation and that the Treaty and its principles must influence all legislation, policy and administrative decisions.

The initial Treaty of Waitangi Act 1974, and its subsequent amendment in 1985 has made the Treaty a focal point for many Māori groups seeking change. The Tribunal offers an environment where Māori grievances can be realistically appraised by Māori minds and the findings of the Tribunal offer a starting point for negotiations to resolve the grievances.

The recent decision by the Court of Appeal has impressed on the minds of all New Zealanders, the mana of the Treaty (Reedy, 1987:10).

Despite these forcefully stated views, the department and the Māori Trust Office are expected to serve both partners to the Treaty at the same time. While this can be done, and while the goals of both government and the Māori people often coincide, to

whom will the department and the Trust Office be responsible should a conflict of interest between the partners arise? Fundamentally, the Department of Māori Affairs is a Pākehā governmental structure, with the 1953 Act as its operating legislation. Therefore the department is essentially a Pākehā model, charged with the task of developing Māori people '... in order that they may contribute fully to New Zealand's social, cultural and economic life' (Dept of Māori Affairs, 1987:5).

No matter how altruistic, no matter what the desires and aspirations of the department and its officers are, it operates from a Pākehā designed framework of legislation and regulation.

Non-Government Organisations

THREE CHURCHES AND THE TREATY. The three churches directly involved in the signing of the Treaty were the Anglican Church (Hāhi Mihinare) the Catholic Church (Hāhi Katorika) and the Methodist Church (Hāhi Weteriana). Representatives of these churches were involved in various steps of the process, from the actual writing (see Orange, 1987:39), translation (Ross, 1972:132), hui organisation and the collection of signatures throughout Aotearoa (although there is not evidence of the Catholic missionaries collecting signatures).

Recognising that the Treaty would be important to the interests of the churches and the establishment of British administration, the churches sent representatives to witness and be involved in the gathering of signature. In translating the Treaty into 'Te Tiriti', the Anglican missionaries used what Dr David Williams describes as 'missionary Māori'. He goes on to say:

To understand the key concepts of this document, therefore, it is of the utmost importance to understand how these same concepts were used in the Lord's prayer, the Genesis creation stories, the New Testament and the Psalms. . . (Blank *et al*, 1985:161, 162).

The significance of the role of the churches in the signing of the Treaty, should not be underestimated, because it explains how their involvement has affected present-day church policy. Mention has already been made about the reliance of many rangatira and hapū on the advice of the missionaries, which was carefully considered (Orange, 1987:).

The Anglican Colenso and the Catholic Bishop Pompallier were instrumental in proposing an additional lesser known clause to the Treaty. It is sometimes referred to as the 'Unwritten Fourth

Clause' (Blank *et al*, 1985:178). (see Appendix II) It espoused religious freedom, especially for these three churches, and, interestingly enough, Māori beliefs.

Pompallier insisted upon the right to religious freedom and guarantees of free and equal protection to the Catholic and every other religion. Colenso insisted that Māori custom and usage be also protected. In answer to a direct question from Pompallier, Hobson agreed to the following statement which was written on paper and read to the meeting prior to signature of the Treaty (Hēnare, M., 1985a:11):

E mea ana te Kāwana, ko ngā whakapono katoa, o Ingarani, o ngā Weteriana, O Roma, me te ritenga Māori hoki, e tiakina ngatahitia e ia.

This was translated by Hobson as:

The Governor says the several faiths (beliefs) of England, of the Wesleyans, or Rome, and also Māori custom, shall be alike protected by him (Colenso 1890:31-32).

Immediately after the ensuing discussion, the rangatira started to sign the Treaty at Waitangi. There is no known record of this Article being discussed at other venues, when further signatures were added.

Alex Frame (1981:106), a Lecturer in Law, has made two comments in relation to Māori customary law. First, the second Article of the Treaty might be considered as protecting Māori custom. The expression 'o rātou taonga katoa' can extend beyond physical property and encompass culture generally, including customary law. Secondly, Colenso and Pompallier's accounts record the fact that Hobson agreed that religious freedom and Māori custom would alike be protected (Hēnare, M., 1985b:11).

At the 1984 national hui of Māori representatives in Ngaruawāhia, Te rūnanga Whakawhanaunga i ngā Hāhi, the Māori Council of Churches in its submission to the hui, said that the unwritten clause should become the fourth Article of the Treaty. It was the opinion of Te Rūnanga that Māori beliefs and customs had not been protected (*Te Rūnanga Whakawhanaunga i Ngā Hāhi*, 1985:173-74).

In the Methodist Church submission to the Royal Commission on Social Policy (no. 3736), they leave little doubt that they consider the Treaty a sacred document:

Te Hāhi Weteriana o Aotearoa, the Methodist Church of New Zealand, believes Te Tiriti o Waitangi is a sacred document which stands alongside the biblical covenants we honour.

Drawing a parallel with the covenants of the bible, the Church argues that the Treaty of Waitangi possesses all the hallmarks of a covenant. Describing the biblical covenant (Yahweh and Israel) the writers go on to say: 'The spirit of Te Tiriti is best expressed as a covenant made between two groups of people and between both groups together and their God.'

This is consistent with the view of the Bi-Cultural Commission of the Anglican Church on the Treaty of Waitangi, where they state: '... the Commission is convinced that the principles (of the Treaty) are consistent with the Gospel of Jesus Christ' (Report, 1986:25).

The Catholic Church place much emphasis on the fact that Bishop Pompallier was present at the signing of the Treaty and had much to do with the unwritten fourth clause.

Given these views, many Māori Christians are of the opinion that the churches are: nga kaitiaki o Te Tiriti (the guardians of the Treaty).

All three churches have initiated particular programmes for the development of biculturalism within their particular church. The Catholic Bishop Peter Cullinane has written: 'The Treaty of Waitangi is not a single issue and our responsibilities in its regard cannot be limited to judgement on its legal status or lack of it' (n.d.:27).

With this in mind, the Commission for Evangelisation, Justice and Development, an agency of the Catholic Church has produced a discussion kitset called *New Hope For Our Society* (1985) containing historical discussions on the Treaty, texts of the Treaty and the 1835 Declaration of Independence, a group discussion/activity booklet, and a reflection booklet relating these issues to the bible readings used on the Sundays of Lent. The Rūnanga o Te hāhi Katorika ki Aotearoa, the National Māori Catholic body, included the principles of the Treaty along with theological and pastoral arguments as part of its successful request to the Catholic Bishops for the appointment of a Māori Priest as Bishop for Māori Catholic people.

Further, the Catholic Church Archdiocese of Wellington submission to the Royal Commission (no. 2541), says:

The basic premise on which a social policy must proceed is respect for the principles of the Treaty of Waitangi. It is the foundation charter for New Zealand as a modern nation; it recognised the existence and integrity of each of two parties; it confirmed the rights of the Māori people as

'tangata whenua o Aotearoa'; and it laid the foundation for a partnership which has yet to be fully realised (p. 79).

The Anglican Church's Bi-Cultural Commission on the Treaty of Waitangi, made 18 detailed recommendations for bicultural development within the Church. These recommendations included revisions of the Constitution of the Church, the establishment of a permanent Bi-Cultural Commission, and Māori language and cultural studies requirements for all students for the priesthood.

In 1983 the Methodist Church set up a Bicultural Committee to '... facilitate the movement toward a bicultural Methodist Church'. The principle being followed by this Committee is:

... that of Māori and Pākehā as the partners in the prime bicultural relationship in Aotearoa, New Zealand, having equal voices in the direction being taken by the Church, and of having a specific group whose task it is to monitor bicultural process and progress. The Church recommended that this model be followed by Government (submission no. 3736:16).

Further recent actions include the Connexional Appointments Procedures, the establishment of the Council of Elders, and the Prince Albert College Trust Fund koha of \$1.4 million to the Ngati Paoa Whānau Trust.

In 1979 a resolution from the National Council of Churches Conference advocated the establishment of a national programme on racism. This was actively supported by the Catholic Church. In November of that year, consultation with Māori leaders took place. Since that time workshops (including annual church leaders workshops) have been held, a resource library established, consultancy and contract systems and training have all been developed under the auspices of the programme.

In the *National Council of Churches and Catholic Church Programme on Racism Report of 1986*, Bob Scott said:

... we have to consider seriously the appropriateness of asking Māori people to be advisors in their own land. The Treaty of Waitangi was meant to affirm *partnership*. Not Māori people merely 'advising' the Pākehā monocultural system how it might operate better. The challenge for the Pākehā is to 'let go' enough for there to be shared planning for the future; not one partner holding the reins while the other partner merely advises how the reins may be held (1986:Appendix 5, 2b).

PROJECT WAITANGI is a broad-based educational campaign for Pākehā New Zealanders. Its members are a dedicated group of Pākehā who assist others to acknowledge their responsibilities and commitments under the Treaty through educational resource kits, study groups, workshops, discussion and public seminars. In their

submission to the Royal Commission on Social Policy members say:

Project Waitangi is committed to structural change based on the Treaty of Waitangi. We recognise Māori as the tangata whenua o Aotearoa. We see the Treaty as the basis of our nationhood: it was and is an invitation to share this land with Māori in an equal partnership. The Treaty is also the basis of Pākehā culture. It is what makes us unique and different from British or European peoples in other lands. Though we recognise those people as our ancestors, we have a new dimension to our culture that accepts and welcomes our role as partners in a nation (L'Estrange, 1987:2).

In 1986 Project Waitangi conducted a small postal survey. The original sample of 400 produced 156 responses (40 percent). Since the size of the sample and response were so small, caution must be used in interpreting the results. Two results are nevertheless worthy of note. First, for the majority of the public surveyed, the Treaty of Waitangi is of minor importance. Second, only 31 percent saw the Treaty as a basis for Māori and Pākehā to live equally. Project Waitangi concluded that much more educational work centred on the Treaty needs to be done.

Good Faith

Good faith is a concept which partners to an agreement readily recognise, but it is not easy to define. It involves the virtues of 'sincerity and honesty which are fundamental requirements in human relationships, and these depend on trust in order to proceed successfully' (Cooper, 1987:8). The notion of good faith is related to the honour of the parties in an accord. The Treaty of Waitangi therefore involves the honour of the Crown, and the actions of the government when meeting its obligations form a 'positive force in the life of the nation' (Richardson, NZAR, 6, 1987:390).

However, Mr Justice Richardson also pointed out that:

... the Treaty has never been legislatively adopted as domestic law in New Zealand. And any reading of our history brings home how different the attitudes of the Treaty partners to the Treaty have been for much of our post 1840 history: on the one hand, relative neglect and ignoring of the Treaty because it was not viewed as of any constitutional significance or political or social relevance; and on the other, continuing reliance on Treaty promises and continuing expressions of great loyalty to and trust in the Crown (NZAR, 6, 1987:379).

Mutual Trust

In terms of human feelings, mutual trust is something deeper than both partnership and good faith, despite the principles of co-operation, honesty and sincerity which the latter concepts embody. Mutual trust indicates certainty of belief in another, faith that their loyalty and service will not be swayed and a conviction that mutual benefit is essential (Cooper, 1987:8). Thus the connection between honour and mutual trust among partners is obvious. Accepting a risk is possible when there is mutual trust. Mistrust denies any possibility of such, but mistrust can often be founded in ignorance rather than past experience (Hēnare and Douglas, 1988:24).

Mistrust of Māori efforts to attain autonomy, and annoyance at the government assistance offered to this end, is obvious amongst many Pākehā submissions (RCSP submissions 1857, 66, 1912, 2170, 1917, 1618, 2806). Pākehā involved in Treaty education maintain that feelings of guilt, mistrust and fear are often amenable to considered discussion, and can be converted to positive feelings of responsibility and concern (Project Waitangi, 1987:16).

4 The Position of Pākehā, Pacific Islanders and Members of other Minority Cultures in New Zealand, as Determined by the Treaty

Benefits for British Settlers

According to Gordon Orr, Professor Emeritus of Constitutional Law at the Victoria University of Wellington and a member of the Waitangi Tribunal, the parties to the Treaty were the Crown and the rangatira on behalf of the Māori people. The Treaty conferred great benefit on the Pākehā and all other immigrants to New Zealand whether from the Pacific Islands or elsewhere. The compact resulted in the establishment of British rule and, later, responsible parliamentary government. It further facilitated the acquisition by the Crown of vast areas of land from the Māori at little more than nominal cost (Orr, 1988:5). The historian, Adams (1977), expands on this point:

... from those government purchases which did take place, the Māoris soon learnt that they were receiving a very low price for land subsequently sold to settlers at a much higher price. They were being denied the right to sell to the highest bidder while the government by no means uninformed about the Māoris' sense of grievance, became the biggest land-jobber of all. By 1841, the Colonial Government had paid £1445 for land which it sold at £25,431; by 1844 £4,054 had been paid for land sold for £40,263 ...

The Māoris began demanding the prices which the government received from the settlers, further increasing the government's inability to buy Māori land . . . Set against the hypothetical advantages which they gained from being 'protected' against land speculators, the Māoris suffered the real disadvantages of either not being able to sell their land at all because of the government's impecuniosity, or of not being able to sell at a competitive price. It is little wonder that they felt unjustly treated, but the Colonial Office was not prepared to eliminate their grievance at the expense of the prospective land revenue and emigration fund (Adams, 1977:205).

Professor Orr continues:

Land thus acquired was on-sold by the Crown at very considerable profit thereby facilitating the construction of roads, harbours and other developments as well as financing many migrants to New Zealand. The Ngai Tahu were paid a mere £2,000 for over 30 million acres of land in the South Island under Kemp's purchase. The Ngati Whātua sold 3,000 acres including what is now central Auckland for cash and goods to the value of £341. Within 9 months the Crown had sold 44 of those acres in 119 lots for £24,275, a per acre increase of over 8,000 times (*Ōrākei Report*, 4.2. p.21).

Successive generations of Pākehā and other immigrants have enjoyed the fruits of the compact between the Māori and the Crown. Being migrants they have necessarily had to adjust their cultures to the dominant culture in New Zealand. That is the lot of migrants anywhere. But the dominant culture is not that of the tangata whenua. It too has been placed at great risk by the overpowering dominance of the British migrants and their descendants. This is at odds with the Treaty which preserved to the Māori full authority over their lands (in themselves of great spiritual and cultural significance), their homes and their valued possessions (including their language and culture). The Pākehā migrants have until recently largely failed to make any real concessions to the cultural values of the Crown's Treaty partners. They have in fact gained appreciably more than they were entitled to under the Treaty (Orr, 1988).

In the English text of the Treaty, Māori customary land title, customary law and unfettered access to the natural resources were confirmed, and an invitation was extended to the chiefs to become involved in a settled form of government which would protect their just rights and property, securing to them the enjoyment of peace and good order. For the British, the rights of settlement and occupation are conditional on the prior Māori right being confirmed, and for those rights to continue to be honoured by the Crown. The Secretary of Te Rūnanga Whakawhanaunga i Ngā Hāhi, the Māori Council of Churches, in a submission to the Royal Commission addresses this point directly:

Obviously, the dishonouring of the Treaty has brought about peculiar and detrimental results for us Māori. At the same time the dishonouring has served the interests of the settlers and their descendants. However, and to give them the benefit of the doubt, it may be still possible that there are thinking Pākehā in this country who are not aware of what the dishonouring of the Treaty means in terms of giving them unwarranted privileges, while simultaneously robbing te iwi Māori of our rights (Cooper, 1987:28).

Benefits for other Ethnic Groups

Professor Orr writes on other ethnic groups as follows:

Pacific Islanders and other members of minority groups, while not within the contemplation of the Treaty partners at the time it was signed, have likewise been subject to the dominant culture. At the same time all non-Māori New Zealanders are, like the Government which represents them, under an obligation to recognise the rights conferred on the tangata whenua under the Treaty. While the Māori have gained much from the Treaty they have also, because of so many breaches, suffered grievous loss and deprivation. Pākehā, Pacific Islanders and members of other minority cultures in New Zealand have suffered no loss but rather great benefit from the Treaty. If the Crown was to remedy the many breaches of the Treaty the consequent renaissance of the Māori people would greatly enrich New Zealand society to the benefit of all New Zealanders.

Cooper again, states that the Treaty can reasonably be described as an agreement between Māori and Pākehā, but that it is

... unlikely that in 1840 any consideration was given to it being employed as a means of establishing multi-lateral relationships between Māori and other races (Cooper, 1987:27).

He goes further to argue that many of the minority group migrants from the Pacific Islands or elsewhere, when they settle in New Zealand may

... live and act in innocent ignorance, and cannot be guilty of aiding in the oppression (of Māori), or from knowingly benefitting from the injustices. ... Indeed when Pacific people are aware of the situation, they respond in classically Polynesian fashion which gives due and full regard to us as tangata whenua (Cooper, 1987:29).

In their submission to the Royal Commission, the Pacific Islands Women's Organisation, PACIFICA acknowledged the principles of the Treaty of Waitangi which they see as the basis for all future decision-making in Aotearoa. Further they acknowledge the principle of partnership in the Treaty between the Tangata Whenua

and Tauīwi. The latter group they define as Palagi (Europeans), from which they exclude themselves. PACIFICA goes on to argue that they believe they have a legitimate claim to partnership with Māori because of the common ancestry of Māori and Pacific Islanders. Further they present a case for a partnership with Pākehā because of the past imperialist actions of New Zealand in the Pacific, and because New Zealand shares the Pacific geographical location.

PACIFICA support:

... the Tangata Whenua in their search for self-determination. The search has been generated by the process of Pākehā, (of Palagi) colonisation that brought and holds the Tangata Whenua in their present state of poor health, low pay, high unemployment, poor education, welfare dependent, poorly housed, greatly over-represented in penal institutions and suffering from culture loss. This same process of colonisation has resulted in similar consequences for Pacific Island peoples (submission 5827).

5 The Relationship Between the Status of Tangata Whenua and the Notion of Equality of all Citizens

Indigenous Group Status and Rights

The sovereign state is the most readily accepted example of a collective entity with rights. Sovereign states are 'persons' in international law, and as such have legal rights. But there are other examples of groups which have rights such as the joint stock company and, it is contended, so too do ethnic and minority groups (Van Dyke, 1982:24). The assertion that the right of a people to self-determination is somehow an individual right has no reasonable basis. If individuals have such a right it is only in their right to participate in the decision of the group. The right belongs to the group, and it is the fate of the group that is determined (Van Dyke, 1982:26). Comparable statements apply to ethnic communities, identified mainly by language. If they want to maintain their identity they are likely to insist on or demand the preservation of certain rights. Some ethnic communities such as the Māori are identified as indigenous. This implies that their members are identified in a number of ways from members of the dominant society; they are likely to differ in language, religion, race, culture and level of development (Van Dyke, 1982:28).

Van Dyke has also examined rights of *groups* intermediate between the individual and the state. He offers the following criteria for determining a code of group rights:

- 1 The granting of self-determination. The right of the state to its integrity and a centralised government structure should not always override the right of an ethnic community within the state to choose secession or some degree of autonomy.
- 2 The acceptance of some form of political communalism assuring an ethnic community of reasonable representation in the legislative, executive and judicial branches of government, including the civil and military services.
- 3 The adoption of other arrangements designed for an ethnic community to preserve its identity. Where at all feasible, this ought to authorise minorities to operate their own schools with tax support, and in appropriate ways they should ensure that minority languages are protected and used.
- 4 Affirmative action. It should be employed when necessary to undo the effects of any past discrimination, or to promote the equal enjoyment of human rights (Van Dyke, 1982:36–37).

In Aotearoa, tangata whenua status arises from being the original possessors of the land, and the special authority and powers that go with that possession. This authority and power is expressed in the concepts of mana and which rangatiratanga may be taken to mean 'all sovereign power and authority'. The concepts were used in this sense in the Declaration of Independence by Chiefs of the Confederation of United Tribes in 1835 (*Ōrākei Report*, 1987a:11.5.6). It was as tangata whenua, and through their mana that the rangatira were able to negotiate legitimately with the British Crown in 1840. In its *Motunui Report* (1983), the Waitangi Tribunal considered that the Treaty gave explicit recognition to the tangata whenua status of the Māori signatories.

The Treaty was an acknowledgement of Māori existence, of their prior occupation of the land and of an intent that the Māori presence would remain and be respected (*Motunui Report*, 1983:10.3).

In 1984 the Ngaruawāhia Hui considered tangata whenua status in relation to the Treaty, in three key resolutions. (English text):

- 1 The Treaty of Waitangi is a document which articulates the status of Māori as tangata whenua of Aotearoa.
- 2 The Treaty of Waitangi shall be the basis for claims in respect to the land, forests, water, fisheries and human rights of Māori people.
- 3 The Treaty of Waitangi is a symbol which reflects Te Mana Māori Motuhake. We declare that our mana tangata, mana wairua, mana whenua, supersede the Treaty of Waitangi (Blank *et al*, 1985:2).

Both the Waitangi Tribunal finding and Ngaruawāhia Hui make clear that mana Māori was not extinguished by the Treaty, and they establish that down to the present day some degree of

authority, autonomy or sovereignty remains with the tangata whenua. At the same time the Tribunal accepts the legitimacy of the sovereignty proclaimed by the Crown after the Treaty;

Contemporary statements show well enough Māori accepted the Crown's higher authority and saw themselves as subjects be it with the substantial rights reserved to them under the Treaty (*Ōrākei Report*, 1987a:11.5.22).

The notion of equality of all citizens arises from the common citizenship of Māori and Pākehā as British subjects. By Article Three of the Treaty all rights and privileges of British subjects were extended to the Māori people.

What these rights and privileges may mean is by no means clear. Mr Justice Richardson commented that this Article:

... has been the subject of sharply contrasting perspectives: on the one hand it reflected in British eyes the goal of assimilation and eventual submergence of Māori custom in a superior British civilisation and on the other hand it was seen as providing protection of the right of the Māori people to retain their own culture and heritage just as the British maintained theirs. Common to both perspectives was the recognition that the article provided for the Māori to be accorded equal status with other British subjects (NZAR, 6, 1987:380–81).

While not denying or rejecting the fact of being British subjects the Ngaruawāhia Hui placed more emphasis on Article Two as a basis for rights, at least insofar as the Treaty is the basis for human—as distinct from civil—rights.

Dual Inheritance

Another argument accepts the fact of being British subjects and adherence to tikanga Māori (Māori customs and practices) as a dual inheritance. There is evidence that British colonial law made provision for this situation (McHugh, 1987, ch. 5; *Kaituna Report*, 1984:5.6.8), allowing the Māori legal system to adjust to colonisation. The sudden imposition of an entirely new justice system was considered undesirable.

The Constitution Act 1852 reflected this notion: section 71 of the Act allowed the settler government to designate areas of New Zealand where Māori practices as well as law would be maintained at least temporarily:

71. Provision as to native laws and customs. —And whereas it may be expedient that the laws, customs and usages of the aboriginal or native

inhabitants of New Zealand, so far as they are not repugnant to the general principles of humanity, should for the present be maintained for the government of themselves, in all their relations to and dealings with each other, and that particular districts should be set apart within which such laws, customs, or usages should be so observed: It shall be lawful for her Majesty, by any letters patent to be issued under the Great Seal of the United Kingdom, from time to time to make provision for the purposes aforesaid, any repugnancy of any such native laws, customs, or usages to the law of England, or to any law, statute, or usage in force in New Zealand, or in any part thereof, in anywise notwithstanding. (NZ Constitution Act 1852)

These Pākehā perspectives are taken a step further by some present-day Māori, to form a guide for reconciling the two value systems, according to Te rūnanga Whakawhanaunga i ngā Hāhi (the Māori Council of Churches):

... the Māori are inheritors of dual traditions (including law), with the important qualification that where British tradition impinges upon Māori tradition, then Māori tradition is entitled to 'right of way' (Cooper, 1987:10).

Te rūnanga's proposition seeks to halt the assimilation of Māori people into total conformity with Pākehā values and practices. In the past 'right of way' has been afforded to pākehā tradition, progressively diminishing Māori society and its structures. In many ways this encouraged Māori participation in Pākehā institutions:

In that these policies—policies of 'amalgamation' as they were generally then called—assumed a high level of capability in Pacific peoples and stood ready to meet their desire to participate in the institutions of the new order, they were liberal and progressive. Their very great weakness was that they were underlain by undoubted convictions of the superiority of English institutions, and conversely by a disastrously limited appreciation of local values, of local peoples' possible preference for their own institutions and of the difficulties they would incur in adapting to new responsibilities and obligations. Though altruistically conceived, amalgamation policies could, in doctrinaire hands, become as oppressive as settler self-interest (Ward, 1978:36).

The concept of partnership as recently expounded by the Court of Appeal in the *New Zealand Māori Council* case is central to the question of the relationship of Māori rights and the more general rights of citizenship. As a Treaty partner, Māori claim and are accorded a special relationship with the Crown. As the Waitangi Tribunal has pointed out, no other ethnic group of New Zealand has ever had such a solemn pact made with it; the Māori New Zealander has a special place in our community so long as the Treaty stands in its present forms (*Kaituna Report*, 1984:4.11).

Partnership and Power-Sharing

An alternative position is that, in terms of the Treaty, tangata whenua rights involve a substantial sharing of power. Dr Claudia Orange in evidence in the *New Zealand Māori Council* case considered that the Māori might naturally have drawn the conclusion from explanations of the Māori texts that they were being asked to share some of their authority with a British administration, and that it was a protectorate type relationship that was being represented at Waitangi, one in which power and authority would be shared (NZAR, 6, 1987:378).

A discussion paper prepared by the Bi-Cultural Commission of the Anglican Church considered that the Treaty recognised and established the principle of partnership. The Treaty as well, though, incorporated a tension. The principle and tension were reflected in at least four elements.

- The Crown has sovereignty—or at least governorship, including the power to bring and maintain law and order and to make laws.
- The Māori have a continuing role in the working out of those powers (through civil rights shared equally with all citizens, and guaranteed to Māori in Article 3.)
- The Māori have as well interests to be respected or even given a certain priority.
- And they themselves have authority and a position in respect of the regulation of some matters. (Te Kaupapa Tikanga Rua, 1986:19)

The Treaty is a fundamental constitutional document which established a partnership between the tangata whenua and the Crown as well as extending to the tangata whenua the rights and privileges of British subjects which they share equally with all citizens. The question remains, however, as to what extent existing constitutional arrangements are adequate to safeguard those rights. In the *New Zealand Māori Council* case Mr Justice Richardson (NZAR, 6, 1987:379) referred to the 'relative neglect and ignoring of the Treaty because it was not viewed as of any constitutional significance' by the Crown, whom he called 'the lagging partner'. This neglect appears to have been more in the legislative and executive organs of government than in the judiciary, although Professor F. M. Brookfield has blamed the courts for failing to recognise in common law Māori customary tribal rights in respect of lands and fisheries (1985:15–16). As Mr Justice Somers put it in the *New Zealand Māori Council* decision 'Sovereignty in New Zealand resides in Parliament' (NZAR, 6, 1987:38). He went on to say:

Neither the provisions of the Treaty of Waitangi nor its principles are, as a matter of law, a restraint on the legislative supremacy of Parliament (p. 399).

Indeed, because Parliament has incorporated the Treaty in recent legislation the Courts have been able to invoke the principles of the Treaty. Thus legislative reform is a necessary area of future constitutional change.

Professor M.K. Sorrenson (1986a) recently reviewed the history of Māori parliamentary representation for the Royal Commission on the Electoral System. The Māori were effectively denied the franchise under the New Zealand Constitution Act 1852, which established representative government in New Zealand. The Māori Treaty partner had only a Governor to protect its rights against a General Assembly hostile to those rights. Even the establishment of the four Māori seats under the Māori Representation Act 1867 was not done out of recognition of special Māori rights under Article Two of the Treaty (Brookfield, 1985:12). Recognising that New Zealand is a bicultural nation from its foundation, Brookfield, a Professor of Law, saw the Treaty as a necessary basis of the constitution. Its legitimacy

... rests to an essential extent on reconciling the authority of the New Zealand Crown and Parliament developed from the *kāwanatanga* ceded in the first Article of the Treaty of Waitangi with the *rangatiratanga*, the *mana* of the Māori which should have been preserved under the second Article (1985:25).

He goes on to suggest that for 'ultimate decisions on the Treaty' there should be a special constitutional court of appeal which includes Māori representatives and persons who are not necessarily lawyers along with senior judges.

6 The Responsibility of the Crown to Protect the Tribal Domain and Fisheries and Sacred Places

Tribal Domain

In considering the Motunui claim the Waitangi Tribunal devoted some attention to the word 'rangatiratanga' used in the second Article of the Māori text of the Treaty. It found that while the Māori text went further than the 'full exclusive and undisturbed possession of their lands and Estates, Forests, Fisheries and other properties which they may collectively or individually possess' of the English text, the meaning of the term and its ramifications remained elusive for some people. It found that 'rangatiratanga' and 'mana' are inextricably related words, and that the Māori text would have conveyed to the Māori people that they were to be protected not only in the possession of their fishing grounds but in their mana to control them and in accordance with their own customs and cultural preferences.

The word was reconsidered in the *Ōrākei Report* (1987a) at very considerable length. It concluded that 'rangatiratanga' signified 'authority', and that the authority embodied in the concept was the authority of the people. 'Tino rangatiratanga' was rendered as 'full authority'. Thus the Māori text of the second Article conveyed an intention that the Māori would retain full authority over their lands, homes and things important to them—in a phrase they would retain their mana Māori (11.5.21). It further found (11.5.27) that the acknowledgement of the 'tino rangatiratanga' of

the Māori over their lands 'necessarily carries with it, given the nature of their ownership and possession of the land, all the incidents of tribal communalism and paramountcy'. These include holding the land as a community resource and the subordination of individual rights to maintaining tribal unity and cohesion.

In recognising the 'tino rangatiratanga' over their lands the Queen was acknowledging the right of the Māori people for as long as they wished, to hold their lands in accordance with longstanding custom on a tribal and communal basis (11.5.28).

Fisheries

The Waitangi Tribunal is continuing its comprehensive analysis of Māori and Crown responsibilities in relationship to fisheries. However its preliminary findings on the Muriwhenua Claim as recorded in the *Memorandum re Māori Fisheries* (1986b) and *Interim Report re Māori Fishing Rights* (1987b) the Tribunal is clarifying the position, and providing a basis for general application. (The Muriwhenua Claim involves the coastal areas in the top part of Tai Tokerau (North Auckland), including Tasman Sea and Pacific Ocean coasts.)

The Tribunal says that a comprehensive analysis of the Muriwhenua tribe's situation should include land and fishing claims together. In other words, in order for the mana of the hapū and iwi to be restored, maintained, and developed a search for a comprehensive economic base is necessary.

The Tribunal concludes that the hapū and iwi of Muriwhenua made a full and extensive fishing use of the sea surrounding their land and for a distance of some 12 miles out from shore. While the occasional fishing occurred beyond it, the 12 mile limit involved regular fishing use. Also, while there were favoured and identifiable fishing grounds, fishing occurred throughout the whole of the area. There was not one part of the seas within the zone in which the hapū and iwi can be considered not to have exercised some fishing use. It should be noted that the Claimants argued that 'where the Crown goes so does the Māori partner of the Treaty'.

The Tribunal found that the use of the seas was regulated and controlled by established practices or laws that were regularly observed. In the designated zone, fishing was restricted to the hapū and iwi of Muriwhenua or others with the prior (and revocable) licence. This restriction was able to be enforced.

The Tribunal's overall conclusion was

... the hapū and tribes of Muriwhenua held the 'mana' of the whole of the zone mentioned. The nearest British cultural equivalent is to consider that they exercised 'dominion' over ... that zone or 'owned' it. They were the tribe's territorial waters (Waitangi Tribunal, Interim Report, 1987:2).

According to the Tribunal the sea resource was essential for the physical survival of individuals and communities, and the whole economies and social networks of the hapū and iwi involved. In western terms there was certainly a commercial component capable of adaptation to commercial uses.

The Sea as Property

The main finding of the Tribunal was that the seas referred to were owned and were property in the same way land was. While the Māori did not prevent the non-Māori use of the seas for their own domestic purposes, they still considered themselves as retaining the authority over them.

Crown Responsibilities

In relation to the Crown and its responsibilities, the Tribunal said:

It is not that the Crown had the right to licence a traditional user, but rather that the Crown had to acquire a right of commercial user by the general public. There was no difference between that and the land. If the Crown wished to develop it in a commercial way, it had to buy the right to do so, it had to negotiate. It is not therefore that the Crown must merely consult when one refers to property rights, it is rather that the Crown must negotiate for a right (Chairman's comments at Chamber meeting, 1987c:2).

In earlier findings (*Motunui Report*, 1983; *Manukau Report*, 1985) the Tribunal found that the Treaty obliges the Crown to protect Māori people in the use of their fishing to the fullest extent practicable, and to protect them especially from the consequences of the settlement and development of the land. It also identified two levels of protection, viz: (1) the physical protection of the fishing grounds from abuse and deterioration as a result of pollution or destruction; (2) recognising the rangatiratanga of the Māori people to both the use and control of their fishing grounds in accordance with their own traditional culture and customs and any necessary modern extensions of them.

It found that the omission of the Crown to provide protection against various encroachments on the tribal enjoyment of its lands and fisheries was contrary to the principles of the Treaty, in spite of

the fact that the Crown recognises customary Māori fishing rights in the Fisheries Act 1983 (sec. 88 (2)). This recognition formed the basis of Tom Te Weehi's successful appeal to the High Court in 1986 (*Te Weehi v Regional Fisheries Officer*, 1986). As a result of these findings, Māori rights to fishing areas and resources are being clarified.

Wāhi Tapu—Sacred Sites

Sacred sites are sites which have a particular significance to hapū and iwi. They include the marae site, used or unused burial grounds, certain mountains, parts of forests, and parts of or entire rivers, lagoons, and coastlines. In Māori they are often referred to as wāhi tapu: sacred sites/places. The Waitangi Tribunal (*Manukau Report*, 1985:9.3.2), referring to the English text of the Treaty, pointed out that none of the above sites involve land which the Māori owners would be 'disposed to alienate' and hence that they should be covered by the Treaty guarantee.

According to the Tribunal there are existing Acts and policies for the protection of some sacred and significant sites. However, these Acts and policies do not contain the measures necessary for the 'guarantee' that the Treaty promised. In other words, the clear legislative intent is not always capable of enforcement. A review of some legislation is helpful in understanding this. The Town and Country Planning Act has provision for such sites to be noted on district schemes, but there is no requirement that they be so noted. The Historic Places Trust Act provides that the Trust Board may require the notification in district schemes of certain buildings (of historic value) and archaeological sites (of research value), but there is no provision for the protection of urupa (burial grounds) or other wāhi tapu. It seems that as the name implies the Act focusses on sites of historic importance for the people of New Zealand generally, or on sites that have a particular value for research purposes (*Manukau Report*, 1985:7.3, 9.3.2).

The Tribunal compared the provisions for what the Act describes as *traditional sites*, that is areas of historical, spiritual or emotional significance for Māori, with *archaeological sites* which are areas associated with human activity of more than 100 years and which through investigation by archaeological techniques may be able to provide scientific, cultural or historical evidence about the

exploration, occupation, settlement or development of New Zealand. The Tribunal found that although traditional sites may also be archaeological sites, the emphasis is on the scientific or research value of the site rather than its importance in Māori culture.

For both archaeological sites and historic buildings there are provisions for protection notices, for recording the notices on land titles, and for notification of the sites on district schemes. There are no similar provisions for the protection of wāhi tapu and urupa.

The Tribunal said:

Bluntly put there is one standard for sites of significance to New Zealanders as a whole, and another lesser standard for sites of significance to Māori people (1985:7.3).

While the Māori Affairs Act 1953 contains provisions for the preservation of sacred and significant sites for the common use and benefits of the hapū and iwi affected, these do not necessarily guarantee protection. For as the Tribunal observed:

Clearly there are existing Acts and policies whereby the Crown has expressed its concern to protect significant Māori sites. That intention accords with the principles of the Treaty. But insofar as the Acts and policies are not necessarily capable of being perfected, they are inconsistent with the Treaty in that it guaranteed a protection which the legislation fails to provide (*Manukau Report*, 1985:9.3.2).

7 The Protection and Development of Māori Human Resources and Other Taonga such as Language

The Protection and Development of Māori Human Resources

There is a theory that society exists for the common good of all its people (Maritain, 1944:8-9, 14-15). That is, it must provide for the conditions necessary for their human development and the fulfilment of their duties in all spheres of life, material, social, intellectual and spiritual. Consistent with that theory is the associated principle that society and culture exist for the person, and not the other way around. Māori people can identify closely with this view of society.

Not everyone would accept these premises but they do provide a useful starting point for considering the relationship of the state and society, and the person and culture. The common good in a bicultural society requires the state to provide the necessary conditions for the human development of both cultural groups.

When the state is dominated by one cultural group which imposes its culture on the other we have the tyrannical situation of the person existing for the culture. When considering the relationship between the person and culture the Second Vatican Council of the Catholic Church declared:

Human institutions, both private and public, must labor to minister to the dignity and purpose of people. At the same time let them put up a stubborn fight against any kind of slavery, whether social or political,

and safeguard the basic rights of people under every political system (Abbott, 1966:228).

By this view, imposed assimilation and the cultural hegemony exercised by the Pākehā state is an affront to the dignity of every Māori, and a kind of slavery to be stubbornly resisted.

The state has the clear responsibility to protect the human resources of all its citizens and to provide the conditions necessary for their development, both Pākehā and Māori. Where the Māori people are clearly disadvantaged in the protection of their human resources as in health, education, and justice, the state has failed in its function.

However, to talk of protection of human resources is to emphasise its negative aspects. Development is the positive side, and whereas the state has the obligation to protect those resources, the idea of development is more community inspired and community oriented. Development must be left to the community because community objectives are culturally defined. Allowing that the state must provide the general conditions and encourage and assist communities in achieving their development goals, it should nevertheless be left to the communities to define and realise their objectives.

New Zealand should have been a bicultural society from its foundation under the Treaty. As the Waitangi Tribunal put it, the Treaty 'made us one country, but acknowledged that we were two people. It established the regime not for uni-culturalism but for bi-culturalism' (*Motunui Report*, 1983:10.3).

Support for this view has come from a number of authorities including the Anglican Bi-Cultural Commission (1986) and the jurist F.M. Brookfield (1985). The Treaty obliges the state to allow Māori people sufficient autonomy for defining their own objectives in developing their human resources, and to positively assist in realising them.

These human resources would include the health and wellbeing of people, the social wellbeing of the community and such taonga as *kaumātua* and *mokopuna*.

Health

The Māori health situation is not good. In almost all areas of morbidity Māori statistics reveal serious problems, and show Māori to be disadvantaged relative to the rest of the population. The extent to which this indicates neglect of responsibility on the part of the

Crown needs examining. A discrimination in the provision of health and other social services (including education and justice) could be taken as a breach of Article Three of the Treaty.

However what is possibly more important is the fact that health services are in the hands of professionals who work with very monocultural Western concepts of health and wellbeing, and who define health, identify needs and set objectives for Māori people from their own particular cultural perspectives. Just how culturally specific Western medical science can be has been shown by Dr Mason Durie in a paper prepared for the Hui Whakaoranga in 1984. According to Dr Mason Durie (1984, Yellow Appendices:5) the rigid application of Western norms and concepts has had a deleterious effect on the structure of the Māori whānau.

Assimilative Pressures on whanaunga, hapū and Iwi

These structures should also be seen as part of the human resources of the Māori community, since they constitute the essential elements of the Māori social order. Both the wellbeing and development of these social institutions will inevitably have a major bearing on the wellbeing and personal human development of individual Māori persons. The existence of a close relationship between personal wellbeing and the wellbeing of the whānau has been stressed by Māori women (see *Rapuora*, especially ch. 8). Yet assimilative pressures on the whānau structure have resulted in many Māori nuclear families becoming isolated from their natural kinship support base, and also from their tribal and cultural institutions which give Māori identity its particular mana.

The form of the pressures which encroached on Māori society, including whanaungatanga structures (extended whānau, hapū structures) was varied. In his study of how law between 1840–94 was used to manipulate and hasten the process of socio-economic change, David Williams (1984:178) was able to show how the process benefited the settler population. According to Williams, the process of marginalising Māori began slowly at first, and

... by the 1860s the state had an imperial army with about 11,000 troops engaged in breaking the most resolute Māori resistance to their subordination. By the 1890s the workings of the Land Court had ensured that the Māori had become a more or less insignificant element on the margins of a well established capitalist economy operating as an agricultural and pastoral dependency of the British economy (1984:181–82).

The Native (later Māori) Land Court worked within the parameters of the Native Rights Act 1865. While the superficial appearance of this Act showed it to be a 'liberal and generous policy', and it had some effect in protecting Māori interest (see Ward, 1978), the Court was in the business of eradicating Māori customary land title rather than ascertaining it (Williams, D., 1984:271).

This same Act declared that every Māori within New Zealand was deemed to be a 'natural born subject of Her Majesty' (sec. 2), and 'that all Courts of Law have jurisdiction over persons and property of the Māori people' (sec. 3). Section 4, stated that Māori title to land (that is, Native Title) should be determined according to 'Ancient Custom and usage of the Māori People'. However, the importance to Māori of section 4 was undermined by section 5, which directed that questions of Māori title should be tried in the Native Lands Court (Williams, D., 1984:271; see Brookfield 1985:15-16).

According to D. Williams, (1984:318) the Native Land Court continued its activities under the Native Land Court Act 1894 where alienation of remaining Māori land continued, despite fluctuations in policy.

From 1865 to 1900 settler politicians had convinced themselves that Māori were a conquered and dying race and that the provident course was to 'smooth his dying pillow', because nothing could save them. The politician Sir Robert Stout was moved to say:

The race is dying, and if we were at all affected with the love of humanity we should strive to preserve it, or to make its dying moments as happy as possible.

D. Williams, (1984:318) said there is considerable evidence that far from smoothing the pillows, there was a positive push in the direction of extinction which was caused by the Native Land Court itself, and its methods of holding protracted hearings. The settler politicians were not ignorant of these things. One politician observed to Parliament in 1885:

I believe we could not find a more ingenious method of destroying the whole of the Māori race than by these Courts. The Natives come from the villages of the interior, and have to hang about for months in our centres of population They are brought into contact with the lowest class of society, and are exposed to temptation, and the result is that a great number contract diseases and die (Williams, D., 1984:318-319).

Earlier in 1883, the *New Zealand Herald* had noted,

The working of the Native Land Court has been a scandal . . . for many years past, but as the chief sufferers were the Māoris, nobody troubled themselves very much . . . (Williams, D., 1984:319).

D. Williams, (1984:301, 302) studied how the Native Land Act 1865 provided the broad framework within which the Native Land Court operated from 1865 until the Native Land Court Act 1894. He also refers to the hiatus between the Native Land Administration Act 1886 and the Native Land Act 1888, and the legislation relating to Māori land from 1865 to 1894. The 'peak' years were 1888, with eight separate Acts passed especially dealing with Māori land and courts, followed in 1889 with nine further enactments.

The Māori response to the conflicting, changeable, and tangled results of the legislation was persistent petitioning of Parliament. According to D. Williams (1984:302), ' . . . from 1880 to 1890 the House of Representatives had to consider more than a thousand 'Native Petitions' '.

Professor Keith Sorrenson's historical assessment of some of the legislation in this same period shows how the settler government gave effect to the Treaty:

. . . it is important to mention some of the legislation of the war period, passed after the settlers had got full responsibility for Māori affairs, since this demonstrates how settler governments gave effect to the Treaty as they saw it. Take for instance the Native Land Act, 1862, which in its preamble said that it was designed to give better effect to the Treaty, but which was primarily designed to abolish the pre-emptive clause of the Treaty and allow settlers to purchase land directly from the Māoris. Or the New Zealand Settlements Act, 1863, which provided for the confiscation of land of Māoris in rebellion against the Crown; another breach of the Treaty but one which settler representatives defended on the ground that it was punishing British citizens in rebellion against their Queen. Or the Native Rights Act, 1865, which while ostensibly confirming Māori rights as British subjects to appeal to the courts also made them liable for punishment as British citizens, which some lawyers have recently seen as the real purpose of this act. Or the Suppression of Rebellion Act which allowed the suspension of habeus corpus. Indeed *the statute book for the war period is littered with draconian legislation that validated acts of dubious legality and allowed the settlers to wreak vengeance on their Māori enemies; much of it done in the name of the Treaty*, especially the third clause, which was being used to force on Māoris not merely the rights of British subjects but also the obligations under the criminal law (1986c:6). [emphasis ours]

Brookfield, Professor of Law, said of this period:

In fact the legal history of nineteenth century New Zealand shows instances where arbitrary power was exercised in the Pākehā conflicts with the Māori. These occurred, for example, in the colonial government's use of martial law (when the normal jurisdiction of the courts was excluded and Māori in arms against the Crown were dealt with, in some cases very harshly, by military tribunals). . . . Then, apart from martial law, there was some statutory authorisation of detention without trial; and there were the statutorily authorised land confiscations. Harsh and unjust as these measures were the rule of law nevertheless checked imperial and colonial power in New Zealand . . . (1985:13-14).

Angela Ballara (1986) in an historical survey of Pākehā prejudice in New Zealand including this initial period of colonisation and the intentions of the Treaty, said,

The Māori were to be treated as a sovereign people, and their ownership of all the soil of New Zealand was to be explicitly recognised. Yet, in the end, in spite of the treaty, it was to be the concept of the wandering savage who had no rights to land that was adopted and recognised by the settler governments once self-government was attained. The land alienation system imposed on the Māori through ostensibly protective land legislation was designed to remedy the great mistake made by an overly protective Imperial Government, and to bring the soil of New Zealand into the hands of Europeans in spite of the Treaty of Waitangi (1986:35).

For a Māori assessment of this period two sources are helpful. Tamati Reedy, the Secretary of Māori Affairs, in a submission to the RCSP said that culture is shaped by its historical experience and Māori history of the Treaty falls into four distinct phases. He refers to the 1840s to 1890s as the phase of Te Takahitanga (the era of demoralisation). Here the government's aim was to amalgamate Māori and settler as quickly as possible. The application of military force, police powers and the sheer extent and intensity of demographic and economic change meant that Māori were overwhelmed by the process of colonisation (submission 776).

His use of the term Te Takahitanga is appropriate because it can also be translated as the trampling under, or the plundering of the people. This analysis would be widely accepted among Māori.

The Advisory Committee on a Māori Perspective for Social Welfare (1986:5) has given their account of history in the years following 1840 during which Māori iwi controlled their own transformation, managed their own economy and set about the development of their own institutions; change was dramatic. The 1850s saw the beginning of the development of dominant Pākehā institutions, initiated by their policy of 'Responsible' government:

The Māori experience, since those institutions became dominant, has been one of recurring cycles of conflict and tension against a backdrop of ongoing deprivation. This has drained the Māori spiritually and physically. It finds expression today in our atrocious levels of social dependency.

At the heart of our experience of Pākehā institutions has been the alienation of our lands. It was the primary, driving motive for the development of 'Responsible' Government in Aotearoa, it was the *take* that brought us into armed conflict with the Pākehā and remains a primary source of tension between us today. It is the issue that betrayed that first great transformation. It is the taproot of our modern dependency (*Pūao-te-ata-tū*, 1986:5).

For the period after the 1890s the Advisory Committee's assessment was:

Between 1895 and the late 1930s, the government's Māori policy was a curious blend of assimilation, paternalism, integration and exploitation. Most legislation included institutionalised improvements for Māori—the legitimising and institutionalising aspects. But the legislation also contained special restrictions that reinforced the Māori's unequal status.

It was during the period from the 1890s to the 1930s that the structural strain on Māori society and the levels of deprivation revealed themselves at their worst. At the end of the period the Māori population reached its lowest levels since Pākehā contact and possibly the lowest levels in 500 years. Modernisation and internal colonialism had wrought their effects (*Pūao-te-ata-tū*, 1986:10).

It is a moot point whether these and other Acts were designed knowingly or whether they unintentionally disfavoured Māori. Alan Ward, in a discussion of Māori land alienation caused by colonial land legislation stated:

The greater tragedy was not simply that the utter disruption of Māori social relations was deliberately initiated but that it was deliberately initiated through a system of land purchase that encouraged cupidity and unscrupulousness among Māori landholders rather than thrift and responsible use of land. At the same time as they had thrown down their demand for Māori self advancement the settler politicians had placed well-nigh insuperable obstacles in the path of well-founded Māori enterprise (Ward, 1987:187).

Often pressures on Māori social institutions are economic. The changes caused by economic pressures are not always easily attributed to political decisions. The economic changes that began in the 1950s and caused the Māori urban migration were not specifically targetted at Māori. It was not apparently intended that Māori

would bear the brunt of the unemployment caused by corporatisation of state services in the 1980s: one source estimates Māori constituted 80 percent of those whose jobs were terminated when the state owned enterprises were initially created (Kia Mōhio Kia Mārama Trust, 1987a). Disregard for the implications of these and other economic decisions held for Māori society a profound impact.

Loss of identity, loss of self-esteem, a loss of a sense of self-worth and the formation of negative identities have been known to psychologists for years as a particular problem in personality development of Māori children (Vaughan, 1964 (a) and (b); Dane and Mary Archer, 1970). Article Two of the Treaty, especially as it relates to 'tino rangatiratanga' and 'o rātou kainga me o rātou taonga katoa' suggests Māori tribal and family structures and their leadership must be allowed to develop with due regard to their legitimate autonomy.

Education

The development of human resources cannot ignore education. Māori educational development has not been well served by existing educational institutions and the school curriculum. Researchers have for a long time identified the schools as an important context for Māori children's negative identity formation (Vaughan, 1964). It is worth remembering how well Māori took to education in the pre-1860 period, even establishing their own schools such as Tarapipipi's school at Peria. Māori people may well have a claim on the state for assistance in establishing an alternative system of schools, in a manner similar to the Catholic school system.

Justice

In its discussion of the high rate of Māori convictions for violent offending (45 percent in 1984), the Justice Department submission (1986:18) to the Committee of Enquiry into Violence dismissed the idea that certain 'races' are inherently more prone to violence than others. It goes on to make the interesting observation:

Rather, we must take as a starting point the fact of Pākehā cultural and institutional dominance over the past 140 years. This means that social problems, including violent crime, should be understood in the context of the unequal interaction between indigenous and colonising cultures (p. 18).

Indeed, it takes as a definition of violence '... anything avoidable that impedes human self-realisation' (p. 11).

Human development is the key concept in this definition, and anything that interferes with it is violent. That includes institutions, and the submission draws the clear conclusion that Pākehā violence in the form of the alienation of Māori land, widespread loss of Māori cultural identity, and decline in the Māori language represents '... a history of actions by the dominant culture to the detriment of the tangata whenua' (p. 17).

This submission by the department may represent a particular Pākehā insight, but it is one Māori people have recognised for generations. The issues raised by the Justice Department go to the very core of the meaning of a constitutionally established bicultural society.

The Protection and Development of Taonga

Since the introduction of settler cultures in Aotearoa Māori society has suffered. Colonisation threatened and threatens certain elements within that society to the detriment of the society as a whole.

The ultimate goal of British Policy was the 'Europeanisation' of the Māori. Māori society must assimilate to the British Society which was being established in New Zealand, and ultimately, there should take place a complete amalgamation of the Māoris with settlers for, as the NZ Association experienced it, there was no 'physical repugnance' between the Māori and the European as there was between the white man and the negro in America (Adams, 1977:21).

(It should be mentioned in passing that Sir Jack Hunn, in a submission (3263) to the RCSP stated that he had 'looked in vain' for any declared government policy, assimilationist or otherwise, on the future of the Māori race. He believes the absence of such a prescribed policy to be both pragmatic and wise, and that biculturalism should be allowed to develop naturally rather than by force.)

The threats of assimilation described by Adams, led to changes and developments in Māori philosophies and values. One such development was a broader meaning of the word taonga as used in Article Two of the Māori text of the Treaty.

As already stated, certain things were being threatened, almost to extinction. These included whenua Māori (Māori land), te iwi, te hapū, te whānau and whanaungatanga (Māori people and Māori kinship relationships) and te Reo (Māori language). If these things were crucial to the continued existence of an authentic Māori society, then they must indeed be taonga, treasured things. This is today's thinking, they fill the criteria for taonga, and there is a need to recognise and sustain them.

The Treaty continues to speak, and the phrase 'o rātou taonga katoa' has as much relevance now as it had in 1840. Perhaps one can illustrate it this way: certain European painters or musicians receive prominence after their deaths, for example Mozart. Now, however, they receive honour and respect, and their works are now considered 'taonga'.

Taonga is thus a very broad term which includes material and non-material kinds of treasures.

Some current definitions of the word taonga are as follows:

- Property, anything highly prized (Williams, H., *Dictionary*, 1975:381).
- (o rātou taonga katoa) all their valued customs and possessions (Waitangi Tribunal, *Te Reo Report*, 1986a:4.2.3).
- includes Māori spiritual and physical health and well-being, which are firmly based in the cultural roots of the tangata whenua (Harawira, submission 242).
- all things highly prized (Waitangi Tribunal, *Kaituna Report*, 1984:17, 4.7).
- other prized possessions (Orange, 1987:1, 2).

Kaumātua and Mokopuna

The report of the Department of Health's Planning Workshop (*Hui Whakaoranga*, 1984:17) identifies kaumātua, mokopuna and tamariki as being of special value to the whānau.

The kaumātua (elders) are respected and given special status because of their knowledge, wisdom, life experience and links with the past. Mokopuna (grandchildren) and tamariki (children) are cherished because they represent continuity with the future and need nurturing, protection and guidance.

The whānau is represented as persisting down the generations, giving its members an identity with the past and with ancestors, while the living have the obligation of continuing and maintaining the

life and identity of the whānau for future generations. Hence the special value of kaumātua and mokopuna.

Language

The Waitangi Tribunal has found that:

The 'guarantee' in the Treaty requires affirmative action to protect and sustain the language, not a passive obligation to tolerate its existence (*Te Reo Māori Report*, 1986a, Introduction:4).

In considering the extent of recognition to be given te reo Māori, the Tribunal recommended it be recognised in the Courts and in dealing with any government department or local authority:

There must be more than just the right to use it in the Courts. There must also be the right to use it with any department or any local body if official recognition is to be real recognition, and not mere tokenism (*Te Reo Māori Report*, 1986a:8.2.8).

Against that the Treasury position is rather surprising.

The (Treaty) guarantee is not directly relevant to the non-Māori community.

Use of te reo Māori in government departments and local authorities (as recommended above by the Waitangi Tribunal) must surely impact heavily on the non-Māori community, since that was the point of the recommendations. Treasury concern appears to be with political effects rather than with supporting legitimately established Māori rights, since they are worried about the effects a greater degree of bilingualism might have on taxpayers, given the extra costs involved. They approach the extension of official bilingualism more as a strategy than as a Treaty imperative, and as a matter of weighing up the economic cost against the social benefits (p. 346).

As a fundamental and vital cultural resource te reo Māori must have extensive and positive Crown protection if it is to develop.

In their submission to this Commission, Te Taura Whiri i te Reo Māori (The Māori Language Commission) argue strongly for greater status for the language:

The important thing now is for the language to be seen to have status. It is pointless teaching the language if its speakers, and those who are learning it do not see that it is valued by everyone, has status in the eyes of the government, is a language in which one can express oneself freely, and is an everyday language.

Avenues ought to be sought whereby the language may gain a high profile; and since the according of official status to the Māori language a move is being made in that direction. The question however is, 'Who in fact knows that the language has been accorded such status?' The fact

should be widely broadcast, and the whole country made aware of the Act and its ramifications (Māori Language Commission, submission 5508:20).

Their submission makes a number of recommendations to give the Māori language an even higher profile; these include:

- an increase in the time allocated to broadcasting in the Māori language;
- more materials of relevance to Māori, published in their language by the Social Policy departments;
- all government departments have official Māori names, accorded the same status and prominence with their official English name;
- the place of the language in government departments be at least equal to that already established in the courts; and,
- people ought to be able to be addressed in Māori in government departments if they wish.

In its conclusion, the Language Commission underlined two facts, relating to goodwill.

Firstly, no amount of goodwill or symbolic gesturing can compensate for a lack of concrete moves enabling Māori to use their language—a language does not need nurturing, it needs speakers! Secondly, we must not hold back from taking the bold steps required by the urgency of the situation for fear of hurting sensibilities; on closer examination, these sensibilities found in Māori and Pākehā alike are nothing more than die-hard prejudice, beneath a veneer of symbolic generosity (Māori Language Commission, submission 5508:14).

Taonga: Pounamu, Rākau, Harakeke

Treasures handed down from earlier generations are called taonga *tuku iho*. They are part of the heritage of the past, alive and vital for the present and future generations. Many of these taonga, such as wharenui (meeting houses), remain in the control of whānau, hapū and iwi. The problem now is protection against theft as much as against decay. That portion of the taonga *tuku iho* which has passed into the care of museums highlights the problems of who is in control of them. Like health care these taonga are in the hands of professionals whose cultural predispositions are often alien to Māori values. There is a risk that the taonga will be alienated from their natural human and cultural context. Māori people now wish to exercise their authority over these taonga with the support of the professionals and institutions.

Conclusion

The problems of protection and development of human resources and taonga derive from a thoroughly monocultural state serving the interests of the dominant partner. The Justice Department submission referred to earlier alluded to monoculturalism as a violence impeding the self-realisation of the Māori people. Change is unlikely until a genuine bicultural partnership has replaced the present monocultural system.

8 The Pursuit of Māori Autonomy

Historical Reflection

The pursuit of *mana motuhake*, autonomy, is an aspiration of many generations of Māori since the overwhelming influx of Pākehā settlers last century. It is both a political process and an aspiration. As a process it can be observed at a variety of levels.

With the advent of colonisation Māori attempts to retain a semblance of autonomy and political power have manifested themselves throughout the last 148 years. These attempts were largely ignored and/or undermined by the actions of early settler governments.

There is some truth in the view that there was no obvious form of national sovereignty in New Zealand before 1840. What could be viewed as sovereignty was that of the rangatira and their people over their own particular lands (Ward, 1988). Certainly no central government existed as we would understand it today.

The British believed they were dealing with several, and separate, rangatira and tribes. In this view, the Treaty was not made with a united Māori nation or people, for that did not exist. Nor did the rangatira assume that it existed (Ward, 1988).

This historical perspective fails to take into account Māori initiatives since the 1820s to work for a greater kotahitanga (solidarity), a solidarity that inspired a pan-tribal approach to political and economic matters. This movement towards a national sovereignty of Māori people can be traced to the beginning of this century. Its political implications were deeply rooted within the many hapū and iwi and provoked a response from the settler governments.

What can be discerned, is an evolution of Māori political thinking from the 1820s to 1900 during which the solidarity of Māori people was largely achieved. This despite the attempts of settler

governments to colonise, subjugate, and bring about the amalgamation of the Māori (Hēnare, M., 1985a:12).

According to Adams (1977:12, 212) the underlying assumption of Governor Grey, and in general of all the civil servants, politicians, missionaries, colonists and colonial government officials connected with New Zealand, was that early Victorian British civilisation was of a superior order, and one to which the Māori should aspire.

Māori prosperity and social wellbeing up until the time of the land wars is amply documented.

As early as 1842 a bank manager in Wellington estimated that the Māoris in the area possessed upwards of £150,000. They invested much of this capital in farm equipment, particularly ploughs and carts. They also built mills. By 1853 eighteen of these were at work in the Waikato alone. They also bought or had built ships to convey their produce to market. By 1858 there were 53 Māori vessels of more than fourteen tons registered in Auckland. At Otaki, under the aegis of Octavius Hadfield, the Ngati Raukawa flourished. 'It is quite pleasing,' he wrote, 'to see their village—cottages with good chimneys and windows, gardens with fruit trees and flowers—some with beehives—several very good barns stacked with wheat—a large water mill in the course of erection—milch cows . . . ' In 1850 the Māoris at Motueka had 1000 acres in wheat and 600 acres in other crops as well. At Waitara they possessed 150 horses, 300 head of cattle, 40 carts, 35 ploughs, 20 pairs of harrows and a small fleet of ships. In 1857 the Māoris of the East Coast area sold 46,000 bushels of wheat on the open market, and owned 200 cattle and 500 pigs besides. The market in Australia was much to their advantage, and a great deal of their produce found its way there. Travelling through the Waikato in 1852 Lady Martin remarked on the great wheat fields extending for miles and the 'carts driven to and fro by their native owners; the women sat under the trees sewing flour bags; fat healthy children and babies swarmed about' (Simpson, 1986:111).

The Māori retained their own social and political structures while utilising Pākehā education and commercial practices to their own social ends. Their communities were stable:

The statistics of petty crime in Wellington in 1848 show that out of 443 convictions only nine were of Māoris; the report of these statistics pays particular note of the absence of drunkenness among the Māori population. In 1848 about half the European population of New Zealand could not write and nearly a third could not read; literacy among the Māoris was almost universal. And as good citizens they paid their taxes. . . . It would not be unfair to say that the Māori population of New Zealand both fed the settlers and paid many of their public bills (Simpson, 1986:111, 112).

The success of Māori society in adapting to new technology and utilising kinship structures to achieve economic growth has been remarked on by the economist Merrill as a considerable achievement:

... the Māori were able to carry out fairly extensive economic changes in a culture that had few of the institutions usually considered necessary for executing such tasks and which, moreover, had many institutions one would think would strongly inhibit economic growth (Merrill, 1954:401).

Autonomy (*mana motuhake*), is not just a matter of achieving economic growth. The ability of Māori to utilise human and natural resources, and to plan and propagate programmes within their society is the essential point of the historical evidence.

At that time the Māori were in control of their land and people resources. Simpson continues:

But this prosperity ... carried the seeds of its own disaster. The Māoris farmed their land collectively and as a result the settlers found they could not compete (1986:112).

Aotearoa's subsequent history is about the wresting of resources and the control of resources from Māori hands; it is about the transformation of a people from a state of wellbeing to a state of crisis.

According to Adams (1977:207-9) the intention of the Colonial Office was that Māori land would pay for the European colonisation of New Zealand. This policy was to be implemented, while at the same time the British Government would recognise that the Treaty of Waitangi would have to be interpreted according to the way in which the Māori signatories understood it, rather than according to the European theories about the land rights of Aboriginal peoples. Where Māori custom showed that they existed, Māori rights to land would be recognised and protected. Britain it seemed had inadvertently recognised Māori rights to all the land in New Zealand, waste or occupied.

By 1847 the major aim of the new settler government, avowedly established to protect Māori rights, was to part the Māori from their land as quickly, quietly, and cheaply as possible in order to make way for European colonisation. The way to do this, as the Colonial Office and Colonial Government recognised, was to turn the Treaty of Waitangi against itself. The government was to use the pre-emption clause to effect an exchange which could scarcely be considered fair. The government would buy Māori land at nominal prices, sell to the settlers at a much higher price, and finance

British immigration from the profits. In this way the land guarantee was nullified (Adams, 1977:208-9).

Another historian, Ward (1973:308) says,

'Amalgamation' had operated to bring the Māori people under as much as possible the same political and judicial system as the settlers, with nominal equality before the law, but with very little assistance to attain a genuine equality in economic and social life.

According to Ward (1988:6) things really started to go wrong with the arrival of Governor Grey in 1845. The later Waitara purchase was the major overt breach of the Treaty promises, and Māori organisations like the Kotahitanga movement were largely correct in stating that evil began at Waitara. But worse was to follow, as the Native Land Acts of 1863 and more especially of 1865 and 1873 created negotiable titles for Māori land. Once the land went through the Native Land Court it got whittled away by the purchase of individual signatures.

This new form of Māori land title introduced by the settler government had successfully overcome the right of the tribe, collectively under its rangatira, to control land alienation. Moreover the Native Land Acts set aside the Crown's exclusive right of purchase established by the Treaty, and opened the land to private purchase.

In Ward's (1988:7) view all the purchases under the Native Lands Act were in breach of the Treaty of Waitangi. This is because, in addition to not requiring sales to be through the Crown, the law fundamentally shattered the principles of rangatiratanga which the Treaty had undertaken to uphold.

Legislation aimed at assimilation moved quickly to other areas as well. The 1867 Education Ordinance stipulated that in order to receive subsidies the Mission Schools must offer instruction in English as well as Māori. The 1867 Education Act directed that instruction in the schools be carried out in English, as far as practicable. The Native Schools Amendment Act of 1871 provided for the establishment of village schools and for instruction in English only.

A number of historians (Ward, 1978:292, 311; Sinclair, 1960:112; 1961:66-74; Sorrenson, 1967:19-20; Miller, 1966:179; Williams, J., 1969:48-67) have described Māori endeavours towards unity, Māori nationalism, parliament, home rule and self-determination. Such endeavours set a pattern which continued for the remainder of the century, with the Māori leaders engaged in

the self-conscious search for a basis of unity that would attract wide loyalty, and provide an effective political vehicle (Hēnare, M., 1985a:10).

The movement promoted a petition which is referred to as the eight parchments. From 1893 Māori people were asked to affirm their allegiance to the Kotahitanga, by signing one of the eight parchments. They contained the pledge that the 'Native Race of both Islands are to combine as one . . .'. All men and women 15 years of age and over could sign. The numbers were indeed impressive. By 1898 the rangatira claimed the movement had 37,000 adherents. According to the historian Williams (Williams, J., 1969:60-61) such signatures would suggest an almost total expression of support and a reflection of attitudes of the day. This political movement was more than just a movement of the rangatira.

The name of the movement, Kotahitanga, was an expression of a primary Māori social value—solidarity (Hēnare, M., 1985a:12). It was also a Treaty of Waitangi based socio-political movement whose aims were confirmed in 1896. First, it would pursue the unity of Māori people until unity was accomplished. Second, it would argue that sovereignty did not mean sovereignty over the land, it meant oversight. Third, it would argue that the New Zealand Constitution Act 1852 provided a basis for a Māori parliament. Fourth, it would pursue these matters under Ture Atua, Ture Tangata (the Law of God and the Laws of People). The movement advocated self-determination of Māori people by Māori people, and claimed divine sanction for their pursuit (Marsden, 1988). This was a restatement of the Māori idea of society, that from the supernatural order came the social order.

This movement was to feel the full weight of settler government pressure, and the activities of the new breed of Māori politicians who were members of the Young Māori Party (Orange, 1987:228). Sir Apirana Ngata, Sir Maui Pomare and Sir Peter Buck (Te Rangihiroa) became dominant figures from the turn of the century till the 1930s.

Together with their political mentor Sir James Carroll, (Ngata, 1929:35-36) they approached Māori-Pākehā relations in a new way. Carroll believed that Māori parliamentarians should compete with Pākehā on their own terms and, where possible win. In order to gain acceptance for themselves as Māori, they had to win acceptance as individuals, and this meant acceptance as Pākehā ' . . . they had to become national figures at a time when, to most Pākehās,

Māori stocks were low and when overt racism was rampant'. Sir Maui Pomare stated this baldly in 1906: "There is no alternative but to become Pākehā".

These leaders, who achieved some remarkable results in their time, were not traditional leaders in the Māori sense—they were also part of an emerging bicultural phenomenon. As Ngata (1946:15) himself said, they were products of their social times, and they had internalised European culture. These three, Pomare, Te Rangihiroa and Ngata acted as 'interpreters' of one culture to another (Schwimmer, 1968:16). This was an accurate description for many of the recognised Māori leaders of the early twentieth century.

However there were local and tribal leaders who moved against the current of assimilationist policies, such people as (Princess) Te Puea Herangi, Rua Kenana, and Wiremu Tahupotiki Ratana who worked for continuing tribal autonomy and against the almost overwhelming national trend of assimilation during a time when the British were the most powerful industrial and imperial nation on earth, and where Social Darwinism and notions of European cultural and racial superiority were almost all-pervasive in national and international forums.

The leaders of the Young Māori Party and colleagues were convinced that the survival of the Māori lay in shedding those aspects of the traditional way of life that retarded Māori acceptance of the modern world (Schwimmer, 1968:17). All were committed to working within the administrative and legislative framework of government. There was no questioning the sovereign rights assumed by Government. For them, the challenge was to make that power work for the advancement of the Māori people (Orange, 1987:228).

Ngata and Te Rangihiroa (Sorrenson, 1986b:90–91, 183) saw the elders of the early part of the twentieth century as impediments to social progress, because they kept brooding over the injustices of the raupatu (confiscations) and making unrealistic demands by invoking the Treaty of Waitangi (Butterworth, 1969:22). In 1893, Ngata wrote that the Te Kotahitanga had to stop looking backwards and face their problems (Ngata, 1893:6, 7). Later in 1922, he wrote an explanation of the Treaty of Waitangi, and again referred to the confiscations and the approach of those same rangatira. He wrote:

When a bad law is made it is said to contravene the Treaty of Waitangi. The Government confiscates the land, it is said this is wrong, because it contravenes the guarantee of the Queen under this article of the Treaty. This has given rise to wishful thinking on the part of many Māori groups, for the formation of Absolute Māori Authorities, variously called Kotahitanga (United Group), Kauhanganui (Open Forum), Māori Parliament or other designations. All this wishful thinking goes back to this article in the Treaty. Indeed these ideas were due to confusion as the authority of the Māori was set aside for ever by the first article of the Treaty (Ngata, 1922:8).

It seems his aim was to steer Māori attention towards the English text; he ignored the Māori text. His mana was such that his interpretation was influential in shaping Māori attitudes. However it had the effect of adding confusion to the Treaty's meaning (Orange, 1987:228–29). Ngata held the long-term Pākehā view that the government had been justified in the post-war confiscations, because some tribes had violated the authority of the Queen. He did concede that some tribes were too severely punished.

By the 1920s a turning point had been reached. The population decline had stopped and the Māori birth rate exceeded that of the Pākehā. The problem of Māori poverty was now the concern. Government seemed ready to listen to Māori parliamentarians such as Ngata and Pomare (Butterworth, 1973:7–8).

The views of Ngata, Buck and Pomare were not the only Māori views concerning the Treaty. Treaty-related matters were discussed and were, as Ngata (1922:2) was to say, 'on the lips of the humble and the great, of the ignorant and the thoughtful'.

Mention has already been made of the 1934 hui at Te Tii Marae, Waitangi where Māori representatives commemorated the anniversary of the signing of the Treaty, the 1834 national flag and the 1835 Declaration of Independence. According to Orange (1987:235) the Māori understanding of the Treaty as an agreement recognising Māori independence was sustained.

From the land wars to the present day, Māori people have not ceased in their endeavour to regain the autonomy and sovereignty (mana motuhake and tino rangatiratanga) that they once enjoyed and were guaranteed by the Crown in the Treaty of Waitangi.

Throughout this time, some Māori still thought of achieving a measure of tribal or pan-Māori sovereignty, even though they did not receive much publicity for their views in the English language press or national record. For even at an individual and private level

the Māori has instinctively perceived this threat to his or her identity and resisted this threat saying, 'I am Māori, I will continue to be Māori'.

Present-Day Thinking

Māori people, when speaking of autonomy in their submissions to the Royal Commission and through other media, focus on the Treaty of Waitangi. In so doing, they stressed that under the second clause of the Treaty of Waitangi, the crown recognised the rangatiratanga of the Māori people over their lands, homes and treasured possessions. Accordingly, rangatiratanga implies mana (power, authority, sovereignty) and that the two are inseparable. The general Māori view then is that the chiefs did not surrender their sovereignty under the Treaty.

A great number of Māori submissions stress the dignity, solemnity and binding nature of the Treaty. Appended to many Treaty submissions is the statement made by Nopera Panakareao, viz: 'The shadow of the land goes to Queen Victoria but the substance remains to us.' In other words the retention of sovereignty or autonomy was clearly understood by orators on marae, as māngai (spokespersons) of hapū and iwi, to be absolutely integral to the Māori signing of the Treaty. To be guaranteed autonomy implies that resources should be allocated to enable this end.

If there is any doubt as to the intention of the British Government concerning the Treaty, the instruction by Lord Normanby, the Colonial Secretary of Captain Hobson in 1839 is pertinent:

The Māori title to their soil and to the sovereignty of New Zealand is indisputable and has been solemnly recognised by the British Government.

The economic wherewithal to sustain autonomy is seen to be very important.

The creation of Mana Enterprise is a very good example of devolution; regrettably, it is too small and has not been properly defended . . . (Winiata, 1987:4).

Some submissions said that if Māori people were to ensure that the proper steps toward partnership take place then they must have greater parliamentary power, either through increased representation or (see 'A New Dawn: Some Proposals'—W. Winiata) constitutional change.

Reclaiming Māori Autonomy

What follows are examples of Māori and Pākehā concern for improvements in key areas of social policy and of possible ways of promoting Māori autonomy.

The Hui Taumata: Māori Economic Development Summit Conference made the following statements in its covenant with Government:

Māori Authorities

Māori Incorporations and Māori Trusts are vehicles for Māori land development. They are both economic and social organisations, and with their resource base have a role to play in assisting with the establishment of new Māori enterprises, Incorporations, Trusts and Cooperatives. They also have a role in advising the Government on appropriate legislation under which they operate.

Conference therefore supports the establishment of New Zealand wide Associations for Māori Incorporations and Trusts whose objectives would include advising on the appropriate legislation and creating a united voice for these authorities.

Rationalisation

Previously strong Māori Tribal based groups have been weakened in recent years by committee systems which have not utilised the strengths within the tribal system.

Conference therefore supports the establishment of Māori Tribal/Regional Groups which would act as umbrella groups to spearhead economic initiatives at the local level. (1984)

These proposals remain as valid expressions of Māori aspirations and requests for Mana Māori. The following are examples of the type of devolution that would assist the development of Mana Māori (Māori Wellbeing).

Health

The following are extracts from a Report to the Auckland Hospital Board by a committee chaired by Sir Frank Holmes (Sir Frank Holmes, 1987):

Therefore it is proposed that a Māori Health Council be established to undertake responsibility for matters of Māori health from a Māori perspective with the support of the Auckland Hospital Board. The Council to be constituted by the five Tribal and Regional Māori Authorities in Tāmaki-Makau Rau. (1987:66)

Difficulties—Pākehā attitudes to power sharing

This Committee is unanimously of the view that there should be direct representation of the Māori people on the Board, its Executive Committee, the District Authorities and throughout the committee structure of the new system. More importantly, both the Board's organisations and the Māori Council should encourage regular, open and constructive dialogue, and two-way participation in each other's discussions on health issues of common concern.

The issues of how Māori representatives should be chosen and how many Māori representatives there should be caused us some difficulty. The Māori members originally saw partnership as requiring equal representation of Māori and non-Māori. They were prepared to accept, however, that this view was not yet shared by the general community. They suggested that a realistic means of achieving more equitable representation would be to appoint, on the nomination of the Māori Health Council, five members to the Regional Board and two to each of the District Authorities. The Māori members also expressed a strong preference, shared by some other members of the committee, for all Māori representation to be on the nomination of the Māori Health Council. All members were prepared to accept that such nomination should be the major means of choosing Māori representatives. However, most were not persuaded that our recommendations should depart completely, in the Māori case, from the principle of representation on the basis of parliamentary electorates which is at the heart of our proposals, especially as members of the Auckland Regional Authority are chosen from the Northern and Western Māori electorates.

The majority view is that there should be four Māori representatives on the Auckland Regional Health Board, two elected from the Northern and Western Māori electorates, and two nominated by the Māori Health Council. Each of these members, like other members of the Board, would serve on one of the District Authorities (Māori might also stand for general electorates). One of the nominees of the Council would serve on the Board's Executive Committee. In addition, the Māori Health Council would nominate one other member of each of the District Authorities, and would be the nominating agency for Māori representation throughout the committee and consultative structures. (1987:45)

Education

In a Royal Commission on Social Policy research report *How Fair is NZ Education*, Richard Benton concludes that,

There seems to be little doubt that financial and material resources allocated to Māori language and Māori studies programmes are seriously inadequate at all levels (1987, Part II:38).

Benton further comments that the level of Māori Affairs grant is only enough to support staff and equipment and that children from

the Kōhanga Reo still cannot be catered for adequately in most local primary schools.

Māori initiatives in education, such as Kōhanga Reo, and the independent iwi interests, Te Wānanga o Raukawa, rely heavily on aroha Māori (Māori support).

A 1984 meeting of Māori teachers passed a resolution that Māori people had a right to 25 percent of the education vote which would place approximately \$500 million in Māori hands . . .

. . . state expenditure per capita on the education of non-Māori between the ages of 5 and 25 is likely to be at least \$4,250 greater than for Māori, in 1987 terms (Benton, 1987b:Part II:40-41).

There is widespread research evidence that teachers as a group assume that Māori children *at all levels* are likely failures (Ibid, p. 69) [emphasis added].

Sultana . . . and Benton . . . conclude that a separate Māori controlled system may be the only way in which equity in education can be achieved for Māori people (Ibid, p. 67).

The following are excerpts from 'Te Komiti o Ngā Kura Kaupapa Māori o Tāmaki Makaurau'.

Te Komiti o Ngā Kura Kaupapa Māori seeks the establishment of State Kaupapa Māori schools. The authors claim that such schools will:

- 1 be a major factor in creating social equity in Aotearoa thus making possible true partnership between Māori and Pākehā.
- 2 contribute towards recognising the principles of the Treaty of Waitangi.
- 3 ensure that the Māori language survives and develops as the language of the Tangata Whenua of Aotearoa.
- 4 maintain and strengthen the Kaupapa of the Kōhanga Reo Movement.

New Zealand schools are locked into the cycle of social reproduction of Pākehā culture premised on an imperialist presumption that Pākehā defined cultural capital is the most appropriate for all New Zealand's peoples. Herein lies the difficulty of Māori people attempting to realise support for their educational preferences. No matter how much emphasis is given to adjusting, adding or initiating programmes to meet Māori needs within the State schooling as it exists at present, the structural impediments will remain.

On the availability of buildings, facilities and land for a Kaupapa Māori School (New Lynn Primary) the report says:

This school has surplus classroom space and a declining roll. However, extensive negotiations with parents, school authorities and representatives of the primary inspectorate proved fruitless. Clearly, the philosophy

of a Kaupapa Māori School and a state primary school are not compatible. Discussions were abandoned.

There are 2 bi-lingual units in Tāmaki Makaurau—at Richmond Road and Clydemore Schools.

- 1 These 2 units are full.
- 2 These 2 units are not set up or administered on the principles underlying Te Kōhanga Reo.
- 3 These 2 units are inadequate. They do NOT meet the needs of our Te Kōhanga Reo children.

We, the Tāmaki Makaurau Te Kōhanga Reo Whānui Tonu Trust comprising of 48 Kōhanga Reo, want access to the State School Curriculum *through Māori Language Immersion Learning*.

Note: this is not a choice of one language or knowledge code at the expense of the other.

We strongly believe that Kaupapa Māori schools should be provided from Vote:Education (not from Vote:Māori Affairs). This precedent has already been set by independent schools such as Auckland Metropolitan College and Four Avenues, Christchurch. They are state funded.

To sum up

Māoris fail in the present education system.

Māoris do better educationally in environments where Māori identity is nurtured. (See Benton on Private Māori Boarding Schools.)

Māori as Tangata Whenua have a right to control and develop their own education.

Māori people do not seek Māori education at the expense of other cultural or educational values. Rather, they seek to promote their own culture and values and seek high levels of attainment by raising the self esteem of their own children. They seek freedom from the oppression of their own culture, values and suppression of levels of attainment by the present system.

Some facilities, for example, buildings, already exist to expedite Māori autonomy in education. Māori see as unjust the rate at which they subsidise non-Māori in areas where Māori are under-represented. (see Douglas & Dyal, 1985).

Early in January 1988 a hui of Māori teachers and associates met to plan for an independent Māori Education Authority as a fully funded autonomous statutory body. This authority would establish Māori control and autonomy of Kaupapa Māori education from pre-school to adult education. It is needed because of dissatisfaction with the current commitment and lack of forward planning by the present Department of Education. The hui prepared the Matawaia Declaration (1988) in which they said:

We recognise that some measures have been taken in recent times but consider that our children's needs cannot be met through a continuation

of the present system of Pākehā control and veto of Māori aspirations for our children. It is time for change. Time for us to take control of our own destinies. We believe this development is both necessary and timely. We base it on the following principles:

- 1 The Treaty of Waitangi and our Tangata Whenua standing.
- 2 The present demands by Māori people for social equity and the right to self determination.
- 3 The needs of our Māori children for access to their own language and tikanga.
- 4 The belief that these needs can best be met by our own people.
- 5 The returning of accountability, mana, autonomy and control to Māori parents and community.
- 6 The policy of devolution.
- 7 The belief that each region can best work out for themselves a structure and organisation that best meets their needs.
- 8 The New Zealand Māori Councils 1986/87 proposals for the allocation of 10 percent of Vote Education to the Māori Community.
- 9 The need for unity from Māori people on any new Education Kaupapa.
- 10 The curriculum reviews proposals for Māori Education.
- 11 The concept of educating the child as a functioning member of the Whānau and the person as a whole.
- 12 The need for an unbroken link in Education between older and younger children, parents and extended Whānau.
- 13 The essential partnership needed between Community, Parents, Teachers and in the education of our children.
- 14 The need for Whānau to have the choice to be involved in such schools. The need to provide also, for those who choose not to take this path.
- 15 The need for this proposal to take a direct passage to Government through the Minister of Education, PM David Lange. We recognise that these developments will take time and that a development plan with clear goals and priorities is essential and must follow. We recognise also that many details remain to be worked out, but we affirm that in principle, we support early establishment of such an Authority to return to us the control of our own futures and destinies.

Autonomy is Power Sharing

Earlier it was shown that Māori people prospered when they had control of their resources and their social organisation. However it must not be assumed that autonomy can be derived simply through

stimulation of the Māori economy, it must also involve the exercise of political power. Finally, Māori autonomy must become psychologically entrenched. That is, the Māori must feel and know they are autonomous.

In a discussion of group rights, Vernon Van Dyke cites various examples of countries accommodating the rights of the group, rather than just those of the state and the individual.

It is clearly untenable to say that rights belong only to individuals and not to groups. Groups identified by various characteristics, including race, language, and religion, in fact have rights. The right of self-determination for 'peoples' asserted in the Covenants on human rights, is only one among the many kinds of rights that groups of various sorts have (Van Dyke, 1975:740).

Ethnic divisions are manifest in many countries, guaranteeing rights to groups on the basis of race, language and religion. Various methods are employed in different countries: Van Dyke lists New Zealand amongst countries which ensure legislative representation for a minority group. He further lists countries such as Northern Ireland, Cyprus, Scandinavian countries, Moslem countries and Sweden where representation as head of state or representation on the state executive is guaranteed to members of certain groups, for example, religious, or racially distinguished, within their society.

Decentralisation is especially apparent in federal systems. In Canada a province is designated for French-speaking Catholics. Divisions of this nature are also present in India, the USSR and Italy.

Not very surprisingly, some of the countries that give groups special status and rights in politics and government take special measures to assure these groups of participation in the public service. Belgian law requires that a 'just linguistic balance' be maintained in the central administration between speakers of French and Flemish, and this is interpreted to require equality of representation in higher grades, including the diplomatic service (Van Dyke, 1975:733).

The two difficulties Van Dyke identifies are those of (1) establishing criteria to determine which groups are entitled to rights, and (2) what those rights should be.

It is often possible . . . to name a specific group and to say what rights it has but a Universal Declaration of Rights of Groups is scarcely conceivable (Van Dyke, 1975:741).

It is obvious that the Treaty of Waitangi in affirming the status of the tangata whenua removes Van Dyke's first difficulty at least as far as Māori are concerned. The determining of the rights assigned

to the tangata whenua under the Treaty is the centre of current public debate.

The following are a range of proposals and ideas about power-sharing from various Māori sources including submissions to the Royal Commission:

(a) *Political Representation and Electoral Reform*

- The reform of Parliament is a priority. Its monocultural basis is not conducive to partnership under the Treaty.
- Increasing the number of Māori seats in parliament would be a minimal expectation.
- In these ways the Parliament can become more bicultural in nature and behaviour.

(b) *Constitutional Change*

The New Zealand Māori Council and many hapū and iwi propose that a fundamental constitutional change is necessary to produce a system of two legislatures, one built on tikanga Māori and the other on tikanga pākehā. Above these would be a senate or Rūnanganui through which all legislation would have to pass.

(c) *A Treaty of Waitangi Auditing Commission*

A Treaty of Waitangi Auditing Commission should be established to systematically review legislation and Crown policies, to conduct an audit of the government departments and to review progress. Membership of this Commission should be on a bicultural basis, and could be linked in some way to the Governor-General, or to Parliament (Treaty of Waitangi Hui 1985).

(d) *A Bill of Rights*

A Bill of Rights is a possibility. Its first part would entrench the Treaty of Waitangi so that it is clearly and distinctly part of the supreme law of the nation. The second part would refer to all other matters appropriate to a Bill of Rights. Thus the Treaty would not be subservient to other concerns.

(e) *Acts of Parliament—Statutory Provisions*

All legislation should include a clause similar to clause 9 of the State Owned Enterprises Act, which requires that the Crown must act in a manner consistent with the principles of the Treaty. This would enable the Courts to look to the Treaty, so that the intentions of the Treaty are enforceable.

(f) *Courts*

- The Māori Land Court should be given wider powers—not less than equal to the High Court of New Zealand.
- The Appeal Court as the highest Court of the nation should be a bicultural body, as distinctive as the Waitangi Tribunal.
- The right of appeal to the Privy Council from the Māori Appellate Court should continue.

(g) *Waitangi Tribunal*

The Waitangi Tribunal should be accorded the mana and the same security of tenure as the High Court. This would ensure that it has a permanent role in the life of the nation.

9 Support for Māori Social Organisations especially Whanaunga, Hapū, Iwi

A bureaucratic inheritance based on Western values and organisation has not deterred Māori social organisation. In recent years many hapū and iwi have prepared proposals aimed at consolidating themselves as social entities. At the same time they have defended the appropriateness of the kinship system based on whānau, hapū and iwi.

These proposals can be regarded as significant. Māori social organisation is alert and robust, and is capable of providing for the survival of the people at all levels in a more self-determined way (2840:19).

What Ngati Porou terms 'cultural growth' refers to communication between te wā kainga (true home) and wherever Ngati Porou people live. Internal repatriation is a driving activity intent on identification, and consolidation of the people into tribal entities. These are moves to be more geared to conduct one's tribal affairs beyond being just an information and control network for the state.

Even though most Māori hold the view that individual Māori have the right to identify as closely as they wish with their kin groups, and may even exercise their right to cut themselves off from their wider kin group and live their daily lives as if they were Pākehā, the strength of Māori organisation based on kinship and mana tūpuna persists. It is seen by many Māori as fundamental to their cultural integrity. The fact that whānau, hapū and iwi persist in a complex capitalist society attests to this resilience and commitment. Perhaps the Māori people do have something to tell the world, in showing up the weakness of alliances based on economic interest alone, or of an exploitative nature. As Ērana Wineti said at

Hato Pētera College, 'if (it) weren't for the whānau support group we would never make it' (406).

Many submissions to the Royal Commission outline practical proposals for strengthening and consolidating Māori social organisation at all levels, formally and informally.

Whanaunga Support

Whakatuwhera Trust (Ngati-Ranginui) wanted the resources to employ a full-time tribal development co-ordinator and described their ongoing confrontation with national and local bureaucracies in the Tauranga district as a clash based on different kinship values (2589).

Māori have learnt that bureaucracy is a mode of behaviour which is endemic to Pākehā social organisation, and they recognise that they are compelled to adopt a bureaucratic mode themselves.

... the analysis of social welfare or any social care is that no high authority should make decisions that can be made by low authority, no low authority should make decisions that can be made by family. ... if we want a free New Zealand or Aotearoa we need a cultural perspective in this country (Perry, submission 405).

The guarantees of possession in Article Two should be read in conjunction with the preamble and Article Three. In the preamble, the Crown is anxious to protect the tribes against the impact of existing and proposed British settlement and preserve to them their chieftainship over their land. In Article Three a royal protection is conferred granting the rights and benefits of British subjects to all Māori people, women and men.

These guarantees have been interpreted to include the recognition of whānau and hapū participation in departmental and legislative processes that impact on the lives of Māori children and families, for example, Children and Young Person Act, Custody, Adoption and Guardianship Acts. There has been some conflict between (on the one hand) the professional interventionist, with their statutory-based concern for the rights of the individual child and (on the other hand), Māori people who wish to protect the interests of the whānau, hapū and iwi with the expectation that the child's best interests can be maintained within a strong whanaunga or hapū social organisation. While both sides have the child's well-being in mind, they differ in agreeing as to the process by which that wellbeing is maintained.

The Māori Women's Welfare League have tried to pursue this issue over many years. In their 1954 conference anxiety was expressed that Māori women should have some say in where Māori children were placed by child welfare officers. In 1981 the league recommended that:

... in the adoption of a child born in a de facto relationship the grandparents be given first consideration before the child is offered for adoption to other families. (5921).

Throughout most of 1986 and 1987, Māori people actively campaigned against the Children and Young Persons Bill. It emphasised the range of bureaucratic social welfare impositions on the social fabric of both Māori and Pākehā societies. In the Department of Social Welfare different sections are competing for professional and policy dominance within the areas of care, adoption, foster care, community care, child protection, family care and state wards. Māori are rightly concerned about the place of their values and the destiny of their children in the Pākehā scheme of things.

In view of hapū and iwi social organisation, Māori assertions for the right to determine policy and care for their own children according to their values is now urgent, and Ngati Porou have indicated their intention to withdraw their children from state care.

Albert Walker was actively involved in community matters in Ngati Kahungunu, and said that each member of the tribal area could sum up the needs of the people far better than government does (673). Joe Ōtane Reti reported that marae are actively joining together so they could help each other (submission 2859). Judge K. Hingston of the Māori Land Court, asked if New Zealand society was prepared to depart from some of its rigid social mores and include/replace some with Māori values?

In submissions made by the Māori Land Court Judges to the Roper Committee on Violent Offending, the judges argued that the Māori Land Court should be granted wider jurisdiction to cover custody, adoptions and Māori children's offending. Their argument is based on a pragmatic approach, to return control of Māori family and kinship affairs to Māori people themselves, without having to establish a new Māori family court system. What appears to be necessary is further analysis of these differing cultural values and the adequacy or otherwise of their implementation by solely monocultural means.

The Rūnanga Kuia Hui at Takapuwhāhia Marae, Porirua, March 1987 stated:

We are concerned at . . . the limited knowledge amongst our members on this Bill and its implications for our children. . . . the Bill appears to be going through after consultation with the Māori people yet we the kuia of the Māori would know little of it. . . . that the Māori child is our tribal identity and responsibility and that if we lose our tribal identity we cease to exist as a Race.

The Report of the Ministerial Advisory Committee on a Māori Perspective for the Department of Social Welfare, *Pūao-te-ata-tū* (Day Break), recommends the following as an operational objective for the department:

To attack and eliminate deprivation and alienation by:

- (a) Allocating an equitable share of resources.
- (b) Sharing power and authority over the use of resources.
- (c) Ensuring legislation which recognises social, cultural and economic values of all cultural groups and especially Māori people.
- (d) Developing strategies and initiatives which harness the potential of all of its people, and especially Māori people, to advance. (1986:26)

The persistent neglect of Māori values inherent in Māori social organisation will continue to have dire consequences for society. Whānau and hapū are very important monitoring and vetting groups that have assumed a dynamic role in recent years.

Hapū Development

The Department of Māori Affairs has characterised the last two decades of this century as *Te rangatiratanga Māori* (Māori leadership) a period which more than ever during the last century will depend on Māori relying on their own cultural, social and economic resources. A number of programmes were launched early in this decade such as Kōkiri (skills) Centres, Mātua Whāngai and Te Kōhanga Reo, all of which were based on Māori initiatives using the strengths of Māori tribal organisation under increased Māori control. These initiatives have been grouped together under the general programme title *Tū Tangata*.

All of these programmes and others initiated and maintained without direct Department of Māori Affairs influence such as Rapu Ora (Māori Women's Health Survey) or Whaioranga (community health initiatives), rely heavily on support from hapū-based organisations. They all emphasise 'development', mana Māori

motuhake, and *tuku rangatiratanga*, providing Māori with the skill to function in the modern world, as Māori from a firm Māori cultural and social base.

In urban areas there are about 80 Kōkiri (skills development) Centres, all of which are based on *marae* or organised so that they can function as *marae* to meet the needs of Māori youth in urban areas. Activities are decided upon by the local Māori community and managed independent of the Department of Māori Affairs, and include work-orientated skills training and life skills development in a Māori social setting (Reedy, 1987:8-9).

There are three other cultural plumes besides the Māori language that Māori people would like to see better organised and more central to Māori life: these are *whanaungatanga*, *whenua* and *marae*, together they are referred to as *He Raukura* (the plumes of dignity). All three are vital elements in Māori identity and damage to them has serious consequences for Māori social functioning.

In the past these plumes have been ignored in social policy, for instance pepper-potting of Māori housing ignored *whanaungatanga*. Nor so social and economic policies take account of the Māori tie to *Papa-Tū-ā-Nuku*, the earth Mother.

At the *marae*, kinship and love of the ancestral land are tied together in a physical setting that is the only place where Māoritanga can be celebrated without *pākehā* constraint. There are over six hundred and sixty functioning *marae* in Aotearoa. They are created and sustained by the *whānau*, *hapū* and *iwi* with minimal Government assistance. . . . No social or economic policy that does not recognise their *mana* can be truly effective (Reedy, 1987:11-12).

Iwi Development

To develop the *marae* without heeding the development of the tribes as a whole would be an incomplete process. Beautifully carved houses, landscaped *marae* reserves, and hospitable kitchens and dining rooms will be of limited social value in the future without sufficient people to appreciate them, to share and care for them and to maintain their central place in Māori social and economic life. Most *hapū* based physical resources (the *marae*) have been developed and maintained from within the *hapū*'s own economic base, but it is unlikely that the aspirations of Māori people and

their expectations of *tuku rangatiratanga* (devolution of responsibility) will be sustainable without adequate human resource development and finance. The Prime Minister stated in November 1987, that:

... the government is determined to forge, through the devolution initiative, a meaningful and effective partnership with the Māori people, in the management and delivery of programmes which directly affect them (Latimer, submission 5816).

Devolution needs to be seen as a strategy, not as an end in itself. Devolution is an instrument to be used to attain the objectives of the Māori Development Decade, to close the under-achievement gap between Māori and Pākehā and to

... give effect to Government and Māoridoms aspiration to achieve *rangatiratanga* in the sense of the agreed partnership guaranteed under the Treaty of Waitangi (Department of Māori Affairs, 1987:4).

In a Briefing Paper to the Cabinet ad hoc Committee on Māori Development, devolution was explained in the following terms:

The re-empowerment of Māori Authorities in the partnership that was established and guaranteed by the Treaty of Waitangi. This charter promised Māori people that they would have access to the development of their resources under their own authority and not by grace and favour of the Crown. The exercise of this authority shall be through structures and seeking solutions more compatible with Māori traditional, social and economic organisation. Devolution is a process by which confidence, status, decision making and economic independence may be attained in partnership with Government (Mahuta, 1987:3).

The authors of that paper argued that devolution of government programmes could be best approached by giving the various Iwi authorities the right to develop a *kaupapa Māori* and to encourage Iwi authority as autonomy from Government (Mahuta, 1987:3).

Iwi development, through the devolution of the responsibilities of resources to Iwi authorities has almost universal support from Māori people, but the speed with which it is being carried out, and the organisation of the transfer of power has caused considerable disquiet.

The Government is giving the impression that it wants to get rid of an awkward and embarrassing political and social problem, rather than provide a long-term solution. . . . There is a strong suspicion that Māori Authorities which may be set up to implement the new devolution policies will be under-funded,

(as the Department of Māori Affairs has always been under-resourced to do what it has been asked to do).

... The record of the past, even the recent past inspires no confidence in the government's understanding of the difficulties involved for those carrying out this big change in direction. ... This lack of help contrasts sharply with the government's acknowledgement in the new State Sector Bill, that departments must be given all the resources they need to carry out their function to ensure efficiency. ... Just imagine how much more help is going to be needed for people from Māori communities all over the country who have no such experience. They are going to be held accountable for managing and developing not only some of the resources of the Department of Māori Affairs but, almost certainly, programmes from other departments as well.

At present *no Māori organisation* exists which can do these things. ...

The Government must not allow itself to be tempted to hand over to Māori groups a package of resources—no matter how large—and then say 'Go to it', washing their hands of all responsibility for the chaos which follows (Latimer, submission 5816).

The major objective whether from a government or Māori tribal perspective is to achieve national Māori development through the growth of autonomous tribal programmes.

Having regard to the provisions of Te Kawenata of the Hui Taumata ... we should ensure that we have in place a set of objectives to turn the cycle of alienation and deprivation to achieve Iwi authority and autonomy:

- to establish long-term economic growth under Iwi authority
- to increase educational opportunities for Iwi
- to increase employment opportunities for Iwi
- to increase incomes of Iwi both as individuals and as Tribes
- to increase the long-term capacity of each tribal group to grow and develop in accordance with their own tribal strategic plans
- to contribute to national development of all Iwi
- to improve social, cultural and community facilities for Iwi (Mahuta, 1987:22).

As Sir Graham Latimer concluded in his submission:

We must not be over awed by the size of the task in front of us. Nor should we under estimate it, as I believe the Government is doing today. We cannot afford mistakes on the scale which is now happening because the costs will be a social and racial explosion.

We have all the ingredients for a lasting solution. We do not yet have the recipe. I believe there is sufficient goodwill to find it but we need time. Haste will destroy the best chance for a true partnership we have had since 1840 (5816).

10 Adequate Electoral Representation of Māori which will Ensure Partnership

A Partnership of Unequals

The Treaty gives recognition of the Māori as an equal partner with the Crown with consequences in the system of parliamentary representation—the rights of the indigenous people to be incorporated into the total structure of the parliamentary system in Aotearoa (*Ngā Kōrero me ngā Wawata*, 1985:9, 19).

While the principle of partnership between Māori and *Tauīwi* (all people other than Māori) has exercised the concerns of both peoples but especially Māori ever since the arrival of *Tauīwi* in Aotearoa, the question of adequate electoral representation to ensure partnership has never been addressed properly. A history of Māori representation in parliament was included in *Towards a Better Democracy*, the Report of the Royal Commission on the Electoral System (hereafter called the Electoral Commission). This history summarises the dilemma of Māori parliamentary representation, since 1868.

... the four seats have so far proved to be the maximum concessions they can extract from the *Pākehā* parties; frequent Māori requests for additional seats, on the strength of the increasing Māori population have always been turned down often on the grounds that in terms of votes cast Māori have been considerably over-represented by four seats (Sorrenson, 1986a:861–2).

Māori Political Objectives

The report of that Electoral Commission argues that the overriding political concern of the Māori people is the preservation of their culture and hence their identity. This is a political objective and must be counted among the most important of their political interests (1986:86).

Such political interests find expression in a claim to a measure of autonomy or self-determination (*mana Māori motuhake*), and in the demand for the formal recognition of the Treaty of Waitangi and for the protection of the rights and interests which it guarantees (p. 86).

In contrast, neither that Electoral Commission nor any other similar body has been able or willing to express the overriding political concern of the Pākehā people. Their report argues that those claims are not ends in themselves, but rather are offered as the most effective means of ensuring their cultural survival. All but one of the 40 plus submissions they received from Māori favoured the retention of Māori parliamentary representation, and the majority favoured increased Māori representation, commensurate with the proportion of Māori in the population.

On the other hand, the vast majority of Pākehā submissions to the Electoral Commission, wanted the abolition of separate Māori rolls and representation in favour of assimilation to a common roll. Over 40 percent of the 804 written submissions received referred to Māori representation (p. 85). The Commission while recognising the essential importance of a continued presence of Māori in parliament (p. 87), did not accede to majority Māori opinion and actually recommended the abolition of separate Māori rolls and parliamentary seats in favour of a mixed member proportional system which in their own words will not guarantee any Māori representation in Parliament (p. 102).

The Principles of Māori Representation

The principles of Māori representation constitute what the Electoral Commission believed to be

- ... the conditions under which an important minority might reasonably expect to enjoy a just and equitable share of political power and influence
- ... subject to the majority principle (1986:87).

These principles are:

- (a) Māori interests should be represented in parliament by Māori MPs.
- (b) Māori electors ought to have an effective vote competed for by all political parties.
- (c) All MPs should be accountable in some degree to Māori electors.
- (d) Māori MPs ought to be democratically accountable to Māori electors.
- (e) Candidate selection procedures of the political parties should be organised in such a way as to permit the Māori people a voice in the decision of who the candidates are to be. (1986:88)

Partnership and Political Representation

The Electoral Commission did not address the question of partnership between Māori and Taiwi, despite the importance that Māori representations and submissions to government attach to this.

In 1984, the national hui of hapū and iwi at Ngaruawāhia discussed the Treaty of Waitangi and resolved that a body 50 percent elected by Māori people and 50 percent elected by the remainder, be established to sit between Parliament and the Governor-General to ensure that all proposed legislation is consistent with the Treaty of Waitangi, and to rule on recommendations from the Waitangi Tribunal and to formulate any compensation programmes to be implemented by government (Blank *et al*, 1985:4).

Despite the apparent sympathy with which the Electoral Commission approached the question of Māori representation, they did not consider any arrangement which would guarantee Māori electoral interests beyond the existing inadequate arrangements. There was no discussion of a bicameral legislature where an upper house might be entrusted with the protection and promotion of Māori and Pākehā group interests as distinct from the individual-based interests of the General Assembly. Neither did the Electoral Reform Commission investigate the extent to which Māori have failed to be elected to office where there are common rolls, as in local body elections. Nor did they look at the way Māori political opinion is sought (or more generally not sought) by bureaucratic institutions outside Parliament itself such as trade unions, political parties, community organisations, local, regional and united councils, government departments, state-owned enterprises and quangos. Very few of these structures have adequate or equitable Māori membership or representation (see Winiata, 1987:3).

Pro Rata Representation

At least in the existing parliamentary system, Māori people see a guarantee of 'some' representation. This is not adequate on a pro rata basis, and certainly not adequate when Māori talk of a partnership based on shared power (see Szaszy in Hēnare & Douglas, 1988). The current representation, although not an entrenched provision, has not been removed despite its removal being the long-standing electoral policy of the National Party. Neither has the number of seats been increased to a pro rata representation with Pākehā, despite this being the policy of the Labour Party since 1973. The national hui at Waitangi in 1985 urged that the Electoral Act be amended urgently to increase the number of Māori seats from four to eight, and that initially all Māori be registered on the Māori roll with the option to transfer to the general roll (that is, the reverse of the present procedure) (*Ngā Kōrero me Ngā Wawata*, 1985:19).

The existence of Māori-elected Members of Parliament is a recognition of Māori as tangata whenua. These seats are jealously defended by Māori despite the often lack-lustre performance of their occupants (Levine and Vasil, 1985) and the electorates almost super-human expectations of them. The hui at Ngaruawāhia urged a greater monitoring of the political performance of Māori parliamentarians acting on behalf of the Māori people (Blank *et al*, 1985:6).

Unbridled Power

In his exposition of a New Zealand constitution and government, Geoffrey Palmer discusses the New Zealand constitution and a proposed Bill of Rights without once mentioning the Treaty of Waitangi as a foundation of New Zealand's constitution, and scarcely mentions the Māori seats (Palmer, 1979). More recently as Minister of Justice, he has proposed that the Treaty of Waitangi be included in a Bill of Rights which would be part of New Zealand's supreme law. Māori strategists have demonstrated little faith in Pākehā intentions over electoral representation, because Māori interests are raised and pursued almost entirely by Māori members and Pākehā interests are raised and pursued almost entirely by Pākehā members. As the Electoral Commission stated,

... under the system of separate representation, the representatives of each community, Māori and non-Māori are ultimately responsible only to the particular community that elected them (1986:91).

And further that:

... the system of separate representation has served to isolate the Māori MPs politically by encouraging the non-Māori majority to regard Māori concerns as the sole preserve of separately elected MPs (1986:91).

Constitutional Protection

In their defending Māori elected MPs against unrealistic criticism of their performance, the Electoral Commission argued that:

Neglect of the Treaty of Waitangi and the rights and freedoms it guaranteed has meant that the Māori MPs have had to carry the full burden of responsibility, not just for the protection and promotion of the Māori people's political interests but also for the protection of their constitutional rights, a function which in other countries is borne principally by the courts or other specially constituted bodies. Moreover, since they have had to bear this burden without the resources equal to the task and with the weight of the system against them, it is hardly surprising that the representation of Māori interests has been largely ineffective (1986:93).

They went on to say that the Māori seats in Parliament are a powerful political symbol and their abolition would result in strong feeling amongst Māori, especially as their very existence is used by Māori as a precedent or justification for other forms of Māori representation on governing bodies where Māori interests are currently debated and determined without adequate representation of Māori people. The Bay of Plenty United Council and the Auckland Harbour Board are bodies in point, and were specifically mentioned in the wānanga.

As the Electoral Commission would have it:

The Māori claim to the formal recognition of the Treaty of Waitangi is one of the longest-standing of all Māori claims. It has been given greater weight in recent years by developments in other countries, notably in Canada and the United States, in respect of the rights of their indigenous peoples. Many New Zealanders, however, have little understanding of the Treaty's constitutional significance and do not appreciate the issues involved in the Māori claim or the implications which the claim has for our constitutional and political arrangements and for society as a whole. The lack of an authoritative body of opinion on the interpretation and application of the Treaty has been a major problem in this respect. That problem, however, was corrected in 1975 with the establishment of the

Waitangi Tribunal, the findings of which are beginning to lay the foundations for the development of a fuller understanding of the Treaty and of the guarantees that it gave the Māori people (1986:109).

Securing Constitutional Guarantees

The Treaty is a source of Māori political, social and economic rights and interests. As the Electoral Commission noted in the long extract which follows:

The Commission accepts that the signing of the Treaty marked the beginning of constitutional government in New Zealand, and that it recognised the special position of the Māori people. Although we understand and appreciate why Māori place such a high premium on the Māori seats, we do not think they are or ever have been an appropriate means of securing the Māori constitutional position.

The protection of constitutional rights should not be the sole, or even the major, responsibility of persons who by the nature of their positions must be involved in the party political system. In other democratic countries, the principal onus for the protection of these rights falls upon bodies outside the electoral system. Thus while the Māori seats may well be the principal symbol of Government's recognition of the Māori people's special standing, their tenuous nature, in our view, makes them an unsatisfactory means of recognising the constitutional rights of the Māori people.

The Māori people's position would be much more secure if our constitutional and political systems were to reflect the diversity in our society and, more particularly, the special position of Māori. The constitutional position of Māori and the protection of Māori rights were issues which needed to be addressed in a comprehensive way by the Māori people, Parliament, and the Government, acting together. They are issues which must be examined whether or not the present system of Māori representation is the change (1986:110).

A Range of Constitutional Approaches

The definition of the rights of Māori is of critical significance to the success of constitutional talks. In our view, both Māori and non-Māori should generally understand the consequences of the measures to be adopted before specific steps are taken. The approaches we now describe are not mutually exclusive and do not exhaust the possibilities. We do not pass judgment on any of them, but merely mention them here to draw attention to the range of measures that have been used, and to

encourage Māori and pākehā alike to begin to think of ways they might be improved or supplemented.

First, it is clear from the Sorrenson history that the Māori desire for a measure of self-determination has been a constant theme in Māori-pākehā relations since the Treaty was signed. Parliament could respond by devolving some of its own functions and finance to local, regional, or national Māori organisations which could then fulfil those functions effectively in ways that took proper account of traditional structures and methods of decision-making. . . . We note that, as a matter of policy, the Government has begun to devolve some responsibilities to Māori authorities. . . .

A second possibility is the inclusion in particular Acts of Parliament of provisions that the Act does not override any of the rights recognised in the Treaty. Section 88(2) of the Fisheries Act 1983, for example, provides that 'nothing in this Act shall affect any Māori fishing rights', and a recent High Court decision has held that the other provisions of the Fisheries Act accordingly do not apply to Māori exercising a customary Māori fishing right. . . .

Third, an independent statutory body can hear complaints that rights acknowledged under the Treaty are not being, or have not been, observed and, if so, have the power to recommend remedial action or compensation. This is the approach adopted by the Waitangi Tribunal. But if it is to achieve results its recommendations will have to be finely judged and governments will need to show willingness to accept and implement them (1986:112).

Fourth, the Treaty might be given the status of supreme law as proposed in the draft Bill of Rights. Any law passed by Parliament would then be invalid if it contravened the Treaty, and any action by Government which infringed the rights of the Māori people under the Treaty would to that extent be beyond its powers.

Fifth, the constitutional position of the Māori people might be more formally recognised in our legislative processes and institutions. . . . (These included) changes that (go) beyond the electoral system to the structure and functions of the legislature and the wider constitutional system (1986:112).

A Commitment to Change

The 1984 and 1985 hui on the Treaty of Waitangi, specifically recommended that:

- (1) The Treaty of Waitangi be entrenched into constitutional law and not incorporated into ordinary statute law which could water it down.

- (2) No subsequent legislation should be antithetical to and must conform with the Treaty before it is passed into law. (*Ngā Kōrero me Ngā Wawata*, 1985:8)

In contrast, the Electoral Commission recommended generalities which would lead to further conferences and discussions but no definite action (*Ngā Kōrero me Ngā Wawata*, 1985:8). Perhaps they were realistic about the unwillingness of the government to make the necessary changes in power relations which would lead to a more just and fair electoral system.

The Electoral Commission argued for a comprehensive and systematic approach to recognise and effect the protection of Māori rights and the appropriate recognition of the constitutional position of the tangata whenua. They argued for a commitment by Parliament and government to establish and co-ordinate mechanisms and processes which will have the support of Māori people themselves. These mechanisms should have the support of all parties in Parliament and the Māori participants in any discussions should be chosen on a widely representative basis.

The parliamentary debates in 1867 suggest many MPs saw the introduction of the seats principally as a means of fostering Māori co-operation with European institutions and laws and not as a means of providing the Māori people with effective political representation. The system, moreover, has given rise to a situation in which a separately elected non-Māori majority has exerted an unduly large measure of influence over the shape and direction of policies affecting Māori. We do not think that non-Māori can escape their responsibility now by regarding the issue of Māori representation as a Māori one and leaving it to the Māori people alone to decide. In this Report, we recommend an electoral system which we are convinced can give Māori a more just and equitable share of influence over policy, and which will also have important general benefits for our political system as a whole. We also suggest a process of dealing with long-standing questions of the constitutional status of Māori which we consider ought to be undertaken whether or not there are to be major changes to our electoral system. We believe these issues are of concern to all New Zealanders and not just to Māori (1986:113).

Local and Regional Representation

At local and regional level, Māori views should be heard. Māori have an expectation, based on the guarantees of the Treaty and not on government policy and practices over the last century or more,

that they should participate in partnerships with Tauīwi. At present this expectation is not widely shared by government, bureaucracies or the private sector where, it is admitted, Māori participation is generally at the delivery end rather than at the policy formation end. The 1984 hui at Ngaruawāhia urged the establishment of what they termed 'real' Māori dimensions in all government departments, but mentioned Education, Health, Justice, Social Welfare, and Treasury more specifically (Blank *et al*, 1985:6).

Almost invariably the Māori submissions on these matters regard tribal trust boards and iwi authorities as the most appropriate bodies to enter into dialogue with local and regional government and to determine the nature of such representation. The Tainui Māori Trust Board (submission 199), the Tūhoe submissions made at Ruatāhuna, and the Ngāi Tahu Social Policy Task Force (submission 5329) are clear about the appropriate role for Trust Boards in regional government. Nothing should pre-empt the authority of the tribes themselves to determine the most appropriate representational structure for their people.

In his February 1988 submission to this Commission, Sir Graham Latimer urges support for the establishment of new Māori regional authorities with

... the training and resources needed to carry out their vital functions—in the same way as other state agencies are supported. (further), ...

An investigation must be made of the ways these agencies can be linked with the new regional authorities being set up as part of the reorganisation of local government. We must be a full part of such authorities, not separate or we run the risk of being perpetual poor relations, outside the mainstream of public life with no political clout (Latimer, submission 5816).

Adequate Māori electoral representation at all levels of government and at all phases of policy-making, implementation and review seems to be a necessary condition of partnership. Under present arrangements the single most deficient factor is good faith. Without good faith, there is insufficient consultation and a stoney seed bed for the cultivation of mutual trust.

A Change in Constitutional Arrangements

The New Zealand Māori Council, the Raukawa Trustees and other individuals who have made submissions to the Royal Commission on Social Policy or have attended our wānanga have proposed a change in constitutional arrangements which will give effect to the intent and meaning of the Treaty of Waitangi (see Blank *et al*, 1985:4, quoted above). Central to these constitutional arrangements is a bicameral legislature with a lower house representing the people individually on a basis similar to the present House of Representatives, and an upper house representing the partners to the Treaty. There are, of course, earlier precedents from a hundred years or more ago. The Māori parliament of the Kotahitanga movement in the last decade of the nineteenth century was to have electoral districts based on tribal boundaries. There was to be a Lower House of 96 elected members who in turn would choose 50 members of the Upper House (Williams, J., 1969:52-53). The Upper House was to be composed of chiefs by birth (Williams, J., 1969:55).

In the 1987 proposals of the New Zealand Māori Council, the Raukawa Trustees and others, both Houses would have Māori and Taiwi members. The lower house would have people, both Māori and or Taiwi equally represented. The upper house, senate or Rūnanganui, would have each people Iwi, Māori and Taiwi equally represented. The New Zealand Māori Council proposal envisaged three separate houses, one Tikanga Māori, another Tikanga Pākehā and the third, the upper house as Tikanga rua. Wānanga opinion appears to be against three houses because it would be too easy for Pākehā to marginalise and ignore a solely Māori assembly as our 148 years history of living together has amply demonstrated.

The Electoral Commission argued for a constitutional debate on the vexing question of Māori and Pākehā constitutional roles and recommended:

Parliament and Government should enter into consultation and discussion with a wide range of representatives of the Māori people about the definition and protection of the rights of the Māori people and the recognition of their constitutional position under the Treaty of Waitangi (1986:112).

A Single Chamber or Two Houses?

Palmer (1979) raised arguments for and against a second chamber in his interpretation of New Zealand's constitutions and government. He asks what two houses can do which one cannot? His obvious answer is that a second house can do all the things a single house can do, but do them again (p. 141). This presupposes that the second house is a replica or clone of the first.

A summary of the advantages and disadvantages of a bicameral legislature, as argued by Palmer (1979), follows.

- 1 A second house can constitute a brake on the activities of the lower house—real advantage could flow from a second appraisal of legislation, slowing the process down and giving opportunity for sober second thought.
- 2 A second house could act as a watch dog, as a safeguard against a single assembly seizing excessive power and against the danger of an ambitious political leader through his dominance over his party virtually becoming a dictator. To do this, the second house would need the power to return if not reject proposals which had gone through the other house. Modern party politics complicates the approach.
- 3 A second chamber could scrutinise regulations and undertake thorough reviews of government administration by Select Committee enquiry, including a review of annual reports of government departments and the accounts and reports of State Owned Enterprises and quangos.
- 4 A second chamber could have responsibility of such matters as civil liberties and human rights.

According to Palmer (1979:145) these tasks have been sufficiently neglected by the House of Representatives to warrant emphasis but the question needs to be asked—are they tasks that justify the creation of a second house, or are they tasks that could be carried out by an enlarged and reorganised House of Representatives?

In respect of the first three of these tasks, it can be argued that most of the advantages of a second chamber could be secured without actually having one. Provided there was sufficient political will to consider the re-establishment of the upper house, there ought to be enough goodwill to reform the existing single house.

The crucial task is the protection of civil and human rights. An Upper House or Rūnanganui could be given the constitutional authority to protect the Treaty of Waitangi, to ensure that the principles and guarantees set out in its preamble and three articles were adhered to and safeguarded. Just as the Senate or Upper House in some federal electoral systems protect the interests of the states or provinces in relation to the central government, so the Rūnanganui might protect the interests of the two partners to the Treaty of Waitangi by giving both partners equal representation in the Rūnanganui.

As Palmer points out, if a second chamber was to differ from the House of Representatives, it would need to be composed differently (either with different electoral formulae or through appointment, or both). Undoubtedly a second house designed to check and control the other house would need to be more independent of party control. If different methods of election or appointment (the New Zealand Māori Council argue for election by tikanga Māori for Māori membership and appropriate tikanga Pākehā for the other half of the members) produced a different political spectrum, the change in the political spectrum could be encouraged to occur in an enlarged single house. No matter what, any of the changes involve a reduction in the power of government, and as Palmer concludes:

The record of governments voluntarily relinquishing power is not one to inspire confidence that change will occur unless politicians feel politically at risk (1979:146).

11 The Outcomes of Administrative, Political and Judicial Processes as they Affect Māori Individually and Collectively

The effects of administrative, political and judicial processes on Māori people, can best be understood in terms of the destruction of Māori social identity through assimilation and the systematic alienation of Māori resources, their land, their labour and their capital from first contact up to the present time. Although the Treaty of Waitangi promised a partnership between the British Crown and the indigenous tribes, partnership hardly lasted a decade. The 1852 Constitution and subsequent legislation established a succession of settler governments which demonstrated opposition to or lack of interest in Māori attempts to retain or re-establish rangatiratanga.

As the Secretary of Māori Affairs states it in the Department's preliminary submission to the RCSP,

After 1845, Government's aim was to amalgamate Māori and settler as quickly as possible. This included the application of military force and police powers to Māori communities. The sheer extent and intensity of demographic and economic change meant that Māoridom was initially overwhelmed by the process of colonisation. The Māori ceased to command the processes of change (Reedy, 1987:3).

Demographic and Social Situation

There are two usual definitions of Māori—the 'census' definition which is based on the stated claim to half or more Māori 'blood', and the 'descent' definition which includes all those covered by the census definition plus others who claim Māori descent of whatever degree. The descent group is about 40 percent greater than the census group. Many official statistics are unclear about which definition is used.

There has been a tug between Pākehā and Māori thinking on this issue. Pākehā believe that a person's ethnic identity is tied up with degree of ancestry. The Māori viewpoint is that so long as a person can establish a whakapapa (genealogical) link with a Māori whānau (out of which hapū and iwi links are established) that person is a Māori. This view is enshrined in the definition of 'Māori' in the 1953 Māori Affairs Act. All demographic projections agree that Māori will continue to grow as a proportion of the New Zealand population (Reedy, 1987:10).

Nonetheless, Māori people constitute the largest ethnic minority in the country, representing at least 13 percent of the population, and totalling over 400,000. In each of the last five years, the proportion of children born in New Zealand who have at least one Māori parent has been almost 25 percent and is slowly rising. By the end of this century the proportion of school-leavers who have Māori ancestry will have increased from 15 percent to 25 percent and in the region north of Taupo, they will total almost half of all school-leavers.

Māori generally see their position in New Zealand society as marginal, and their marginality is equally clear to many other New Zealanders, although some deny this. This marginality comes from a sense of group oppression which is generated in schools through schools being (consciously or unconsciously) anti-Māori or at best trying to be 'value neutral'. Such schools are characterised by their lack of Māori objectives, their lack of Māori social organisation and social structures, their lack of Māori language and content and their lack of Māori values pervading education. Outside the school system this marginality is reinforced in public life where broadcasting and the printed media, the judicial system, social welfare, health and hospitals, and the other major social institutions are based almost exclusively on Pākehā norms and values, and Pākehā rules and expectations.

Failure of the Education System

Educational performance cannot be considered in isolation, for there is a strong link between an individual's attainment and work, life-skills, income and social status. For example, the expectation of almost certain unemployment upon leaving school will provide little stimulus towards improved academic achievement, particularly if the education provided is perceived to be largely irrelevant to adult life. Conversely failure at school may lead to low self-esteem and a lack of qualifications and thus to a confirmation of negative employment and social expectations, and perhaps to anti-social activities.

It has been argued that the education system actually succeeds at what it aims to do; to reproduce the social and power relationships in the wider society. In doing so it fails the poor, Māori and the Polynesian, and provides success for the children of the rich, the middle and upper classes and the educated elite (Penetito, 1983).

The Waitangi Tribunal (1986) were handed a paper prepared by Maiki Marks, a secondary school teacher from Auckland who referred to the frustrations of being a Māori language teacher.

There are two big problems facing any Māori teacher. . . . The first big problem is that schools basically are designed to teach Pākehā, and middle class ones at that. Bringing the system across half the globe hasn't altered that in any way. so a Māori teacher (and a Māori student) is compulsorily part of a system designed to treat her as if she is Pākehā. And if she shows signs of forgetting that, to treat her as someone requiring to be made Pākehā, to be assimilated. Whatever term you want to use, it means the system wants Māoris to forget they are Māoris while they are in school. The second big problem is . . . that if the teacher is monocultural . . . then so is the class's work . . .

The frustrations of being a Māori language teacher are just the same as those of being a Māori in New Zealand society. The frustrations of being a Māori language teacher are essentially summed up in the feeling that the education system has invited you to be a mourner at the tangihanga of your culture, your language and yourself. . . .

We leave this *cri de coeur* to speak for itself. (*Te Reo Māori*, 1986: para 6.1.11)

Despite the existence and activities of the Māori Education Foundation since 1962, and a small number of other agencies encouraging Māori education, Māori participation in, and rewards from, the school system are still much lower than those of Pākehā students. The greatest differences occur in the pre-school years and beyond

age 15 especially in the public examinations (school certificate and university bursary).

Four times as many Māori children leave school from form three or four than do Pākehā (23 percent of all Māori school-leavers, 6 percent of all Non-Māori). Conversely, four and a half times more Pākehā school-leavers have university entrance or better qualifications compared with Māori school-leavers (36 percent Pākehā, 8 percent Māori). Only just over one-third of Pākehā school-leavers complete their schooling without certificated attainment of three passes in School Certificate or better, but three-quarters of all Māori pupils leave school as 'uncertificated failures' (37 percent and 76 percent respectively). This restricts their chances of sharing with any equity in the abundance they see around them. As a consequence of school failure, only 2 percent of Māori school-leavers intend to go on to full-time university study, compared with 14 percent of Non-Māori school-leavers. A quarter of all Non-Māori school-leavers go on to some form of full-time tertiary study, and of these only 20 percent go to university (Douglas 1985:4).

As the Waitangi Tribunal noted in its finding on the language claim,

(the education system) has been a major source of anger and despair for a very long time (para 6.1.6) and, . . . We think the record to date is quite unmixd. It is a dismal failure and no amount of delicate phrasing can mask that fact (*Te Reo Māori*, 1986:6.2.8).

In discussing the last 40 years, the Department of Māori Affairs argues that:

Generally there was no conscious policy of developing the Māori human resource, except through the Māori church schools and through the state native/Māori school system. But educational progress was slow. As a result educational under-achievement coupled with a lack of capital resources has largely confined the Māori people to unskilled or semi-skilled wage work. Access to professional careers or participation in new commercial opportunities is strictly limited. . . . It is clear that Māori people have borne a disproportionate share of the consequences of the depressed labour market of the 1980s. Demographic trends point to the group between 15 and 30 years experiencing the grim prospect of permanent unemployment. They face severe disadvantages compared with their Pākehā counterparts (Reedy, 1987:4).

Even the most optimistic projections of educational reform do not show more than a gradual erosion of the stark differences between Māori and Pākehā in educational attainment and preparedness for the workforce.

All of these differences are exacerbated by the younger age structure of the Māori population (median age 19 years) compared to the population as a whole (median age 32 years). Not only are young Māori unsuccessful in schools, and later in winning jobs in relation to others, but their comparative youth means that the majority of Māori are seen as failures and the number of Māori role models of excellence and success in education and employment are few.

Māori unemployment rates are 3 to 4 times greater than Pākehā rates, and at younger age-groups (under 25 years) Māori unemployment rates are even higher because of the extent to which Māori figure amongst 'discouraged workers'. These people are alienated from the labour market, or do not register as unemployed or seek income support through sickness, domestic purposes or disability benefits.

Unrealised Potential—A Wasted Resource

The three most salient features of Māori workforce participation are the young age structure of the workforce, the low level of educational and vocational skills (as noted already) and the high level of dependency (the ratio of full-time paid workers to total population is almost half that of Pākehā paid workers). These three factors combine to depress both Māori per-worker income and Māori per-capita income; to reduce their potential inter-industry and occupational mobility; and to curtail their ability to enter into management or ownership roles in the economy.

A further indicator of Māori disadvantage in the labour market relates to the higher status occupations such as professional, technical, managerial and administrative positions. Eighteen percent of the country's labour force are in this type of occupation, but only 4.5 percent of the Māori labour force. (Even within these occupational categories, Māori are more concentrated at the middle to low technical skills levels than Pākehā.) Furthermore, 55 percent of Māori workers are unskilled labourers or semi-skilled operatives, whereas only one-third of Pākehā workers are in these lower status occupations.

The Secretary of Māori Affairs also said,

The recently released report of the New Zealand Planning Council (*Care and Control*) on the role of institutions in New Zealand, underlines the tragic waste of human resources that occurs in the environment of prisons, mental hospitals and childcare homes. The grossly disproportionate numbers of Māori people here highlight the inadequacy of existing social and cultural policies and practices. An urgent task for the Commission is to recommend the kind of changes which will result in the redirection of the resources going into these institutions, into innovative social and cultural programmes that will stop this human wastage (Reedy, 1987:13-14).

The outcomes of social and economic processes represent Māori as a poor, easily identified, under-developed social enclave in an otherwise rich, developed country. There are many causes for this relative deprivation, amongst which the following figure prominently.

Māori Land Alienation

Since Waitangi, but particularly since 1860 land legislation has aimed at transferring Māori communal title into Māori individual title, and then its transfer into Pākehā title. Māori land has been alienated by confiscation, mortgage, lease, compulsory purchase or sale.

Little more than a hundred years ago, government claimed that vast tracts of uncultivated lands in both the North and South Islands were Waste Lands, and by so doing, effectively alienated those lands from their human possessors. In the latter half of this century, the New Zealand government required compulsory acquisition by the Māori Trustee of what it termed 'uneconomic interests' in Māori land. This was meant to reduce what they perceived to be a problem of Māori land fragmentation which in turn inhibited Māori land utilisation. This only served to alienate Māori further from their birthright, their land.

Most policies that deal with Māori land have been based on Pākehā concepts of land as a tradeable commodity not on Māori concepts of land as Tūrangawaewae (place to stand). The formulation and pursuit of Māori land policies have been critical in the advancement of Pākehā power, values and norms at the expense and social dislocation of Māori people:

All land was held tribally; there was no general right of private or individual ownership except the right of a Māori to occupy, use or cultivate

certain portions of the tribal lands, subject to the paramount right of the tribe (Salmond, quoted in Asher and Naulls, 1987:5).

To this day, jointly owned land is a treasure, and a rallying point around which whanaunga, hapū and iwi social structures can be organised, maintained and strengthened.

In the Tainui Māori Trust Board submission to the Waitangi Tribunal hearing at Ahipara in March 1987, they emphasised their continuing wish to have land in iwi or hapū title rather than individualised, and they stated their opposition to the Crown's wish to extend the principle of individual private property to the seabed and to the fisheries.

... We have stated elsewhere and it has been clearly demonstrated in the Manukau hearing that there are certain spiritual values held by Tainui which are not negotiable. Individualisation of title in relation to land has been a burning issue amongst all the tribes since the Treaty was signed.

Now the Ministry (of Agriculture and Fisheries) has introduced individual title to the products of the sea, the children of Tangaroa. Tainui is totally opposed to the values which lie behind the issuing of individual transferable quotas. We do not see them compromising on this issue (Tainui Māori Trust Board, 1987:pt 5).

Rural to Urban Migration

The excessive speed of Māori urbanisation, almost completely effected within one generation, brought with it widespread cultural disorientation. More than three-quarters of the Māori population are now urbanised, compared with only one-quarter a generation ago, but the consequences in terms of breakdown of , hapū and iwi relationships have been severe. Again the underlying assumptions of the rapid urbanisation of Māori since 1960 have aimed at incorporating the surplus value of Māori labour into the national economy.

Declining Authority of Tribal Leaders

Traditional forms of authority were undermined by most of the modernising forces that accompanied urbanisation. Rapid urban relocation, especially of young job seekers who were rehoused in structures designed for nuclear families, meant that the young were

physically separated from their elders. Young Māori were generally unable to withstand the assimilationist policies in schools and broadcasting which has reinforced the wider community's denial of the value of Māori social and cultural institutions, language and tradition. All this had resulted in increased alienation of young Māori from traditional authority. What might be done to reinforce the authority of tribal elders? There has to be autonomy for there to be any legitimate authority; for the potential leader to exercise authority, there has to be a cultural and social context, for example the marae, the extended family, the language.

As they became aware that the promises of assimilation were not being delivered up to them, many young Māori began to reject all forms of authority. They have done this without necessarily being antagonistic to modernising forces, but their rejection of authority is a rejection of its legitimacy, and is based on young peoples' opposition to being assimilated. To illustrate the growing division between young and old in Māori society, we quote from the submission of the Secretary of Te Rūnanga Whakawhanunga i Ngā Hāhi:

The recent Waitangi Tribunal decision on Bastion Point too perfectly rebuts the notion that expedient settlements, based on money compensation values will satisfy the Māori sense of tika (justice). Sadly, the decision also illustrates the different attitudes between younger and older Māori people, particularly in regard to standing up for one's beliefs and values. It should also be noted that these attitudes are hardening among the young generations rather than diminishing, and young Māori are analysing and condemning the existing political system with increased accuracy and vigour.

Therefore it is clear that durable and just solutions to Māori need must be made in ways which ensure that the young people (the overwhelming proportion of the Māori population) are completely satisfied with both the processes and the results. To achieve this successfully will require careful consultation with young Māori adults because their understanding and experiences of social well-being and the outcomes of social and economic processes are often dramatically different to those of older Māori (Cooper, 1987:26). Alienation has been a major consequence of unplanned integration, and has accentuated cultural disorientation.

Decline in the Use of Māori Language

Most Māori born before 1940 are Māori speaking, but each birth cohort since then has had a diminishing proportion of Māori speakers. Indeed recent survey data from New Zealand Council for Educational Research (Benton, 1984) indicate that less than 5 per cent of Māori children entering schools nowadays are bilingual Māori and English speakers. This had the consequence of a disintegration of Māori cultural values and social practices. A culture cannot survive, let alone grow, in translation; and a language needs speakers to survive. The Waitangi Tribunal's findings on *Te Reo Māori* place great emphasis on the following evidence from a northern kaumātua who said:

The language is the core of our Māori culture and mana. Ko te reo te mauri o te mana Māori (the language is the life force of the mana Māori). If the language dies, as some predict, what do we have left to us? Then, I ask our own people who are we? I, and certainly we, do not want to be like the American negro who has lost his culture and has nothing.

Language according to Oliver Wendell Holmes is a solemn thing, it grows out of life, out of its agonies and its ecstasies, its wants and its weariness. Every language is a temple in which the soul of those who speak it is enshrined. Therefore the taonga, our Māori language as far as our people are concerned, is the very soul of the Māori people. What does it profit a man to gain the whole world but suffer the loss of his own soul? What profit to the Māori if we lose our language and lose our soul? Even if we gain the world. To be monolingual, a Japanese once said, is to know only one universe (*Te Reo Māori*, 1986:6.1.21).

Breaking the Bonds of Dependency

The few Māori initiated programmes aimed at improving Māori housing, employment or education have been only partially successful, because they lacked the necessary resources. In contrast government programmes were focussed to provide goods and services deemed by Pākehā to be appropriate for Māori needs, with little heed taken of how such programmes might be self-sustaining, or of the rising sense of dependency that such externally generated programmes created.

If Māori labour underdevelopment in a dependency state is to be lessened, then opportunities for self-supporting employment that meet Māori needs on regional or tribal terms are required. Without them, economic and social dependency will continue, and is much

more likely to worsen rather than improve, certainly in the short term.

Both the geographic and demographic concentration of the Māori population (half the Māori population is under 19, half the Māori workforce is under 29, and 60 percent live in urban areas north of Taupo), demonstrate that social tensions between the generally more affluent Pākehā community and the relatively disadvantaged Māori community are likely to increase. This is especially likely in Auckland, where the inadequate employment and social conditions of Māori are matched by Pacific Island Polyynesians, and a growing consciousness of deprivation is likely to polarise the poorer Māori and Island Polynesian sections of the community from the relatively affluent whites. This phenomenon is called Eth-class where class position and ethnicity or race generally correspond, such as rich, powerful and white, or poor, powerless and black (Macpherson, 1979:106).

The unemployment benefit, although it provides a limited income support for unemployed Māori job seekers, nevertheless restricts options or choices and reduces self-esteem in the long term. Other consequences occur as well, but a disturbing feature is the acceptance by both young people and by labour market decision-makers alike of unemployment as a normal phenomenon in life. A disturbingly large number of presently unemployed Māori people, their spouses and their children can look forward to long-term dependency on the dole as a standard condition for them and their families. The flow-on effect is unpredictable but may involve strong inter-racial tension in the medium term, especially if the same despairingly low levels of expectation are not internalised by young Pākehā workers, their families and especially school-leavers. Likewise, the domestic purposes benefit (DPB) acts as an income support mechanism and alternative to dole payments for young parents who are unable to find suitable work easily. The DPB, and sickness and disability benefits are disguised forms of unemployment support for many young people who may have preferred to work if work was available.

The persistence of Māori educational under-achievement should not continue to justify disproportionately high Māori youth unemployment. This can only exacerbate the size of the problem in the future in view of the youthful nature of the Māori population. Instead the foci of action should move towards:

- active promotion by public and private employers of various employment opportunities for young Māori job seekers; and
- acknowledgement of Māori orientated sets of skills and qualifications within formal employment instruments, and thereby accepted by employers as part of the criteria for assessing potential Māori employees.

The disproportionately high number of Māori people aged under 15 does allow innovation to be easily accepted, especially in schools and on training programmes but it also raises a number of employment issues including:

- intense competition for available jobs between young Māori people and others. Without Māori as employers, young Māori are more likely to miss out, as the children of existing employees, relatives or neighbours will get offered jobs well before the Māori unemployed are aware of their existence.
- employment opportunities within the labour market are being determined by factors beyond the control of young Māori people, for example through fiscal and monetary policies of the government; and
- a need to target jobs and training for unemployed Māori school-leavers.

More extensive employment and training programmes that meet Māori objectives on Māori terms at the regional or tribal level will need to be developed. This was the clear message of the Hui Whakāwa Taumata which met at Waahi Pa, Huntly during February 1988. (Te Hui Whakāwa Taumata, 1988:2–5) Broad-based employment and training programmes without specific targets are not only expensive, but also do not meet the needs of unemployed Māori job seekers.

Two options ahead for employment and training programmes from the Labour Department are:

- specific training and employment programmes aimed at meeting the immediate needs of Māori unemployed job seekers through consultation with Māori groups in the tribal areas or regions where they live. This will involve the strengthening of Māori tribal authorities so that they can act as umbrella trustees. Or
- flexibility within Labour Department employment and training programmes to accommodate the needs of Māori unemployed job seekers on tribal or regionally determined terms.

The latter option however, has the disadvantage of accommodating Māori job creation and training needs within the Department of Labour's programmes rather than the reverse. Undoubtedly, Māoris will want the first option (Māori Economic Development Commission, 1985:20).

Training or Job Creation?

Present government policy which emphasises training rather than job creation, only partially recognises that the overwhelming majority of the young people who are experiencing greatest difficulty in the transition from school to adult life, are Māori and Island Polynesians. Providing more employment and vocational training for largely unemployed Māori school-leavers, should be seen as an alternative to job creation programmes, not as a substitute. Māori authorities involved in training programmes are critical of the allocation of resources for unemployed Māori, and have sought a higher proportion of funding to meet the expectations of their communities (Māori Economic Development Commission, 1985:2-3).

For many Māori school-leavers the prospect of further education or ACCESS training within a community training centre will have little benefit, particularly if they desire work experience and if at the end of the training period, there are still no employers willing to take on more workers. Without work experience through an employment programme aimed at job creation, not only will there be a poor target strike, in terms of both physical and financial resources, but also Māori needs on a regional or tribal basis will not be met. Simply put, where further education and vocational training are mandatory through ACCESS for unemployed Māori school-leavers, the benefits have turned out to be small relative to the physical and financial resources employed (Māori Economic Development Commission, 1985:21).

Hui Taumata—The Māori Economic Summit Conference

In opening the Hui Taumata (Māori Economic Development Summit Conference), in 1984, the Minister of Māori Affairs, Hon.

Koro Wetere reflected on the social and economic condition of the Māori people, on the high proportion in dole queues, on social welfare benefits, in jails, dropping out of school and housed in poor conditions. He called for more immediate and urgent action to lift their social and economic status. Noting that Māori and Pākehā are inter-dependent, he said that:

... our people will not progress if New Zealand does not progress, conversely New Zealand cannot progress without our people, nor at their expense. To maintain or perpetuate the present social and economic situation will be to court disaster in years to come ... the legacy of the status quo will be racial strife and social breakdown such as we have never seen before (Hui Taumata Proceedings, 1984:B4-5).

The major proposal which he put forward was the need for positive, planned action to redress the serious imbalance between Māori and Pākehā aspirations and achievements in economic and social fields. The Minister called for 'A Māori Development Decade'. In doing so, he argued that:

The next decade will make or break our people. We must use that time to reduce the imbalance between Māori and Non-Māori, and this gathering is the first part of the process.

The bottom line is that our people must have an improved standard of living and that the pace of their development, in the short term at least, must be at a quicker pace than the Non-Māori. We must progress two steps to other peoples' one (Hui Taumata Proceedings, 1984:C2).

The Minister stated that the money for the Māori Economic Development programme must come from redirecting existing resources from negative areas like social welfare benefits and keeping people in prison, to positive areas. He argued that Māori must be encouraged to take more responsibility for themselves and to develop their own resources, to create their own enterprises and promote policies that give effect to Māori aspirations. Inherent was the need for government and other non-Māori organisations, institutions and individuals to recognise the need for and spirit of Māori self-determination and to facilitate this within the context of a united but diverse society. The final words of his address were:

I challenge each of you here to join me in heralding in a Māori renaissance, a development decade for our people. Together we can and we must set new, practical, realistic and achievable directions. We can and we must overcome the dilemmas we now face (Hui Taumata Proceedings, 1984:C2-3).

At the end of the Hui Taumata the Minister summed up the resolutions of the hui. He noted that no one in New Zealand could now claim not to know about the gap that exists between Māori

and non-Māori. No one could claim that Māori people have not taken the initiative to come up with innovative, realistic proposals. Referring to the Hui Taumata as the brains, he pledged that the Government would be the hands, although he added that '... the onus is not just on the Government, but on each and every one of us'.

He Kawenata — A Covenant

The Minister referred to the final report of the Hui Taumata as the blueprint for the future of the Māori people. He expressed his great pleasure in saying that he would progressively implement all of its recommendations, and called for all those present to support him in this Kawenata. Included in the conference report, 'He Kawenata' summarised the deliberations and reiterated the objectives of the Hui Taumata:

- to examine the economic situation of New Zealand

- as it affects Māori people;

- to assess the economic strengths and weakness of Māori people in New Zealand;

- to obtain a commitment to action from those attending the conference;

- to support policy changes necessary to obtain socio-economic parity between Māori and Non-Māori.

In discussing the 'under-achievement gap' between Māori and non-Māori, the Minister noted that it has not been closing.

He Kawenata calls for innovative, realistic policies to reduce the achievement gap, and a development plan to achieve specific goals within the clear time frame of a Māori Development Decade must be prepared (He Kawenata, 1984:2).

Many government departments were seen as having a major role to play in future Māori development strategies. The Kawenata reiterates that Māori participation in all levels of decision-making is essential if equality is to be attained (He Kawenata, 1984:6).

In summing up the primary task ahead, the Minister said that that was to increase the quality of life of Māori families. When this is achieved, Māori health, crime, education, unemployment, and other social problems will lessen. Without a relative increase in the standard of living of Māori families, the under-achievement gap between Māori and non-Māori will widen even further. To close

the gap we must accept that the Māori must 'progress two steps to other peoples' one' (He Kawenata, 1984:8).

A Māori Community Education Strategy

A Māori Educational Authority has been proposed which would take responsibility for developing Māori education at all levels (Matawaia Declaration in submission 5508). This would include community control of Māori schools, a system of pre-service and in-service teacher training, and curriculum and resource development for kaupapa Māori schools. To operate effectively, any proposed Māori Educational Authority would need to have a tertiary level training facility under its control. This is implicit in the Matawaia Declaration.

Despite there being 21 Polytechnics, 7 Teachers' Training Colleges, and 7 Universities in New Zealand, not one of these has as its prime objective — meeting the needs of the Māori community in their search for technical, further, or higher education. Further, none is able to make adequate provision for teacher training or resources required in bilingual or Māori immersion schools.

Even though there appears to be considerable goodwill in existing tertiary institutions, none is willing to provide Māori community or vocational education on a first priority basis. Advances in the tertiary education of Māori are not accorded the priority that is required, especially if we mean to do more than just hold the present line of gross disparity. One of the existing tertiary level colleges should be turned into a Māori Community College where the pressing issues of Māori under development can be addressed and, through provision of educational programmes, reduced.

Existing tertiary level institutions would be expected to provide and expand those existing programmes that meet Māori community educational needs. Some programmes are noted in the recent review of New Zealand Universities (NZ Universities Review Committee, 1987). Nonetheless, the disparity is so great between Māori needs and their fulfilment on the one hand and between Māori and Pākehā provision and use of services at tertiary level on the other hand, that much more needs to be done. A Māori Community College, staffed in the main by Māori who will be responsive to Māori community needs, and perceived by the Māori

community as more able to meet these needs, would act as a role model for other tertiary institutions as well as for Māori educational and vocational aspirations in the community.

It is anticipated that there may be a number of forces opposing this proposal. Objections will include concern with the spectre of apartheid, a lack of establishment finance, a perceived paucity of suitable Māori tutoring staff, the cost of providing student accommodation in association with a 'national' or 'unique' institution, the lack of high-level management skills for such a college, the fear that an additional institution would detract from finance for or programmes in existing ones, and a desire not to lose the small but important Māori presence in some existing colleges. None of these objections stands up to serious scrutiny in the light of the grave and worsening disparities between Māori and Pākehā in educational achievement, relative participation in and rewards from the paid labour force, personal and community self-esteem or dependency and sense of autonomy, and perceived differences in life chances.

Negative Funding

The Secretary of Māori Affairs said in his submission that:

It is important to remember that Māori organisations and individuals have achieved economic success. The challenge for a Māori economic development policy is how to achieve a faster economic growth rate than the non-Māori so as to close the gap. Faster economic development involves: speedy advancement by Māori people in commercial or Government employment, an increase in the number and size of viable Māori businesses and better economic performance by the communally owned Māori economic enterprises including diversification out of traditional pastoral industries (Reedy, 1987:13).

This proposal does not necessarily imply a greater commitment of funding. The resources should be diverted from areas with negative rates of return to proposals aimed at positive rates of return. Simply put, the resources should be transferred from programmes that compound negative outcomes for Māoris to proposals that provide positive outcomes. Only when that transfer begins, can we expect parity between Māori and Non-Māori rates of achievement to begin to be attained.

Any estimate of negative government funding would include the additional costs of maintaining Māori children in social welfare homes, and Māori adults before the courts, in prisons, detention

centres and other penal institutions, on the dole or other income maintenance programmes such as sickness benefits, or in psychiatric hospitals, in emergency housing, and women's refuges (Māori Economic Development Commission, 1985:23-25).

The Kawenata from the Hui Taumata argued that:

financial resources were locked into 'negative spending' patterns that did not assist economic progress. A special report of the Māori Economic Development Commission subsequently quantified this amount as \$365.6m for the 1985-86 financial year.

Also, the Kawenata

Advocated a conscious attempt to restore self-determination by progressively devolving the resources devoted to negative outcomes into the tribal system (Reedy, 1987:5).

Implicit in the empowerment of Māori communities and individuals is the belief that increased realisation of self-worth and sense of control over ones' own life will result in lower levels of Māori community dysfunction and lower levels of state intervention, care and control. In the longer term this will result in greater social benefit to Māori and Pākehā alike.

Appendix I

The Twelve Issues that Determined the Programme of Research and Review

- 1 The Status of the Treaty of Waitangi.
- 2 The Obligations of the Crown under the Treaty.
- 3 What is understood by the pursuit of partnership, good faith and mutual trust?
- 4 What is the position of Pākehā, Pacific Islanders and members of other minority cultures in New Zealand, as determined by the Treaty?
- 5 What is the relationship between the status of tangata whenua and the notion of equality of all citizens?
- 6 What is the responsibility of the Crown to protect the tribal domain; fisheries, sacred places, etc.?
- 7 What is the responsibility of the Crown to protect and develop Māori human resources and other taonga such as the language?
- 8 The Treaty and the pursuit of Māori autonomy.
- 9 Government and Community support for Māori social organisations, especially whanaunga, hapū and iwi.
- 10 How to ensure adequate electoral representation of Māori which will ensure partnership.
- 11 Outcomes of administrative, political and judicial process as they affect Māori individually and collectively.
- 12 The nature of Māori social wellbeing; social and economic processes and Māori people.

Appendix II

The Treaty of Waitangi Texts

English Version

PREAMBLE

Her Majesty, Victoria, Queen of the United Kingdom of Great Britain and Ireland, regarding with her Royal Favour the Native Chiefs and Tribes of New Zealand, and anxious to protect their just Rights and Property, and to secure to them the enjoyment of Peace and Good Order, has deemed it necessary, in consequence of the great number of Her Majesty's Subjects who have already settled in New Zealand, and the rapid extension of Emigration both from Europe and Australia which is still in progress, to constitute and appoint a functionary properly authorised to treat with the Aborigines of New Zealand for the recognition of Her Majesty's Sovereign authority over the whole or any part of these islands. Her Majesty therefore being desirous to establish a settled form of Civil Government with a view to averting the evil consequences which must result from the absence of the necessary Laws and Institutions alike to the Native population and to Her Subjects has been graciously pleased to empower and authorise me William Hobson, a Captain in Her Majesty's Royal Navy, Consul, and Lieutenant-Governor of such parts of New Zealand as may be or hereafter shall be ceded to Her Majesty, to invite the confederated and independent Chiefs of New Zealand to concur in the following Articles and Conditions.

ARTICLE THE FIRST

The chiefs of the Confederation of the United Tribes of New Zealand and the separate and independent Chiefs who have not become members of the Confederation, cede to Her Majesty the Queen of England, absolutely and without reservation, all the rights and powers of Sovereignty which the said Confederation or Individual Chiefs respectively exercise or possess, or may be supposed to exercise or to possess over their respective Territories as the sole Sovereigns thereof.

ARTICLE THE SECOND

Her Majesty the Queen of England confirms and guarantees to the Chiefs and Tribes of New Zealand and to the respective families

and individuals thereof, the full exclusive and undisturbed possession of the Lands and Estates, Forests, Fisheries, and other properties which they may collectively or individually possess, so long as it is their wish and desire to maintain the same in their possession; but the Chiefs of the United Tribes and the Individual Chiefs yield to Her Majesty the exclusive right of Pre-emption over such lands as the proprietors thereof may be disposed to alienate, at such prices as may be agreed upon between the respective proprietors and persons appointed by Her Majesty to treat with them in that behalf.

ARTICLE THE THIRD

In consideration thereof, Her Majesty the Queen of England extends to the Natives of New Zealand Her Royal Protection and imparts to them all the Rights and Privileges of British subjects.

W. Hobson, Lieutenant-Governor

Now therefore, We the Chiefs of the Confederation of the United Tribes of New Zealand being assembled in Congress at Victoria, in Waitangi and We the Separate and Independent Chiefs of New Zealand claiming authority over the Tribes and Territories which are specified after our respective names having been made fully to understand the Provision of the foregoing Treaty, accept and enter into the same in the full spirit and meaning thereof. In witness of which, we have attached our signatures or marks at the places and the dates respectively specified.

Done at Waitangi, this sixth day of February in the year of Our Lord, one thousand eight hundred and forty.

Ta Te Māori

HE KUPU WHAKATAKI

Ko Wikitoria te Kuini o Ingarani i tana mahara atawai ki ngā rangatira me nga hapū o Nu Tirani i tana hiahia hoki kia tohungia ki a rātou o rātou rangatiratanga me to rātou wenua a kia mau tonu hoki te rongo ki a rātou me te Atanoho hoki kua wakaaro ia he mea tika kia tukua mai tetahi rangatira hei kai wakarite ki ngā Tangata Māori o Nu Tirani kia wakaaetia e ngā rangatira Māori te Kawanatanga o te Kuini ki ngā wāhikatoa o te wenua nei me ngā motu. nā te mea hoki he tokomaha ke ngā tangata o tona Iwi kua noho ki tenei wenua a e haere mai nei.

Na ko te Kuini e hiahia ana kia wakaritea te Kawanatanga kia kaua ai nga kino e puta mai ki te tangata Māori ki te Pākehā e noho ture kore ana.

Na kua pai te Kuini kia tukua ahau a Wiremu Hopihono he Kapitana i te Roiara Nawi he Kawana mo ngā wāhi katoa o Nu Tirani i tukua aiane i mua atu ki te Kuini e mea atu ana ia ki ngā rangatira o te wakaminenga o ngā hapū o Nu Tirani me era ranga-tira atu enei ture ka Kōrerotia nei.

KO TE TUATAHI

Ko ngā rangatira o te Wakawinenga me ngā rangatira katoa hoki, kihai i uru ki taua Wakaminenga, ka tuku rawa atu ki te Kuini o Ingarangi ake tonu atu te Kawanatanga katoa o o rātou wenua.

KO TE TUARUA

Ko te Kuini o Ingarangi ka wakarite ka wakaae ki ngā rangatira, ki nga hapū, ki ngā tangata katoa o Niu Tirani, te tino rangatiratanga o o rātou wenua o rātou kainga me o rātou taonga katoa. Otiia ko ngā rangatira o te Whakaminenga me ngā rangatira katoa atu, ka tuku ki te Kuini te hokonga o era wāhi wenua e pai ai te tangata nona te wenua, ki te ritenga o te utu e whakaritea ai e rātou ko te kaihoko e meatia nei e te Kuini hei kaihoko mona.

KO TE TUATORU

Hei whakaritenga mai hoki tenei mo te wakaaetanga ki te Kawanatanga o te Kuini. Ka tiakina e te Kuini o Ingarangi ngā tangata Māori katoa o Nu Tirani. Ka tukua ki a rātou ngā tikanga katoa rite tahi ke ana mea ki ngā tangata o Ingarangi.

Na, ko matou ko ngā rangatira e te Wakaminenga o ngā hapū o Nu Tirani ka huihui nei ki Waitangi ko matou hoki ko ngā rangatira o Nu Tirani ka kite nei i te ritenga o enei kupu. Ka tangohia ka wakaaetia katoatia e matou. Koia ka tohungia ai o matou ingoa o matou tohu.

Ka meatia tenei ki Waitangi i te ono o ngā ra o Pepueri i te tau kotahi mano, e waru rau e wa tekau o to tatou Ariki.

Translation of the Māori Version.

PREAMBLE

Victoria the Queen of England in her gracious recollection of the chiefs and tribes of New Zealand and her desire that they and their chieftainship be secured to them, and a peaceful state also, has deemed it a just act to send here a chief to be the person to arrange

for the native people of New Zealand to agree to the governorship by the Queen of all places of that land and of the islands. Already many of her people have settled in this land or are coming there. Now the Queen desires that the governorship may be settled to stem the evils that would come upon the native people and the British who dwell there in lawlessness. Now therefore it is good that the Queen has sent me, William Hobson, a captain in the Royal Navy as governor for all areas of New Zealand that are given over to the Queen now or later. She gives to the chiefs of the Confederation of Tribes of New Zealand, and to the other chiefs as well, these laws which will be spoken about now.

THE FIRST

The chiefs of the Confederation and all the chiefs who have not joined that Confederation give absolutely to the Queen of England forever the complete government over their land.

THE SECOND

The Queen of England agrees to protect the Chiefs, the sub-tribes and all the people of New Zealand in the unqualified exercise of their chieftainship over their lands, villages and all their treasures. But on the other hand, the Chiefs of the Confederation and all the Chiefs will sell land to the Queen at a price agreed to by the person owning it and by the person buying it (the latter being appointed by the Queen as her purchase agent).

THE THIRD

For this agreed arrangement therefore, concerning the Government of the Queen, the Queen of England will protect all the ordinary people of New Zealand and will give them the same rights and duties of citizenship as the people of England.

We, the chiefs of the Confederation of the Tribes of New Zealand who are gathered here at Waitangi, and we also the Chiefs of New Zealand, understand the meaning of these words which we have accepted and totally agree. Thereby we have marked our names and our marks.

This has been done at Waitangi on the sixth day of February, in the year 1840 A.D.

THE FOURTH ARTICLE

Two churchmen, the Catholic Bishop, Pompallier and the Anglican Missionary William Colenso recorded a discussion on what we would call religious freedom and customary law. In answer to a direct question from Pompallier, Hobson agreed to the

following statement. It was read to the meeting before any of the chiefs had signed the Treaty.

E mea ana te Kawana ko ngā whakapono katoa o Ingarani, o ngā Weteriana, o Roma, me te ritenga Māori hoki e tiakina ngatahitia e ia.

This has been translated into English as:

The Governor says that the several faiths (beliefs) of England, of the Wesleyans, of Rome, and also Māori custom shall alike be protected by him.

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NGA TAKE I PUAWAI MAI I
NGA WANANGA

Issues Raised in the Discussion

Edward Douglas
and
Manuka Henare

Foreword

In November 1987, the Royal Commission on Social Policy wrote to over 100 consultants, both Tauwi and Maori, who had earlier made submissions or representations to the Commission about the Treaty of Waitangi, or who were known for their contribution to the national debate on the Treaty. Their letter invited further consultation on the 12 points which the Commissioners had identified as vexing, yet crucial for their work.

Many of these consultants replied to the Commission with an elaboration of their views. These responses were considered carefully and many were incorporated into first drafts of the phase papers. Subsequently each of the consultants was invited to attend 1 of 5 wananga arranged by the Commission in January 1988. The wananga were well attended and very useful in developing the phase report. Each were attended by 1 or more Commissioners and members of the Commission's research staff, besides the many consultants. The 12 points around which the wananga were organised are set out in Appendix 3.

The ideas which were raised and developed in each of the 5 wananga are summarised here. As far as possible, issues have been grouped under the original 12 points. These are merely notes from the wananga, not minuted records of the discussions themselves. They have been made available to the consultants concerned, as part of the process of accountability of the Commission. Edward Douglas, Senior Research Officer, co-ordinated the phase work, and Manuka Henare was the phase manager. They were assisted by Ward Douglas and Charles Royal.

The Commission wishes to express its appreciation for the extensive help received from all the consultants and others involved.

Ki te hunga na koutou i whakawhiwhi tenei manu ki te huruhuru, e rere atu ai ki ona tauranga, maha noa, tenei ra te mihi atu nei. Na te mokai, na

Mason Durie
Commissioner
March 1988

1 Wananga Tuatahi, Te Upoko O Te Ika

Wellington, 20 January 1988

Notes on the Discussions

Consultants Present: Sam Rolleston, Maryanne L'Estrange, Ken Mair, Rouru Kirikiri, Moana Jackson, Robin Hapi, Sian Elias, Logotasi Iosefa, Iritana Tawhiwhirangi, Jim McLean, Jean McLean, Mark Feary, John Paki, Victor Mokaraka, Bernie Kernot, Mark Te One, Caren Wickliffe, Hugh Evans, Mary Richardson.

Royal Commission on Social Policy Members/Staff Present: Commissioner Mason Durie, Commissioner Leonard Cook, Manuka Henare, Charles Royal, Penny McKay, Ward Douglas, Te Kohu Douglas, Te Aue Davis.

1 Useful Strategies Identified for the Royal Commission on Social Policy

1 A clear and direct strategy on the Treaty should be developed here. Such a strategy was needed for the other Royal Commission on Social Policy phases to be consistent with Maori desires for the Treaty to be implemented. It is important that this is done so that other researchers and policy-makers have a contextual role in which to work through Treaty issues and they are not left to their own interpretations without a considered Maori input.

2 It was agreed that these wananga should challenge the views held by Treasury on the Treaty. Perhaps there should be a paper produced which would do this. A separate paper pointing out the lack of internal logic in the Treasury view would be advantageous.

- 3 In debating the legal status of the Treaty, as often happens in the courts, the Maori view of the mana of the Tiriti is neglected. The status of the Treaty is broader than the simple legal view, the Treaty being more akin to a covenant. Further, discussing the strict legal status of the Treaty does not address the spiritual aspects of the Treaty as conferred by the Rangatira/Tohunga status of the Maori signatories and the involvement of Pakeha missionaries. It was suggested that the scope of the paper should therefore be enlarged to accommodate this.
- 4 The debate as to whether the Maori partner was a sovereign nation or not leads to legalistic arguments that should be avoided. Simply, Maori sovereignty should be accepted as given. There is, however, some problem with this since many Pakeha are unaware of sovereignty issues and fewer understand them. Explanation of these often helped Pakeha understand Treaty ramifications properly.
- 5 Considerable emphasis was placed on the important educative role that the Royal Commission on Social Policy might play in making the Treaty more central to the national social policy debate.
- 6 If the debate on the status and value of the Treaty is left to the lawyers and the courts, then the Pakeha judges will be the ones who will be left to interpret the principles and the continuing meaning of the Treaty. The overwhelming monoculturalism of the judiciary in New Zealand is legendary. Therefore, strategies to implement the Treaty should be dynamic and the participation of Maori in these processes is vital.
- 7 Some criticism was levelled at the terms of reference of the Royal Commission on Social Policy and its referral to the Principles of the Treaty of Waitangi (see discussion of these principles in the issues section following). It was suggested that the Royal Commission on Social Policy should be critical of this approach in its report. If the phase is restricted to the principles, then it should write the Pakeha and the Maori versions separately, since at the moment the Pakeha version is treated as if it were the only one.
- 8 It was pointed out that the composition of the Royal Commission on Social Policy was an example of how the principle of partnership, embodied in the Treaty is disregarded (Commissioners: 1 Maori to 5 Pakeha; the terms of reference themselves appeared to have been constructed with little or no Maori input). Therefore, it is paradoxical that the Royal Commission on Social Policy should

discuss partnership when its own composition and terms of reference are so one-sided. These points were raised:

- (i) The Royal Commission on Social Policy needs a strategy to address this imbalance, rather than abandoning the opportunity to do so.
- (ii) Because of the Maori structure of the Treaty phase group, and the lack of Maori input in other phases, it is important to produce a Maori perspective for the other phases to use.
- (iii) It would be counterproductive for these wananga to get sidetracked into a discussion about the validity of the Royal Commission on Social Policy in Maori eyes thereby missing the opportunity to make some input into future policy formulation.

9 A wide range of Pakeha perspectives needs to be clearly identified and incorporated into the phase work to demonstrate that Treasury's view on the Treaty is not representative of well-informed Pakeha. It is important to identify the views of others and the origins of those views. In response to this, it was suggested that perhaps the Royal Commission on Social Policy should state what Pakeha views should be since the Pakeha perspective is dominated by their history of imperial domination.

10 In addition, Pacific Islanders both in New Zealand and in their own countries should be encouraged to consider the Treaty and the implications that it holds for them.

2 Issues Raised During the Discussion

(a) *Legal Status of the Treaty*

1 In determining the nature of the partnership between the Maori and the Crown, why should the Pakeha legal base be the appropriate or only place to start.

2 The status of the Treaty as a covenant (Kawenata) transcends the simple legal definition of its status. In particular, the enforceability of the Treaty is obstructed by the monocultural Pakeha legal system, which in itself is a violation of the no-leeway clauses of the Treaty.

3 The acts of tupuna Maori in their signing or otherwise acknowledging the mana of the Treaty was a precedent and therefore, in Maori terms, it governs the behaviour of their descendants.

Those acts were imbued with mana; in Maori eyes, it is the word that is sacred and spiritually binding. Seeing the Treaty as a precedent gives appropriate guidelines for both Maori and Pakeha behaviour towards the Treaty, these guidelines are readily interpretable by Maori people.

4 The British Crown imposed its government on all tribes regardless of whether their chiefs signed the Treaty or not. Subsequent action by the non-signatory tribes either in attending various confirming hui (such as at Kohimarama 1860, or Te Tii 1935), or in petitioning Queen Victoria as Te Arawa did in 1894, or more recently in lodging claims with the Waitangi Tribunal has confirmed Maori respect for and adherence to the Treaty. Therefore, any tribe who did not sign in 1840 should not have that held against them. Those that did sign created a precedent for those who did not.

5 The ties that bound tribes were greater than the divisions between them. Therefore, the concept of the Maori nation can be stated and accepted. The Crown, in draughting the Treaty, treated the Maori nation as a sovereign state. That there is a binding agreement is the better argument as this means that the honour of the Crown is at stake.

6 When tipuna rangatira Maori signed the Treaty they were expressing their autonomy.

7 It is legally correct to say that the status of the Treaty still is not clear. The view expressed by Justice Somers, has been the accepted one, but it is still contentious. The other judgements in the State Owned Enterprises case carefully avoided the Justice Somers position.

(b) The Obligations of the Crown

1 The hui urged that the phrase the 'principles of the Treaty' currently popular in legislation, should be abandoned and replaced with 'in accordance with the Treaty of Waitangi and to give effect to it'.

2 Further, the principles of partnership, honour and utmost good faith are being applied rigorously to the Maori partner but apparently not so rigorously to the Pakeha partner, thereby diminishing the responsibilities of the Crown. As a consequence, *Nga Ritenga me nga Tikanga o te Tiriti* are eroded.

3 The right for Maori to control 'things Maori' implicitly guarantees the resources to do that. Therefore, the Crown has an unavoidable responsibility to equip Maori to exercise their sovereignty. To abdicate this responsibility is a breach of the Crown's obligation to act honourably and in good faith.

4 The Articles of the Treaty were described by the hui in this way:

- (i) the Protocol and Article 2 are non-negotiable;
- (ii) Articles 1 and 3 are negotiable.

5 Rangatiratanga is seen as a non-negotiable term and that it is up to Maori to decide what Rangatiratanga means. Therefore, those things guaranteed by the Treaty are not negotiable in terms of ownership. How they are best used may be open to negotiation with the other Treaty partner, but only on terms acceptable to and in large measure determined by the Maori partner.

(c) *Pursuit of Partnership, Good Faith and Mutual Trust*

1 Concepts of partnership and principles are arguments aimed at diminishing the responsibilities of the Crown, often used to undermine Article 2. The wananga argued that partnership applies to Articles 1 and 3 but not to the Article 2. The second article is a guarantee and as such is a no-leeway clause.

(d) *Relationship Between the Status of Tangata Whenua and the Notion of Equality of All Citizens*

1 The concept of tangata whenua must be seen in terms of tribal areas. There are 2 different meanings of the term which are being confused. In the strict Maori sense the tangata whenua are the hapu or iwi of a particular land, in this way, not all Maori are tangata whenua throughout New Zealand—a Waikato person is not tangata whenua in Tuhoe and vice versa. In the Pakeha use of the term, all Maori are tangata whenua—descendants of the aboriginal inhabitants of New Zealand—and all other New Zealanders are Tauwiwi—the later settlers and their descendants. It is important to make the distinction clear as to which meaning we are ascribing to each situation.

2 Gordon Orr sees all people who come to New Zealand as benefiting from the Maori partner's contribution to the establishment of the New Zealand state. He uses the example of the profits made by the state in selling to settlers land which it has acquired very cheaply, for instance, in the Auckland isthmus. Therefore all subsequent settlers have benefited and they are in the partnership with the Pakeha. The Crown are the people who brought immigrants to New Zealand and therefore they form part of the settler side of the partnership.

3 Pacific Island people often have not considered their position in terms of the partnership, but do not consider themselves to be on the Pakeha side. They consider that it is for the Maori and Pakeha to sort out their relationship first and then to let them see where they fit in. There is only one Tangata Whenua group.

4 The concept of the partnership was demonstrated by Wiremu Tamihana in 1858, where the Maori and the Pakeha were represented by two upright pillars with the Crown linking them—like a soccer goalpost. Although this view was confirmed, the hui described a distortion of this model relationship. The Pakeha pillar has usurped the power of the Crown and now the Crown and the Pakeha are in fact the same. In the preamble to the Treaty, Queen Victoria promised to bring peace and order to Maori and Pakeha.

5 The myth that there is a conflict between individual and group rights is being used in an attempt to discount Maori arguments to effect Rangatiratanga. Conflict arises when these rights are defined only in Pakeha terms. Currently equality is seemingly described only in Pakeha terms. There is a Maori notion of equality which includes individual rights, this notion is different from the Pakeha view. The Maori had, and has, both individual rights and group responsibilities.

(e) *Protection and Development of Maori Human Resources and other Taonga such as the Language*

1 It is up to Maori to decide what their treasured possessions (taonga) are. The definition implied is often seen by Maori as being too restricted.

(f) *The Pursuit of Maori Autonomy*

1 The weight of Maori opinion is that the Treaty should be afforded mana in the Pakeha system. To give the Treaty only a strictly legal status will leave its interpretation open to Pakeha judges. History has shown that their judgement is often swayed by prevailing majority attitudes. The reality of the power structure in New Zealand means that adequate Maori parliamentary power is also necessary.

2 Suggested alternative or progressive strategies are:

- (i) An amendment to the Acts Interpretation Act. The Treaty would still not be viewed as an actual source of legal rights, and any directly contradictory Act would take precedent.
- (ii) All future legislation include a clause similar to clause 9 of the State Owned Enterprises Act.
- (iii) Dissolution of Parliament and then reformation under the Treaty as its constitution—as suggested by the 1984 Ngaruawahia Hui.
- (iv) A Bill of Rights. This would mean that the Treaty itself would be a direct source of rights, unlike the situation under an Acts Interpretation Act amendment. There is, however, a lot of debate over a Bill of Rights and its implementation. Many Maori have expressed concern that the Treaty would be diminished in a Bill of Rights. Others are wary to offer an opinion because of their perception of the Crown's lack of honour.
- (v) An Auditing Commission to peruse all legislation in terms of Treaty-based criteria—the Treasury and the Ministry for the Environment currently have such a role in terms of their own Acts. This should not just audit the legislation but give policy advice to departments and ministries before legislation is developed.
- (vi) Adequate Maori political representation. This could take various forms, but changes would be implemented to achieve an equitable sharing of power. The aim is a more just and fair society, with the devolution of power to Maori tribes as a phase that would ensure greater equity for Maori through their having greater autonomy or sovereignty.

3 Earlier attempts at uniting Maori people to gain some political power have often been imposed. The tribal base is where empowering should stem from, since it is a whakapapa-based institution and as such does not exclude people. The tribe has the political power in Maoridom.

*(g) Support for Maori Social Organisations,
Especially Whanau, Hapu and Iwi*

1 Article 2 is a reaffirmation of an already existing autonomy and a guarantee of its continuation. Autonomy includes having dynamic political power and Pakeha economic skills since the nature of autonomy can change over time even though the inclusion of a political component remains.

2 Health, education and law are all components of the development and maintenance of autonomy. The notion that there should be one law for all needs to be challenged because it has been interpreted in New Zealand to mean there should be one law for all and it should be the Pakeha law.

3 Accountability to the people is a major component of Maori culture. There is some conflict in the relationship between Maori and Pakeha over accountability because the most virulent form of accountability in Pakeha culture seems to be expressed in terms of financial accountability. Many Maori argue that it is not enough to be able to show where the money went in a particular programme, Maori must be able to demonstrate why the money was allocated that way. However, the lack of Maori power over their own affairs is implicit in the statement: 'We'll be accountable, just give us something to be accountable for.'

2 Wananga Tuarua, Okawa Bay

Rotoiti, 22 January 1988

Notes on the Discussions

Consultants Present: Bishop Manuhuia Bennett (convenor), Judge Ken Hingston, Wiremu Ohia, Monita Delamere, Eddie Moke, Rahera Barrett-Douglas, Tama Nikora, Maanu Paul, Mache Maniapoto, Marama Furlong, Waaka Vercoe, Bernadette McCartney, Raewyn Bennett, Harry Delamere, Alex Wilson, Toby Curtis.

Royal Commission on Social Policy Members/Staff Present: Commissioner Mason Durie, Te Kohu Douglas, Te Aue Davis, Manuka Henare, Ward Douglas.

1 Appropriate Strategies

1 Five main points emerged in the discussion of partnership and the status of the Treaty which could be useful in ensuring full Maori participation in social and political policies through power-sharing in accordance with the partnership provisions of the Treaty of Waitangi.

- (i) The provision of a Senate or Upper House in the legislature, which would have a composition based on equal representation of the Treaty partners. This may be consistent with the type of fundamental change called for in the Royal Commission on Social Policy's terms of reference.
- (ii) The need to incorporate the Treaty of Waitangi into all future legislation, similar to clause 9 of the State Owned

Enterprises Act, and the incorporation of a similar clause in the Acts Interpretation Act.

- (iii) A permanent commission on the Treaty of Waitangi responsible for auditing all existing and proposed legislation and regulation to advise Government on its consistency with the Treaty. This commission might also have an auditing function on government policies and their implementation. This might be an all-Maori or a 50-50 Maori-Pakeha commission.
- (iv) The need to give power to tribal/iwi authorities at local and regional government level, in decision-making, resource allocation and policy formulation. The wananga stated that the various iwi authorities were the most appropriate Maori organisations to be represented. At national level, an appropriate tribal-based organisation would be necessary, whether that should be an existing Maori organisation or a modified or new one was not determined.
- (v) To give effect to the principle of power-sharing guaranteed in the Treaty of Waitangi, and to ensure that kin-based groups are encouraged to make responsible decisions for their members, an expansion of the range and functions of the Maori Land Court was discussed. Initially this expansion should include adoptions, custody, and child offending.

2 Summary of Issues Discussed

(a) *Principles of the Treaty*

1 From a Ngati Awa perspective, our Ngati Awatanga preceded the Treaty of Waitangi. We have no argument about that, what we seek are ways to ensure that others recognise that. At present, the emphasis placed on interpreting the principles of the Treaty restricts Ngati Awa ability to protect the sanctity of their mountains, rivers and lands.

(b) *Partnership and Powersharing*

1 Whatever the Treaty may mean in a narrow Pakeha legal interpretation, there is agreement that the Treaty of Waitangi promised

a partnership between Maori and the Crown. This has to be embodied in practices that ensure a Maori share of power. Maori should use the Treaty as a springboard for future development of the tribal estate, its lands, human and material resources.

2 The equal partnership embodied in the Treaty ought to ensure that Pakeha determine Pakeha things and Maori determine Maori things. Where issues are common to both Maori and Pakeha, then a realistic sharing of power is called for. At present the Maori input into common issues is token, ignored or absent.

3 Powersharing should be used as a strategy, but there have been continuing difficulties with this through the reluctance of the Pakeha partner to keep their side of the bargain. And while Maori remain a small proportion of all resident New Zealanders, they cannot rely on numbers but on the integrity of their argument to hold sway.

(c) *Constitutional Enforcement*

1 A way ahead could be the establishment of a second house of Parliament to augment the existing House of Representatives. In the second house the Treaty partners would be equally represented, in the same way that the 50 States of the United States have equal representation in the US Senate no matter what their populations.

2 It was agreed that the Government needs to put more resources into educating all New Zealanders (but especially Pakeha) on the purpose, history and present-day importance of the Treaty of Waitangi.

3 It was generally agreed that the Maori people need a constitutional arrangement more permanent than exists at present—where the response of the Government depends on their own willingness to incorporate a Treaty of Waitangi clause into Acts and regulations. The Treaty of Waitangi guaranteed Maori rights in Articles 2 and 3. Any future written constitution should guarantee those rights as set out in the Treaty with the Crown, but there needs to be some additional mechanism which will ensure that such rights and obligations of the two partners are maintained.

4 The wananga recommended that the Royal Commission on Social Policy point out that the Law Commission which was established to promote the systematic review, reform and development of the law of New Zealand does not in its membership reflect the partnership of the Treaty of Waitangi. This body ought to be bi-

cultural in its membership, New Zealand law might then take into consideration both British law and Maori lore/law. If not, it is another example of institutional racism. The wananga argued that we had a right, and the Crown had an obligation, to ensure that Maori be represented on such bodies as the Law Commission. Because of the central nature of their work, such bodies require an appropriate Maori input.

(d) *Royal Commission on Social Policy and other Bodies*

1 Besides the Law Commission, there were other such bodies, including the Royal Commission on Social Policy itself where Government has ignored the principle of partnership. The Royal Commission on Social Policy was urged to comment on the unfavourable way (to Maori) that the Royal Commission on Social Policy was set up, its terms of reference decided upon and the membership agreed to.

2 If rangatiratanga of Maori are not being allowed to be exercised because of Crown pre-emption, that is a violation of Maori rights. This was the basis of the Ngati Awa submissions to the Roper Committee on Violence.

(e) *The Treaty and all Legislation*

1 The Treaty of Waitangi should be addressable in all legislation. Because the Federation of Maori Authorities informed Government that the State Owned Enterprises Bill would be unconstitutional in respect of Maori rights, they agreed to insert the now famous clause 9. Such a clause should be in all future legislation.

2 The power of the ruling group in our society inhibits others from questioning the assumptions that underlie the rules. The evidence presented by the Maori Economic Development Commission on the extent to which negative funding occurs in New Zealand is incontrovertible, but the assumption persists that Government is nonetheless right.

3 Maori people should stand their ground in solidarity and argue that only Maori can interpret the Maori terms of the Treaty. Let the lawyers continue to argue the legal terms of the Treaty, the mana of the Maori partner ought to ensure that they should likewise define and interpret the Maori side of the Treaty. It is the duty

of the Crown, and an embodiment of the honour of the Crown, that it should keep its obligations to the Maori partner.

4 Maori people, the tribes and tribal authorities, need a fair forum to which the Crown can be referred to its obligations. They cannot afford the cost of High Court actions, apparently justice is more for the rich than for other New Zealanders.

5 In respect of its unwillingness to recognise its obligations to the Treaty partnership, the Crown was seen as not being honourable, either in its means or in its ends.

(f) *The Status of the Partners—Who are the Partners?*

1 This wananga agreed with the general conclusions of the Wellington wananga that the non-Maori partner in the Treaty was confused by the 1852 Constitution Act (and the failure of the settler government to implement clause 71 of that Act). Also, the non-Maori partner was confused by the 1927 and 1947 Statute of Westminster, under which the liabilities of the Crown were transferred to the New Zealand Parliament.

2 It appears to suit Government to have New Zealanders believe that the other partner comprises all Pakeha and even all non-Maori, thereby shirking the Crown's responsibility by diffusion. This engenders uncertainty, friction between Maori and Pakeha, unrest and a possible white backlash. If the Crown is seen as the other partner, rather than all Pakeha people, it takes the responsibility for redress away from the Pakeha people—those who benefit most from the Crown's reluctance to implement the partnership of the Treaty partners.

3 While the Crown is often referred to as the central Government, it must also include the delegated regional and local authorities that receive Crown financing or the authority to raise finance locally through legislation. The obligations or duties of the Crown ought also to rest on such bodies as hospital boards, catchment authorities and county councils.

(g) *Devolution of Crown Obligations*

1 With the prospect of extensive privatisation of Crown functions and responsibilities, then, if the partner is the Crown and it divests itself of a wide range of responsibilities to the private sector,

its obligations under the Treaty will cease to apply to privatised duties and functions. It was the view of participants that there is nothing in the Treaty of Waitangi that would permit the Crown to retreat from the guarantees that it entered into.

2 From whom would Maori seek legal and administrative redress after such actions of devolution or privatisation had occurred? If the weight of Maori and Pakeha opinion rests on a belief that the partners are the Maori tribes and the Crown (Government of New Zealand) then that is also an argument against privatisation.

3 The wananga agree that the reliance placed by the state on 'the Principles of the Treaty' rather than on the words themselves, diminished the ritenga and tikanga Maori that are clearly embodied in the Treaty. Further, such reliance allows the monocultural judiciary to determine and interpret the principles, thereby diminishing the rights guaranteed to Maori by the Treaty

(h) The Treaty as the Supreme Constitutional Instrument

1 It was generally agreed that an amendment to the Acts Interpretation Act to ensure that all legislation complied with the Treaty of Waitangi would provide the constitutional safeguard that Maori seek. But it was also recognised that such a simple course of action would not last long because of the widespread effect it would have on rendering inoperative much of the existing legislation.

2 According to the participants of this wananga, what was needed was for the Treaty of Waitangi to be recognised as the supreme constitutional instrument in New Zealand. That should be the long-term aim of both partners because without that recognition neither the guarantees nor the honour of the partners could ensue.

(i) The Obligations of the Maori People under the Treaty

1 There was some discussion on the extent to which protest by Maori against the Crown's lagging responsibility might be interpreted as failing to uphold the duty of loyalty to the Crown which is stated in Article 3. Is protest legitimate under the terms of the

Treaty? It was generally agreed that loyalty was a mutual obligation, as most of our protest was against the Crown's disloyalty to Maori people.

2 There appears to be no real conflict between the terms of Articles 1 and 2. While the former gives away governorship, the latter preserves rangatiratanga. Rangatiratanga implies the inalienable right to make policy, either unilaterally in respect of their land, villages and treasures, or in partnership with the Crown in respect of other things. Governorship implies the right to implement policy and the day-to-day running of national affairs, good order, and so on. Any lessening of those rights can only occur with Maori consent, but if the other partner changes Maori rights unilaterally then they are illegally usurping otherwise inalienable rights.

3 If descendants of the Maori Treaty partners wished to exercise all the individual rights of British subjects, then they should be able to do so, as guaranteed in Article 3. Nonetheless, this wananga argued that if people claim to be Maori then the collective responsibilities of the Maori must have precedence in their actions. If they want to exercise their individual citizenship rights, then they must adopt tikanga Pakeha and must subordinate their group rights. This group argued that all things being equal, tikanga Maori should take precedence over tikanga Pakeha.

4 Further, in a response to a question about rights does the emphasis on collective rights and responsibilities implied in tikanga Maori (itself guaranteed under the Treaty) mean, for example, that Maori would not receive individual payments for national superannuation, but that they should be made to the Iwi authority—who would then determine the allocation of such resources? The group were of the view that Maori are not required as individuals to relinquish all individual rights, but that the Treaty re-emphasises the collective responsibility of Maori. According to some, Maori have extra responsibilities over and above the responsibilities of the Pakeha, because Maori have extra loyalties. While Maori may have extra rights, in respect of the guarantee of rangatiratanga, there is a clear understanding of the extension of such rights to extra responsibilities for the common good of whanaunga, hapu and iwi membership.

5 In the same way, the wananga argued that not all Pakeha rights are individual rights; they too have collective responsibilities. The difference between the two are that the Pakeha has the state to exercise most of their collective duties, and Maori do not. Under

the environmental protection legislation for example, there are ways that the Pakeha can implement restrictions on access or yields from sea or forest areas, but nothing that gives statutory recognition to the right of hapu or iwi to impose a rahui or tapu on land or coastal areas. The laws are structured as an expression of the Pakeha side, not as an expression of partnership and Maori rangatiratanga.

6 The Crown has demonstrated the Pakeha collective responsibility in many ways. The evidence of negative funding is one such way. It was observed that a collective responsibility without a collective commitment almost invariably turns out to have negative consequences.

(j) Partnership and Good Faith

1 It was agreed at the wananga that partnership and the principle of utmost good faith do not take precedence over the guarantees of Article 2 but are themselves the mechanisms or processes by which the guarantees should be kept. There is no question that the principle of partnership should not be used by either Treaty partner to diminish the guarantees of Article 2. It was agreed that the more we succumb to analysis of the principles of the Treaty the more we are likely to play into the hands of the unwilling Pakeha partner. While Government has the initiative in introducing new terms and conditions, they effectively take the highground. If the Maori wish to gain greater control over Treaty issues, they need to take further initiatives themselves.

(k) Jurisdiction of the Maori Land Court

1 The judicial system in New Zealand has failed the Maori people. It was set up under kaupapa Pakeha to protect Pakeha property rights—compare the differences between offenders' legal aid and civil legal aid. Likewise, the Maori Land Court was set up to alienate Maori land. Only in recent years has the Maori Land Court been able to respond to Maori wishes, this is partly because half of the present judges are Maori and they have been able to reorientate the thinking of their fellow judges. In the Children and Young Person's courts, the emphasis has been on getting control of Maori children, taking control from their parents. In the district courts the emphasis has been on taking responsibility and control

away from the family and hapu, and placing it in the penal system. The existing judicial system exhibits outcomes that are far from favourable to Maori, and the level of Maori input permitted is negligible.

2 Were the jurisdiction of the Maori Land Court to be expanded to take responsibility for the future of our children, it would do so through whanau-based conciliation rather than judgement. This would return to the Maori Land Court and Maori people some of the powers which they used to exercise. In a conciliatory process rather than an adversary process, the Maori Land Court would not require judges to decide all cases but rather to act as advisers in the conciliation process. Most of the work could be done by competent officers and the family members themselves.

3 While this process could not be achieved overnight, a step-by-step approach with clear long-term goals would be valid. If a hapu wanted to treat their children in the existing district court system, they would have that right but the decision should be for the hapu to make, not the police or other arm of Government. The extension of Maori Land Court jurisdiction proposed here would require appropriate resourcing to be effective but it would be a considerable advance on the existing processes of matua whangai involving hapu members in domestic violence, incest and sexual abuse cases. Judge Hingston agreed to make a paper available on this topic to the Royal Commission on Social Policy (Appendix 2).

(1) *Maori Political Representation*

1 It was generally agreed that constitutional arrangements with an upper house of 50–50 composition would be more likely to succeed than one which had solely Maori members. The latter could be ignored by the mainstream. With such a 50–50 upper house, the lower house should as now be based on pro-rata representation of Maori and general electorates.

2 Maori representation on existing policy-making bodies is woefully inadequate. Despite the fact that the majority of the sacred and historical places and buildings registered with the historical places trust are Maori, there is only one Maori on the Trust—yet at least 70 percent of their work relates to Maori people. Until recently there was no provision for Maori to be represented as of right on Auckland City Council, the Auckland Regional Authority

or the various united councils. In the Bay of Plenty United Council region, there are still extensive Maori land holdings but no representation on the authority. Such a system is unacceptable to the Maori view of partnership.

3 Many Maori argue that any changes that will affect them need to be subjected to the will of the people. While this process is not always feasible, absolutely no Maori input or part in policy-making is even less acceptable. Maori representation must be fair, certainly not with Maori in a purely advisory role with no ability to make final decisions.

4 Maori representation needs to be clear at all levels of government—central, regional and local. Such authorities as education boards and regional health boards should have appropriate Maori membership to demonstrate the principle of partnership. A joint Maori-Pakeha commission could be established to ensure that Maori political and policy interests are accounted for. While the Waitangi Tribunal has the power to scrutinise any legislation referred to it to see if it complies with the Treaty, no legislation has in fact been referred to it under this provision. Neither does the Tribunal have the human resources to deal with such referrals promptly.

(m) Waitangi Tribunal Proposal

1 There is a suggestion being aired that the status of the chairman of the Waitangi Tribunal should be raised and that the chairman be a High Court judge. There is a proposal being considered at present to increase the Tribunal membership to 16 and that the Tribunal operate in divisions, handling more than one claim at a time. Whatever happens to the status and composition of the Treaty of Waitangi Tribunal, its greatest strength lies in its high ethical standards, the meticulous way in which it investigates and reports, and the use of Pakeha legal ethics that reduce the possibility of unwarranted criticism.

(n) Devolution of Authority to Iwi

1 The Department of Maori Affairs was set up to benefit the settlers not the Maori. It did a good job of alienating Maori land and assimilating Maori people through pepperpot housing and employment programmes. Now that Maori resources are so few,

the control of the department and its functions have been passed back to the Maori people. The wananga agreed that the quality of the services provided by the Department of Maori Affairs was woeful. Maori people are entitled to a quality service and the present service falls far short of that. Some of the functions being diverted to iwi authorities require consultation and mutual agreement before the Act, instead iwi authorities are often faced with faits accomplis. The Department of Maori Affairs does not have the trained human resources or the financial resources to meet Maori needs as a people. Most iwi authorities expect that, as devolution proceeds, the lack of resources to transfer to iwi will be more evident and even more difficult to redress.

(o) *Treasury and Government Management*

1 The wananga agreed that the Treasury statement on Treaty of Waitangi issues needs to be read in its entirety. From the Maori perspective, exclusive rights to land, villages and taonga imply the resources to exercise those rights should not be withheld. Criticism of the Treasury statement was considerable. It was seen as a matakau (fear) response document. It was seen as being exclusively based on a Pakeha view of the westernisation of the world and the supremacy of the capitalist mode of production. No Maori were involved in its writing, and it would appear to be in breach of the Treaty. The wananga asked the Royal Commission on Social Policy to refer the Treasury statement on government management to the Bill of Rights monitoring group and to the Treaty of Waitangi Tribunal to see whether those bodies agree with its compliance with the provisions of the Treaty of Waitangi.

(p) *Privy Council*

1 If the right to appeal to the Privy Council were removed from the New Zealand judicial system, that could be seen as a direct breach of the terms of the Treaty of Waitangi. At present a claimant has a right to apply to the Privy Council after the Maori Appellate Court. If this specific right were removed without consultation and agreement from Maori people, it could constitute a breach of good faith.

3 Wanaka Tuatoru, Otautahi

Christchurch, 24 January 1988

Summary Record of Discussions

Present: Katherine Peet, John Peet, Caroline Campbell, Tipene O'Regan, Christine Dann, Neville Peat, Herewini Parata, Koa Marshall, Harry Evison, Jim MacAloon, Aroha Reriti-Crofts, Amiria Reriti, Alamein Pitama.

Royal Commission on Social Policy Staff: Commissioner Ann Ballin, Te Aue Davis, Manuka Henare, Charles Royal, Te Kohu Douglas.

1 The Nature of the Crown

1 According to some, the first serious breach of the Treaty of Waitangi was the 1852 Constitution Act which transferred Crown responsibility from the British government to the settler regime. There was neither consultation nor agreement with the Maori partner. Unilateral breaches by the Crown have been common since.

2 The Crown is really just a polite name for the Government. Whereas the office of Governor-General is supposed to be the embodiment of the Crown in New Zealand, some people think of it as a sort of last-ditch ombudsman with responsibility to remind Government of the people's interest. While the Governor-General has the power, both constitutional and moral, to withhold consent, the public know little of the exercise of this fragile power.

3 The wananga discussed the relative merits of United States', British and New Zealand systems of government and speculated on the apparent move towards the United States' system, where the

courts are required to interpret legislation in the light of the written constitution. In New Zealand it was alleged, the courts are interpreting legislation without the benefit of Maori lore/law as a guide.

2 A Bill of Rights

1 On the possibility of new constitutional instruments such as a Bill of Rights or similar, it was observed that the Ngaitahu people had not reached a consensus view but were probably of the view that any proposed Bill of Rights would need to be well rooted in the Treaty of Waitangi. This was especially the case if New Zealand was not going to have an upper house. According to some, New Zealand needs a Bill of Rights rooted in the Treaty in order to achieve a better balance between judiciary and Government. A Bill of Rights would act as a check on Parliament and on the unbri-dled power of the executive.

2 In their current negotiations with the Crown, the tribes feel their powerlessness in comparison with the state. As a tribe, Ngaitahu has no rights, no status and is at the behest of Government.

3 The objections of many people to the present drafts of a Bill of Rights rest as much as anything on the minor way the Treaty of Waitangi features. These objectors argue for much greater prominence for the Treaty in a Bill of Rights with 2 parts. The first, which could not be changed by any means, would embody the Treaty. The second would contain articles which might be renegot-iable over time (but not easily). If a Bill of Rights does not embody the actual Treaty but refers merely to the principles of the Treaty, Maori people will have to ensure that the principles nego-tiated in a Bill of Rights do not trample the ritenga and tikanga of the Maori people.

4 Were a Bill of Rights to be adopted, it would replace the Crown as the embodiment of the rights of the people, as happened in the United States' Declaration of Independence and adoption of a constitution. In order to ensure the people's interests were served, large private companies as well as state owned enterprises and government agencies would have to be accountable to a Bill of Rights. Rights based on the concept of individual property appear to have greater legal protection than group rights or civil and

moral rights. This leads to an increased sense of anonymity and powerlessness.

5 In a survey of Kaitahu communities underway at present, strong support for better representation of Maori in Parliament has been expressed. The sort of representation considered is varied, but pro-rata representation where the proportion of Maori in Parliament reflect the proportion of Maori in the community is seen as a must. The proposal from the New Zealand Maori Council for an upper house with equal representation of the two Treaty partners was discussed. The Maori members would be elected through tikanga Maori, probably by the tribes according to their own kawa. An alternative for Pakeha New Zealand was suggested at a recent Workers Education Association summer school. This suggested a sort of electoral college nominated by members of the community, which would elect from among its own numbers the required Pakeha upper house membership. Any upper house would need to have sufficient mana to restrain the executive. It would have to be accountable. And it would have to be able to give the Maori people a significant paepae to the nation as a whole.

3 Devolution and Privatisation

1 Before the advent of Rogernomics, there was little or no possibility for Maori autonomy. This may still not be possible under the present regime, but in the past the Maori people were subjected to constant government intervention, regulation of rents, licensing of land use, fisheries' reserves and so on. The principle of devolution to iwi is an absolute prerequisite to greater Maori autonomy; it is a kaupapa driven by the guarantee of tino rangatiratanga in Article 2.

2 Devolution has brought problems based on the inappropriate application of financial resources, on carelessness and absolute lack of resources, but these problems will get ironed out. In the past, the growth of centralised government has been a major drain on New Zealand. Money has been assigned for a purpose, and then soaked up in administration—captured by the professionals, the bureaucrats or the corporations. It was asserted that in its Access programmes, the Ngaitahu Trust Board was more efficient than the Department of Maori Affairs in running their devolved aspects.

There can be no turning back from the process of devolution to iwi authorities.

3 For some Pakeha there is real fear that while Maori tribes regenerate their mana through devolution from the state, the state will not assure Pakeha the same opportunities. For many Pakeha, the state is the closest thing they have to a tribe, and the retreat of the State from the provision of community and welfare support is likely to result in a sense of detribalisation for the Pakeha. How can the Royal Commission on Social Policy ensure that this does not happen to the Maori.

4 Devolution and market forces do not take into account the relative disadvantage of some people in the market economy. Where the only way that Maori can survive is to act collectively under the new regime, that must also apply to Pakeha. The private property ethos does not readily allow for alternative forms of ownership, obligation or rights. While the Treasury argues that the marketplace is the ultimate expression of individual will, it ignores the existence of group rights and the concept of the national estate.

5 In referring to the Treasury statement on government management, it was argued that the Treasury sees the whanau, hapu iwi structure of Maori society as an aberration in the western-capitalist world. The whole world, they argue, is becoming more and more aligned with the market economy of the West.

6 There are certain activities that a trust board is not interested in receiving in a devolutionary process. In health, for example, the Ngaitahu Maori Trust Board is not interested in neurosurgery but such areas as health and wellbeing promotion. The iwi authorities do not envisage being health providers and running hospitals, but having relevant and significant representation on hospital and area health boards to protect and develop the interests of Maori in the community. The principles of a caring community need to be reiterated and further developed. To do this will require status in the policy-formulation arena.

7 It was agreed that people's needs, such as free healthcare and free education, are rights that are expected by all or most New Zealanders in their vision of a good society. Needs should be taken care of, and rights not trampled on. At present far too many New Zealanders are denied their need for adequate healthcare.

8 The Maori contribution to New Zealand society has in the past been ignored by the majority. A better New Zealand in the future would be one in which Maori values have greater prominence and

where Maori are encouraged to share their values with other New Zealanders. But the greatest challenge for Maori New Zealanders will be to maintain that Maori ethos into the next century in the face of individualisation, further assimilation and integrationist pressures. There is a real fear that the Wairua Maori will be lost with this generation.

4 Partnership

1 The roles of Government can be classified according to Articles 1, 2, and 3 of the Treaty, whereby Article 1 provides for partnership, Article 2 for Maori autonomy, and Article 3 for Maori to play an equal role in New Zealand society. There is some suggestion that in respect of the fisheries and state owned enterprises negotiations the state is warming to this view.

2 In discussing the issue of partnership, the partners were recognised as the tribes of New Zealand and the Crown. The Pacific Islander immigrant stance was described as being beyond this relationship—they had no role to play in partnership negotiations. A great danger was seen when partnerships with other immigrant populations could cloud the Maori-Pakeha partnership issue. There is no reason, however, to suggest that the Crown could not enter into partnerships with Pacific Islanders or, indeed, any immigrant group.

3 The Treaty is not a social contract but a partnership as espoused in Article 1. Further, it deals specifically with land, fisheries and taonga. Protection was seen as explicit in the Treaty, and a duty to conserve and protect (conservation, policing and management of the resource) was reiterated as an Article 1 role. It was shown then that the Crown had a greater responsibility for action under Article 1 (tuakana role). Tribes having a similar role in those areas were talked about in Article 2.

4 The Ngai Tahu circumstance was then described in terms of a period of transition involving the tribe and people who lease their land from the tangata whenua. It was envisaged that the Crown would have to become the facilitator in these negotiations so that the concerns of both parties were adequately catered for. Consequently the decision over how tikanga Maori and tikanga Pakeha will operate within, and as a result of, these negotiations was seen to be extremely important. Since history has shown that tikanga

Pakeha has prevailed, the issue of preservation of tikanga Maori within these processes was raised.

5 Further, there is a question of accounting for those Maori who choose to remain apart from the hapu, whanau and iwi entities. It was noted that Maori rights under Article 2 are group rights—since the Treaty confirms the tino rangatiratanga of the chiefs, was signed by the tribes and talks of hapu. Maori wishing to claim individual rights can do so under Article 3. However, it was shown that there are a lot of young Maori people who were unable to make this choice since they had been the victims of aculturalisation and knew nothing of their Maori background.

6 Biculturalism was seen as difficult since, it was decided, no-one knew exactly what it meant. The tribes were seen as the primary proprietors of New Zealand and as such they have a different relationship to, say, the landscape. They have a right to talk and describe their landscape in their way. Further, this primary relationship is shared with secondary proprietors. It is the sharing of power that was considered the real issue.

7 Considerations by Pakeha people of what they perceive themselves to be, was seen as a way to alleviate the vacuum perceived as ignorance in Maori-Pakeha issues. The education of Pakeha was seen as vital in helping these negotiations and ignorance was a major barrier.

The Treaty has got to be brought to here and now and not frozen in an historical anachronism.

8 As a result, the Maori people have to negotiate for real power. A case in point was described in the fisheries rights case (Paua Individual Transferable Quota (ITQ)) where, the Maori people had to be careful not to force the Crown to legislate its way out of a difficulty. However, the real issue of protection and what it means practically is vitally important. The active promotion of Maori interests is part of the guarantee of the Treaty. It is not enough for the state to stand by passively. This has been enhanced by the Court of Appeal argument that protection equals active trusteeship.

9 The Treaty of Waitangi gives Tauwiwi or settlers only the right to settle in New Zealand. All other rights which they may have are derived from outside the Treaty. Nonetheless, the Maori view is that all of those rights are bounded by the guarantees given to Maori by the Treaty. Therefore Maori rights have precedence.

5 The Characteristics of Post-Industrial Society

1 It was argued that the disappearance of the family, of whanauka and hapu relationships are a characteristic of modern capitalist societies, where forces encourage the separation of a person's labour-power from her or his family and community. There is undoubtedly a loss of identity with place, this is particularly noticeable among immigrants and highly-mobile middle-class professionals and technocrats. This appears to be accelerating in all modern western societies. It was noted that the nostalgia for the supportive community is not always closely associated with reality, much of it is selective recall.

2 There is little doubt that the whanauka, hapu, iwi structure of Kaitahu varies from the classical explanation taught in North Island textbooks. Kaitahu comprises 13 or 14 multi-hapu centres, of which about half are very active and their members are well integrated into Maori lifestyles and hapu affairs. There are approximately 10,000 Kaitahu, of whom only about 1,000-2,000 are in close communion with the Trust Board and regular tribal hui. One of the consequences of being rendered landless has been the disintegration of hapu and family solidarity. Loss of Maori lifestyles have further forced Kaitahu to accept other models and values, and led to even greater disintegration of community life. While aroha, whanauka and tribal solidarity is not absent, it is not exactly a textbook example. One of the major tasks of the Trust Board and tribal runanga will be to re-activate the kinship networks, to broaden the outlook of tribal members and to increase the sense of tribal bonding. This is necessary if survival as a corporate entity into the 21st century is to occur.

3 The question was raised: what can the Royal Commission on Social Policy do to help enhance community caring and sense of group responsibility? Many Pakeha see the Maori model as a good example for others but are often unaware of the extent to which the Maori value-system has been eroded by Christianity, capitalism and other Pakeha values. It was agreed that Maori need to do better with structures that underpin a Maori education system. It was generally agreed that in the Kaitahu case attempts at increasing community solidarity must first re-emphasise the primacy of the family/whanauka. While the larger structures, such as runaka and

Trust Board, should not be ignored, it was thought that if kinship structures were strengthened, integration of the whanau into the larger structures would follow.

6 Maori Autonomy

1 There was much discussion on the relationship between the provision of work and the standing of Maori authorities. If, in particular, young people, can look to the Trust Board to provide them with work and work-related skills, then the board will be viewed in a better light by its beneficiaries. Autonomy of Maori people is closely related to the way they articulate with the labour market. It is the Kaitahu Trust Board's expectation that, after the successful settlement of their claim, they will have the resources to provide a significant part of the tribe with work opportunities, although certainly not the majority of them. Whatever is done by the Kaitahu people as a corporate entity, will have to be done efficiently, with enough flexibility to respond to other market forces. What has resulted from the corporate pursuit of the Kaitahu claim is a clear obligation for the tribe to reinvest in its corporate future—to emphasise hapu and tribal activity before individual support.

2 The fundamental right of all people to work should be recognised. Autonomy of peoples will not exist without this. The problem of where the next meal was coming from was seen as the basis for autonomy. It was questioned whether governments would address this issue and ensure everyone's fundamental right to work was upheld. Article 2 provides Maori with the means to recapitalise and with the generation of work. However, since the Treaty has been ignored, the capitalisation of the Pakeha has come about by the de-capitalisation of the Maori.

3 Pakeha attitudes to the drive towards greater Maori autonomy are very mixed in the South Island. According to Project Waitangi, about 15 percent of Pakeha they have discussed these issues with are favourably disposed towards greater Maori autonomy and about the same percentage are resistant and cannot be persuaded that it could be beneficial for either Maori or Pakeha. But the great majority are adopting a tentative wait-and-see approach.

4 There is a great need for more resources to be put into adult education—to educate Pakeha people about the true nature of New Zealand society, about Pakeha and Maori responsibility for each

other, and particularly to change Pakeha feelings of disinterest, hostility or guilt into participation and responsibility. Pakeha at the wananga emphasised the need for the Treaty of Waitangi debate to have a Pakeha dimension—for Pakeha to understand the nature of their culture and their roots, and through that to recognise the validity of their place in New Zealand.

4 Wananga Tuawha, Tamaki Makaurau

Auckland, 26 January 1988

Notes on the Discussions

Consultants Present: Dame Whina Cooper, Tuaiwa Hautai Rickard, David Williams, Bob Scott, Judith Morgan, Hilda Phillips, Wally Hirsch, Keir Volkerling, Pauline Kingi.

Royal Commission on Social Policy Members/Staff Present: Commissioner Mason Durie, Te Aue Davis, Manuka Henare, Te Kohu Douglas, Te Aroha Henare, Charles Royal, Ward Douglas.

1 Strategies for the Royal Commission on Social Policy and the Research Phase

1 The meeting agreed that the Royal Commission on Social Policy should challenge Government on Treaty issues in the same manner that the Waitangi Tribunal has. Several participants said that the Treaty should be viewed as the foundation of New Zealand society and that the Royal Commission on Social Policy report should be entirely structured around the Treaty. The Treaty should not be added as an 'exotic edge' or in the form of a post-script. Several saw it as overriding the other foundations in the terms of reference.

2 While discussion of the Treaty has an important educative role in New Zealand, continual discussion without action is a delaying tactic. The Treaty should be accepted as the central New Zealand constitutional document as only then would any discussion have

meaning for the Maori partner and Tauwiwi alike. The 3 Ps of the Treaty were identified by one member as Partnership, Principles and the Political will to accept and enforce them. If the political will to take action was not present then any discussion was futile.

3 Despite the Treaty having two partners, results of a survey commissioned by Project Waitangi and the personal experiences of some participants indicate that most Pakeha view the Treaty merely as a Maori thing. To remedy this the Royal Commission on Social Policy was urged to adopt the Treaty as its central focus, from which all other issues flow.

4 The Royal Commission on Social Policy should consider providing a booklet on the Maori language similar to the Treaty discussion booklet. Most people are responsive to a logical argument when it is put to them.

5 There are other topics that such a strict focus on the Treaty of Waitangi would neglect.

6 The Royal Commission on Social Policy should direct some of its advice directly to the 1990 150th Anniversary Commission. That commission needs rapid and substantial input and the Royal Commission on Social Policy has a role to play.

2 Insights Into the Issues Discussed

(a) *Status of the Treaty of Waitangi*

1 The meeting noted the past ignorance of Government and the judiciary in Treaty matters. It was also noted that the Treaty has never been as influential on these bodies as it is currently.

2 The view was put very strongly that if the Treaty is considered as legally null then effectively Government has no mandate.

If the Treaty is not legal then I am the ruler of this land. (it is as) Simple as that. (Rickard)

(b) *Obligations of the Crown under the Treaty*

1 The principles of the Treaty are not widely known, partly because they are evolving as the Waitangi Tribunal proceeds with the claims before it, and partly because the Treaty has been virtually ignored as a constitutional document for most of the last century. Recently there have been many popular words used to

describe a range of fundamentals, for example, partnership, equality, principles, good faith, reasonable. These words have different meanings for different people. Article 3 has been mis-used according to the current ideology and perceptions of equality. In the name of equality the Crown has pursued policies of oppression through the unwarranted confiscation of land following the Land Wars, and cultural genocide through the suppression of the Maori language.

2 The wananga saw two possible approaches to full ratification of the Treaty:

- (i) To gnaw away at it, getting a government response each time a crisis forces it to respond.
- (ii) To look at the full implications of the Treaty on a broad front. The Royal Commission on Social Policy's role could be an important part of this strategy when it reports.

3 A global approach to the Treaty was considered necessary, as currently Government is lurching from crisis to crisis. It was said that Government may have considered the above 2 options already and opted for the first on the basis of it being a least-damage containment policy. Option 1 may be perceived by Government as undermining its power. However, Treasury seems to consider option 2 as the best strategy.

(c) *Partnership, Good Faith and Mutual Trust*

1 Most Maori people see the Treaty as the expression of a partnership of equals. The Crown in contrast seems to view the partnership as something akin to a law-firm partnership—with itself as a dominating partner with a greater overriding interest, coupled with a sense of paternalism. The actions of the Crown seem to be encapsulated in the following:

When you don't like what I do, too bad, I'm doing it in good faith.

The obligation on the Crown is to treat the Maori as equal not junior partner.

2 The hui was of the opinion that 'honour' referred both to a person's own actions and those of their tupuna.

3 Pakeha are the majority, and Maoris are fighting against the majority. Maori always seem to be asking the other partner whether they have a conscience; always asking the Pakeha: 'Are you being fair?'

4 In recent years the Crown has begun to divest itself of its assets and consequently of its responsibilities to public companies, and corporations—bodies which the Crown sees as not part of itself. The Treaty partnership may end up as one between Maori tribes and these bodies or multinational companies in New Zealand. These bodies enjoy the assets and privileges the Maori partner gave to the compact. These bodies are often viewed by people, including themselves, as having no relation to Treaty issues.

5 This view of which partner benefits was taken further. One participant said that white New Zealanders were the beneficiaries of the agreement and therefore they were the other partner. Another said that all immigrants were benefitting from the Maori partner, not just white New Zealanders. These other groups were therefore, also involved.

6 Dame Whina asked: 'Who is dishonouring the Treaty?' The Treaty was between the Maori people and the Queen, and neither of these two had been dishonest. Someone else was dishonouring the Treaty, it had to be the Queen's successor, the Crown in New Zealand.

7 The nature of the partnership today and its relationship to the original intentions of the signatories was discussed.

(i) For the treaty to be honoured, the Pakeha partner was the only one who need make any concessions. The Maori partner has always been fair. The Crown was seen as a monocultural representative and therefore the partnership was between the Maori and the Crown.

(ii) The partnership was embodied in the Treaty in Articles 1 and 3. The law has treated Article 1 as having precedence because many statutes violated Article 2. Arguments of international law obscured this important notion.

(iii) The Crown partner has often decided for itself what its terms under the Treaty allow it to do. It has viewed its role in such a way as to exclude the Maori partner from negotiations and has acted as if the Maori partner should feel satisfied that this has been done for them.

(iv) The covenant status adequately reflected the wairuatanga input to the Treaty but still did not imply equality. Covenants could be unequal also. One of the benefits of a covenant was that the obligations of the groups remained despite any change in circumstances. Covenants suggested that there was honour.

- (v) Partnership was about power, nothing more nothing less. People listened honourably to each other in a partnership. New Zealand had adopted a position which was out of step with international developments in racial forums. In the United States many groups lived together retaining their own identity yet not infringing on others. They have diversity in one.

(d) *The Relationship Between the Status of the Tangata Whenua and the Notion of Equality of all Citizens*

1 A discussion on racial self-identity brought out two divergent opinions. In reference to race or ethnic group-based statutes, the point was made that people of mixed descent could not be classified as a single component of their makeup. However, the meeting generally accepted the principle of tupunatanga. A person descended from a Maori has no trouble in identifying as a Maori whatever other ancestry they possess. The way a person feels is considered more important than strict racial proportions.

2 Different views on the interpretation of Article 3 were evident. One participant interpreted it as meaning all persons in New Zealand would be treated in the same manner. She said there were 169 legal statutes which differentiated Maori and Pakeha and by her interpretation violated Article 3. The guarantees of Article 2 were systematically broken by the judges. Other participants said that there was no tension if a law distinguished between races in order to uphold the guarantees of Article 2. Equality of treatment meant unbiased maintenance of all promises made by the Crown, to whichever group they were made.

3 To neglect the status of the indigenous people effectively leads to the conclusion that there are no obligations on the Crown, which was not accepted as true.

(e) *The Pursuit of Maori Autonomy*

1 Historical evidence shows that the tribes never believed that they had ceded their authority over their internal affairs. They ceded their external sovereignty not their internal sovereignty.

(f) *Support for Maori Social Organisations,
Especially Whanaunga, Hapu and Iwi*

1 Delivery of social services already denies Maori the same share that others receive. There is nothing to lose by altering the system as it currently does not deliver equitably to Maori. Separateness in institutions does not necessarily cause the difficulties that people fear: for example, separate Catholic schools have not led to sectarian violence in New Zealand.

(g) *Administrative, Political and Judicial Processes
as they Affect Maori*

1 Government departments will adapt their activities to respect the Treaty if there is the political will to enforce it from on high. The reality is that at present many government agencies, such as Ministry of Agriculture and Fisheries (MAF) or Petrocorp, do not respect the Treaty. That fault lies with Government.

(h) *The Position of Pakeha, Pacific Islanders and
Members of other Minority Cultures*

1 The point of negotiation of all groups in New Zealand society should be with the tangata whenua. Because the Treaty has not been honoured in the past, immigrants have negotiated their position with the Pakeha, with the dominant culture and have ignored their obligations to the tangata whenua.

2 The Treaty of Waitangi allowed other groups, such as Pacific Islanders, to come to New Zealand. They have obligations under the Treaty because of their enjoyment of the Maori partner's input.

3 One experienced participant noted that among Pacific Island New Zealanders, there was increasing acceptance of Crown responsibilities in promoting the culture of the tangata whenua. All minority cultures are volunteers in the promotion of their own culture, although many Pacific Islanders, and a small but growing proportion of other tauiwi, are beginning to see that this should not apply to Maori because of the guarantees in the Treaty.

4 For members of other minority cultures, not Anglo-Celtic and not Maori, biculturalism is often seen as exclusive whereas multiculturalism is really a mosaic of many bicultural relationships. The pivotal bicultural relationship is, however, the Maori-Pakeha

one. Invoking multiculturalism merely reinforces the minority status of the Maori and avoids action on the Crown obligation to the Maori partner. Lumping Maori and Pacific Islanders together on the basis of shared physical features or relative deprivation, and thereby according both groups the same status, demeans the guarantees in the Treaty and demeans the tangata whenua.

(i) *The Influence of the Judiciary*

1 Law is a human institution working in a social context. It is not static and has always been a servant of the most powerful in society. For example, the Water and Soil Conservation Act, which uses the words 'in the public interest' has been interpreted until very recently to mean in the interest of the Pakeha. Any law dealing with the Treaty should be firmly implanted and not left to develop in the hands of the judiciary.

2 It was generally agreed that the law needs to be viewed in a social context and that retrospective examination leads to difficulties because of social change. The foundations of Pakeha society were seen as poorly defined. Democracy is a fiercely defended concept but the meaning of it and its foundation are not clear.

3 Laws are interpreted to protect social stability. At the moment the perceived best method of achieving stability is to give things to quieten the Maori, but not provoke a Pakeha backlash. This principle of least damage containment figures prominently in government actions as well.

5 Wananga Tuarima, Tamaki Makaurau

Auckland, 27 January 1988

Summary Record of Discussions

Consultants Present: Bishop Manuhia Bennett (Convenor), Mira Szaszy, Georgina Kirby, Rob Cooper, Prue Kapua, Jim Cameron, Alex Frame, James K. Barrett, Druis Barrett, Joan Robertson, Helen Cull, Wally Penetito, Finau Kolo, Peter Davis.

Royal Commission on Social Policy Staff/Members Present: Chairman Sir Ivor Richardson, Edward Douglas, Manuka Henare, Charles Royal, Te Aroha Henare, Ward Douglas.

1 Strategies Identified for the Royal Commission on Social Policy Research Phase

The Royal Commission on Social Policy should base its report on the Treaty. Everything else should be a phase which flows from the activity that has the Treaty at its heart.

2 Insights into the Issues Discussed

(a) *The Status of the Treaty*

1 The hui was of the opinion that the Treaty was part of New Zealand's social fabric and was in effect ahead of all other laws. When there was a clash, the Treaty should take precedence. An

overriding status cannot be given in any other way than in a constitutional legal manner, what is wanted in effect is the entrenching of the Treaty.

2 The Treaty was also seen as a source of constitutional law, in that it was a stand-alone document. Again, the hui was of the opinion that partnership means the equitable sharing of power, not just a discussion of 5 principles.

3 The view that the Treaty created a moral obligation is more widespread than the view that it created a legal one. However, legalising a moral obligation does not negate its moral status. The creation of understanding is first necessary if a just law is to be accepted. In a democracy, the majority of people will not stand for a law which is not wanted no matter how just it is.

4 One participant said that the Maori partner should not view itself as dependent on the goodwill of the Pakeha. Any reaction to the entrenchment of the Treaty is a Pakeha issue and Maori should not worry themselves with it, lest nothing be achieved.

5 In respect of the Treaty of Waitangi and the obligation of the Crown to recognise its part of the agreement, do the Crown and state have any legality if they do not hold to their side? Does that not mean that the Crown should forfeit the advantages granted to it by the Treaty? It was suggested that the Royal Commission on Social Policy should address this question seriously. One participant said that the question could be answered by the observation that: 'Things have meaning if the majority says they do'.

(b) *The Obligations of the Crown*

1 The critical concept is honour. Rectification of the past and the instalment of the tangata whenua in their rightful, not special, place in our society depends on honour, on the powerful partner acting honourably in meeting its obligation. This is not a concession or a privilege and does not depend on generosity, but on honour. Respect, equity and equality of consideration are the Treaty of Waitangi rules of thumb.

2 The risk in signing and accepting the Treaty was taken entirely by the Maori. The Crown risked nothing and had everything to gain. It is therefore the responsibility of the Crown to run some risk, both politically and in terms of the economy, to ensure the maintenance of Maori and Pakeha as the partners in the Treaty and in the national identity.

(c) *The Pursuit of Partnership, Good Faith and Mutual Trust*

1 The notion of partnership should be widely accepted and implemented in New Zealand. Perhaps legislating to enforce it will eliminate the good faith involved. All parties should be honest and open and be encouraging of the concept on its own merit—the merit of the moral argument.

2 Partnership has been consistently translated as powersharing. Our current Parliament, which is based on adversity, is not very inspiring from a Maori perspective. Tinkering with it is seen by Maori to be an inadequate response to an inherently faulty system. One participant suggested that perhaps a total reconstruction of the parliamentary system is necessary.

3 The hui drew different analogies for the perceived Treaty partnership.

(i) The partnership of the Treaty is based on a covenant articulated in Article 2 with obligations for both partners. The Treaty will only work if the partnership returns to this status.

(ii) In addition the concept of a 'marriage of equals' was proffered.

4 A discussion developed over who should assess legislation to ensure it was consistent with the Treaty. It was felt that there should be some mechanism to ensure that all laws were consistent with the Treaty. Proposals included;

(i) The Governor-General: he/she has the right to refuse any legislation that is contrary to the Treaty.

– Discussion included: For the Crown's role as monitor of Parliament in respect of the Treaty. Both Pakeha and Maori might appeal to the Queen's representative to ensure that their interests were protected as one of the original Treaty partners was the Crown.

– The Governor-General could have an advisory body to help him/her in this role

– Against this some participants said that it might be seen to be reviving the Divine Right of Kings.

– The Governor-General would have to have an independent role, unaffected by other legislation. Therefore,

there would be some difficulty over how the Governor-General would be appointed and who would do it.

- There would be a continuing risk of an independent power appointing advisers who may be biased.
- The Governor-General is required to do as Parliament says except in very exceptional circumstances.

(ii) An Upper Chamber: this upper house would comprise 50-50 Maori to Pakeha composition. This would be similar in composition to the United States Senate where representation is equal between the states, and not based on population. Tribal-based representation could be guaranteed.

(iii) The Waitangi Tribunal.

- Speculation as to whether the Tribunal has this power already has never been tested.
- It seems that Government envisages the Tribunal as having a finite lifespan.

5 While injustice persists, grievances will not go away. Attempts to redress some of these grievances has been piecemeal and has done little to dissipate the attitudes that caused the initial injustice.

(d) *The Relationship of Tangata Whenua and the Notion of Equality of all Citizens*

1 Discussion of the personal and ethnic identities in New Zealand stemmed from the nation within a nation concept. One participant said that there were 3 basic identities in New Zealand society: Pakeha, Maori and New Zealander (other races similarly) and that the national identity could also be held in conjunction with the other racial identity, for example, being Maori and a New Zealander. It was voiced by another participant that the third identity could not be achieved until power was properly shared. Another said that the third identity did not exist as the Pakeha had not allowed it to develop from the 2 basic identities.

2 Is it natural that the tangata whenua, while being recognised by the Crown in a limited way, have little or no say in their own land? It is a peculiar mix-up of history that has produced this situation. Restitution should not just be in a material way but also in a spiritual way, a Maori way. History has taught some savage lessons over what happens when large minorities are ignored in a country.

3 Implicit in a Bill of Rights is the notion that there are some things that even the majority should not be able to alter. Status for the Treaty may need to come as a package deal along with other similarly just actions.

(e) *The Responsibility of the Crown to Protect the Tribal Domain, Fisheries, Sacred Places*

1 Mana whenua is a deeply religious belief as evidenced every time a tangi occurs and a Maori is reinterred in the land. It reinforces the tapu nature of the land, and it will never go away. We need mana whenua as a deeply religious, cultural and spiritual need, not so we can become billionaire landlords.

(f) *The Protection and Development of Maori Human Resources and other Taonga such as the Language*

1 It was noted that ignorance of Maori culture in New Zealand has been an excuse to enforce dominance. Pakeha will respect a culture if they view it as equal or superior to their own. Legal status as law for Maori lore can be provided for as in India with Sikh law. Some things cannot be addressed by legislating to protect tikanga Maori. One participant cited intermarriage where the mother's values were taught to the children—these values were those of the Pakeha mother in such situations. Legislation was not the answer for all problems and, indeed, there may be no answer for some situations.

(g) *The Pursuit of Maori Autonomy*

1 At no time did the Maori signatories consider they were ceding their mana Maori motuhake. They thought that they were entering a protectorate relationship with the Crown. Their self-government was to be largely similar to a local body: their own way of running things with a few laws added. The British partner saw nothing inconsistent in this dual law/lore as they already had many types of law—marshal, mercantile, church and so on.

2 Kotahitanga movements—Kingitanga, Kotahitanga, Mana Motuhake and so on—are forms of resistance against dominance but are also positive actions for Maori autonomy: mana Maori

motuhake. The dominant population only sees the action as negative. Never have the Maori imposed on the Pakeha in the manner the Pakeha have imposed on the Maori.

3 It is absolutely essential that the Maori system of organisation is preserved for Maori autonomy to have effect, to provide for all.

4 Autonomy cannot be used in isolation. Relative autonomy is a tautological term. Current structures must be replicated to achieve this as they simply are incapable of accommodating tikanga Maori adequately, and will never meet Maori aspirations.

5 One participant said that a flexible structure would be necessary for practical implementation of Maori autonomy. In this several forms of democratic decision making would be necessary:

(i) Some issues 50/50—one partner (Maori and Taiuiwi) one vote.

(ii) Some issues Maori would have an effective veto—for example political union with Australia.

(iii) Some issues settled on a one-person-one-vote basis.

6 One member said that there are areas—conservation, for example, where Maori management would be efficient, desirable and would also meet little opposition. These actions would substantially meet Maori autonomy and mana whenua.

(h) *Support for Maori Social Organisations, Especially Whanaunga, Hapu and Iwi.*

1 Iwi responsibility includes the communication with, and provision for, all the people who currently do not have a voice. There will be a section of the Maori population who decide to remain outside the Maori iwi system, but that is their choice. Young Maori may not currently have an effective voice but it is evident that they need change. They have little to lose.

(i) *Administrative, Political and Judicial Process Affecting Maori Individually and Collectively*

1 The Treaty guarantees Te Wairuatanga in the second article as a taonga. It is also guaranteed in the unwritten fourth clause read to the assembly at Waitangi on 6 February 1840. To neglect wairuatanga in social policy is like giving someone an eye but not letting

them see. It simply does not work. It was urged that a holistic view of life is necessary in social policy.

(j) *The Nature of the Crown*

1 The Crown includes organisations that perform traditional duties that it may have delegated. These organisations are therefore subject to the Treaty as if they are the Crown wearing another hat. [Mersey Docks and Harbour Board v Cameron (1865). Also Wellington City Corporation v Victoria University of Wellington (1975) Ref. Frame A. Paper presented to the Waitangi Tribunal. Te Reo claim (Wai 11, 7.1)]

Note, however, the reasoning of the Waitangi Tribunal in the Manukau claim (Wai.8., 8.4, 9.2.3) This problem could be easily solved if the Government had the political will and passed an Act to pronounce that all local bodies, hospital boards and so on should comply with the Treaty of Waitangi.

Appendix I

The Treaty of Waitangi

Mira Szaszy, 27 January 1988

1 *The Principles of the Treaty*

<i>Toi tu te kupu,</i>	<i>When the word is established,</i>
<i>Toi tu te mana,</i>	<i>the mana is established,</i>
<i>Toi tu te whenua.</i>	<i>and the land is secured.</i>

This proverb encapsulates the principles by which the Treaty of Waitangi ought to have been guided, and by which the relationships and transactions between the tangata whenua and the Crown ought to have been conducted if authentic bicultural development was to be established. It is accepted history that the word of the Treaty on the part of the Crown and its representatives was never fully established and grounded. It was more honoured in the breach than in the observance (Rev M Marsden).

It has been said that we cannot do anything about past injustices, but we can ensure that justice is done in our time. I do not agree. I believe that the 148 years of imbalance can be righted in the cargoholds of the ship of state. Hitherto, our partner's side of the ship has been overloaded. It is time to shift some of that cargo to ensure equal or equitable distribution.

To give us land or other material resources will not heal our spirits nor re-establish our mana, too much has happened to us over too long a period. In short it is in the area of breach of honour that the process of healing must begin and it must do so for both of us, it must heal both partners.

The question is posed and the answers are those you seek. As one who has been pursued by, and lived with, the spirit of the Treaty as far as memory allows recall, my prescription is as follows—

- (i) to help the state recognise its moral obligation to right the wrongs, not just in the physical or material sense but to re-establish Maori mana, Maori nationhood in Aotearoa. As John Perkins says: 'To change bitterness and resentment into practical living with dignity.'
- (ii) This can be achieved by the following actions:
 - To fully accept and openly inform the nation that the Treaty of Waitangi is the foundation or the source

(ground norm) of constitutional law in New Zealand and to legislate its entrenchment.

- To recognise the Treaty as supreme or absolute and therefore above any law established in the past or in the future—that is, a 'stand-alone document' not subsumed within any other law or Bill of Rights.

2 *Power Sharing*

1 The sharing of power at all levels of decision-making within Government and Parliament is the meaning of partnership for me. The apparent conflict between sovereignty and rangatiratanga can only be resolved in this concept of partnership—a relationship based upon the principles of equality and equity.

Equity: fairness, recourse to principles of justice to correct or supplement law. A system of law coexisting with and superseding common or statute law.

But this can only be achieved by a change in our parliamentary system from the Westminster type of government to something created by us, using the Treaty of Waitangi as a basis.

2 Because of the democratic principle of one person one vote, the tangata whenua partner, because of minority status, is totally disadvantaged. Parliamentary representation is thereby unequal, legislation is monocultural and equity at all levels of government is non-existent. The sharing of power is thus nullified and the concepts of rangatiratanga and partnership negated.

How then can we truly share power and give embodiment and effect to the spirit of the Treaty:

- (i) To sovereignty
- (ii) To rangatiratanga
- (iii) To partnership
 - by constitutional adjustments already mentioned above;
 - by the introduction of a second chamber in Parliament with equal Pakeha/Maori representation;
 - By the introduction of a new system of elections such as proportional representation.

3 *Development of Maori Nationhood*

1 There needs to be a deliberate promotion and development of Maori nationhood, that is, the recognition of a unique race and culture within the human family. How?

- (i) By the implementation of all of the above proposals.
- (ii) Participation by Maori parliamentary representatives from the highest chamber at all Pacific forums.
- (iii) Co-representation of Maori and Pakeha at all Commonwealth gatherings.
- (iv) More Maori, both men and women, in overseas embassies as ambassadors, commissioners and consuls, and greater training in these roles.

4 *Consequences*

1 In summary, it is imperative that these proposals be considered at this time in the nation's history. To do otherwise would deal the final blow to the Maori people, to their *mana mauri* (their compelling life-force) and to the *toi te kupu, toi te mana* inherent in the Treaty. If this is not done, I dare not foretell the consequences.

2 This is not to say that a time will not come when the face of the nation will not so change to reflect both the colours of the forebears who signed this sacred document. As one wise old Maori man once foretold:

Kei tua o te awe mapara, he tangata ke, he ma.

Indeed this has already happened within the Maori population. But for many of our youth the question of self-identity is a painful one. Many are biologically more white than brown or shades in-between. Usually, they identify as Maori, but with a considerable degree of rebellion or alienation from the whanau group. In short, the decision is more often based not on biological heritage but upon culture.

3 Therefore the need for major political, social and cultural adjustments in our total society is imperative, so that identity becomes negotiable for our youth now and in the future.

4 Today the Crown has elected to place its emphasis on the Treaty principles. These principles, identified by the Crown and the New Zealand Maori Council, are listed in the Royal Commission's discussion booklet number 1. Also the Crown has stated within the Treaty of Waitangi Act 1975 that:

The principles are to be the basis of all consideration, and not the meaning ascribed to any of the words.

5 That the principles can be separated from the symbols that give them life is not accepted in Maori thought. Seemingly, such decisions can only have emanated from a monocultural source. It is not a Maori practice to direct life into its component parts. The statement that 'the Treaty speaks' implies a living organism with a life force of its own—indivisible and holistic. This life force exists not by its principles alone but also through its word (spirit) and its accruing mana.

6 In stressing this holistic perspective of the Treaty, attention needs to be drawn not only to the Crown's expressed principles but also to all elements or moral principles within and around the Treaty during its signing. These were faith, equality and justice. Both Maori and Pakeha were participants, around them were missionaries, purveyors of Christianity and, no doubt, those Maori holding still to their own spiritual beliefs. To quote Maori Marsden again:

All things originated in Io-taketake . . . What therefore is established on earth by the Kupu Mana is established in the heavens. The link between the secular and the spiritual when recognised and addressed links the oath or work of power of eternal foundations, hence, Toi o te Kupu, Toi o te Mana

7 As well, there were many independent observers. It was an atmosphere charged with doubt, hope and faith, producing the conditions necessary for a sacred undertaking, a covenant or oath, between 2 peoples in the presence of God or Io-taketake. So this act of faith, especially by the Maori signatories, no doubt prompted the Appeal Court judges of 1987 to emphasise the Treaty as a partnership requiring utmost good faith. So they should, because it was a covenant, based on faith in the first place. Yet, as already noted, it became an oath more honoured in the breach.

8 The Treaty of Waitangi Act allows for the righting of some of the wrongs perpetrated by the Pakeha partner over the last 148 years. Through the Tribunal, the Treaty is embodied and given voice, but as yet with considerable constraints, as seen recently with Maori land and fisheries' rights having to be taken to the highest court of the land for its jurisdiction.

5 *Key Words in the Treaty*

1 As we all know, the meaning of the words in the Treaty, both in the Maori and in the English text, have been the basis of controversy over the past 148 years, and continue to be so today.

(i) Sovereignty: since this word comes from the English language, perhaps it behoves us to seek translation from the experts in law and language, mindful always of past mistakes. However since the Treaty is said to speak in our time, let the meaning of sovereignty be found also in its meaning and application today (refer to the Orakei Claim lawyer's interpretation).

(ii) Tino Rangatiratanga: Maori government representatives have translated these words as Maori self-determination to link in with their goal of Maori development. Other Maori experts say they mean absolute chieftainship over all their lands, their fisheries, water and other taonga or treasures. Both words, sovereignty and tino rangatiratanga convey the meaning of power to rule over something, but not to own. The Maori chiefs retained power to rule over their lands and so on, which at the time comprised the whole of Aotearoa. What powers then did they cede to Queen Victoria?

The apparent contradiction between the Maori and English texts of clauses 1 and 2 allow for the belief that the Maori chiefs had other specific matters in their minds that they wished the British Crown to control. These could only have been the control of the unruly elements among the immigrants, traders and so on from the so-called civilised world. At this point it may be of interest to introduce the missing link in all questions arising from the Treaty of Waitangi.

(iii) Mana Motuhake (Mana Tukuīho): This term was not used in the Treaty documents, (that is, in clauses in either texts). This term implies the very essence of being the eternal right to be, a God-given right to the individual or a people to live, to exist, to occupy land, (that is, tangata whenua occupancy and aboriginal rights). These rights existed prior to 1840, and since there was no mention of these words in the Treaty we must deduce that there was no thought in the minds of the Maori signatories to forego their inherent rights, nor to forego the right to exist as a distinct and unique people.

Appendix 2

Maori Children and the Courts

Judge H K Hingston

1 *Introduction*

Future improvements in the relationship between the law and the Maori is not dependent upon what court deals with Maori take, or on which government department the court is serviced by, but by the kaupapa (philosophy) the court implements, together with the understanding of, and the willingness to apply same, on the part of judges and court administrators.

The current system—the English system, has been a failure wherever it has been exported and imposed upon indigenous people insofar as the indigenous victims are concerned.

This system evolved over the centuries in Europe, was devised to ensure the haves continued to have and the have nots continued not to have. Its underlying philosophy is heavily property-oriented with clear guidelines protecting the rights of the individual, thus ensuring that any group rights are ignored. The accumulation of material wealth is the cornerstone of success even if such accumulation is detrimental to the welfare of society.

An Alternative Kaupapa a philosophy that is embraced by many of the world's non-European indigenous people including the Polynesians, whereby people are more important than property, the individual rights must be subordinate to the group and the personal accumulation of worldly goods over and above those required for survival is irrelevant when placed alongside the welfare of the group.

These Options are on the face of it irreconcilable but until there is a real effort made to extract the best and most appropriate aspects of both and accept that such amalgam may be better than what we now have, there will be little, if any, improvement.

2 *The Future*

Any useful discussion on the future of this law must first consider the question: Is New Zealand society prepared to depart from some

of its rigid social mores and include/replace some with Maori values?

A genuine desire for change can be evidenced by changes in the law. A real opportunity to accomplish this, and demonstrate to Maoridom that an honest attempt was being made, would be for Government to legislate along the lines recommended in the kaupapa of the New Zealand Maori Council presented to Government in February 1983.

The kaupapa suggests reform in the land and succession areas that cut across the present law and include aspects of the alternative philosophy mentioned above.

In effect the gauntlet has been thrown down—the answer to the challenge is awaited.

The Council's contribution—Te Wahanga Tuatahi (The First Chapter)—has been with those in power for more than 4 years. A failure to legislate in this area would demonstrate that New Zealand is not prepared to change. Anything less offered by Government would merely be cosmetic and of no lasting value.

In view of the preceding paragraphs what follows may not even be worth reading, however, assuming that the Council's kaupapa is legislated, the next enquiry is: Will the new legislation be better implemented using the present Maori Land Court serviced by the Department of Maori Affairs or should there be change?

Change will more affect the Maori people than the judges and court administration—therefore the benefit or otherwise of change as it affects the Maori people must be the primary deciding factor. Currently the Maori Land Court still has the respect of Maoridom, the Department of Maori Affairs, often criticised as an institution which at times frustrates, incenses and lets them down, is something the Maori people know, understand and are comfortable with. It is said that to be effective and relevant the law must be well publicised, easily understood and have the general support of the persons it is applied to. The same can be said of government institutions, be they courts or administrators. With all its warts, the present Maori Land Court, Department of Maori Affairs combination is understood and supported by the Maori people more than the present general court/Justice Department hierarchy.

It may well be that the judges and court staff would be better serviced if there was a shift to the Justice Department but would the Maori people? Are the general courts and Justice Department officers going to be comfortable with a small court—some 7 judges all used to doing

things their own way, charged with implementing an Act that is in many respects the antithesis of what they are used to? There will surely be problems—would the Maori Land Court be assimilated and lose its uniqueness—what of the Appellate Court, the Privy Council, S 452/1953 and the inquisitorial role it now has.

In time the above may be ironed out but what of the Maori people—should they be forced to take their problems to a department which is not, never was, and probably never will serve the Maori people in a positive sense? It must not be overlooked that the Justice Department as a body has always had a substantial input into the legislative process. There is no past record of the department having pushed legislation furthering Maori aspirations—why would it in the future?

The present relationship of the Maori people and the general court is not conducive to confidence on the part of Maoridom.

In fairness, the whole machine is probably more at fault than the mechanics—again should the Maori people take the risk?

At this juncture, it is apt to quote from the report of The Royal Commission into the Maori Land Court (1980):

There is a unique and indefinable connection between the Department and the Maori Land Court a product of long association—this could not possibly be transferred.

If the New Zealand Maori Council's kaupapa is translated into legislation what then? When the new legislation was in place would, be an appropriate time to consider what legal structure could help our societies' problems with Maori children. It must not be lost sight of that the kaupapa of the New Zealand Maori Council was written by Maori for Maori and any workable solution for the future of Maori children must come from the Maori people. This is so because the present system has had some 150 years' experience in New Zealand and it is not working. The system has nil or minimal Maori content, therefore failure must not be attributed to its victims' Maori youth—but to the system itself.

Any new structure must begin from scratch—to graft onto the present general court system would be unlikely to improve anything because the persons involved in the general court systems from Minister through the courts and Justice Department honestly believe the philosophy behind the law is the correct one and the remedy for any ills is to improve or to fine-tune the present system.

Having advanced the view that the general court system is out, it is suggested that perhaps the Maori Land Court has something to

offer in this area. This court has for 120 years operated outside the general court system—it too has laboured under the restrictions of the English kaupapa but in its own way has evolved so that today 3 out of 8 judges are Maori, and more importantly all the judges have had experience in dealing with Maori not available to judges in the general court system. There is an empathy between the judges and the Maori people because of the direct association over the years and the manner in which the court conducts its business, that should be exploited.

3 Conclusion

It is not merely a matter of surveying Maori land to ensure Land Transfer Registration as recommended by the 1980 Royal Commission, the problem is one of people/officialdom being prepared to change their ways. The transfer of the Maori Land court to the Justice Department would not be justified until that department demonstrated as positive an appreciation/approval of Maori ethos and values as the Maori Affairs Department—until then the Maori is best served if the court remains where it is.

Specific questions are:

(i) What are the main problems facing the Maori people in law areas?

– As well as those covered by the Chief Judge in his paper, these could be added: lack of understanding of the process of law; insensitivity of the law-makers and administrators; being blamed for the failure of the present law; a belief on the part of many Maori that the law is always against them, resulting in their having no confidence that the system is just.

(ii) How is the law serving the Maori people with regard to above problems?

– It would be possible to go further than the Chief Judge and record that many laws and their application result in actual disservice so far as Maori people are concerned. Criminal law, town planning law, family law are among these branches of legislation. If there is not a willingness to change, then further deterioration is inevitable.

As for other specific questions: when the new Maori Affairs Act is in place and working would be an appropriate time for the Maori Land Court to then look at whether it should widen its jurisdiction.

There are two areas where the Maori Land Court could positively contribute: The Fishing Act and Maori fishing rights.

This could entail giving the Court extra-territorial jurisdiction to ensure that present Maori fishing rights are protected.

4 *Te Wahanga Tuarua*

1 A pilot Maori Court should be put in place in one or two of the present Registries.

2 Maori Land Court judges alone should have a warrant for this Maori Court. It would encompass all present Maori Land Court jurisdiction as well as an exclusive jurisdiction in respect of all matters concerning Maori children—criminal, adoption, guardianship and so on, with the right to, at any time in the proceeding, refuse jurisdiction (the effect of this being that the general courts then deal with the matter).

3 When exercising jurisdiction over Maori children, the court will have an extremely wide latitude procedurally and be unfettered in the way it can dispose of matters. It must have all the powers the High Court now has in respect of Maori children, subject to an obligation to involve the extended family and, optionally, the wider Maori community.

4 The court may sit at any place the judge decides and he/she may in any matter co-opt persons from the Maori community he/she believes can assist as assessors (who should be paid). The judge may well occupy a role in respect of the hearing similar to the judge advocate in a court martial, more an adviser to ensure the law is not ignored than the final arbiter.

5 In all Maori children's matters, the court's role is remedial—not to punish children. However, the court shall, with certain legal safeguards, (notice, natural justice and so on), have jurisdiction to make orders against the income and property of any of the immediate or extended family of any child and require any of those persons to appear before the court to assist in the resolution of any problems.

6 Judicial review in respect of any children's matters shall be only to the chief judge, Maori Appellate Court and Privy Council.

7 The kaupapa of the Maori Court in its children's jurisdiction shall have as its basic tenet a belief that there are no bad children, rather a lack in family or community. As it is the family or community's problem, rectification is their responsibility, with the

court being in place to facilitate consideration, involvement and lawful disposal of any problems.

Should the Waitangi Tribunal become part of the Maori Land Court? At this point the answer is no.

As pointed out recently in an article by Paul Temm, the Waitangi Tribunal may be asked to enquire into the acts or omissions of a High Court judge or even the New Zealand Court of Appeal. It would be most inappropriate if the Tribunal faced with that task were part of the Maori Land Court structure.

5 Summary

1 It is not a question of court structures but the kaupapa and people's attitudes.

2 If New Zealand is to change, and be seen to change, the kaupapa of the New Zealand Maori Council must be legislated.

3 The moving of the Maori Land Court to the Justice Department would be against the interest of the Maori people.

4 If the jurisdiction of the Maori Land Court is to be widened it should be if and when the new Maori Land Act is in place. Responsibility for Maori Fishing Rights and Maori children should be accepted.

5 The Waitangi Tribunal should not become part of the Maori Land Court.

Appendix 3

The 12 Issues

The 12 issues around which the research and review was ordered:

- (i) The status of the Treaty of Waitangi.
- (ii) The obligations of the Crown under the Treaty.
- (iii) What is understood by the pursuit of partnership, good faith and mutual trust.
- (iv) What is the position of Pakeha, Pacific Islanders and members of other minority cultures in New Zealand, as determined by the Treaty of Waitangi.
- (v) What is the relationship between the status of tangata whenua and the notion of equality of all citizens.
- (vi) What is the responsibility of the Crown to protect the tribal domain; fisheries, sacred places, and so on.
- (vii) The protection and development of Maori human resources and other taonga such as the language.
- (viii) The pursuit of Maori autonomy.
- (ix) Support for Maori social organisations, especially whanaunga, hapu, iwi.
- (x) Adequate electoral representation of Maori that will ensure partnership.
- (xi) Administrative, political and judicial process as they affect Maori individually and collectively.
- (xii) Social wellbeing and social and economic processes as they affect Maori.

Glossary

Aroha	<i>care, love, compassion</i>
Hapu	<i>sub tribe</i>
Iwi	<i>tribe, people</i>
Kaupapa	<i>basis, foundation</i>
Kupu mana	<i>authoritative word</i>
Kohatitanga	<i>solidarity</i>
Kawa	<i>protocol</i>
Kaitahu	<i>South Island tribe, occupation from Parinui-o-Whiti to Awarua (Bluff)</i>
Mana Maori	<i>Independent Maori Authority</i>
Motuhake	
Mana Whenua	<i>authority over land</i>
Maun Maori	<i>Maori authority</i>
Matua	<i>foster parenting</i>
Whangai	
Makatu	<i>fearful, incomparable</i>
Paepae	<i>area or marae set aside for hosts and visitors</i>
Ritenga	<i>custom, practice</i>
Rahui	<i>restriction</i>
Rangatiratanga	<i>chiefly</i>
Tauiwi	<i>non Maori</i>
Taonga	<i>leisure</i>
Tangata	<i>indigenous people, original inhabitants</i>
Whenua	
Tupuna	<i>ancestors</i>
Tupunatanga	<i>the way of the ancestors</i>
Tuakana	<i>elder of family</i>
Te	<i>spiritual dimension</i>
Wairuatanga	
Toi Te Kupu	<i>when word is established</i>
Toi Te Mana	<i>when mana is established</i>
Wananga	<i>second part</i>
Tuarua	
Whanau	<i>family</i>
Whakapapa	<i>genealogy</i>
Whanaunga	<i>relations, relationships</i>

Women

STATISTICAL PROFILE
OF WOMEN IN
NEW ZEALAND

Christine Cheyne

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Statistical Profile of Women in New Zealand

Christine Cheyne

1 Introduction

At the time of the 1986 Census the total population of New Zealand was 3.3 million. There are two major ethnic groups: the Maori and the Pakeha (persons of British or European descent). It is generally more useful to break down statistics by ethnic group, rather than talk about the total population, because, as with differences between women and men, the statistics for *women in different ethnic groups* often reveal significant differences.

Sometimes, however, it is not possible to obtain data easily by ethnic group. The official statistics often distinguish only between the Maori and non-Maori populations. However, the non-Maori population is not one homogeneous ethnic group, but a collection of different ethnic groups. It includes ethnic minorities (notably Pacific Island Polynesians and Indians) which have fertility patterns quite different from the European section of the non-Maori population. Therefore, it is extremely misleading to assume that within the non-Maori population there are homogeneous trends for all ethnic groups. For example, the labour force participation rates of Pacific Island Polynesian women and Pakeha women are quite different.

It might be asked, 'Why have an outline of demographic processes affecting women?'. The answer to this lies in the way that women's life experience is integrally linked with changes in fertility because of their role in child-bearing. There are some changes which are being experienced by males and females alike (for example, decrease in mortality), but even with processes like the ageing of the population, the trends among females differ from those experienced by males. The number of 'old old', that is, those aged 80 years and over, include far more females than males.

Table 1 contains information from the 1986 Census about the numbers of females and males in each age group. This table clearly demonstrates the more favourable life expectancy of females (60 years and above) as compared with males in the older age groups. Figure 1 shows the changing age-sex structure since the 1951 Census.

This data is of interest not only because of the differences between the female and male sections of the population, but also on account of the implications for a range of areas of social policy, such as housing and health care.

Age Group	1946	1951	1956	1961	1966	1971	1976	1981	1986
0-4	1248079	1224075	1109392	1205223	1200324	1147303			
5-9	855052	844852	833825	833754	830024				
10-14	111046	111046	100254	100254	99140				
15-19	12342	11243	90344	110319	10210				
20-24	10090	10090	90240	10000	21232				
25-29	22504	41530	58284	70483	60825				
30-34	48359	20535	100143	21838	60153				
35-39	26803	64358	154052	28207	60042				
40-44	80518	158758	115925	82010	100223				
45-49	62813	60733	134844	27184	27235				
50-54	51011	30419	123003	50104	24040				
55-59	82000	38000	101203	12023	15240				
60-64	85125	62438	111968	11543	100703				
65-69	51178	54311	101806	82030	87052				
70-74	28361	60282	122365	52824	62215				
75-79	10395	68034	123806	118185	116285				
80-84	13408	153239	306075	118212	118340				
85-89	130812	150418	300777	111454	130116				
90-94	450050	200803	1532813	300050	204303				
95-99	123284	140438	300050	120810	140830				
100-104	135402	300050	811411	103835	501181				
105-109	160158	190531	110662	152850	140805				
110-114	128033	123260	211768	140805	140805				
115-119	120123	140403	502428	158401	159570				
120-124					321100				

Source: Statistics New Zealand, *Population Statistics of New Zealand, the Fourth Survey, 1986-1988* (1988) (31 March 1988).

TABLE 1: Population resident in New Zealand by age groups and sex, 1976-1986

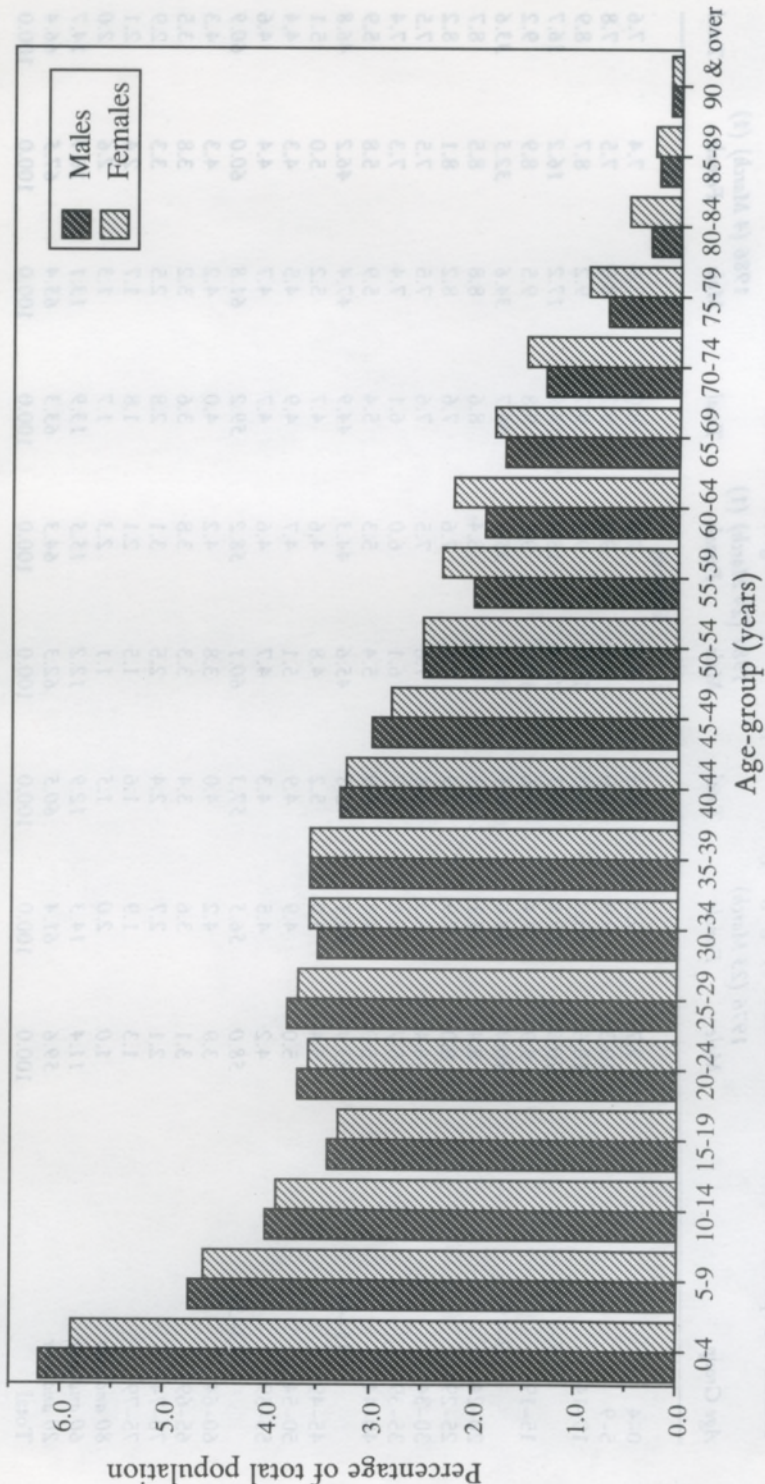
Age Group	1976 (23 March)			1981 (24 March) (1)			1986 (4 March) (1)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Number								
0-4	150,753	144,703	295,456	128,481	123,216	251,700	27,653	121,419	249,075
5-9	158,979	152,389	311,368	147,882	141,669	289,551	129,729	124,290	254,019
10-14	163,726	156,237	319,963	155,850	149,502	305,352	148,893	142,995	291,891
5-14	322,705	308,626	631,331	303,732	291,171	594,903	278,622	267,285	545,910
15-19	152,548	146,478	299,026	156,816	149,820	306,630	152,928	147,171	300,093
0-19	626,006	599,807	1,225,813	589,029	564,207	1,153,233	559,203	535,875	1,095,078
20-24	129,815	126,418	256,233	137,424	132,219	269,640	143,052	139,845	282,897
25-29	124,098	122,534	246,632	118,515	119,940	238,455	132,897	134,163	267,060
30-34	99,732	98,074	197,806	118,782	118,782	237,564	121,893	124,122	246,012
35-39	88,797	86,995	175,792	95,934	95,517	191,451	119,871	120,243	240,114
40-44	77,132	74,277	151,409	85,026	83,925	168,948	95,988	95,358	191,346
15-44	672,122	654,776	1,326,898	712,497	700,203	1,412,688	766,626	760,896	1,527,525
45-49	83,200	78,007	161,207	75,057	72,246	147,303	83,451	82,665	166,119
50-54	77,187	76,416	153,603	79,101	75,036	154,137	73,317	71,250	144,570
55-59	65,617	69,327	134,944	73,164	73,272	146,436	75,987	73,188	149,175
15-59	898,126	878,526	1,776,652	939,819	920,757	1,860,564	999,381	988,005	1,987,383
60-64	59,897	64,728	124,625	59,703	66,645	126,348	67,815	70,995	138,807
65-69	48,773	55,372	104,145	51,876	60,171	112,047	52,368	62,097	114,462
70-74	33,294	41,290	74,584	38,463	48,369	86,832	41,000	53,541	95,541
75-79	19,740	29,816	49,556	23,466	33,909	57,375	27,495	39,945	67,440
80 and over	15,345	31,571	46,916	17,016	36,519	53,538	21,336	43,335	64,671
60 and over	177,049	222,777	399,826	190,524	245,613	436,140	211,011	269,910	480,918
20 and over	922,627	954,825	1,877,452	973,524	1,016,547	1,990,074	1,057,464	1,110,741	2,168,205
Total	1,548,633	1,554,632	3,103,265	1,562,553	1,580,754	3,143,307	1,616,670	1,646,616	3,263,283

TABLE 1: Population resident in New Zealand by age groups and sex expressed as percentages, 1976-1986—continued

Age Group	1976 (23 March)			1981 (24 March) (1)			1986 (4 March) (1)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
	Percent								
0-4	9.7	9.3	9.5	8.2	7.8	8.0	7.9	7.4	7.6
5-9	10.3	9.8	10.0	9.5	9.0	9.2	8.0	7.5	7.8
10-14	10.6	10.0	10.3	10.0	9.5	9.7	9.2	8.7	8.9
15-19	20.8	19.9	20.3	19.4	18.4	18.9	17.2	16.2	16.7
20-24	9.9	9.4	9.6	10.0	9.5	9.8	9.5	8.9	9.2
25-29	40.4	38.6	39.5	37.7	35.7	36.7	34.6	32.5	33.6
30-34	8.4	8.1	8.3	8.8	8.4	8.6	8.8	8.5	8.7
35-39	8.0	7.9	7.9	7.6	7.6	7.6	8.2	8.1	8.2
40-44	6.4	6.3	6.4	7.6	7.5	7.6	7.5	7.5	7.5
45-49	5.7	5.6	5.7	6.1	6.0	6.1	7.4	7.3	7.4
50-54	5.0	4.8	4.9	5.4	5.3	5.4	5.9	5.8	5.9
55-59	43.4	42.1	42.8	45.6	44.3	44.9	47.4	46.2	46.8
60-64	5.4	5.0	5.2	4.8	4.6	4.7	5.2	5.0	5.1
65-69	5.0	4.9	4.9	5.1	4.7	4.9	4.5	4.3	4.4
70-74	4.2	4.5	4.3	4.7	4.6	4.7	4.7	4.4	4.6
75-79	58.0	56.5	57.3	60.1	58.2	59.2	61.8	60.0	60.9
80 and over	3.9	4.2	4.0	3.8	4.2	4.0	4.2	4.3	4.3
20 and over	3.1	3.6	3.4	3.3	3.8	3.6	3.2	3.8	3.5
60 and over	2.1	2.7	2.4	2.5	3.1	2.8	2.5	3.3	2.9
80 and over	1.3	1.9	1.6	1.5	2.1	1.8	1.7	2.4	2.1
20 and over	1.0	2.0	1.5	1.1	2.3	1.7	1.3	2.6	2.0
60 and over	11.4	14.3	12.9	12.2	15.5	13.9	13.1	16.4	14.7
80 and over	59.6	61.4	60.5	62.3	64.3	63.3	65.4	67.5	66.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

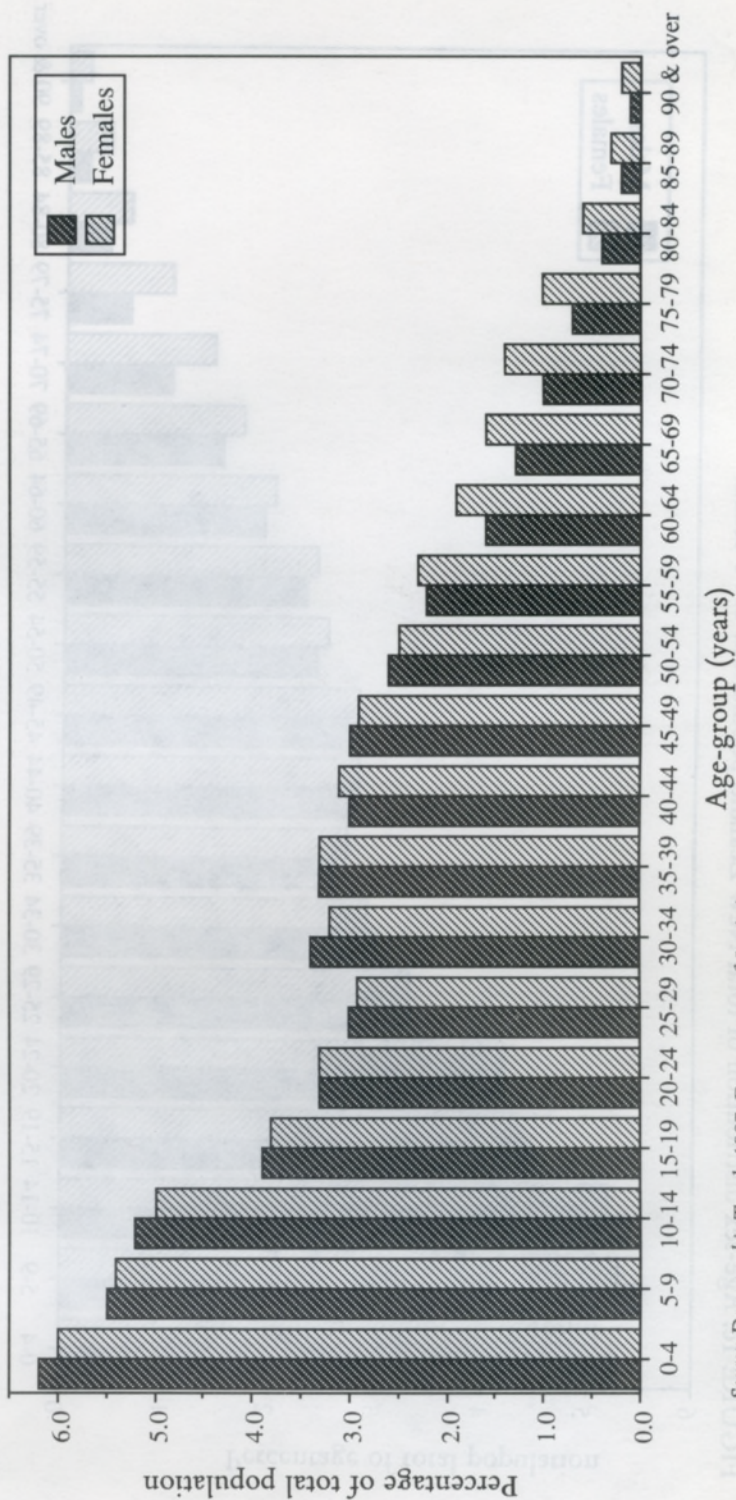
(1) 1981 and 1986 figures are subject to random rounding
Source: *Ages and Marital Status* (Volume C3), Department of Statistics, 1986 Census

FIGURE 1a: Age-sex distribution of total New Zealand population, 1951 census



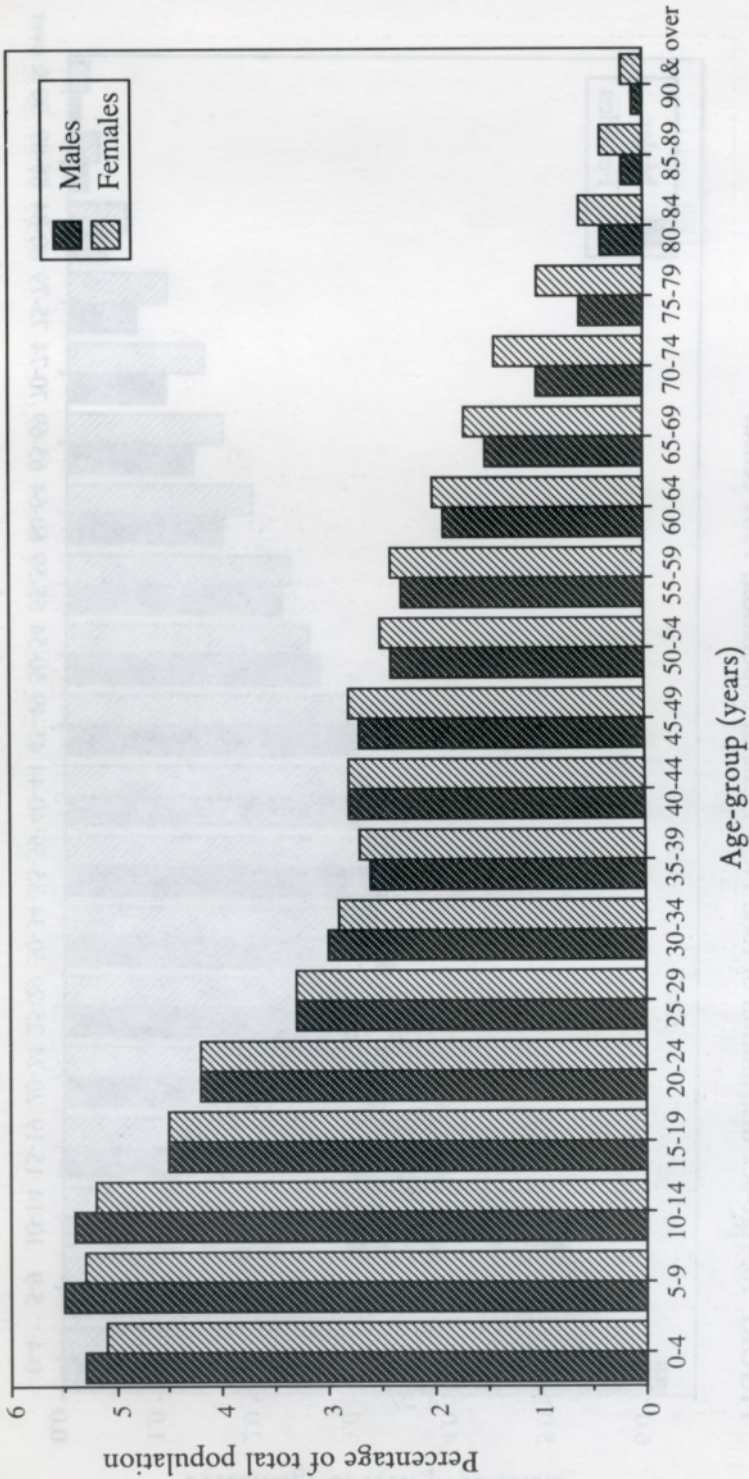
Source: Demographic Trends 1987, Department of Statistics

FIGURE 1b: Age-sex distribution of total New Zealand population, 1961 census



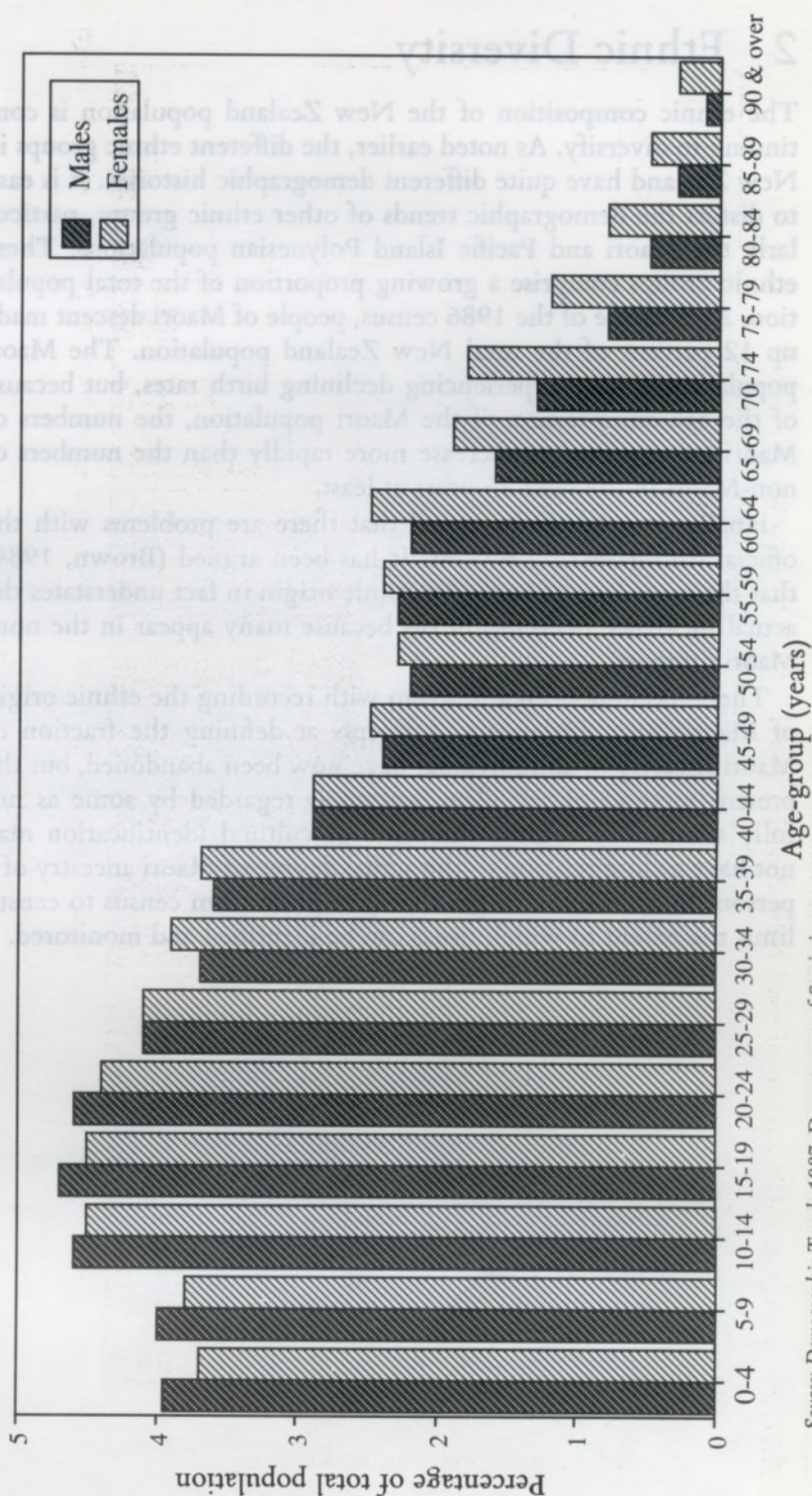
Source: Demographic Trends 1987, Department of Statistics

FIGURE 1c: Age-sex distribution of total New Zealand population, 1971 census



Source: Demographic Trends 1987, Department of Statistics

FIGURE 1d: Age-sex distribution of total New Zealand population, 1985 (as at 31 March)



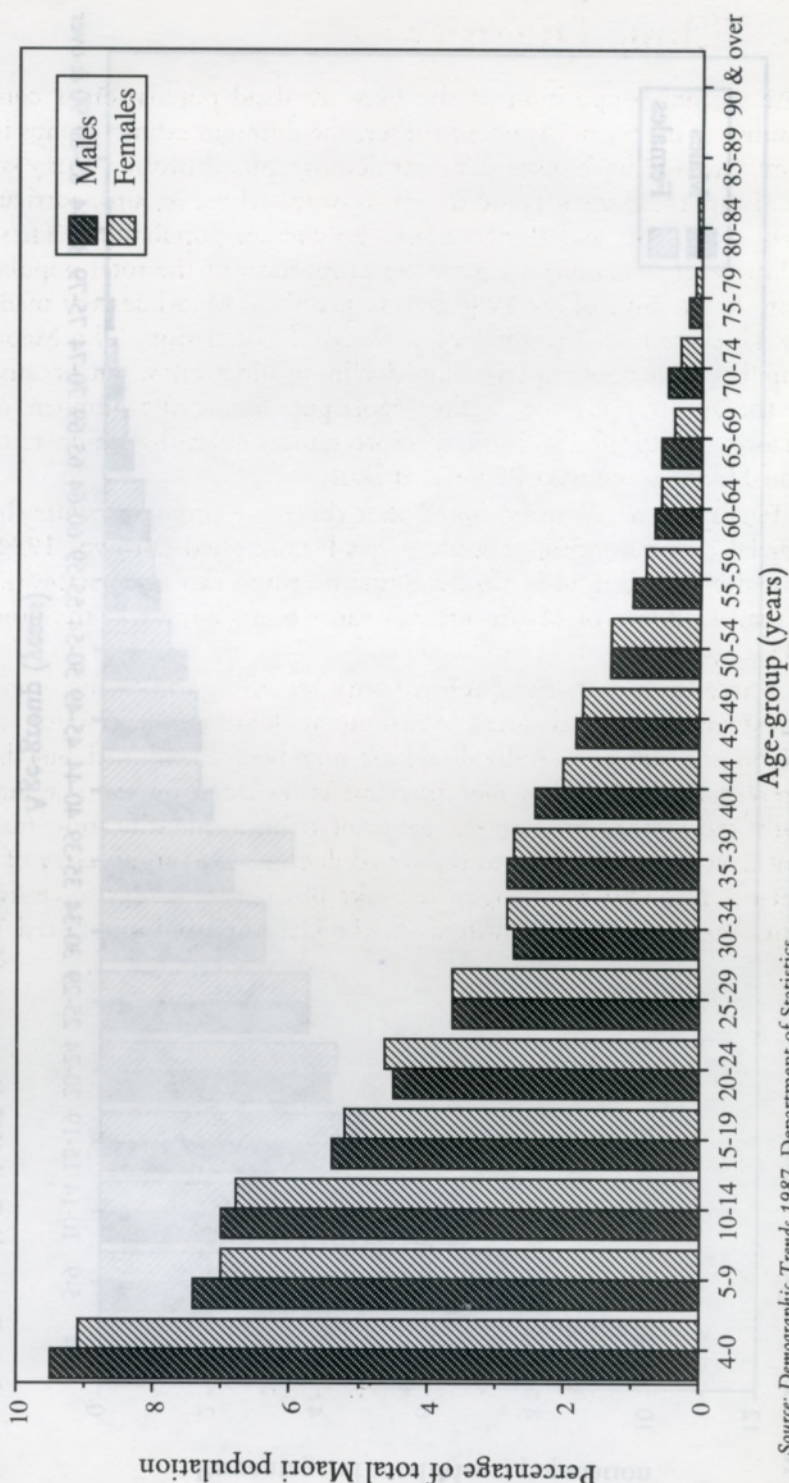
2 Ethnic Diversity

The ethnic composition of the New Zealand population is continuing to diversify. As noted earlier, the different ethnic groups in New Zealand have quite different demographic histories. It is easy to distort the demographic trends of other ethnic groups, particularly the Maori and Pacific Island Polynesian populations. These ethnic groups comprise a growing proportion of the total population. At the time of the 1986 census, people of Maori descent made up 12 percent of the total New Zealand population. The Maori population is now experiencing declining birth rates, but because of the age composition of the Maori population, the numbers of Maori are expected to increase more rapidly than the numbers of non-Maori in the next 25 years at least.

Finally, it needs to be noted that there are problems with the official data-gathering process. It has been argued (Brown, 1984) that the recording of births by ethnic origin in fact understates the actual incidence of Maori births because many appear in the non-Maori category.

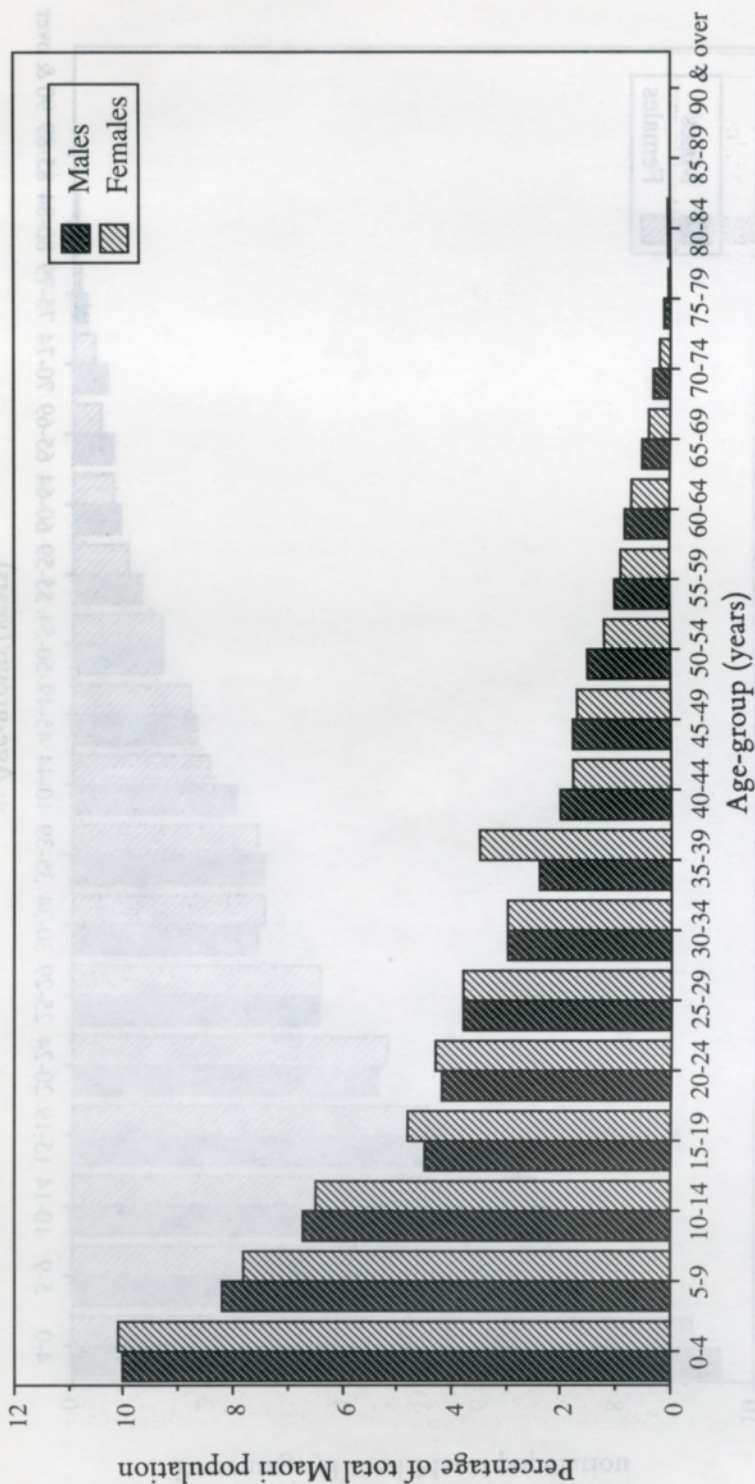
There has long been a problem with recording the ethnic origin of Maori New Zealanders. Attempts at defining the fraction of Maori ancestry of an individual have now been abandoned, but the present method of self-identification is regarded by some as not fully satisfactory because the sense of cultural identification may not have a close relation to the actual degree of Maori ancestry of a person. In addition, changes that take place from census to census limit the extent to which *trends* can be identified and monitored.

FIGURE 2a: Age-sex distribution of New Zealand Maori population, 1951 census



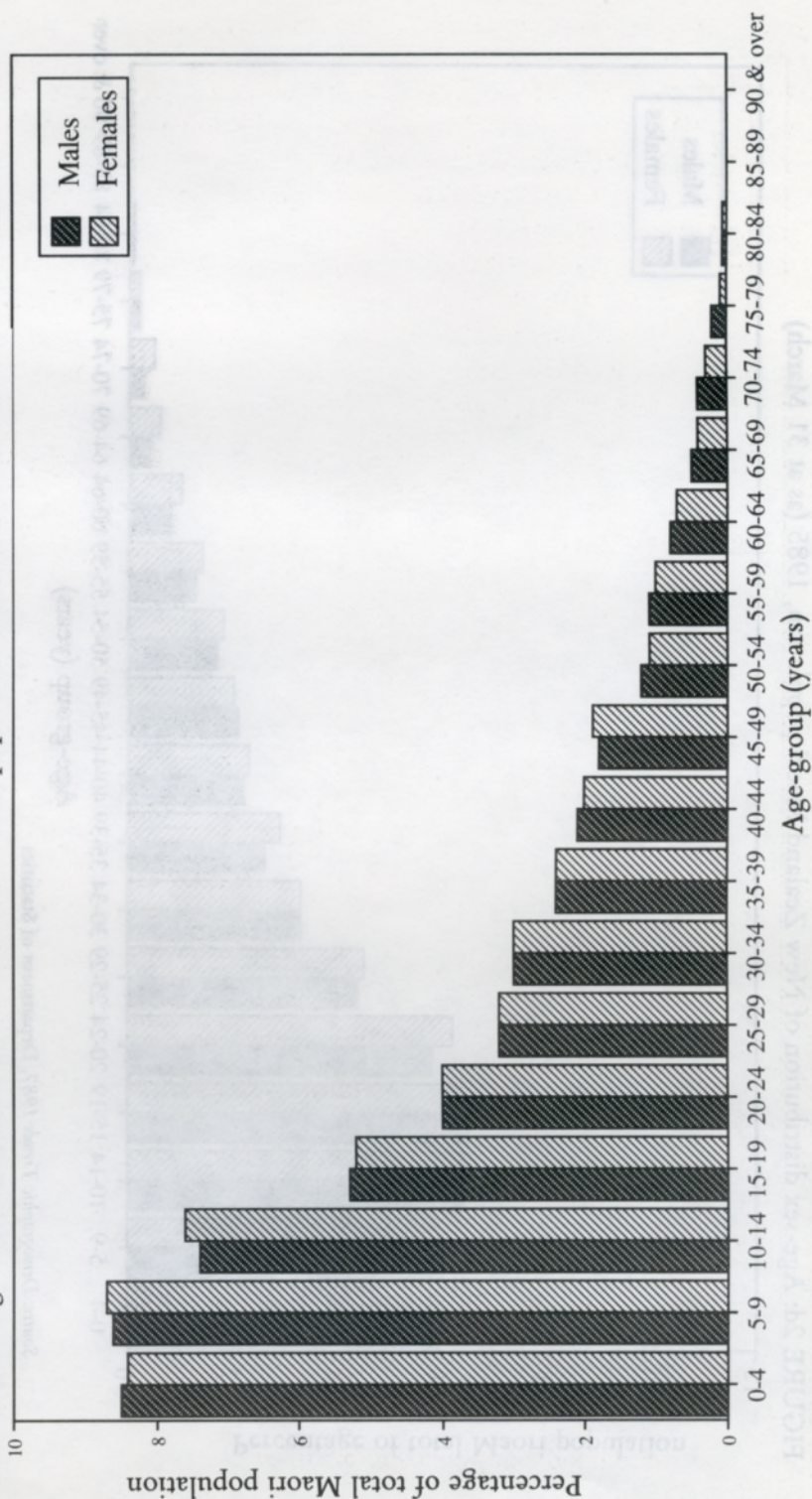
Source: Demographic Trends 1987, Department of Statistics

FIGURE 2b: Age-sex distribution of New Zealand Maori population, 1961 census



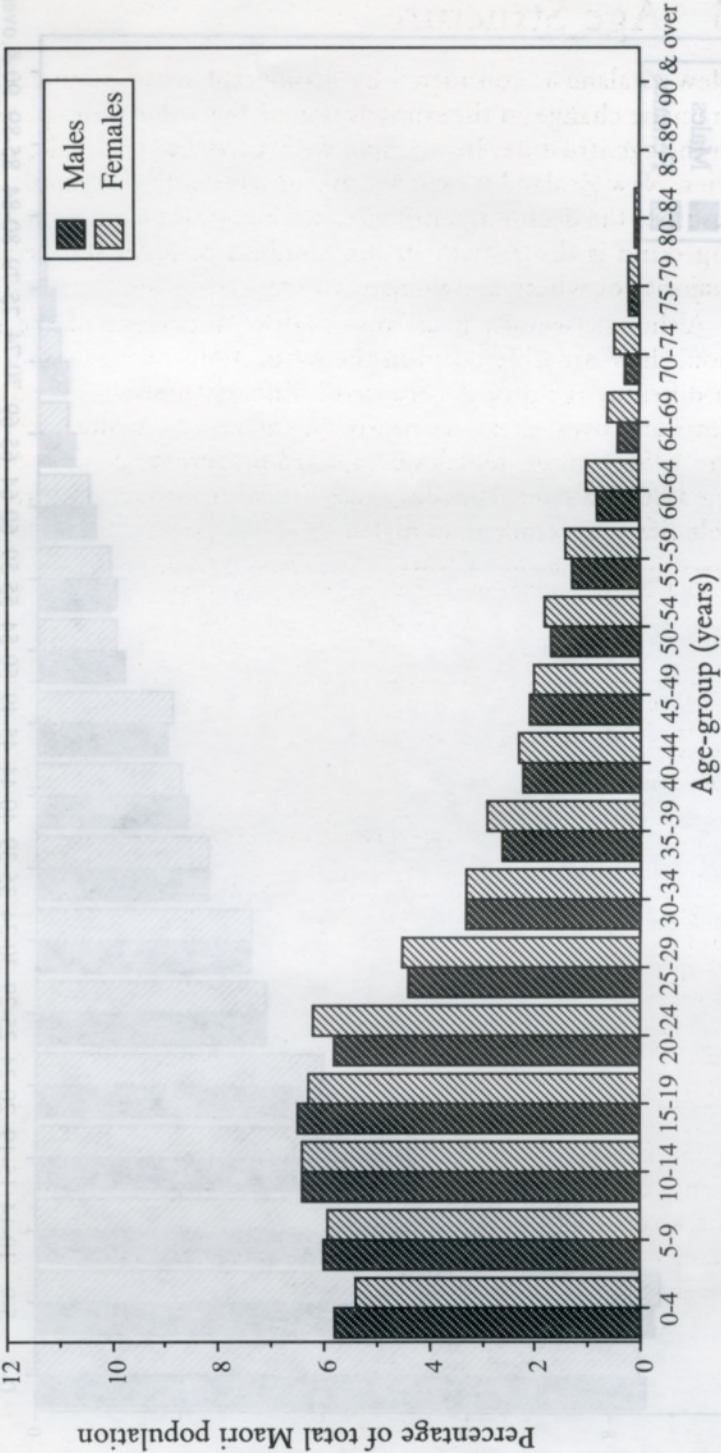
Source: Demographic Trends 1987, Department of Statistics

FIGURE 2c: Age-sex distribution of New Zealand Maori population, 1971 census



Source: Demographic Trends 1987, Department of Statistics

FIGURE 2d: Age-sex distribution of New Zealand Maori population, 1985 (as at 31 March)



Source: Demographic Trends 1987, Department of Statistics

3 Age Structure

New Zealand is considered by demographers to be undergoing a dramatic change in the composition of the population, particularly in the age structure. In common with a number of developed countries, New Zealand is experiencing an ageing of the population as a result of the declining birth rate. An important element in the ageing trend is the growth in the numbers of older old people, the majority of whom are women.

Although women make up roughly 50 percent of the population, there are differences in the proportions of males and females at different age groups because of different mortality levels. At 80 years and over, there are nearly twice as many women as men. At the 1986 Census, females comprised 67 percent of the population aged 80 and over. Females aged 60 and over have a more favourable life expectancy than males.

TABLE 2: Age Structure of the male and female populations, 1976 and 1986 Census

Age	Percentage of Population at 1976 Census	
	Females	Males
0-14 years	29.2%	30.5%
15-59 years	56.5%	60.0%
60-79 years	12.3%	10.4%
80 and over	2.0%	1.0%

Age	Percentage of Population at 1986 Census	
	Females	Males
0-14 years	23.6%	25.1%
15-59 years	60.0%	61.8%
60-79 years	13.7%	11.7%
80 and over	2.6%	1.3%

Source: *Ages and Marital Status* (Volume C3), Table 2, Department of Statistics, 1986 Census

This data is of interest not only because of the diverging experience of males and females, but also on account of the implications for a range of areas of social policy, such as housing and health care, which must not assume that women and men have the same needs.

Components of Population Change

There are three main components of population change: fertility, mortality and migration. Each of these will be considered in turn below. With regard to births and deaths, the most significant feature of the last four decades is that the death rate per 1000 of the mean population has remained relatively stable, while the birth rate has been characterised by wide fluctuations.

4 Fertility

It is difficult to underestimate the significance of fertility changes, especially in the time since the second world war, and therefore the implications for the sequence of women's life cycle stages are similarly great.

Birth rates since the second world war rose sharply, remained high and relatively stable during the 1950s, and since the early 1960s have dropped steadily.

The crude birth rate (that is, the number of births per 1000 of the mean total population in a given year) is a less useful indicator of changes in fertility than the number of births to women of child-bearing age (that is, 15–44 years of age).

Tables 3 and 4 contain data about the changing fertility rates.

In 1961 there was a peak of 140.6 births per 1000 women of child-bearing age. At this time, the total fertility rate was almost twice the 1935 level and exceeded the highest post-war peaks in other developed countries. This has now declined to 72.5 births per 1000 women aged 15–44 years in 1981.

It is important to observe that there are different fertility rates for different ethnic groups within the total population. The total fertility rate tends to mirror that of the Pakeha population, which is the dominant ethnic group, and trends for other ethnic groups are obscured. In fact, the fertility rate for the Maori population has exhibited an often markedly different pattern from that of the Pakeha population.

Despite a marked decline in Maori fertility over the last two decades, Maori women still bear more children on average than non-Maori women. In 1964 the Maori fertility rate stood at 5.6 births per woman, but this had declined to 2.2 births per woman in 1985.

TABLE 3: Age-specific fertility rates, Maori and total populations, New Zealand, 1962-1985

Calendar Year	Under 15 (2)	Fertility Rates (1) for Maternal Age-Group (Years):							Total Fertility Rate (3)
		15-19	20-24	25-29	30-34	35-39	40-44	45-49	
		Total Population							
1962	0.25	53.68	265.39	258.74	152.31	74.88	23.45	1.96	4.19
1966	0.38	64.55	219.93	208.45	112.00	56.53	17.27	1.42	3.41
1971	0.34	67.92	210.77	200.10	102.06	41.32	12.18	0.88	3.18
1972	0.28	69.07	198.99	188.12	92.44	39.67	10.93	0.83	3.00
1973	0.44	64.01	184.29	176.56	83.86	33.94	9.24	0.74	2.76
1974	0.43	60.34	175.14	166.02	75.96	30.27	7.49	0.52	2.58
1975	0.46	54.71	158.44	157.49	69.85	25.07	6.92	0.59	2.37
1976	0.49	49.81	152.15	151.90	68.91	22.94	6.10	0.47	2.27
1977	0.36	46.87	145.57	151.64	69.90	21.98	6.14	0.31	2.21
1978	0.41	43.33	133.77	143.22	67.33	21.28	5.16	0.36	2.07
1979	0.35	41.07	132.27	152.87	70.23	21.94	4.82	0.45	2.12
1980	0.32	38.19	126.99	146.56	68.27	21.22	4.35	0.43	2.03
1981	0.31	38.01	123.15	146.57	69.91	20.20	4.41	0.25	2.01
1982	0.27	34.32	113.90	144.24	70.64	21.21	4.21	0.43	1.95
1983	0.27	32.43	110.21	142.51	72.83	20.75	4.07	0.32	1.92
1984	0.25	30.39	105.98	146.99	76.97	21.88	4.19	0.34	1.93
1985	0.26	30.36	104.08	145.13	79.10	22.42	3.82	0.27	1.93

—continued

TABLE 3: Age-specific fertility rates, Maori and total populations, New Zealand, 1962-1985—continued
Fertility Rates (1) for Maternal Age-Group (Years):

Calendar Year	Under 15 (2)	15-19	20-24	25-29	30-34	35-39	40-44	45-49	Total Fertility Rate (3)
N.Z. Maori Population									
1962	1.15	128.35	357.71	292.14	224.95	149.64	64.65	8.76	6.18
1966	1.25	140.18	345.14	269.36	170.51	119.53	48.18	7.21	5.54
1971	1.35	130.53	333.41	240.85	163.31	93.57	36.74	5.59	5.05
1972	1.00	135.48	287.76	224.97	131.02	78.46	33.13	3.18	4.51
1973	1.12	124.98	260.16	194.85	119.58	67.11	23.24	3.31	4.01
1974	0.94	120.24	233.27	171.75	102.63	58.47	18.61	3.45	3.58
1975	1.71	119.59	220.40	156.28	85.87	47.08	17.55	3.26	3.28
1976	1.76	111.26	203.06	151.28	85.32	40.86	18.55	2.42	3.08
1977	0.99	105.71	213.12	146.25	77.95	35.75	14.63	0.63	2.98
1978	1.36	100.11	195.32	131.62	68.69	36.68	11.89	1.82	2.75
1979	1.10	96.10	184.62	130.57	69.40	36.18	10.42	1.18	2.65
1980	0.84	93.13	177.47	117.40	58.78	30.88	9.10	0.39	2.43
1981	1.15	95.59	177.75	124.27	64.26	24.79	8.45	0.56	2.47
1982	0.99	89.20	158.08	118.41	54.30	26.02	8.48	1.10	2.27
1983	1.20	86.01	155.48	114.04	60.35	22.12	8.07	0.18	2.23
1984	0.79	87.58	162.28	124.23	60.98	25.40	6.87	0.51	2.34
1985	0.86	78.97	149.94	118.59	62.07	23.24	5.88	0.66	2.20

(1) Per 1,000 estimated mean female population in each age-group

(2) Per 1,000 estimated mean female population aged 10-14 years

(3) The Total Fertility Rate in a particular year is the average number of births a woman would have during her reproductive life if she was exposed to the fertility rates characteristic of various childbearing age-groups in that year

Source: *Demographic Trends 1987*, Department of Statistics

TABLE 4: Age-specific fertility rates, New Zealand and selected countries

Country	Year	Under 20 (2)	Fertility Rates (1) for Maternal Age-Group (Years):					Total Fertility Rate
			20-24	25-29	30-34	35-39	40-44	
Australia	1983	26.6	102.8	146.4	81.6	25.0	4.4	1.93
	1984	23.2	94.2	140.8	81.4	24.9	4.3	1.85
Canada	1981	26.4	96.7	126.9	68.0	19.4	3.2	1.69
	1982	26.5	95.4	124.7	68.6	20.2	3.1	1.68
Denmark	1983	10.6	80.0	111.6	55.7	15.1	2.2	1.38
	1984	10.1	77.5	113.3	59.2	17.4	2.3	1.40
England and Wales	1984	27.6	95.5	126.2	73.6	23.6	4.9 (3)	1.75
	1985	29.5	94.5	127.6	76.4	24.1	5.0 (3)	1.78
France	1981	16.7	119.0	146.0	77.9	28.2	5.6	1.97
	1982	15.7	115.0	146.0	78.1	26.9	5.8	1.95
Federal Republic of Germany	1980	15.2	81.5	106.5	64.6	18.3	4.1	1.46
	1981	13.9	78.8	107.1	64.6	19.4	4.0	1.44
New Zealand	1984	30.6	106.0	147.0	77.0	21.9	4.2	1.93
	1985	30.6	104.1	145.1	79.1	22.4	3.8	1.93
Norway	1983	19.7	97.3	120.3	67.8	22.4	3.6	1.65
	1984	19.2	93.9	123.7	68.3	22.2	4.1	1.66
Scotland	1982	30.7	104.8	123.1	64.6	20.5	3.7 (3)	1.70
	1983	28.6	100.9	121.1	65.4	20.6	3.5 (3)	..
Sweden	1982	13.2	86.1	120.9	73.0	25.5	4.6	1.62
	1983	11.7	83.0	121.5	74.7	26.1	4.7	1.61

(1) Per 1,000 estimated mean female population in each age-group

(2) Per 1,000 estimated mean female population aged 15-19 years

(3) 40 years and over

Sources:

(a) Statistics Canada, Volume No. 1

(b) Central Bureau of Statistics of Norway, Statistisk Arbok 1986

(c) Danmarks Statistisk, Statistisk Arbok 1986, Argang 90

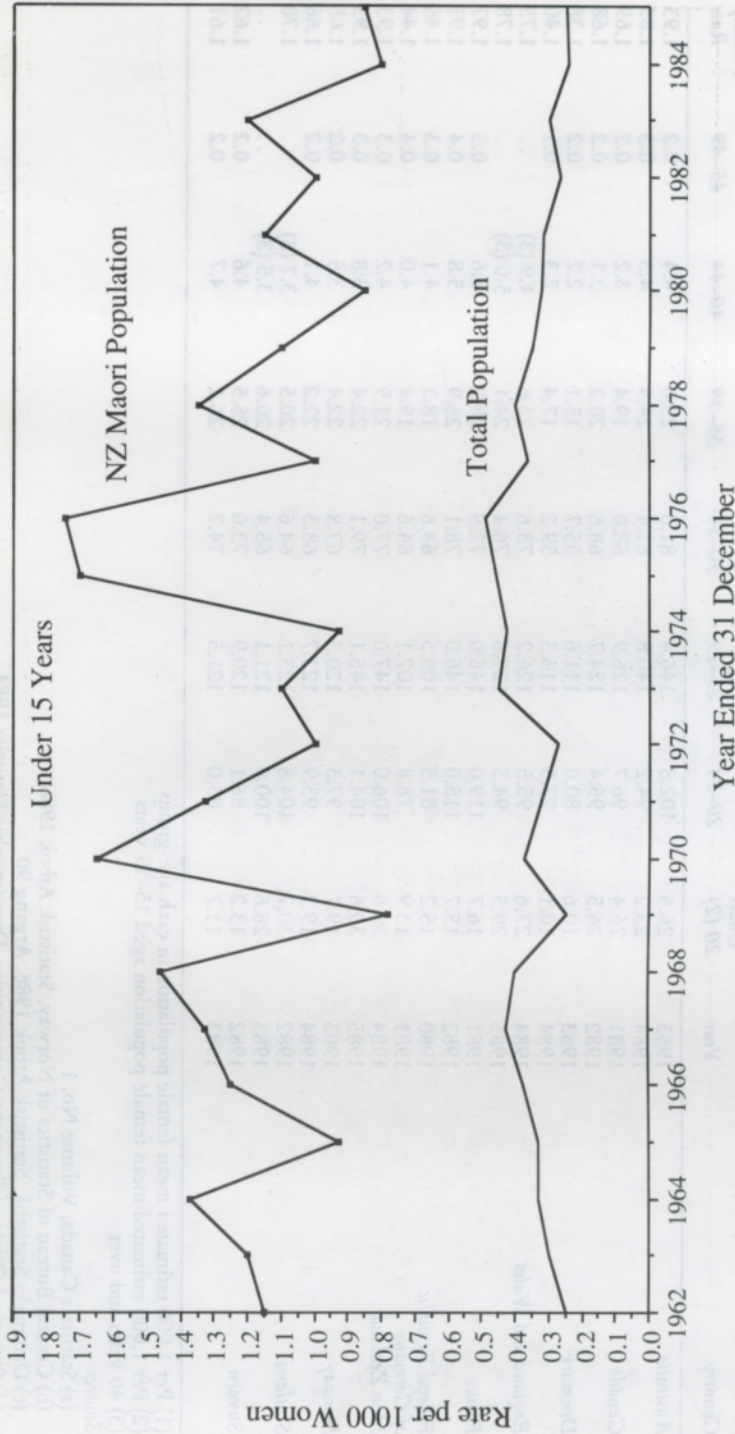
(d) Statistical Office of European Communities, Demographic Statistics 1984

(e) Office of Population Censuses and Surveys (London), Population Trends 44, Summer 1986

(f) Register General Scotland: Annual Report 1983

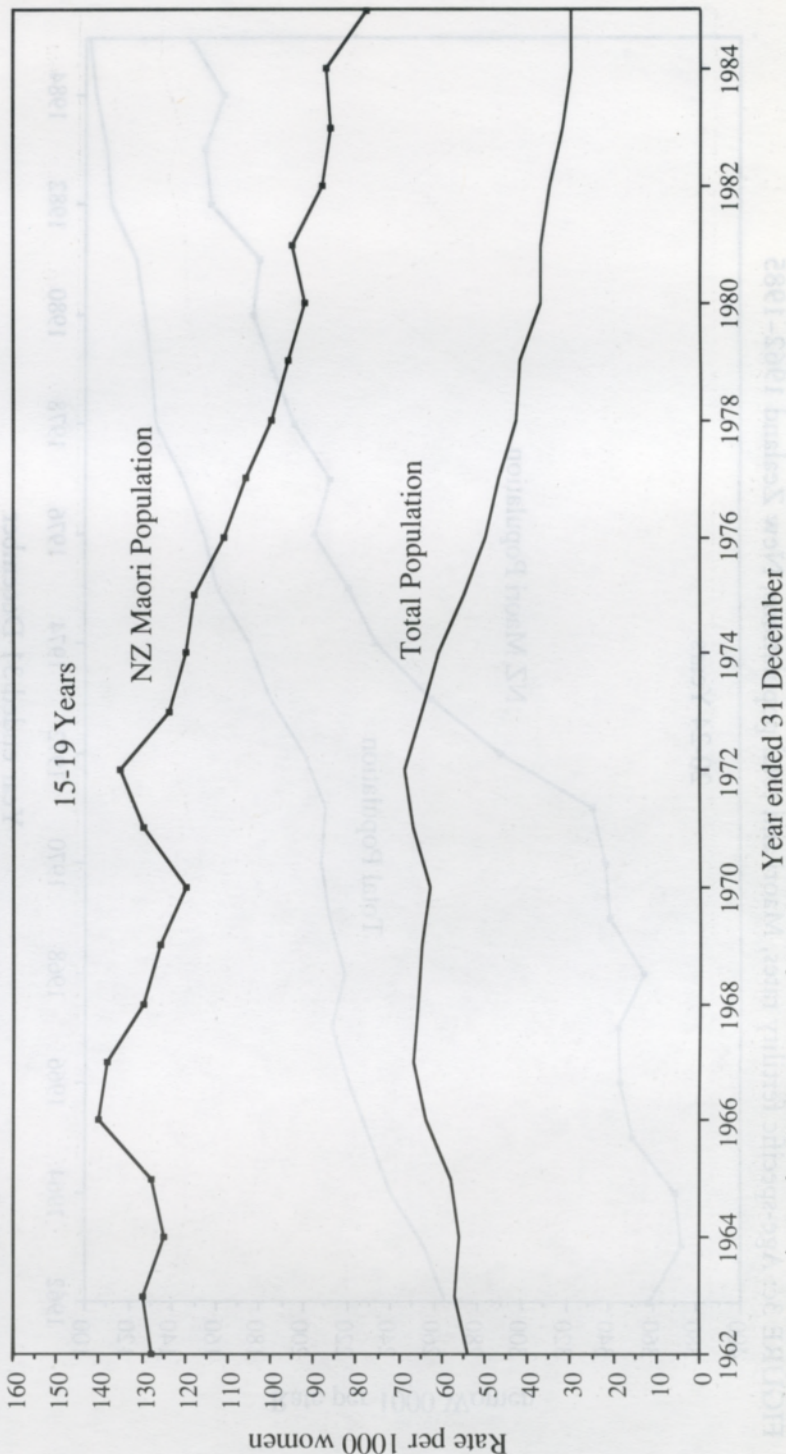
Source: Demographic Trends 1987, Department of Statistics

FIGURE 3a: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985



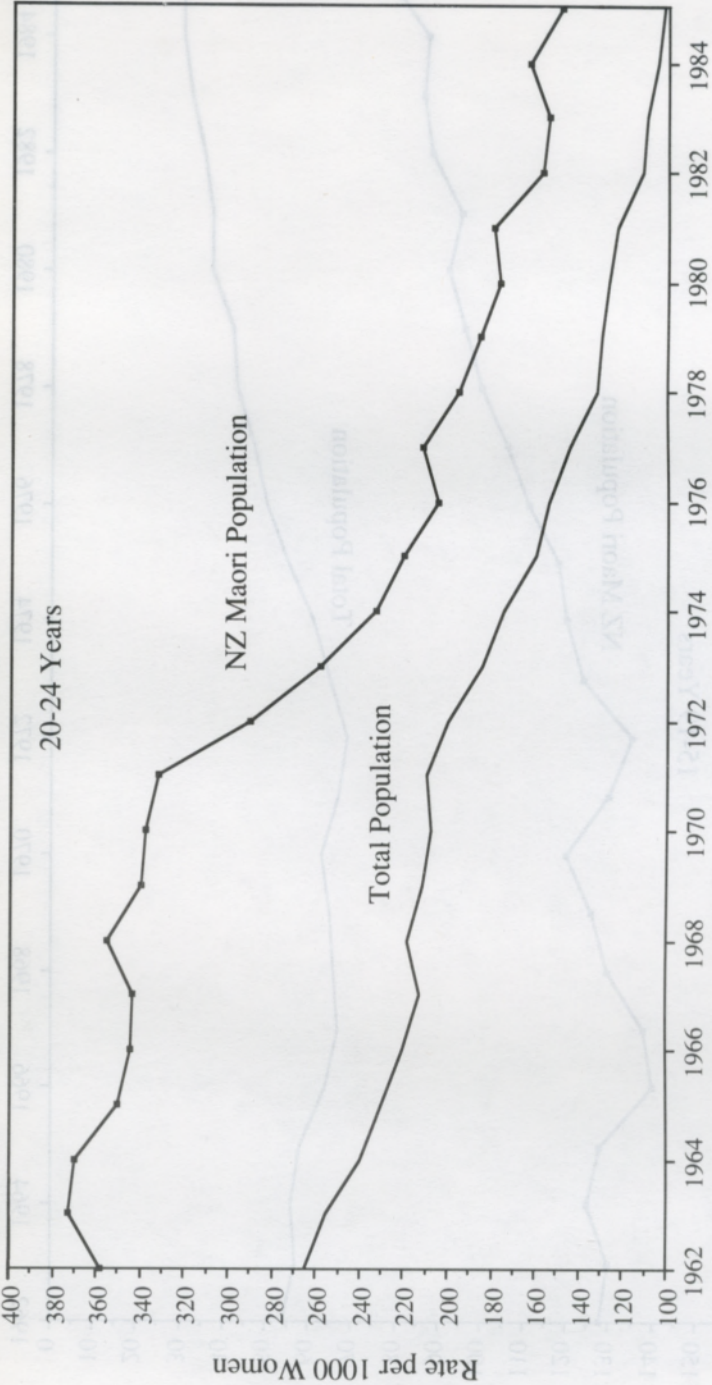
Source: Demographic Trends 1987, Department of Statistics

FIGURE 3b: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985



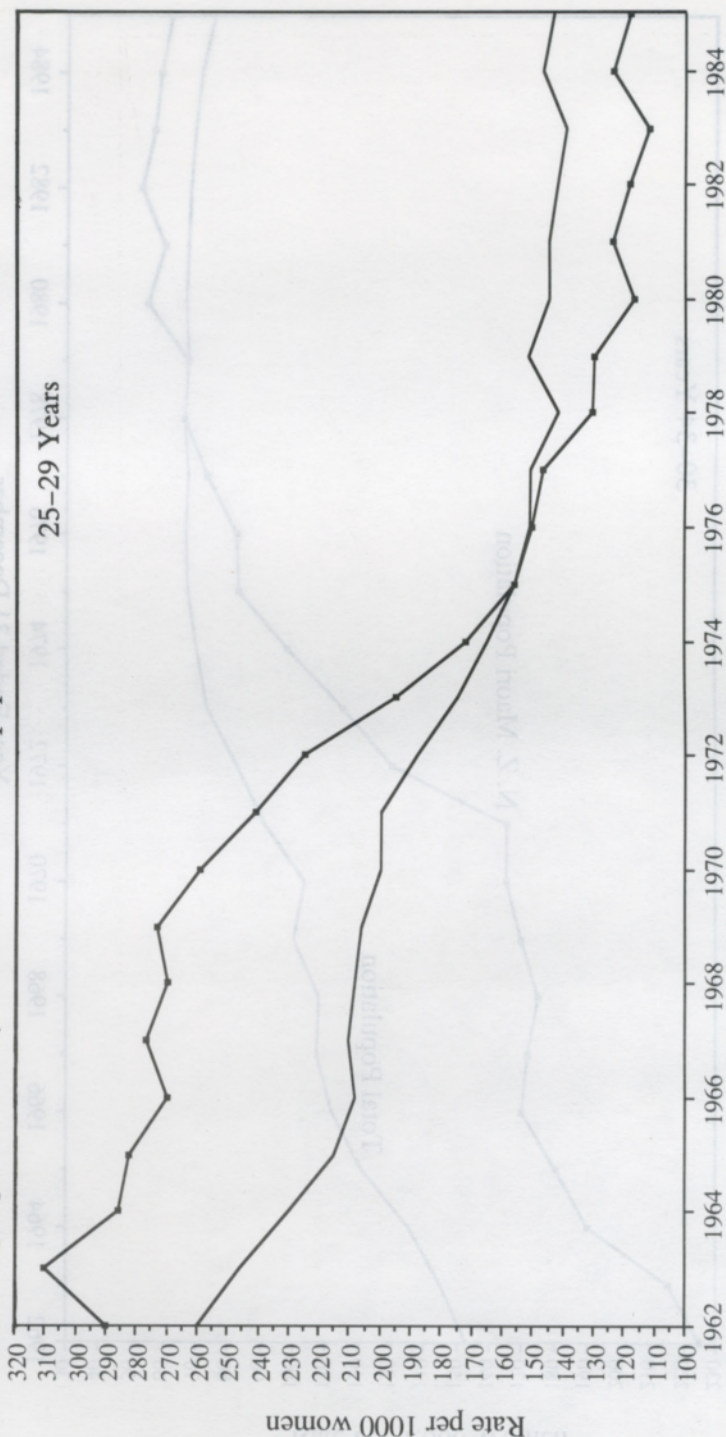
Source: Demographic Trends 1987, Department of Statistics

FIGURE 3c: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985



Source: Demographic Trends 1987, Department of Statistics

FIGURE 3d: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985



Source: Demographic Trends 1987, Department of Statistics

FIGURE 3e: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985

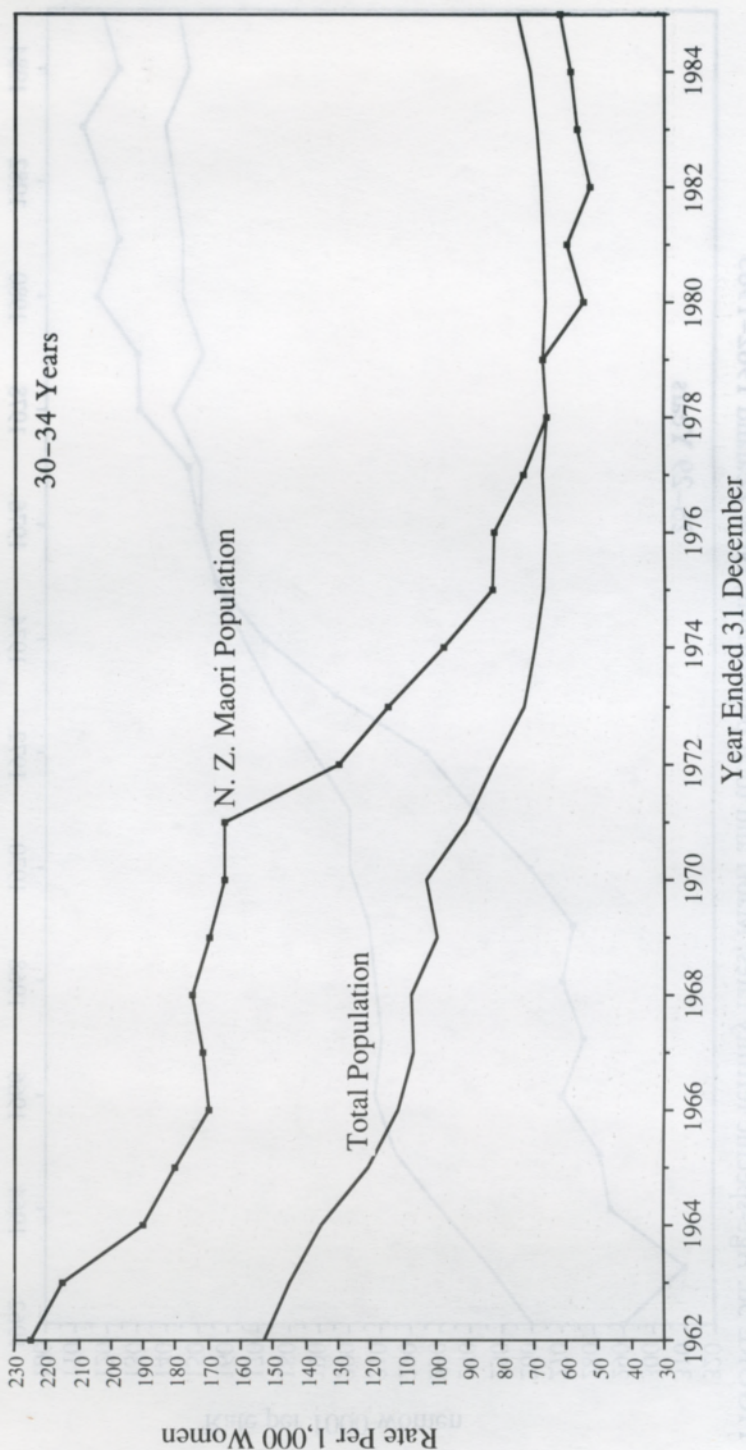
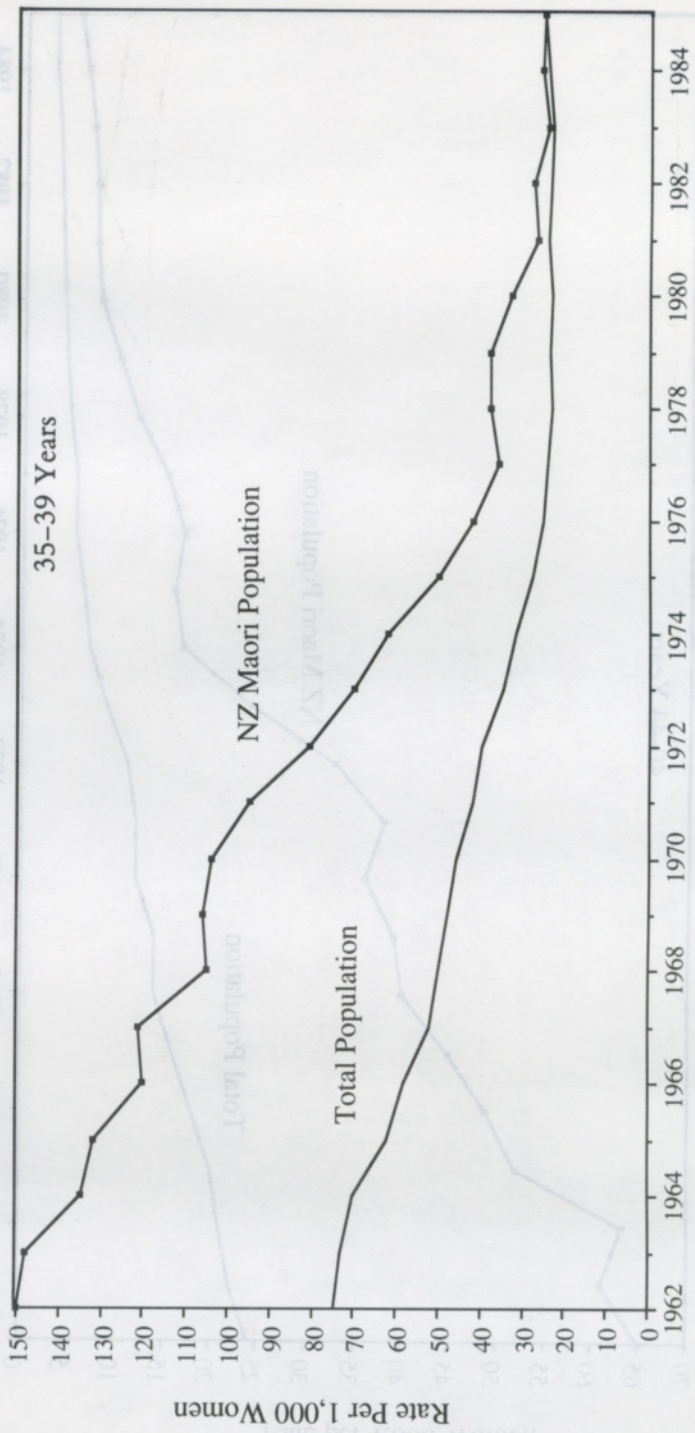
Source: *Demographic Trends 1987*, Department of Statistics

FIGURE 3f: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985



Source: Demographic Trends 1987, Department of Statistics

FIGURE 3g: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985

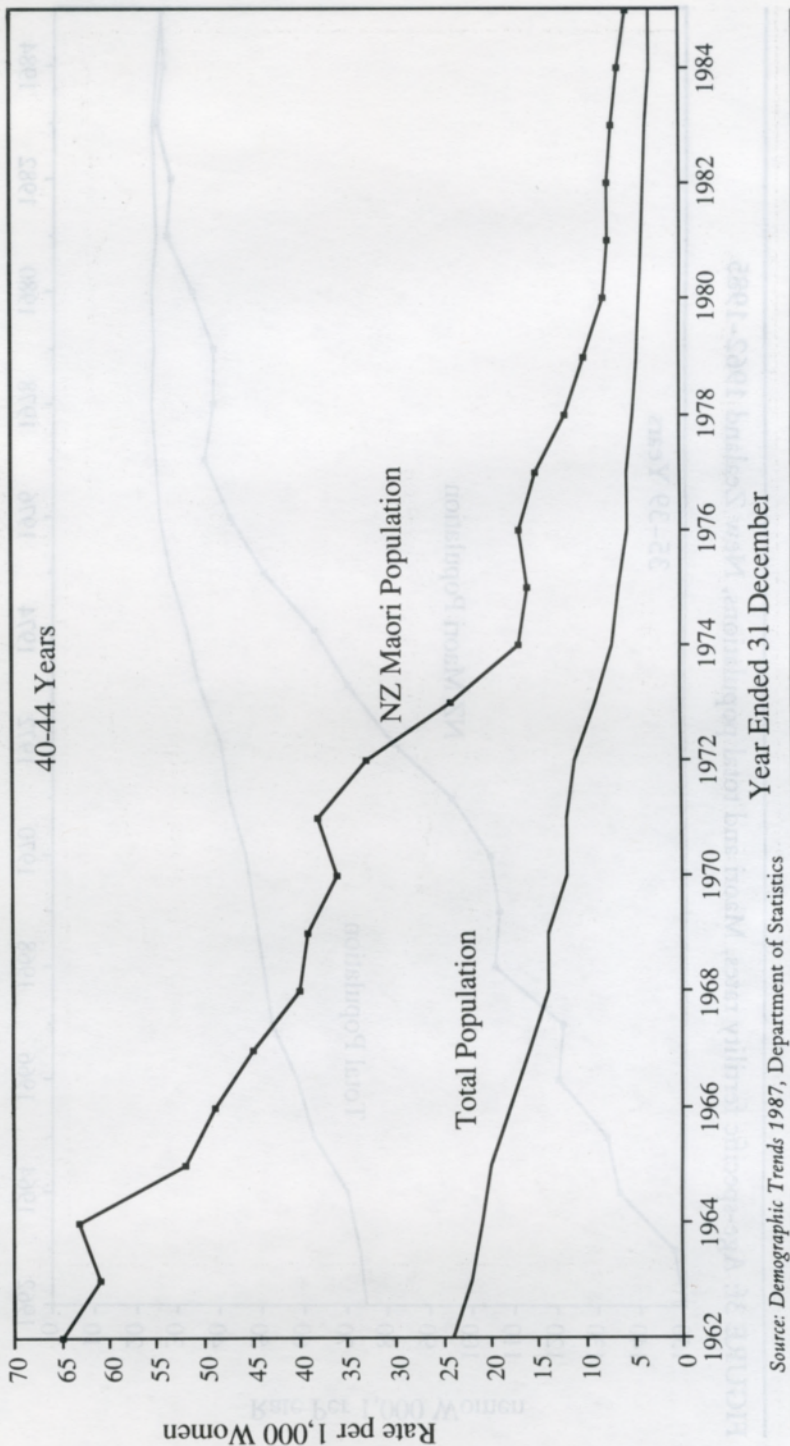
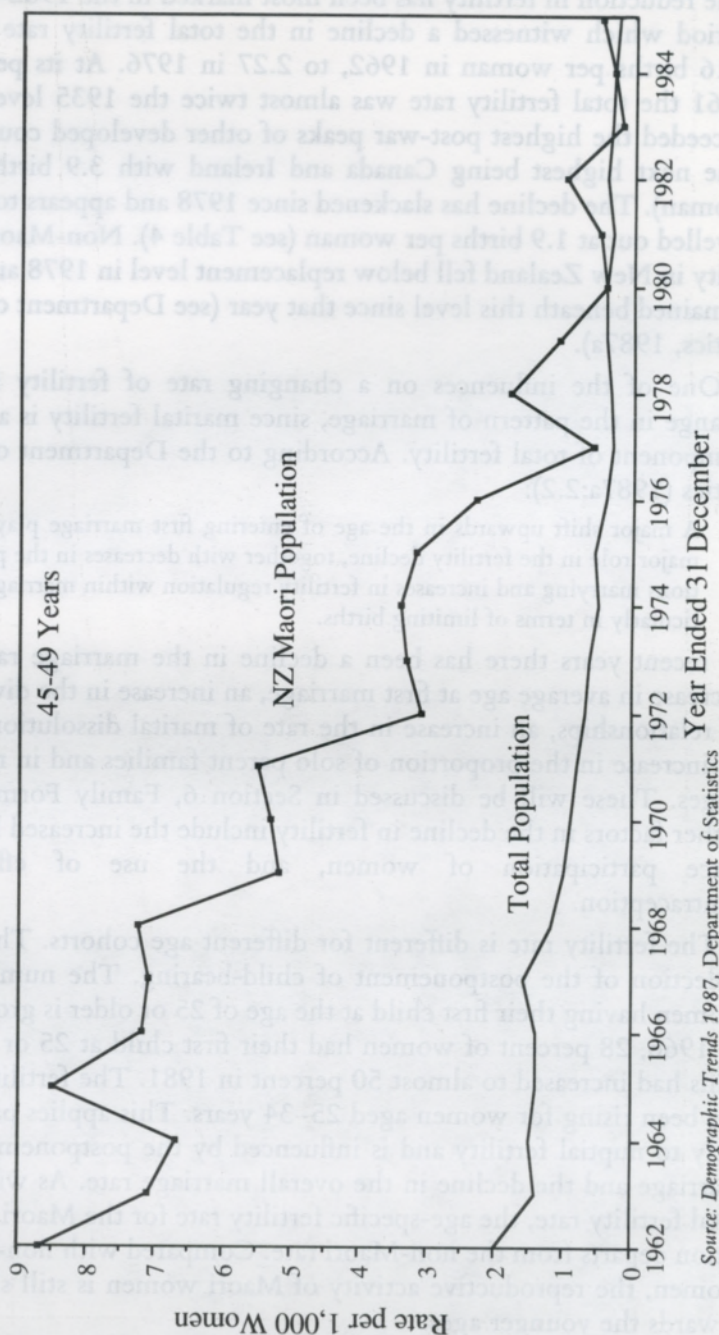


FIGURE 3h: Age-specific fertility rates, Maori and total populations, New Zealand 1962-1985



Source: Demographic Trends 1987, Department of Statistics

The reduction in fertility has been most marked in the 1962–1976 period which witnessed a decline in the total fertility rate from 4.16 births per woman in 1962, to 2.27 in 1976. At its peak in 1961 the total fertility rate was almost twice the 1935 level and exceeded the highest post-war peaks of other developed countries (the next highest being Canada and Ireland with 3.9 births per woman). The decline has slackened since 1978 and appears to have levelled out at 1.9 births per woman (see Table 4). Non-Maori fertility in New Zealand fell below replacement level in 1978 and has remained beneath this level since that year (see Department of Statistics, 1987a).

One of the influences on a changing rate of fertility is the change in the pattern of marriage, since marital fertility is a large component of total fertility. According to the Department of Statistics (1987a:2.2):

A major shift upwards in the age of entering first marriage played the major role in the fertility decline, together with decreases in the proportions marrying and increases in fertility regulation within marriage, particularly in terms of limiting births.

In recent years there has been a decline in the marriage rate, an increase in average age at first marriage, an increase in the diversity of relationships, an increase in the rate of marital dissolution, and an increase in the proportion of solo parent families and in remarriages. These will be discussed in Section 6, Family Formation. Other factors in the decline in fertility include the increased labour force participation of women, and the use of effective contraception.

The fertility rate is different for different age cohorts. This is a reflection of the postponement of child-bearing. The number of women having their first child at the age of 25 or older is growing. In 1966, 28 percent of women had their first child at 25 or older. This had increased to almost 50 percent in 1981. The fertility rate has been rising for women aged 25–34 years. This applies particularly to nuptial fertility and is influenced by the postponement of marriage and the decline in the overall marriage rate. As with the total fertility rate, the age-specific fertility rate for the Maori population departs from the non-Maori rate. Compared with non-Maori women, the reproductive activity of Maori women is still skewed towards the younger ages.

It is important to distinguish between nuptial and ex-nuptial fertility in order to arrive at a more precise understanding of changing

fertility. Just over one-quarter (25.2 percent) of all live births in 1986 were ex-nuptial (*Demographic Trends* 1987). Ex-nuptial births include births to women in de facto relationships. In 1986 the total number of ex-nuptial live births was 13,028. It is easy to misrepresent the actual changes in nuptial and ex-nuptial birth statistics by looking at raw data. This data shows that ex-nuptial births are increasing both in number and also as a proportion of all births. In fact, this is brought about by the decline in marital fertility.

It is more accurate to use time-series data. This shows that in fact the ex-nuptial birth rate for the total New Zealand population has always been reasonably high (nearly one-third of all births). For example, in 1962 the ex-nuptial birth rate was 31.16 births (per 1000 mean of not-married women aged 15-49 years). It reached a peak of 44.39 per 1000 in 1971 and then fell sharply to 37.7 per 1000 in 1975. The changes that have taken place tend to reflect the child-bearing experiences of not-married women aged 20-34 years. For women aged 15-19 and 35-39 years, the ex-nuptial birth rates have declined steadily over the last decade.

5 Mortality

New Zealand's mortality rates, at least those for the non-Maori population, have until recently been among the lowest in the world. The lowest crude death rate ever recorded in New Zealand was 7.85 in 1978. However, at the present time such favourable mortality levels and high life expectancies are not being maintained comparable to similar countries overseas. The Department of Statistics (1987a) reports that in the early 1980s at least 16 countries had higher female life expectancy.

The rate of female life expectancy for the non-Maori population has risen steadily in the past ten years (see Population Monitoring Group, 1985). Non-Maori females enjoy higher rates of life expectancy than males, outliving men by nearly six years. The expectation of life at birth for non-Maori males in 1985 was 71.2 years and for females 77.1 years (Department of Statistics, 1987a).

Maori mortality patterns on the other hand have until very recently been quite different from those of the non-Maori population. In the nineteenth century the Maori population had very low levels of life expectancy. With the availability of primary health care there was a rapid improvement in the early twentieth century.

The rate of improvement was much slower from 1926 to 1945, after which a rapid increase in improvement of life expectancy occurred. This more recent reduction in the rate of mortality was due to a rapid decline in the incidence of TB. However, Maori mortality rates are still substantially higher than those of the non-Maori population (see Table 5).

As with the non-Maori population, Maori females have higher levels of life expectancy than Maori males. There are therefore similarities between the Maori and non-Maori population in terms of the age-sex pattern of mortality. There is a major difference between the Maori and non-Maori populations in infant mortality.

Because of the decline in infant and child mortality in the non-Maori population, the probability of dying is now mostly confined to the older age groups. In 1985, 73 percent of deaths occurred for persons aged 65 years and over. The improvements in life expectancy for non-Maori females have largely been obtained at the older age groups, that is, at ages 55 years and over (rather than in infancy or childhood). There is some evidence that the ratio of males to females at older ages (especially above 75 years) may be becoming more balanced. In 1976, there were 175 females for every 100 males, but in 1986 this had declined to 171 females.

In the Maori population women have enjoyed greater reductions in mortality levels than have males. Between 1960–62 and 1980–82, the expectation of life of Maori males increased by 4.8 years, and for Maori females by 7.1 years.

The difference between the sizes of the male and female elderly populations is clearly explained by lifestyle differences (occupation, health, etc.) but as the differences become less marked (through more similar labour force participation and other lifestyle factors), the imbalance in the number of elderly men and women may well decline further. Table 5 contains data showing age and sex-specific mortality rates for the Maori and total New Zealand populations.

TABLE 5: Age and Sex-specific mortality rates, Maori and total populations, New Zealand, 1960-1985

(A) Total New Zealand Population

Age Group (Years)	Age-Specific Death Rates (1)					1983	1984	1985 (2)
	1960-62	1965-67	1970-72	1975-77	1980-82			
	Males							
Under 1	252.2	215.2	183.6	171.1	134.1	138.0	134.4	122.1
1-4	13.8	11.7	10.8	9.5	7.9	6.2	8.1	5.4
5-9	5.4	5.0	4.6	4.7	3.5	3.5	3.4	3.5
10-14	5.4	5.4	4.7	4.5	3.3	3.5	3.3	3.6
15-19	11.2	12.9	14.9	16.7	13.4	13.0	13.1	14.7
20-24	14.7	16.1	16.3	18.7	17.6	18.7	15.4	15.9
25-29	13.7	14.4	13.5	13.7	14.7	13.2	12.3	15.1
30-34	15.7	17.5	15.4	14.1	13.8	12.3	15.2	12.4
35-39	21.3	22.8	22.2	20.1	17.5	15.5	15.7	13.8
40-44	32.2	33.3	33.9	32.3	27.5	25.6	26.4	26.2
45-49	55.5	57.9	55.2	56.2	47.3	47.4	41.1	43.7
50-54	90.6	97.6	94.7	91.7	77.4	69.9	74.2	74.5
55-59	148.8	164.3	159.0	148.7	136.9	135.3	127.3	128.6
60-64	248.2	258.6	258.8	242.0	223.3	210.4	199.8	209.0
65-69	381.8	400.1	403.0	377.2	356.1	344.3	319.4	335.7
70-74	590.4	626.5	611.2	607.8	553.4	521.5	523.9	522.4
75-79	918.3	955.4	958.0	909.4	868.9	872.7	813.6	856.1
80-84	1,431.8	1,439.2	1,450.8	1,355.8	1,319.2	1,237.8	1,225.1	1,337.5
85-89	2,281.5	2,126.8	2,221.3	2,270.9	2,038.5	1,920.5	1,919.2	2,024.9
90 and over	3,817.7	3,305.6	3,410.0	3,511.3	3,315.3	3,172.2	2,929.0	3,176.8

—continued

TABLE 5: Age and Sex-specific mortality rates, Maori and total populations, New Zealand, 1960-1985—continued

Age Group (Years)	Age-Specific Death Rates (1)					1983	1984	1985 (2)
	1960-62	1965-67	1970-72	1975-77	1980-82			
	Females							
Under 1	191.5	156.9	147.3	124.3	109.1	114.9	98.3	95.5
1-4	10.7	9.8	8.8	7.8	6.4	4.8	3.7	5.8
5-9	4.0	3.0	3.4	3.2	2.4	2.4	2.2	3.1
10-14	3.5	3.1	3.1	3.2	2.5	2.5	2.1	2.7
15-19	5.1	4.7	5.9	6.0	6.2	5.5	4.9	5.2
20-24	5.8	5.7	6.0	6.3	6.8	7.1	6.2	6.2
25-29	7.0	7.2	6.4	6.9	6.0	5.0	5.6	6.6
30-34	10.3	9.1	9.5	8.8	7.8	8.3	7.6	7.1
35-39	15.9	13.8	14.9	13.1	11.3	11.3	8.6	11.6
40-44	22.7	24.3	23.9	24.3	19.4	18.0	16.9	16.7
45-49	35.8	38.1	37.7	36.7	35.3	28.4	26.2	31.2
50-54	55.0	59.0	55.9	53.5	48.9	47.5	48.5	46.7
55-59	87.0	88.4	83.6	81.3	78.4	67.6	71.5	73.3
60-64	138.5	140.0	131.8	127.6	116.2	117.6	107.5	115.8
65-69	217.3	221.3	211.1	194.3	197.3	183.8	175.4	178.9
70-74	377.3	357.5	351.3	336.1	305.5	304.6	285.8	298.1
75-79	665.5	609.8	603.6	542.1	497.3	474.1	476.7	496.7
80-84	1,126.5	1,050.7	1,031.5	907.6	856.8	871.0	760.8	806.3
85-89	1,856.3	1,791.0	1,783.9	1,568.5	1,391.5	1,333.3	1,269.2	1,504.6
90 and over	3,234.1	3,005.3	3,038.2	2,956.5	2,632.9	2,281.7	2,179.5	2,771.7

—continued

TABLE 5: Age and Sex-specific mortality rates, Maori and total populations, New Zealand, 1960-1985—continued

Age Group (Years)	Age-Specific Death Rates (1)				
	1960-62	1965-67	1970-72	1975-77	1980-82
	Sex Ratio (3)				
Under 1			124.6	137.7	122.9
1-4	131.7	137.2	122.7	121.8	123.4
5-9	129.0	119.4	135.3	146.9	145.8
10-14	135.0	166.7	151.6	140.6	123.0
15-19	154.3	174.2	252.5	278.3	216.1
20-24	219.6	274.5	271.7	296.8	258.8
25-29	253.4	282.5	210.9	198.6	245.0
30-34	195.7	200.0	162.1	160.2	176.9
35-39	152.4	192.3	149.0	153.4	154.9
40-44	134.0	165.2	141.8	132.9	141.8
45-49	141.9	137.0	146.4	153.1	134.0
50-54	155.0	152.0	169.4	171.4	158.3
55-59	164.7	165.4	190.2	182.9	174.6
60-64	171.0	185.9	196.4	189.7	192.2
65-69	179.2	184.7	190.9	194.1	180.5
70-74	175.7	180.8	174.0	180.8	181.1
75-79	156.5	175.2	158.7	167.8	174.7
80-84	138.0	156.7	140.0	149.4	154.0
85-89	127.1	137.0	124.5	144.8	146.5
90 and over	122.9	118.7	112.2	118.8	125.9
	118.0	110.0			

(1) Per 10,000 estimated mean population in each age-group

(2) Provisional

(3) Ratio of male mortality rates to female mortality rates

Source: Demographic Trends 1987, Department of Statistics

TABLE 5: Age and Sex-specific mortality rates, Maori and total populations, New Zealand, 1960-1985

(B) New Zealand Maori Population

Age Group (Years)	Age-Specific Death Rates (1)					1983	1984	1985 (2)
	1960-62	1965-67	1970-72	1975-77	1980-82			
	Males							
Under 1	514.1	343.1	255.0	200.7	232.8	216.0	217.8	175.4
1-4	37.7	24.4	20.8	11.8	8.5	7.1	7.3	5.9
5-9	12.8	9.6	8.4	6.9	4.0	3.9	3.4	2.8
10-14	11.6	8.0	8.4	5.3	4.4	2.0	3.6	2.6
15-19	21.1	20.8	21.8	17.1	18.5	13.3	9.0	15.6
20-24	30.1	26.6	30.6	26.7	22.3	17.4	17.6	13.1
25-29	37.8	23.6	28.9	25.7	20.9	16.5	16.3	18.0
30-34	45.1	34.8	37.2	24.0	26.2	19.3	26.4	18.3
35-39	58.3	51.2	55.7	41.8	36.3	32.8	30.0	23.6
40-44	80.4	70.0	83.1	73.2	58.3	49.8	42.5	47.3
45-49	133.7	98.9	129.3	116.9	98.1	110.5	85.6	60.9
50-54	185.7	159.0	201.6	178.1	162.9	140.4	126.9	126.0
55-59	248.8	290.7	326.5	259.8	266.2	263.3	201.7	174.8
60-64	447.6	463.3	467.5	396.2	407.7	359.1	392.9	346.2
65-69	649.8	576.1	616.6	614.2	601.1	486.8	456.2	448.7
70-74	791.8	773.5	808.3	754.4	805.6	603.8	715.6	618.6
75-79	1,044.3	1,262.9	1,053.2	1,081.4	1,089.9	980.0	759.3	888.9
80-84	1,564.3	1,933.4	1,606.4	1,520.0	1,537.3	2,368.4	1,428.6	1,500.0
85-89	2,520.9	2,717.9	2,597.2	2,027.5	2,209.4	2,333.3	2,000.0	3,600.0
90 and over	4,302.9	3,820.0	4,066.3	3,410.2	3,528.1	7,000.0	4,000.0	6,000.0

—continued

TABLE 5: Age and Sex-specific mortality rates, Maori and total populations, New Zealand, 1960-1985—continued

Age Group (Years)	Age-Specific Death Rates (1)					1983	1984	1985 (2)
	1960-62	1965-67	1970-72	1975-77	1980-82			
	Females							
Under 1	396.3	251.2	250.0	148.8	218.2	178.3	154.2	134.0
1-4	26.4	21.0	15.4	12.7	8.3	2.2	3.9	7.3
5-9	8.1	4.8	4.5	4.0	3.1	1.7	1.2	1.7
10-14	7.8	5.9	4.6	3.8	3.9	2.1	4.8	3.2
15-19	14.0	8.8	12.1	10.2	9.2	7.8	5.5	3.2
20-24	17.9	11.7	12.4	11.5	9.7	8.7	4.2	4.7
25-29	21.1	18.9	15.6	10.7	11.9	5.7	7.2	3.8
30-34	31.3	23.4	22.8	17.1	16.7	15.5	14.3	13.2
35-39	58.2	36.3	43.5	31.8	26.7	30.5	20.0	25.0
40-44	85.5	57.9	64.8	53.6	40.9	40.4	30.5	36.2
45-49	122.0	101.0	90.9	88.9	70.2	61.8	59.3	71.2
50-54	204.5	188.1	153.8	149.5	120.1	77.9	93.4	87.8
55-59	316.9	272.1	246.8	210.5	183.4	119.0	145.9	128.5
60-64	415.8	347.2	381.0	297.0	281.6	249.0	218.3	225.1
65-69	506.7	481.3	499.3	439.3	416.7	310.7	343.9	277.5
70-74	696.8	634.5	668.5	575.4	587.2	575.5	391.3	448.8
75-79	1,031.3	916.9	888.6	716.2	776.0	745.1	680.0	892.9
80-84	1,399.1	1,245.9	1,310.3	969.2	1,045.4	1,111.1	931.0	1,576.9
85-89	1,887.2	1,693.2	2,016.3	1,724.3	1,563.2	1,272.7	1,333.3	1,333.3
90 and over	3,093.9	2,602.7	3,184.7	3,348.6	2,696.9	2,333.3	2,350.0	2,250.0

—continued

TABLE 5: Age and Sex-specific mortality rates, Maori and total populations, New Zealand, 1960-1985—continued

Age Group (Years)	Age-Specific Death Rates (1)					Sex Ratio (3)
	1960-62	1965-67	1970-72	1975-77	1980-82	
Under 1						
1-4	129.7	136.6	102.0	134.9	106.7	121.1
5-9	142.8	116.2	135.1	92.9	102.4	322.7
10-14	158.0	200.0	186.7	172.5	129.0	229.4
15-19	148.7	135.6	182.6	139.5	112.8	75.0
20-24	150.7	236.4	180.2	167.6	201.1	170.5
25-29	168.2	227.4	246.8	232.2	229.9	200.0
30-34	179.1	124.9	185.3	240.2	175.6	289.5
35-39	144.1	148.7	163.2	140.4	156.9	124.5
40-44	100.2	141.0	128.0	131.4	136.0	107.5
45-49	94.0	120.9	128.2	136.6	142.5	123.3
50-54	109.6	971.9	142.2	131.5	139.7	178.8
55-59	90.8	84.5	131.1	119.1	135.6	180.2
60-64	78.5	106.8	132.3	123.4	145.1	221.3
65-69	107.6	133.4	122.7	133.4	144.8	144.2
70-74	128.2	119.7	123.5	139.8	144.3	156.7
75-79	113.6	121.9	120.9	131.1	137.2	104.9
80-84	101.3	137.7	118.5	151.0	140.3	131.5
85-89	111.8	155.2	122.6	156.8	147.1	213.2
90 and over	133.6	160.5	128.8	117.6	141.3	183.3
	139.1	146.8	127.7	101.8	130.8	300.0
						177.8
						266.7

(1) Per 10,000 estimated mean population in each age-group

(2) Provisional

(3) Ratio of male mortality rates to female mortality rates

Source: Demographic Trends 1987, Department of Statistics

6 Family Formation

As noted above, there are significant changes occurring in the formation and reformation of families, and in household composition, which are directly connected with women's life experience.

These include:

- decline in the marriage rate
- increase in average age at first marriage
- increase in diversity of relationships
- increase in rate of marital dissolution
- increase in proportion of solo parent families
- increase in rate of remarriage.

There is a clear tendency for childbirth within marriage (nuptial fertility) to be delayed and for fertility to occur increasingly outside of marriage. The average age of married women at the birth of the first child is increasing. Childbirth is being delayed for two reasons. First, women are delaying marriage itself. Second, once married, women are having their first child at a significantly later age. Between 1971 and 1981 the proportions of women having a first child after three or more years of marriage rose from about 16 to 40 percent (Thomson, 1987). While women are having children later and over a shorter time span than in the past, it is not clear to what extent there are significantly fewer children born to each woman. Certainly, many couples now remain childless. About 20 percent of all marriages are estimated to be childless (Thomson, 1987). There are also differences between non-Maori and Maori women in terms of the total number of children born. The 1981 Census showed that women of Maori descent aged 45-54, at the end of their reproductive years, had an average of 5.9 children compared with 3.5 children per woman of non-Maori descent.

It will be important to know to what extent the decline in birth rates since the 1960s is due to postponement of child-bearing and to what extent the birth rate will recover with fertility at a later age.

Department of Statistics (1986a) data indicate that there was a low point in fertility rates for those aged 27-37 years around 1978, which has now been reversed. However, the Population Monitoring Group (1986:12) reports that 'the recovery is proceeding at a relatively slow pace, and its overall impact on the total fertility rate to date has been small'.

The average age at first marriage is currently rising and there has been a steady increase in the number of women never married. The average age of females at first marriage had increased from 21.1 years in 1971 to 24.0 years in 1985. There has been a similar change for males.

The implication of this is that women are staying in the workforce until they are in their late twenties and then return more quickly than previously because they have fewer children. The marital status of women with children is a major factor influencing their participation in the labour force.

The first time that there was a question about de facto relationships was in the 1981 Census. At that time, 87,960 people (nearly 4 percent of all New Zealanders aged 15 and over) were living in de facto relationships. In 1986, this had increased to 115,032 persons (or 4.6 percent of the population aged 15 and over). At previous censuses, persons living in stable relationships and who were not legally married to each other were treated as married irrespective of their legal status.

7 Marriage Dissolution

It should be noted that changes in legislation and changes in the methods of compiling data have an impact on the rates of marital dissolution and other such statistics gathered by the Department of Justice. The Family Proceedings Act (1980), which came into effect on 1 October 1981, put divorce under the jurisdiction of the newly created Family Court, rather than the High Court. From that date, divorce was referred to as dissolution of marriage. Applications for dissolution of marriage are now made to the Family Court.

Under the Family Proceedings Act (1980) only one ground for divorce is recognised, namely, irretrievable breakdown of marriage, evidenced by the partners' having lived apart for two years. This Act replaced former legislation which contained a list of 'faults', or grounds for divorce. Thus, the concept of a no-fault dissolution was established. In fact, this was a consolidation of a long trend in the development of the concept through legislative change in 1953 and 1968, and through growing societal acceptance of divorce.

The rate of marriage dissolution has increased steadily during the 1970s. With the new legislation which came into effect in

1981, data for 1981 and up to the present time cannot be meaningfully compared with figures from earlier years.

It needs to be pointed out that growing acceptance of divorce and increasing rates of marriage dissolution should not necessarily

TABLE 6: Marital Status, population resident in New Zealand aged 15 years and over, 1976-1986

	1971 Census (percentage)		
	males	females	total
never married	28.9	21.7	25.2
married	65.9	64.8	65.3
separated	1.2	1.4	1.3
widowed	2.8	10.6	6.7
divorced	1.2	1.5	1.3
1976 Census (percentage)			
never married	29.2	21.9	25.5
married	65.2	63.9	64.6
separated	1.6	2.0	1.8
widowed	2.5	10.4	6.5
divorced			
1981 Census (percentage)			
never married	31.3	23.8	27.5
married	60.4	58.6	59.5
separated	3.2	3.7	3.5
widowed	2.7	11.0	6.9
divorced	2.4	2.9	2.6
1986 Census (percentage)			
never married	32.8	25.8	29.2
married	50.3	48.8	49.5
remarried	5.7	5.3	5.5
separated	3.4	3.8	3.6
widowed	2.6	10.5	6.7
divorced	3.5	4.4	4.0
not specified	1.6	1.4	1.5

Note: The percentages calculated for the 1971, 1976 and 1981 Censuses are based only on those relationships which are specified (and therefore exclude the 'not specified' proportion)

Source: *Ages and Marital Status* (Volume C3), Table 7, Department of Statistics, 1986 Census; *Ages, Marital Status, and Fertility* (Volume 2), Table 10, Department of Statistics, 1981 Census

be seen as indicating that the family is breaking down. Family 'breakdown' can be a result of marriage dissolution, but it is also caused by such things as the death of a partner or desertion by a partner, which were fairly common in the nineteenth and early

twentieth centuries. Moreover, the family 'structure' changes with marriage dissolution, but the family as an institution very often continues to perform its functions. Marriage dissolution does not mean that marriage and family relationships are not valued. The high rate of remarriage indicates the importance placed on marriage and the family by many people.

It is clear that there are increasing expectations (in terms of the psychological, emotional and physical aspects of the relationship) made of marriage by the partners, and that where a relationship is not satisfactory there is not necessarily the same obligation to remain as there has been in the past. Women's growing economic independence means that there is some opportunity to leave an unsatisfactory relationship. In the past, financial dependency meant that many women were unable to consider leaving a marriage.

8 Household Composition

Considerable efforts have been made by demographers and other social scientists, especially in recent years, to highlight the diversity of households in contemporary New Zealand. The popular image of the nuclear family, comprising male head of household, female spouse and their (two) children is challenged by Census data. The primacy of this image is clearly a media fiction, though one which is reinforced by many social policy measures. For example, incomes and housing policies have often assumed this form of household. The reality of household composition is of particular importance to women because frequently they are in the position of challenging the popular image. Whether through marriage dissolution, death of their spouse, postponing marriage or not marrying at all, women are increasingly becoming solo heads of households.

Census data indicate that there is a growing diversity of households in New Zealand. The nuclear family, comprising a married couple and their children, is not as common as it has been in the past.

In particular, the proportion of single person households has increased from 16.9 percent of total households in 1981 to 18.6 percent in 1986 (or nearly 200,000 persons). The majority of these (61.3 percent) were women living alone. Of women living alone in 1986, 60.8 percent were aged 65 or over. Of men living alone, only 29 percent were aged 65 or over.

There is thus a considerable difference between men and women in relation to the age of those who live alone. Partly this can be explained by older women's more favourable life expectancy, but for the younger age groups, there is also a difference. The proportion of males who lived alone who were aged 20-24 years was 6.9 percent in 1986, while only 2.7 percent of females in the same age group lived alone. For those aged 25-44, the proportions were 32.8 percent for males and 10.8 percent for females (Department of Statistics, pre-publication printout, *Households*, Volume C12, Table 1).

There is a growing number of women who are 'occupiers' of households. The proportion increased from 16.8 percent in 1966 to 23.8 percent in 1981. There was a large increase in the percentage of female occupiers from 23.8 percent to 33.2 percent between 1981 and 1986. There was, however, a change in the definition from 'head of household' to 'occupier' in 1986 (Department of Statistics, pre-publication printout, *Households*, Volume C12, Table 1). A closer look at the statistics shows that a large part of the increase in the number of female occupiers is in one-family households (both couples and couples plus children).

Just as increasing rates of marriage dissolution are often seen as a sign that marriage and the family are breaking down, so too are ex-nuptial fertility rates seen as signifying breakdown, and, by some, immorality. In response, it needs to be pointed out, firstly, that ex-nuptial conception is a continuing feature of New Zealand's fertility patterns, and, secondly, that ex-nuptial conception does not necessarily imply the absence of a stable family life. Indeed, the ex-nuptial classification is based on a particular cultural (Pakeha) view of marriage.

As with marriage dissolution rates, procedures for gathering official statistics have undergone modification over the years, and it is clear that earlier statistics are not reliable. Many ex-nuptial births, especially in the early years of record-keeping, may have escaped official notice. The strong societal disapproval of illegitimate birth would have been sufficient incentive for many to conceal an ex-nuptial birth. The same desire for respectability meant that many women who became ex-nuptially pregnant eventually married.

Demographic change has also influenced the rates of ex-nuptial fertility. With the large increase in the numbers of young people

in the population, the rates of ex-nuptial fertility have risen correspondingly. Young women are the group most affected by ex-nuptial pregnancy.

The 1981 Census was the first occasion on which information on de facto unions was gathered. It is important to note that often these are a precursor to legal marriage or for some a substitute. Among Maori people, the incidence of de facto couples is higher, and the tendency to eventually marry is less great. At the time of the 1981 Census, 12 percent of Maori women were in de facto unions, compared with 3 percent of European women and 6.3 percent of Pacific Island women (Social Monitoring Group, 1985:58).

Analysis of ex-nuptial fertility is thus made more difficult by the fact that registered marriage is not the only socially acceptable procedure, as it were, for 'legitimising' conjugal unions. In New Zealand, as in Europe, increasing numbers of couples cohabit.

In New Zealand, registration must be seen merely as the legal enforcement of non-Maori norms relating to legitimisation of unions. With the termination of the legal distinction of legitimacy as applied to inheritance and to welfare provision, registration is seen as decreasingly relevant for many non-Maori, while for Maori it has always been an alien cultural practice introduced by the Pakeha in opposition to their existing procedures for legitimisation.

Consequently, Maori births are over-represented among ex-nuptial births. In 1985, 64 percent of all Maori births were defined as ex-nuptial. These made up one-third of all ex-nuptial births in New Zealand in 1985. Many such ex-nuptial births occur at older ages and clearly are born to long-standing unions.

In official statistics, Maori customary marriages (which were only outlawed in 1952 and which remain common) are not recognised and therefore births to such unions are deemed ex-nuptial. Douglas (1986:35) writes:

We are of the view that marriage in its wider sense, including forms besides those acceptable to New Zealand's predominantly Anglo-celtic law-makers in 1952, and including 'Maori (community accepted) unions' and 'de facto' unions is more widely practised by young Maori adults than the [official statistics] would suggest.

Where there is disadvantage, it is more often due to other factors (for example, the lower incomes and inadequate housing of Maori people), and not the particular form of household. This highlights the inappropriateness of assumptions about the disadvantage experienced by ex-nuptially born children. The point to note for policy-

making purposes is that it is vital to distinguish between different types of ex-nuptial births.

9 Labour Force Participation

The material included here will give a brief overview of women's labour force participation, particularly as it is influenced by other demographic factors. The data on which this overview is based comes from both the Census and the Department of Statistics' quarterly Household Labour Force Survey.

The labour force is defined as those working full-time or part-time (that is, those gainfully employed) as well as those *seeking* paid employment. It is important to keep this in mind when considering the following information. There is a difference between those in the labour force and those in the paid workforce.

There are significant differences between women's and men's work status. Hours of work differ, levels of unemployment differ, and women are concentrated in different industries and occupations to men.

A substantial and growing proportion of New Zealand women are engaged in the labour force. In particular, the participation of married women in the labour force has grown steadily since the second world war. In the 1950s, women accounted for around 23 percent of the Census full-time labour force. By 1986 this had grown to 34.6 percent. Total female labour force participation has increased from 28 percent of women in 1951 to 53.3 percent in 1986. This trend is continuing, with female participation increasing from 47.2 percent to 53.3 percent between 1981 and 1986.

A large part of the increase is made up of married women joining the full-time labour force. In 1945 only 7.7 percent of married women were in the full-time labour force. By 1981, 35.8 percent of married women were in the full-time labour force.

Women make up the majority of those in part-time employment. In 1981 women accounted for 63 percent of the part-time labour force. The 1986 Census showed that married women are less likely to be in the full-time labour force than never married women, but they are more likely to be in the part-time labour force than never married women.

Because there was a change in the definition of the part-time and full-time labour force at the time of the 1986 Census, it is not very

TABLE 7: Labour force participation of married women, 1986 Census

% of never married women in full-time labour force	56.2
% of never married women in part-time labour force	11.1
% of married women in full-time labour force	32.9
% of married women part-time labour force	21.8

Note: Includes both married and remarried women

Source: *National Summary* (Volume C2), Table 9, Department of Statistics, 1986 Census

meaningful to compare participation in each labour force between the 1986 and earlier Censuses. Prior to the change, the definition of full-time employment was work for 20 hours or more per week. This has now been increased to 30 hours or more per week. The effect of this is to enlarge the part-time workforce and to diminish the full-time workforce.

At the time of the 1986 Census, women made up 34.6 percent of the full-time labour force. Women made up 77 percent of the part-time labour force.

Altogether, just over half (53.3 percent) of all women aged 15 and over were in the labour force. 16.4 percent of women aged 15 and over were in the part-time labour force, and 36.8 percent of all women aged 15 and over were in the full-time labour force.

The change in labour force participation is different for different age groups of women. The proportion of women aged 25–44 years in the full-time labour force has grown, while the proportions of women aged under 25 and over 65 have declined. There are again problems in comparing the full-time and part-time participation rates for women at the time of the 1986 Census with the rates at earlier Censuses.

Tables 8 and 9 give details of age-specific labour force participation rates for Maori women and for the total female population.

Activity rates for married women have risen steadily over the past 30 years in all age groups within the 15–64 years range.

Women's participation in the paid workforce and their availability for employment are influenced by the presence of children. The actual number of children in the household affects the labour force participation rate of women. Women without children in their household have the highest participation rate. Women with few children have a higher participation rate than women with many children. The age of the child(ren) is also a major influence on the

TABLE 8: Age-specific labour force participation rates for New Zealand Maori women, 1986 Census

Age Group	Labour force		Total population (3)	Labour force participation rate	
	Full-time (1)	Part-time (2)		Full-time (1)/(3)	Part-time (2)/(3)
15-19	11,241	3,270	24,555	45.8	13.3
20-29	17,781	5,856	41,076	43.3	14.2
30-39	10,713	5,031	25,020	42.8	20.1
40-49	7,548	2,838	15,894	47.5	17.9
50-59	3,534	1,407	10,587	33.3	13.2
60-64	327	177	3,261	10.0	6.0

Source: National Summary (Volume C2), Table 7, Department of Statistics, 1986 Census

TABLE 9: Age-specific labour force participation rates for all New Zealand women, 1986 Census

Age Group	Labour force		Total population (3)	Labour force participation rate	
	Full-time (1)	Part-time (2)		Full-time (1)/(3)	Part-time (2)/(3)
15-19	67,785	21,489	147,168	46.0	14.6
20-29	151,218	37,062	274,005	55.2	13.5
30-39	98,745	67,212	244,365	40.4	27.5
40-49	87,981	45,408	178,023	49.4	25.5
50-59	49,356	26,628	144,438	34.2	18.4
60-64	6,222	5,172	70,995	8.8	7.3
65+	2,598	3,129	198,912	1.3	1.6

Source: National Summary (Volume C2), Table 6, Department of Statistics, 1986 Census

mother's labour force participation. The younger the child, the less likely it is that the woman will be in the paid workforce.

Data based on a 10 percent sample of the 1976 Census results (in Horsfield, 1988, forthcoming) shows that women were more likely to be engaged in the full-time Census labour force as the age of the youngest child in the family rises. Similar trends were found in a 10 percent sample of the 1981 Census results, as Table 10 shows:

There is no data for the part-time Census labour force, but the study of Palmerston North women by Shipley (1982) shows that

TABLE 10: Labour force participation of partnered and unpartnered mothers by age of youngest child, 1981 Census

Type of family and age of youngest child	Hours worked			
	0	under 20	20 hours and over	not specified
<i>one parent families</i>				
<5 years	84.4%	5.2%	9.5%	0.8%
5<13 years	58.7%	9.4%	30.5%	1.4%
13<16 years	41.6%	9.1%	48.7%	0.6%
16<19 years	44.9%	8.7%	45.4%	0.9%
<i>two parent families</i>				
<5 years	71.0%	13.2%	15.0%	0.8%
5<13 years	37.6%	16.3%	45.0%	1.1%
13<16 years	32.0%	12.3%	54.7%	1.0%
16<19 years	33.4%	12.3%	52.7%	1.5%

Source: Department of Statistics, unpublished

women were most likely to favour part-time work of less than 30 hours per week when their children were under five years of age.

Women and men have different rates of withdrawal from the full-time labour force. From the age of 50, women's full-time labour force participation declines much more rapidly than men's. At the 1986 Census, 23.6 percent of women aged fifty and over were in the full-time labour force, compared with 53 percent of men aged fifty and over. Forty-three percent of women aged 50-54 years were in the full-time labour force, compared with 81 percent of men.

The definition of 'full-time employment' in the Household Labour Force Survey is work for 30 hours a week or more, while, until 1986, the Census definition of the full-time labour force was people who work 20 hours a week or more.

Between 1981 and 1986 there has been significant growth in women's labour force participation at all ages (Population Monitoring Group, 1986:23). Males and females have different rates of full-time labour force participation growth. For men there has been little change, or a decline in full-time employment for nearly all age groups. Women's full-time employment, on the other hand, has increased for all age groups except 15-19 years. The Population Monitoring Group (1986) notes that the slow growth in full-time employment (3 percent for the period 1981-6), which occurred at a time when there was a 15 percent increase in the

Gross Domestic Product, indicates replacement of full-time workers by part-timers, as well as an increase in labour productivity.

There has been a growth of part-time employment for both sexes at all age groups. While women make up the great majority of part-time workers (73 percent in 1987), there has been a significant increase in male part-time employment (193 percent growth in male part-time employment between 1981 and 1986 compared to a 34 percent increase in women's part-time employment). As noted earlier, women's labour force participation is clearly and closely linked to the demands made on them by the requirements for care of dependants, particularly the need to care for children. As children grow older and move into secondary school and beyond, the number of hours women spend in paid employment increases.

The rapid growth in female labour force participation since 1945 has been particularly concentrated in the age groups 30 years and over, and among married women.

Differences in fertility and in household size, and in the age structure of the Maori female population, all lead to lower labour force participation rates from their early twenties.

In addition to age and number of children, women's ethnicity influences their participation in the paid labour force. Maori women are less likely to be engaged in paid work. They enter the paid workforce earlier (as a result of less time spent in formal education) and leave earlier for child-bearing. When they are in the paid workforce they are more likely to work full-time. In 1986, 55 percent of Maori women were members of the paid labour force, most being wage or salary earners. Of these women, 73 percent worked 30 or more hours per week (that is, full-time). This compares with 53 percent of all women in the labour force of whom 69 percent worked 30 hours or more per week (*National Summary Volume C2*).

However, it needs to be recognised that the age structure of the Maori population is quite different from that of the non-Maori population. More than 37 percent of Maori females are under 15, compared with 23 percent of all females at the 1986 Census. This more youthful Maori population has implications for Maori female labour force participation. Maori women's labour force participation rate tends to dip earlier (because of child-bearing) than the rate for the non-Maori population. For Maori women, labour force participation declines in their twenties, whereas in the non-Maori

female population it happens later, when women are in their thirties.

Pacific Island Polynesian women have the highest participation rates of all women in the full-time labour force. Following a dip in the peak child-bearing years (20–34), their labour force participation increases to a rate higher than that of all other ethnic groups. Forty-three percent of Pacific Island women aged 35 years and over are in the full-time labour force, compared with nearly 28 percent of the total female population aged 35 years and over (*National Summary*, Volume C2, 1986 Census, Tables 6 and 8).

Women, to a far greater extent than men, are concentrated in a narrow range of occupations. Among women, there are significant differences between Maori and non-Maori in terms of occupational and industrial segregation. Compared with other women, women of Maori descent are less likely to work in professional, technical, administrative or sales occupations and more likely to have jobs as service workers or production workers. Over half of all Maori descent women in the labour force were employed in these latter two fields in 1986, compared with only about a quarter of all other women.

The different labour force characteristics of women and men means that there are different experiences for each group in terms of income, retirement, taxation, domestic labour, and so on.

10 Female Unemployment

The number of people who are unemployed has been rising rapidly, especially since the 1981 Census. Women are more likely to be unemployed than men. It is difficult to get an accurate measure of the level of female unemployment. The Department of Labour's register of unemployed persons may not represent the full number of women who are unemployed because married women are not eligible for the unemployment benefit and therefore have less incentive to register.

The five-yearly Census provides a count of unemployed persons, and reveals a much higher incidence of unemployment than the Labour Department's register.

Another source of data on unemployment is the Household Labour Force Survey, but this has only been in existence since the

end of 1985. The definition of unemployment used by the Household Labour Force Survey is persons without a job who actively sought work in the four weeks prior to the interview week. For this and other reasons, the level of female unemployment is underestimated. Much female unemployment is disguised because the women are discouraged by personal and labour market factors from actively seeking a job.

Over 60 percent of unemployed females at the time of the 1981 Census were under 25 years of age, and nearly half (47.5 percent) of the female unemployed were young women aged 15–19 years.

TABLE 11: Male and female unemployment, by age group, 1981 Census

age group (years)	males No.	Unemployed persons		%
		%	females No.	
15–19	10,242	29.7	12,234	47.5
20–24	7,935	23.0	5,751	22.3
25–34	7,770	22.5	3,702	14.4
35–44	3,516	10.2	1,941	7.5
45 and over	5,019	14.6	2,148	8.3
TOTAL	34,482	100.0	25,776	100.0

Source: New Zealand Official Yearbook 1986–87, Department of Statistics

At the time of the 1981 Census, the rate of female unemployment (unemployed females as a percentage of the full-time female labour force) was 5.7 percent and the rate of male unemployment was 3.9 percent.

At the time of the 1986 Census, the rate of female unemployment (unemployed females as a percentage of the full-time female labour force) was 13 percent (compared with 5.5 percent for males). Nearly one-half (48.7 percent) of unemployed females were under the age of 25 (*National Summary*, Volume C2).

At the September 1987 quarter, the Household Labour Force Survey revealed a female unemployment rate of 3.9 percent and a male rate of 4.0 percent. However, because unemployment is defined in such a way as to exclude persons with family responsibilities such as unpaid housework and child care, the rate of female unemployment is understated. Women comprise the overwhelming majority (95.3 percent in September 1987) of those classified as not in the labour force whose main activity is 'at home looking after children'. The Household Labour Force Survey provides information about discouraged job seekers—that is, persons who

are available for work but who are not seeking work. In September 1987 over 22,000 women were available for work but not actively seeking a job, and for nearly 2,000 women the reason for this was that they were unable to find suitable child care. The number of men for whom this was a problem was negligible.

In addition to differences according to age group, the unemployment rate differs among females according to ethnicity. In the September 1987 quarter of the Household Labour Force Survey, the unemployment rate for Maori women was 11 percent, for Maori-European women it was 6 percent and for European women it was just over 3 percent. The 1986 Census also reflects the much higher unemployment rate of Maori women.

The one major study of female unemployment to be carried out in New Zealand is that by Shipley (1982). She found that women made up a smaller percentage of the registered unemployed than males, and that the real level of female unemployment is hidden. Shipley's study found that only one-third of unemployed females were registered, while four-fifths of unemployed males were registered. The reason for the low level of registered female unemployment is the ineligibility of married women for the unemployment benefit.

Shipley's study is particularly useful as it is based on a labour force survey of 750 households. At the time there was no such household survey undertaken by the Departments of Labour or Statistics. The main sources of data on employment and unemployment were the five-yearly Census and the Department of Labour's data on registered unemployment. As mentioned above, these sources are very inadequate in terms of highlighting women's actual unemployment experience. The Shipley research project exposed the inter-relationship of women's paid work in the labour market and their domestic roles as housewives and mothers.

11 Total Income of Women and Men

The five-yearly Census is one source of data about personal incomes. At the time of the 1986 Census, nearly two-thirds of women had a total income of less than \$10,000, whereas over two-thirds of men had a total income of over \$10,000. Table 12 shows the incomes of males and females at the 1986 Census.

TABLE 12: Income of males and females, resident in New Zealand, aged 15 years and over, 1986 Census, Total population and NZ Maori descent

\$	Total population		NZ Maori	
	males	females	males	females
0-10,000	29.3%	59.6%	33.5%	59.6%
10,000-20,000	35.8%	26.4%	41.7%	23.5%
20,000 and over	31.2%	6.8%	17.7%	3.1%
not specified	3.7%	7.2%	7.0%	13.9%
TOTAL	100.0	100.0	100.0	100.0

Note: 'Total Income' refers to the before-tax income received from all sources (including wages, salary, Social Welfare payments, Family Care, Family Benefit, interest, dividends, rent, commission, fringe benefits or income in-kind, pre-tax business or family net income, Accident Compensation weekly payments, bursary, scholarship and superannuation)

Source: *National Summary* (Volume C2), Table 18; pre-publication printout (*Maori Population and Dwellings*, Table 5), 1986 Census

At every Census since 1951, female median incomes have been substantially lower than male median incomes. This median income data refers only to people in the labour force. In fact, many women are not in the labour force, and if the median income calculation was taken over the whole of the female population aged 15 years and over, women's median income would be much lower. There is also a substantial difference between Maori and non-Maori median earnings. Research on the differential suggests that the reason for the difference is the segregation of Maori people into lower paid occupations.

Data for one-parent families show that those headed by females receive significantly lower incomes than those headed by males. In 1986, approximately one-quarter (24.3 percent) of one-parent families headed by women had a total household income of \$10,000 or less. Approximately one-tenth (10.2 percent) of one-parent families headed by men had the same total household income (Department of Statistics, pre-publication printout, *Households*, Series C, Report 12, Table 5).

12 Sources Of Income

The 1981 Census asked persons aged 15 years and over in the full-time labour force about incomes from all sources except social security benefits and war pensions. The median income for males

was \$11,816, while for females it was \$7,693. Thus, women earned 65 percent of the median male wage. Because the median income data refers only to persons in the labour force, it is higher for women than it would be if the calculation was based on the whole of the female population aged 15 years and over. The level of female earnings in 1986 was only 79 percent of male earnings (Department of Labour, *Labour and Employment Gazette*, May 1986). This figure is based on ordinary time hourly earnings which produces the smallest gap since it excludes overtime and takes into account the differences between men and women in hours worked (see Horsfield, forthcoming).

For income from social security, women also received a much reduced share. The median social security income for males at the time of the 1981 Census was \$3,188 and for females it was \$959. At the same time, women are more likely than men to be dependent on benefit income. In 1984-5 benefits accounted for 24 percent of income received by women, compared with only 7 percent of that received by men. It is difficult, however, to get a clear picture of women's income from benefits because women who are not in paid work and who are married to a man receiving a benefit are themselves dependent on benefit income. In March 1987 there were 10,583 married men receiving the unemployment benefit.

Maori people receive a higher proportion of their total income from Social Security benefits than non-Maori. Maori women are particularly dependent on a benefit. At the 1981 Census, 47 percent of Maori women (and 11 percent of Maori men) were totally dependent on a social security benefit for their income. This compares with 25 percent of non-Maori females and 6 percent of non-Maori men.

Almost one-third (31 percent) of all households with Maori female occupiers received their total household income from Social Security benefits in 1981. This was true for only about one-fifth (21 percent) of non-Maori households with female occupiers.

Data from the Household Income and Expenditure Survey shows that on average women have much lower before-tax incomes than men, with the overall proportion of female to male income from all sources being 47.7 percent. Women are less likely than men to be members of the full-time labour force and wages tend to be lower where women are employed part-time. Only 61 percent of female income was derived from paid work compared with 81 percent of male income.

13 Migration

Migration refers to movements in and out of the country, and also to movements within the country (between and within regions). The former type directly influences the size and composition of the total population, while the latter brings about changes in the distribution of the population without directly influencing the size or composition of the population. (It could be argued that rural-urban migration ultimately affects the size and composition because of the differing fertility rates in urban and rural areas.)

Two factors influencing the different migration patterns of males and females are education and employment opportunities.

Migration is highly selective in terms of age, and in terms of occupation. In regard to the mobility of women, then it would be reasonable to conclude that their mobility differs from that of men according to the extent to which they are concentrated in certain occupations with certain levels of migration.

However, for many women, territorial mobility is largely influenced by their male partner's propensity to migrate.

14 Education and Training

The five-yearly Censuses gather information about education levels and qualifications, but because of changes in the type of information produced it is not possible to compare between different Censuses. Very little data about educational attainment is available from the 1986 Census, other than information about the highest school qualification.

At the time of the 1986 Census, about 47.9 percent of New Zealand women aged 15 years and over had no school qualifications. A slightly greater percentage of females than males stated that University Entrance or Matriculation was their highest qualification, but beyond that more males have qualifications.

At the 1981 Census, 59 percent of females and 54 percent of males indicated that they held no formal qualification at all. Among females there are also noticeable differences between Maori and non-Maori.

Although more Maori students are continuing their secondary schooling beyond compulsory leaving age, their attendance rates still remain below those of non-Maori. For example, 25 percent of

Maori females (and 28 percent of Maori males) aged 17 were enrolled in full-time secondary education in 1984, compared with 34 percent of non-Maori females (and 36 percent of non-Maori males). Maori students spend fewer years in full-time secondary education on average than non-Maori. In 1984, 21 percent of Maori females (and 24 percent of Maori males) left secondary school in their first or second year of attendance. In contrast, only 5 percent of non-Maori females, and 8 percent of non-Maori males left in their first or second year at secondary school.

Young Maori leaving school today are more highly qualified than a decade ago, but they are still less likely to have gained qualifications than their non-Maori counterparts. Of all Maori students leaving secondary school in 1984, about 60 percent of females (and about 65 percent of males) had no formal qualifications, compared with 25 percent of non-Maori females and 32 percent of non-Maori male school leavers. Fewer Maori than non-Maori school leavers intend to enter further full-time education direct from school.

Of all females 15 years and over in 1981, 3 percent had attended university compared with 7.5 percent of males. Females comprised less than one-third (32.8 percent) of all persons who indicated that they had a university qualification.

Females were much more likely than males to have attended teachers' college, but males were more likely to have attended a polytechnic, technical institute or community college.

Maori people, in general, who advance their education to tertiary level are less likely than their Pakeha counterparts to attend a university and are more likely to attend a polytechnic, technical institute or community college. Among Maori attending tertiary institutions at the time of the 1981 Census, 8 percent of females, and 13 percent of males, were at university. The corresponding proportions for non-Maori females and males were higher at 13 percent and 26 percent respectively.

In contrast, over one-third (35 percent) of Maori females, and about two-thirds (67 percent) of Maori males, reported attendance at a polytechnic, technical institute or community college. This compares with 26 percent of non-Maori females, and 54 percent of non-Maori males.

Women tend to be concentrated in a few, traditional female subject areas. In the areas of Home Science, Education, Fine and

Applied Arts, Social and Behavioural Science and Mass Communications, well over half of those qualified were female as 1981 Census data revealed. In Humanities and Arts, the numbers of female and male graduates were roughly equivalent. In all other types of university qualification males outnumbered females, particularly in Engineering (1.3 percent female), Agriculture, Forestry and Fishing (9.6 percent female) and Architecture, Law, and Business Administration (12-13 percent). A broadly similar trend was reflected among non-university technical, trade and vocational qualifications.

Many more women than men continue their education as adult students at secondary level. Many women enrolled at technical institutes or at the Technical Correspondence Institute (TCI) were over 25 (as at 1 July 1985). These women were more likely to be enrolled part-time or studying through TCI than to be full-time, full year students. Forty-two percent of all female university students were over 25 years of age. Women are more likely than men to be enrolled as part-time or extramural students.

15 Conclusion

Due to time constraints there are notable gaps in the data (especially in relation to Pacific Island women) and a more detailed analysis of demographic processes has not been possible.

This profile of women should perhaps include population projections. As has been noted, there is some uncertainty about a number of processes, such as the decline in fertility, and it is not possible to project with any reliability future fertility rates and associated demographic changes (such as increases in the labour force). Population projections are notoriously unreliable and need to be constantly reviewed. The most that can be done is to offer projections based on the existing population and the flow of cohorts already born through the life cycle. Thus, we can predict, for example, the numbers of future elderly and the implications for housing and health and other social services. At the same time, we do not know the effects of lifestyle on survivorship rates of the elderly.

This demographic profile of women contains information which should inform and be incorporated into the development of social policies to achieve fairness for women. The information provided

here is fundamental to a proper understanding of the dimensions of women's lives. Too often myths about women's work, normal family life, and so on distort the actual situation. The trends that have been identified in the foregoing parts of the profile are especially important. This demographic profile is included in the discussion of women and social policy because ignorance about population processes and change impacts particularly severely on women.

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Social Wellbeing

OBJECTIVE MEASURES OF SOCIAL WELLBEING

Peter Davis

Using Social Statistics

Peter Davis

The Royal Commission on Social Policy is setting the agenda for social policy as one of the twin domestic preoccupations of the modern democratic state. Social wellbeing lies at the heart of this social policy agenda. It relates to the satisfaction of social goals that are widely held in society and that reflect fundamental concerns about what constitutes a 'good life' for New Zealanders. The object of this phase is to document and elaborate these fundamental social concerns.

The Department of Statistics and the Social Monitoring Group have carried out pioneering work in developing indicators on areas of major social concern in New Zealand. This work provides a useful starting point. The Social Monitoring Group has adopted a life-cycle model which, from one perspective, points to an underlying notion of social citizenship in popular perceptions of expected patterns and standards of living associated with different stages of life. Data from the 1980-81 Social Indicators Survey provides a basis for making comparisons across different social groups. Using this data it is possible to identify potentially vulnerable social groups and assess their performance on a range of indicators.

Introduction

In preparing this brief I have referred to the documentation provided by the Royal Commission on Social Policy—Terms of Reference, phase specification—and skimmed the academic literature on social policy and social indicators. I have also read other resource material from various sources, including relevant publications from the Department of Statistics and the Social Monitoring Group.

I draw these preliminary conclusions. Firstly, as a Royal Commission concerned with 'social policy' it is not just looking at benefits or the role of the state, although it will in all probability dwell

at length on these topics. It is setting the agenda for an entire policy area that should be seen along with economic policy, as one of the two major domestic concerns of any modern state.

Secondly, the concept of social wellbeing is a crucial one since it lies at the heart of the social policy agenda. Social wellbeing—its achievement, promotion, enhancement—is the goal towards which social policy is to be directed and by which it should be judged. It is the Royal Commission's term for the more traditional notion of social welfare. As such it relates to the satisfaction of social goals that are widely held in society and that reflect fundamental concerns about what constitutes the 'good life'.

Thirdly, if the promotion of social wellbeing is the criterion by which policies are to be judged, then it has to be interpreted in the first instance as an outcome, an end-state, rather than as a process, instrument or mechanism. Although the promotion of social wellbeing is closely associated with certain services and with particular functional responsibilities of the state (e.g., health), and while it may be an outcome whose achievement can often only be assessed indirectly, nevertheless it should be considered in the first instance as a desired goal of policy.

Fourthly, the concept of social wellbeing is both a psychological and sociological construct. It also used in a more global, even spiritual, sense. It is a psychological construct because the individual's sense of wellbeing and quality of life must ultimately be the test of policy. It is a sociological construct because individual wellbeing has a social value (we want to encourage it), it occurs in a social context and it is nourished under certain social conditions. Social wellbeing also implies certain desired social states and forms, like equality, family life, neighbourhood and community solidarity. Finally, the term is used in a more global, almost spiritual, sense to refer to some desirable state of society and its institutions.

In summary: social wellbeing is distinctive; it refers to the satisfaction of social goals and cannot be reduced to any of the standard economic measures of welfare; it is the goal of social policy and provides the measure by which it should be judged; it is 'social' in the sense that it goes beyond the private concerns of individuals to a dimension of public and collective significance; and it involves assessments not only of individuals but also of groups, institutions and other social forms and processes, including society itself. The object of the social wellbeing phase of the Royal Commission's

investigations, therefore, is to document these social goals within a framework that is going to be useful for public policy.

Social Indicators

It was with these preliminary thoughts in mind that I turned to the literature on social indicators. The Department of Statistics has been active in this area and carried out a pioneering study in the early 1980s. I can perhaps do no better than quote the introductory comments on social indicators from the Department's own report of this study:

Social indicators may be thought of as a special type of social statistics. The latter describe many aspects of individuals and communities, from their characteristics (age, ethnic group) to their environment (housing) to their achievements (education, income) to their actions (crime, spare time activities). Social indicators measure the same phenomena, but do so in such a way that the following conditions are fulfilled:

- (1) they are outcome measures;
- (2) they focus on individuals;
- (3) changes can be interpreted as showing improvement or decline in the quality of life.

By these criteria, for example, statistics on the number of doctors, or policemen could not be social indicators, but figures on health or crime rates could be.

This definition points to the essential distinguishing characteristics of social indicators—outcome, individual focus, and evaluation. I would also add to this the requirement that any set of indicators should be theory-based; they should show a logic and coherence that reflects an understanding of how society functions and how social policy goals might be achieved. Such a model would include the identification of the key motive forces of social power and inequality—that is, class, race and gender. Above all, social indicators should help us make judgements about levels of social wellbeing in such way that we can address policy objectives.

If we adopt the social indicators approach as a starting point in our discussion of social wellbeing, then certain avenues of discussion follow. Firstly, we can build upon debates about how to identify and measure social phenomena for policy purposes. Secondly, there are useful discussions about models of society and the policy process. Thirdly, and perhaps most importantly for our immediate purposes, we can draw on a considerable experience in developing acceptable models of systems of indicators.

The approach adopted by the Department of Statistics in its social indicators programme of the early 1980s was to identify 'areas of social concern', drawing on an OECD consensus exercise directed at the identification of 24 fundamental social concerns grouped into eight goal areas. To take one example: health was identified as a fundamental social goal, expressing two major social concerns—'the probability of a healthy life through all stages of the life-cycle' (health status) and 'the impact of health impairments on individuals' (health care). Each of these two major concerns had a number of sub-concerns—like 'length of life' and 'healthfulness of life' (for health status)—and each sub-concern could be measured by a number of indicators. In the OECD scheme there were eight such indicators for the social goal of health.

The eight social goal areas developed in the OECD consensus exercise and used as a basis for the Department of Statistics' social indicators were: health, education and learning, employment and quality of working life, time and leisure, command over goods and services, physical environment, social environment, and personal safety.

An alternative approach to this value consensus method, and one that seems to have been adopted by the Royal Commission (if only implicitly), is to start with the detail of current institutional arrangements rather than with the abstraction of broad social goals and first principles. Hence, in the phase manager's brief provided by the Royal Commission's secretariat, areas of social wellbeing are identified as: health and hospitals, education, housing, justice, employment, and personal social services. These areas of concern are organised around existing agencies and programmes rather than drawing on broad conceptions of social wellbeing.

A third approach is to adopt some specific model or theory of society as a rationale for developing and presenting key social indicators. This approach is not necessarily at odds with the social goal or programmatic strategies discussed above. A New Zealand example of the application of this approach is the publication of the Social Monitoring Group, *From Birth to Death*, which uses the individual's life-cycle as a theme around which to organise a range of social statistics. The indicators are linked in a natural way to the life-cycle and are presented in series as the individual passes through key status transitions and interacts with, and is shaped by, a number of major social institutions.

Developing a System

Each of these three different approaches are advantages and disadvantages. The *social goal* strategy has the advantage of emphasising outcomes and of starting from first principles. However, it has all the difficulties associated with trying to achieve some value consensus; too often such an exercise can only produce a series of platitudinous and unenlightening generalities. The *programmatic* strategy has the advantage of concretely reflecting values and priorities as these are expressed through the existing distribution of services and expenditure, but by the same token it measures throughput (rather than output), it cleaves closely to the activities of the state (omitting the entire informal sector) and the priorities and consensus it reflects are those of the state and of those who control and influence it. Finally, the approach through theory or *model-building* has the strength of coherence and insists on clarity of conceptual and empirical relationships among key indicators, but it still has to make assumptions about areas of social concern.

A first precondition for the development of any system for the assessment of social wellbeing is a consensus on broad social concerns and goal areas. The Royal Commission's phase brief lists some concerns. The Department of Statistics' social indicators exercise adopted the OECD programme. There seems to be a basic commonality that comes through all these statements of social goals. Knox, in a British study, established a ranking of domains of social wellbeing as health, family life, social stability, housing, job satisfaction, neighbourhood, financial situation, educational opportunity, and recreation. The Social Monitoring Group drew up a similar list building on the social objectives prepared by the Social Development Council (see Table 1).

A second important feature of any system is that it should rest on a clear understanding of the causal status and policy relevance of different sets of indicators. This can only be achieved within some system or model that spells out such relationships and that has a reasonable approximation to the social context of the policy process. For example, one important distinction has already been made in contrasting throughput or workload measures (usually of services) from output indicators (say, doctor's visits versus health outcomes). A further useful distinction is between intermediate and final output measures, the former representing objective, quantitative measures (like life expectancy or disability) and the later

TABLE 1: Key social concerns

<i>Social Indicators Survey</i>	<i>Social Monitoring Group</i>
<i>Employment</i>	Employment
<i>Income/Standard of Living</i>	Standard of Living
<i>Health</i>	Health and Health Care
<i>Education and Learning</i>	Education and Leisure
<i>Personal Safety</i>	Personal Security
<i>Social Participation/Family</i>	Social Participation
<i>Housing and Neighbourhood</i>	Care
<i>Leisure</i>	Freedom and Autonomy

Sources: From Birth to Death; Social Indicators Survey 1980-81

reflecting the qualitative, subjective dimension (like perceived health, life satisfaction or psychological wellbeing).

Hence, if we were to develop a full chain of interlinked measures in the health field we might start with the health vote and the health workforce (inputs), move on the health service usage and productivity (throughput), functional disability (intermediate output) and, finally, to psychological wellbeing and satisfaction with health (final output indicator).

A third, and related, characteristic that should be a feature of any working system in the need for clear conceptual and theoretical underpinnings. Hence, health considered as a key social goal area should be linked at a theoretical level to developments in other goal areas. For example, the Health Department's report on the Hui Whakaoranga states that health is a state of 'spiritual, mental and physical wellbeing which depends on the security of one's self in relation to one's family and community, as well as the knowledge and comfort from one's roots and cultural background'. Similarly, the Commission itself has been attracted to the view that the mana of people or their authority and standing in society, is linked to, encapsulates and depends on, four areas of wellbeing concerned with kinship (whanaungatanga), place (turangawaewae), culture (taonga tuku iho), and the physical world (te ao turoa).

In theoretical terms, and in our understanding of society and how it works, we need to appreciate the different levels of analysis in a policy intervention. There are certain factors that are external to the system and that provide a dynamic element, like demographic changes (such as the 'baby boom') and international economic

events and trends (such as the 'oil shocks'). There are certain other factors that reside within the system and that are constitutive of it, shaping fundamental patterns of life chances and life styles; these are work and the labour market (class), the sexual division of labour (gender), and cultural identity and origin (ethnicity).

These are the fundamental social forces that, along with a society's culture and history, set the parameters within which policy decisions have to be made. Between this overarching framework on the one hand and the individual on the other is range of social institutions of intermediate status—the family, the community, the neighbourhood, political and administrative structures, a service infrastructure, friendship networks, voluntary associations, work organisations, and so on. All these need to be clearly distinguished and accommodated within an acceptable system of social indicators.

Life-cycle and Social Citizenship

How do we make sense of all this? How do we encompass the manifold complexity and diversity of society and yet pick out a clear, sharp focus in the assessment of wellbeing in its proper social context? Furthermore, can we link the assessment of wellbeing to wider models of social policy?

One useful starting point in the New Zealand context is the work of the Social Monitoring Group in using a social lifecycle model around which to organise the main dimensions of social wellbeing and their relationship to the key institutional areas of life (see Table 2). Individuals pass through a relatively predictable series of status transitions as they move from the helplessness of infancy at the beginning of the life span to a state of vulnerability and growing dependency at the end of it. At each stage individuals acquire new roles. These social roles relate to new activities of life that resonate to different dimensions of social concern and wellbeing. In passing through these phases individuals experience a variety of disruptive contingencies and establish contact with a range of institutional areas.

The other attractive aspect of the life-cycle approach is the way in which it brings to the fore the sociological underpinnings of citizenship and wellbeing. In the course of a lifetime, individuals pass through a series of key social roles. The requirements and expectations of an individual's behaviour in each one of these roles helps define what it means to be an active and accepted member of

TABLE 2: Monitoring the social life-cycle

<i>Life-Cycle Stage</i>	<i>Social Concerns</i>	<i>Social Groups</i>
Birth	Standard of Living	Ethnic Group
	Care and Security	Socio-economic
	Health	
Starting School	Standard of Living	Ethnic Group
	Education	Socio-economic
	Care and Security	
Becoming a Teenager	Standard of Living	Gender
	Health Care and Care in Crises	Ethnic Group
	Education and Leisure	Socio-economic
	Freedom / Security / Participation	
Starting Paid Work	Education	Gender
	Occupation	Ethnic Group
	Security	Socio-economic
	Participation	
Setting up as a Couple	Security / Participation / Freedom	Age
	Standard of Living	Gender
	Housing	Ethnic Group
		Socio-economic
Becoming a Parent	Security and Support	Age
	Standard of Living	Socio-economic
	Health Care	
Retirement	Standard of Living	Age
	Safety	Gender
Participa- tion/Occupation	Ethnic Group	
		Socio-economic

Source: From Birth to Death

society. Associated with each role there are rights and duties and fulfilment. The ability to perform these roles fully and satisfyingly is, in a sense, at the heart of social citizenship. Much of social policy is aimed at enhancing citizenship by facilitating the performance of key social roles through the elimination of obstacles like material deprivation, sickness, unemployment, discrimination, disability, isolation, oppression and cultural rootlessness. This is outlined in the first two columns of Table 2.

The approach used by the Social Monitoring Group emphasises the key status changes that people go through in life. Even though people are involved in playing a range of roles in different parts of their lives at each stage of life, these transitions can be seen as marking a change in the one major role that shapes a person's social identity.

People not only fill different roles in life, they also belong to quite distinct social groups. In many instances their membership of such groups materially affects their chances of carrying out their roles satisfactorily. Hence, a baby's chances of thriving or a child's chances of doing well at school will be affected by the parents' ethnic group and by their socio-economic status, because these factors will shape the home environment and affect their access to important social, cultural and economic resources. These groups are outlined in the third column of Table 2.

The Social Monitoring Group are aware of the importance of wider social group factors, but they are restricted to existing published sources. The Social Indicators Survey, however, provides an unrivalled set of information on both subjective and objective measures of wellbeing and their relationship to key social groups. Using this data it is possible to identify potentially vulnerable social groups and assess their performance on a range of indicators.

Using Social Indicators

One of the first issues that arises in the development of social indicators is whether to concentrate on people's perceptions of their social circumstances, or whether to use objective measures that are relatively independent of such perceptions and attitudes. Both subjective and objective indicators have their advantages and disadvantages. In the New Zealand case data of both an attitudinal and a more 'objective' nature was collected.

In Table 3 is outlined a selection of such indicators taken from the Social Indicators Survey in each of the major areas of social concern. The survey collected a great range of measures, but for purposes of simplicity of exposition only one or two indicators of each type were selected for each social concern.

What the published results of the Social Indicators Survey showed was a very high level of satisfaction with most aspects of

TABLE 3: social indicators

<i>Social Concern</i>	<i>'Objective' Indicators</i>	<i>'Subjective' Indicators</i>
Health	Chronic/Functional Disability	Satisfaction
Housing	Reported Housing Nuisance	Satisfaction
Neighbourhood	Reported Local Facilities	Satisfaction
Education	Educational Attainment	Satisfaction
Leisure	Spare Time per Day	Satisfaction
Family	Amount of Contact	Satisfaction
Income	Income/Standard of Living	Satisfaction
Personal Safety	Experience of Crime	Crime Anxiety
Social Participation	Membership of Groups	Influence

Source: Social Indicators Survey 1980-81

life. Hardly more than a tenth of the sample expressed dissatisfaction on any given area of social concern.

If we were to take subjective indicators at face value, then, there would be little room for concern about the social conditions of New Zealanders. But how do these measures of satisfaction relate to our objective indicators? In particular, is there any consistency between the two? Furthermore, do the objective indicators reveal a wider area of concern? These questions are addressed in Table 4 where the percentage with a positive response on each 'objective' indicator is tabulated for those expressing satisfaction and dissatisfaction for that same area of social concern.

The cutting points used with the objective measures mean that they are generally less heavily skewed towards a positive score. This divides the sample up more evenly than the simple expression of satisfaction or dissatisfaction, which tends to produce distributions close to 80:20 or 90:10. More importantly, among those members of the sample who were satisfied with a specific area of life, a higher proportion scored positively on the corresponding objective measure for all areas of concern except neighbourhood facilities. This confirmed a general consistency of effect between these two sets of indicators, with the percentage difference

between the two columns (a measure of association) varying between just over 14 percent (income) to 35 percent (disability).

Personal safety and social participation were two areas in which a general satisfaction score was not drawn up in the survey (see Table 3). Results for these two social concerns confirmed the same general consistency between objective and subjective indicators, although those who were afraid of walking alone at night were just as likely never to have been a victim of crime as those who claimed not to be afraid.

TABLE 4: Response by satisfaction level for 8 Areas of concern

(Percentage Reporting Positive Response by Expressed Satisfaction)

	Satisfied	Unsure/ Dissatisfied
	Percentage Response With Health	
No Chronic Disability	75.2	40.2
No Functional Disab.	88.7	64.8
	With Housing	
0-3 Housing Nuisances Reported	84.8	58.4
	With neighbourhood	
3+ Facilities within 15 minutes walk	80.9	79.2
	With Education	
Tertiary Qualifications	28.9	18.2
	With Spare Time Activities	
4+ Hours Spare Time	62.2	45.7
	With Family	
Weekly Family Contact	74.1	52.5
	With Income	
Above Household Median Income	36.9	20.4

Source: Social Indicators Survey 1980-81

Comparing Social Groups

In the presentation of the work of the Social Monitoring Group emphasis was laid on the use of the life-cycle as a model for presenting data on various aspects of social wellbeing (Tables 1 and 2). However, at each stage of the lifecycle information was presented on those aspects of social background that might exert a

major influence on the individual's chance in life. Ethnic group and socio-economic status (SES) were used more frequently, followed by age and gender. The Social Indicators Survey allows us to follow up these social group comparisons more closely and the assess the impact of group differences on those areas of social concern of most importance to them. A framework of this kind is outlined in Table 5.

Such an approach can be used to identify key dimensions of wellbeing and social concern, setting them in the social context that makes them significant for policy purposes. Hence, the enhancement of social wellbeing can be seen in the extent to which certain socially-valued goals are maximised over the course of the life cycle, following the methodology adopted by the Social Monitoring Group. A further dimension of social wellbeing is addressed by monitoring the distribution of these values for key social groups.

TABLE 5: Social comparisons—socio-demographic

<i>Social Groups</i>	<i>Key 'Index Group'</i>	<i>Social Concerns</i>
Age	The Retired	Health Income Family
Gender	Women	Education Income Leisure Participation
Ethnic Group	Maori Pacific Islanders	Housing Education Income
Socio-Economic Group (SES) Income	SES Groups 5 and 6	Housing Neighbourhood Income

Source: Social Indicators Survey 1980–81

Table 5 addresses the comparison of socio-demographic groups, with the first column outlining the important comparison sets of age, gender, ethnic group, and socio-economic status. For each of these sets of comparisons a key 'index' group (or groups) is identified. It is the position of this group (or groups), established relative to the others in the same comparison set, that is likely to be of particular policy interest. The retired, woman, Maori and Pacific

Islanders, and low socio-economic groups qualify as groups of special concern.

In the third column of Table 5 are outlined the kinds of concerns that might have greatest prominence in the policy analysis of the 'index' group. Looking at the position of the retired, for example, the areas of particular concern are likely to be health, standard of living, and support from and contact with family and relations.

TABLE 6: Social comparisons—status categories

<i>Status Groups</i>	<i>'Index Group'</i>	<i>Social Concerns</i>
Area of Residence	Rural	Neighbourhood Family Personal Safety
Life-Cycle Stage	Young Families	Housing Neighbourhood Social Participation Income
Work Status	Beneficiary	Health Housing Income
Dependency Status	Disabled	Housing Family Income Social Participation

Source: Social Indicators Survey 1980–81

In Table 6 similar comparisons are outlined for key status categories that do not fit into the conventional array of social groups. These are area of residence, life-cycle stage, work and dependency status, with 'index' groups of rural area dwellers, young families, beneficiaries, and the disabled in the second column. Likely areas of particular social concern are listed in the third column of the table.

For illustrative purposes the social comparisons outlined in Table 5 will be used to demonstrate the use of key social indicators. The first of these sets of comparisons is for age where the 'Index' group is the retired. They are the group most likely to require particular policy attention and hence the age breakdown used in Table 7 identifies three groups, including those in the retirement years. The three major areas of concern suggested in Table 5 as being likely to be of special interest in assessing the position of the retired

TABLE 7: Key social indicators by age group

	15-34	40-64	65+
	Percentage		
No Chronic Disability	78.1	65.1	50.7
No Functional Disability	95.6	83.0	55.5
Satisfied with Health	87.7	80.8	73.2
Above Household Median Income	42.8	40.2	5.2
Standard Living Above Average	29.4	32.3	21.8
Satisfied with Standard of Living	89.6	91.6	94.0
Weekly Family Contact	71.0	74.4	75.4
Satisfied with Family	94.8	94.3	91.8

Source: Social Indicators Survey 1980-81

were health, income and family contact. For each area both objective and subjective indicators are displayed. As Table 7 shows, the health and income characteristics of the retired stand out. They report poorer health, and income that are well below average, but respond in contrasting ways that probably reflect different expectations of health and material standards respectively. Family contact shows no special pattern.

The second set of comparisons suggested in Table 5 concerned gender, with social indicators in the areas of education, leisure and social participation. These are outlined in Table 8.

TABLE 8: Key social indicators by gender

	Male	Female
	Percentage	
Tertiary Qualification	34.7	20.1
Satisfied with Education	70.6	73.7
4+ Hours Spare Time	67.4	53.4
Satisfied with Spare Time	83.7	78.1
Belong 2+ Types of Group	60.1	51.9
Feel Have Influence	7.8	8.6

Source: Social Indicators Survey 1980-81

As in Table 7, both objective and subjective indicators are used. Women score below men in each of the areas of concern; they are less well equipped with formal qualifications, they have less spare time, and they belong to fewer organised groups. However, it is

only in relation to their leisure that they show a lower level of satisfaction, and this is marginal at best. Although 'objectively' less well placed in educational preparation, in opportunities for leisure and in levels of social participation, this is not reflected in any great show of dissatisfaction.

The two remaining sets of comparisons suggested in Table 5 address the core of concern in much social policy intervention, the position of families that are potentially disadvantaged by virtue of socio-economic status or ethnic background. Table 9 contrasts Maori and Pacific Islander with Pakeha on indicators for housing, education and income

TABLE 9: Key social indicators by ethnic group

	<i>Pakeha</i>	<i>Maori</i>	<i>Pacific Islander</i>
	<i>Percentage</i>		
<i>0-3 Housing Nuisances</i>	81.8	66.1	73.0
<i>Satisfied with Housing</i>	85.5	77.4	72.2
<i>Tertiary Qualification</i>	27.3	10.8	8.7
<i>Satisfied with Education</i>	73.3	59.0	71.8
<i>Above Household Median Income</i>	35.8	32.4	21.7
<i>Standard of Living above Average</i>	30.4	11.1	13.9
<i>Satisfied with Standard of Living</i>	92.0	82.8	71.3
			stub,0>

Source: Social Indicators Survey 1980-81

For each of the three sets of indicators there is a fairly consistent contrast between Pakeha on the one hand and Maori and Pacific Islander on the other. In many instances there is a further decline between Maori and Pacific Islanders. The consistency between objective and subjective indicators is strong. Maori and Pacific Islanders are less likely to report few housing problems, they have lower educational attainments, and they see their standard of living as lower than average, and in each case (except education) this is reflected in markedly lower levels of satisfaction.

Similar patterns are evident in the analysis of respondent's socio-economic differences in Table 10. The areas of concern suggested in Table 5 for the socio-economic comparisons were housing, neighbourhood and income.

TABLE 10: Key social indicator by socio-economic group (SES)

	SES 1,2	SES 3,4	SES 5,6
	Percentage		
0-3 Housing Nuisances	81.5	81.1	79.3
Satisfied with Housing	85.3	85.0	83.1
3+ Local Facilities	84.7	80.5	78.4
Satisfied with Neighbourhood	88.1	88.2	88.4
Above Household Median Income	55.1	35.6	24.4
Standard Living Above Average	49.2	27.5	18.2
Satisfied with Standard Living	92.8	91.6	88.4

Source: Social Indicators Survey 1980-81

Again, as in Table 9, there is a fairly consistent pattern of decline in the figures as we move across the table (from groups 1 and 2 to groups 5 and 6). As befits a measure of socio-economic status, the most striking contrasts are to be seen on the 'objective' income indicators. Surprisingly, housing shows little variation, while the accessibility of local facilities does vary in the expected direction. In contrast to Table 9, there is a less striking consistency between subjective and objective indicators. In particular, while the objective income measure show the expected contrasts, there is little variation in level of satisfaction, a pattern that is also repeated for neighbourhood facilities and housing.

Conclusion

A similar set of analyses to those displayed in Tables 7 to 10 could be generated by following through the social comparisons outlined in Table 6. Again, the interest would be in assessing the position of what has been termed 'index' groups in relation to various areas of social concern. The groups so identified in Table 6 were rural communities, young families, beneficiaries, and the disabled, and the kinds of concerns were not too different from those canvassed in Tables 7 to 10.

Taken together, the social life-cycle approach of the Social Monitoring Group and the potential for social group comparisons present in the Social Indicators Survey provide a comprehensive social 'accounting' of some key areas of social wellbeing as these are distributed in the community.

What this paper shows is that social wellbeing is a measurable concept and that progress has already been made in New Zealand in advancing such work in various official agencies.

Acknowledgements

The Department of Statistics provided access to the Social Indicators Survey data set for Table 7 to 10.

Thanks are due to Joanna Broad for her research assistance and computer work in preparing the data for these tables.

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MĒ ARO KI TE HĀ O TE
TANGATA

Let the People Speak

L. C. T. Dyall

J. M. Keith

1 Let the People Speak

Mē Aro ki te hā o te Tangata

L. C. T. Dyall

J. M. Keith

The Challenge

In his treatise, 'A Theory of Justice' John Rawls, the American philosopher, places the planners of a society in what he terms 'the original position' and 'behind a veil of ignorance'. He asks them to plan a society without any foreknowledge of the position which they themselves might occupy in that society. Alan Dershowitz, Professor of Law at Harvard University, gave it a more domestic interpretation during his visit as John F. Kennedy Visiting Fellow in 1987. He challenged his audience to think of the principles they might wish for the society for their great-grandchildren, with no foreknowledge of what position those children might occupy.

Almost 5000 New Zealanders responded to the call from the Royal Commission on Social Policy to do just that. But they responded, in the main, in terms of their own problems and the deficiencies of the present society. The challenge was to find the areas of common concern and from them, elements of the good life for New Zealand and New Zealanders.

What follows is an analysis of a sample of submissions. Royal commission staff numbered submissions on arrival, and this paper gives references to them by these numbers (in square brackets in the text).

The Researchers

This piece of work was done by two New Zealand women, one Māori and one non-Māori. They have collaborated before, specifically in designing a tool for analysing health policy for its faithfulness to the principles of the Declaration of Alma Ata.

The Material

Submissions made to the Royal Commission on Social Policy came in many forms including:

Written submissions:

- Typed/handwritten letters from individuals and groups
- Substantial submissions from individuals, groups, organisations
- Responses to questionnaires designed and circulated by different organisations, only some of whom collated the results
- 'Form letters', i.e., written by individuals but following an outline suggested to them
- Submissions prepared for some other purpose and copied to the Royal Commission on Social Policy

Oral submissions from:

- People who attended public meetings (not only to support their written submissions)
- People who gave their views to Commissioners in private hearings
- The Freephone organised in conjunction with the Ministry of Womens Affairs
- Callers to radio talkback programmes
- People telephoning the Commission
- Those who came by invitation to speak with the Commissioners

By 31 December 1987, when work began on analysing the submissions for their social wellbeing information, around 4000 submissions had been received, although not all were available for use by research staff at this stage. A start had been made on establishing the complete data base of all submissions, but this was not going to be ready in time for use by this phase.

The Sample

The sample used consisted of:

- 691 written submissions, drawn from submissions numbered 1-3400, selected at random from those available to research staff;
- Freephone submissions;
- Notes of 78 conversations on radio talkback;
- Books of transcripts of the proceedings of public hearings up to July, 1987.

The Process

The written submissions were recorded on a computer file.

For each submission, the following information was recorded:

General data:

Number, address (town, suburb, city, national), date received, group affected by the content of the submission, whether it was from an individual or a group, and whether it was primarily directed to the the Royal Commission on Social Policy or some other inquiry.

Content data:

- (a) The major social concern expressed in the submission;
- (b) What the person(s) say caused it;
- (c) What they want done about it.

The oral submissions and had already been recorded on single sheets of paper so were used in that form.

Transcripts of the oral hearings were read and comments recorded in a book.

The Framework

Several attempts were made to use existing frameworks, such as that developed by the OECD, to analyse the information. Each proved unsuccessful. This was because of the great variety of presentation, information, and perspectives contained in the submissions. It was decided instead to find a 'patterned approach'. This entailed sorting submissions by theme rather than by specific issue raised, and by allowing them to relate to one another. At all stages, submissions were considered by both researchers. At this point, the researchers were greatly heartened to find that they were following in the steps of Sir Peter Buck, who wrote to his good friend, Sir Apirana Ngata, of the need for a similar approach when considering Pacific anthropology through Māori eyes for the first time. He wrote:

Mā tāua anō e wehewehe ngā taonga, mā tāua e whiriwhiri kē tewhea kete ki tewhea kete. Mā tāua anō e raranga he kete hōu mō ngā taonga kāore e tika kia whaona kī ngā kete tawhito.

It is you and I who must separate out the items and sort them into each basket. It is you and I who must weave a new basket for the items which it would be wrong to place in the baskets.

Sorrenson, M. P. K. (ed.), *Nā Te Hoa Aroha: From your dear friend. The correspondence between Sir Apirana Ngata and Sir Peter Buck 1925-50, Vol. 1, p. 122.*

Once enough submissions had been sorted to make the pattern clear, all remaining submissions were sorted. There were many linkages. Some submissions belonged in only one 'basket', others in two, some in all.

As the researchers were working in English, it was appropriate to give the baskets English names at first. Much time was then spent trying to find some way of describing the content of each 'basket' in Māori. Literal translation was frustrating. It was much more productive to endeavour to find a proverb or phrase to convey the concept. The advice given by Te Aue Davis, adviser to the Commission, was invaluable in this exercise.

Verification and Assistance

As all submissions were sorted by both researchers working together, agreement was reached on each one before they moved on to the next. Once the original pattern was identified, they sought advice from Dr. Judith Reinken, who is an acknowledged expert in this approach to analysis, having used it in the study by the Māori Women's Welfare League's study of the health of Māori women, and in an earlier study of the health of the people of Porirua. When the researchers became aware of the similarity of the process they were following to that of weaving a korowai (see conclusion), they sought advice from Erenora Puketapu Hetet who offered the use of her korowai 'Tū Tangata' and its message. (See *Social Wellbeing* in Volume II.)

Consistency

There were no submissions which could not be sorted in this manner although the complex national submissions required considerable time and required multiple entries. Moreover, as more submissions have come to hand, the researchers have been able to recognise the patterns and have not yet had to 'weave any more baskets' to accommodate them. The manifestation of the concern has varied over the course of the enquiry (often in response to the issue of the day) but the underlying pattern has been consistent.

The Patterns

So what were the sounds of the submissions, the emerging patterns?

They were quite simple and only 3 in number. Moreover they were consistent across the written submissions, the freephone calls,

the national submissions. They transcended ethnic variations. They were:

- Voice—Mana o te reo, kia tū tangata;
- Choice—Kia ōrite te tangata;
- Safe Prospect—Hauora.

1 Voice: Mana O Te Reo, Kia, Tū Tangata

To be able to 'name the world'

The power implicit in being able to name the world was recognised in a wide variety of ways in the submissions.

We will now use the weapon of words to demand back that which is ours by right . . .

Submission 2918

1.1 *To have a language with which you are able to identify and in which you are fluent*

'Languages' identified in the submissions included:

- Te Reo Māori [402]. There was concern for the non-recognition of work being done by Māori women supervising Correspondence School lessons in Māori[2786]: 'For children to be set alive with the language, the culture, and the great feeling of wellbeing and belonging'.
- Migrant [718] and Pacific languages [510];
- Bureaucratic languages (e.g., that of government departments);
- Legal language [2947, 3863];
- Medical language (how bodies function, sex education [1014, 2009]), and
- Non-verbal languages (artistic, L-brain [3052].

'Second-chance education' for those who missed out in the first round was addressed in several submissions in relation to continuing education in general [2952], reading recovery programmes in schools [107] and for adult illiterates [853], ACCESS scheme trainees [2864] and prison inmates [336] who were illiterate and innumerate. It was clear that many felt that the system was failing Māori students at all levels [577], partly due to the alienation of teaching from tribal groups and the 'loss of essence of Māoritanga' [400] and the result was a 'great reservoir of unused talent in the population' [2864].

There was much discussion of the principles underlying Kōhanga Reo as the most successful example of empowering people by language. The need was identified for the extension of these programmes into schools (especially for the benefit of graduates from the pre-school programme [2865]) and for specific targeting of those Māori in the age group 35–55 [2919] who could not speak Māori.

1.2 *To be understood, to be heard*

Commissioners themselves commented, and it was apparent both in the content and the presentation of many submissions that people saw the Royal Commission on Social Policy as a kind of Ombudsman, a point for the consideration of outstanding grievances. The transcripts of the oral hearings reveal extensive advice and clarification given by individual Commissioners, and it is obvious that the Commission itself filled a need in this regard. At one of the public hearings, a poem by Takis Simi, entitled 'Lip Service', was used to describe the frustration of not being heard:

His 'kia orana kotou katoatoa',
 Launched with emotionless rapidity,
 Landed indifferently on my ears,
 Awakening my senses to how easy it is to debase our culture,
 To create clichés of our Kōrero
 And it was not that he spoke in English on preservation
 of the Māori language and culture,
 But that he kept checking his watch as if he was desperate
 to go home and continue with his papaa ways of life.

Transcript 29, p. 36. 29.6.87

Sufferers from what they termed 'invisible disabilities' [3141] for example allergies [659], and the victims of domestic violence [2784] were amongst those who consistently felt that their voice was not being heard.

A quite separate group included here was that of people who felt they had something special to contribute to New Zealand society as a whole if only they could be understood and heard. This might be a cultural enrichment [246, 1867], enhancement of society's appreciation of natural phenomena or the physical environment, racial harmony [718] or the transmission of intergenerational wisdom [600].

... most of the wonderful things New Zealand enjoys and implements, are things that have been given without any financial aid . . . One

thing . . . is a different definition of 'time' . . . Time means people. Making time for people. The next highlight . . . is under the word 'family' . . . a household not related by blood but come from the same country and live under the same roof.

Transcript 29, p. 33, 29.6.87

The Commission was urged to 'look to 'bridge' people . . . people who have an analysis, an understanding, who have worked through what those individual and maybe apparently isolated issues mean in terms of society [to find] . . . long term solutions . [as]. . a blue print for New Zealand for the future. (See transcript of oral hearings: Transcript 8, p. 15, 7.5.87.)

1.3 *To have someone who will listen*

There was considerable overlap between this and 1.2. The distinction is that some people did not necessarily require someone to do something about their grievance. They simply wanted someone to listen, to care. Examples were pleas by family members of prisoners [205], of drug addicts [344], and of the severely physically disabled [19].

1.4 *To have your say in hearings or other matters which directly affect you*

Submissions came from several people who felt that they had not been allowed/able to put their side of the story. Examples were foster children (in relation to the requirement of the Children and Young Persons Act which requires efforts to be made to reconcile them with the birth family without the option being available to the child to remain with the foster parents) [1838], fathers in a variety of proceedings including abortion, and the parents or guardians of psychiatric and psychopedic patients who were about to be 'deinstitutionalised' [1874].

1.5 *To have your say in policy issues*

Many submissions indicated that this was the first time people had felt that their opinion mattered and expressed satisfaction but also commented that it was about time that ordinary people had an opportunity to comment. This sound became louder as the year progressed and economic policy was perceived to be setting the pace. Early submissions expressed scepticism [723], and 'analysis paralysis, i.e., consultation fatigue' [401]. Despite endless efforts at reassurance (see transcripts of oral hearings), about the purpose and role of the Royal Commission on Social Policy, many groups were

clearly wary of becoming too hopeful. Post-election submissions included growing warnings to the the Royal Commission that they were being overtaken by government decisions, (see, for instance, [2930] 'risk of the Royal Commissions being used as a cat's paw in a political ploy'; [2869] 'or will it be used as a respectable front behind which is the final rape of our society') and many arguments over the relationship of social policy and economic policy. For a selection, see:

- [3280] 'Welfare policy must be seen as an integral part of economic policy [requiring] a developmental rather than a residual approach'
- [883] 'Economic goals must be consistent with social goals'
- [2877] 'Need to take a balanced view and not be swayed by fancy arguments which disguise the truth'
- [176] 'Need to understand the interactions and tradeoffs between fairness and dignity'
- [1943] 'Tell the Government that user-pays is socially destructive'
- [1921] 'If the Royal Commission concentrates only on welfare, ignoring or even giving insufficient attention to economics, in the wide sense, any proposals will be cosmetic'
- [101] 'The economy can be the catalyst to blend people with the environment to live, love, advance, protect their lifestyles or can lead to catastrophies in society'
- [3095] 'The task of the Royal Commission is to knock off Rogernomic's nation-selling bumps and make New Zealand a more humane country with an obligation to provide health, education, and employment'
- [644] The Royal Commission will not be able to implement its recommendations because it lacks the necessary authority to legislate [because] in the last analysis, it is dependent on the government of the day to agree to the recommendations and implement them
- [2956]. Quotes Goldsmith 'Ill fares the land to hastening ills a prey, where wealth accumulates and men decay'
- [580]. Suggested that participation in politics was limited for many because the current economic policies assigned status according to one's potential to create personal wealth, thus segregating the unemployed and unpaid and reducing the quality and integrity of the culture, and

See also submissions: 29, 62, 145, 176, 271, 414, 544, 1929, 1943, 2872, 2877, 3021, 3143.

This rising sound brought with it another, perhaps shriller, demand for involvement of the 'ordinary Kiwi' in policy issues [2929] (see also [553] 'Decision-making needs input from ordinary New Zealanders who can identify with those who live at the margins of society.'), from those who believed 'that the Government was out of touch with people' [3021]. This came especially from rural areas, [2783] (Gore), [593] (Blenheim), [(883] (Hokianga), [2968] (Invercargill), [3000] (Tairua), [933] (Poverty Bay), from workers made redundant by corporatisation [2781], see for example [2872] (Ruatāhuna) 'Future policy, economic and social, should be evolved within the area and should proceed only if there is adequate community participation at every step'; also [414] 'Explore ways in which the process of devolution could be undertaken in a slower, more orderly way'; from social service agencies [3160, 2788, 2781] and the unions [599, 1853]. For some the prospect of post office closure came as the last straw [1604, 2880]. [2788] (Southland) describes the 'domino effect' of the loss of services as the reflection of a society where dollars come first, and people last. Some submissions outlined the questions to be addressed: How should the economic and social benefits of strategies that could expand or redistribute jobs be balanced against the dollar? [271] Is there evidence that redirection of resources into community development gives a better return in terms of personal independence and the survival of beneficiaries? [115] Other areas where there was a need for greater community input into policy were local authorities ([3042]—specifically over the use of ancestral land for public works), education [1, 172, 2021], and womens' health [2633].

1.6 *To be accorded respect, attention when you speak*

It was perhaps significant that many women wrote that they were 'just a housewife/mother' [1876]. Women at home repeatedly described themselves as being undervalued (see 1.12) and the Freephone submissions were dominated by comments from this group. Many indicated that this was the first time anyone had been interested in what they had to say. Some submissions gave examples of promises broken by the Government (see for example, transcript of public hearing 23: p. 79: 'even when we are consulted, almost inevitably and invariably our views are ignored'.) and by other authorities who had gone ahead with projects in spite of the

weight of dissenting submissions (e.g., [989]) where, in spite of repeated local advice, the Roads Board had diverted a road away from a small township thus depriving them of considerable income from travellers and [345] which accused the Government of failing to amend the Children and Young Persons Bill in line with the principles of the Treaty of Waitangi, following advice given during the consultation process).

1.7 *Not to be impeded physically or spiritually from participation*

Barriers to having one's voice heard took all forms.

Economic and social policies concerning housing, employment, level of support, etc., which create disadvantages, social deprivation and hence powerlessness, also came under fire [236]. The non-availability of services in rural areas [2865] whether personal services such as access to government Department officers, or structural services such as sealed roads, private telephone (as opposed to party lines), and regular transport, makes it very difficult for rural people to participate.

Spiritual barriers were cited particularly by Māori people. They criticised the adversarial system [2947, 3008], 'people talking past each other' [2865], and 'no attention to Māori protocol' [2863]. People also spoke of 'unhappy experiences' of people already under stress dealing with insensitive staff of government departments [2898]. Others described the 'hidden curriculum' in schools [214], especially single sex schools [2939], which sends different signals to pupils depending on their background and where worth is measured solely in terms of intellectual achievement. The stigma still attached to mental illness effectively deters some from participating [725].

Physical barriers ranged from court timetables [2863], where different depositions are heard on different days in a provincial centre requiring several days' away from home at considerable cost, to access by the physically disabled to facilities.

1.8 *To have someone to act as an agent or advocate for you if you cannot speak for yourself*

There was a recognition that even in a perfect world, there would be a need for advocacy. (See also [222] which comments that 'User-pays assumes that the individual is able to choose'.) A considerable

number of written and Freephone submissions sought representation of the needs of the unborn. (See, for example, [508, 613, 644, 1024, 2009].) A similar number were concerned for advocacy for the interests and protection of intellectually handicapped children of all ages. Women [1911], patients in psychiatric institutions [2632], children, the elderly, and even tangata whenua [3793] in an area where they are outnumbered by manuhiri, sought provision for a person or an organisation to speak on their behalf. The question of who chooses personnel such as prison chaplains was raised [2911]. There was criticism of current legal aid provisions which were seen not only to be inadequate [237] but to be such as to make the court system irrelevant particularly for Māori offenders [3021]. Special Commissions or Ministries for the Aged [646, 2886], for Family Affairs [1534, 1595] and for War Pensions [3002] were proposed. Advocacy and resource centres for the disabled attracted considerable attention. (See, for example, [2970] (which dealt specifically with the needs of disabled Māori women), also [984, 3141, 3170].) Several submissions, mostly from organisations, advanced the concept of 'service broker' for the disabled [1920, 329], and for the head-injured [432]. (Service broker was defined in [1920] as 'a technical mediating process that assists the individual with disabilities to cross system and organisational boundaries in a manner traditional services cannot'. It was envisaged that there would need to be legislation to set up such a service which would then be open to scrutiny by the Ombudsman.) However, at least one expressed reservation about such a scheme [2958].

The right to vote together with a secret ballot was recognised in one major submission [1004]. There was support for the proposal for proportional representation to improve the quality of the voice of the people in Parliament. (See, for example, [117, 928, 1105, 1867, 3008, 3086].)

The adequacy of representation of the Māori people was questioned at several levels:

- Kaumātua were not always listened to [2772]. (See also [2780] 'kaumātua appear to have authority but they lack power'.)
- The important role in the maintenance of peace and harmony by Māori leaders requires both high personal cost and substantial spiritual support from a base population [2873]
- There are 'very few Māori people on local bodies' [2780, 3041]
- 'Inadequate' Māori representation in Parliament [610]

– Pacific peoples also felt the lack of representation [935, 1867]

1.9 *To have a place where your voice can be heard*

‘... Once in the long ago the people of Whakainga met on their marae and they said ‘Ave here in our kainga we have a fine wide marae. A marae where our old people may meet and talk in the warm rays of Ra the sun. A marae where our fighting men may practice the haka and other arts of war. A marae where our maidens may dance the poi, where our women may tend their cooking fires. Ave! said the people. We have such a marae but for our marae we need a house and so I say to you, you know, for our take we need results.’

Transcript 8, p. 46, 8.5.86.

Although concerns in this section were primarily raised in the context of marae-based services [2785, 2959], one submission came from a meeting of community groups. This meeting saw a need for funding for similar opportunities to share information and promote ideas [3056]. One submission, while approving the work being done by the Waitangi Tribunal, suggested that there was an ‘inbuilt mechanism for destruction [of the Tribunal] due to excessive demands’ [3015]. A university submission urged the involvement of university staff in the formation, implementation, and assessment of policy on a continuing basis, along with the active dissemination of relevant research findings [2774]. Places where consumers and providers could meet and talk were sought by those concerned with the relationship between schools and society [2905], with womens’ health [3164], and with the ‘slowness of government systems to react to human crises’ [409].

1.10 *To have access to the information necessary*

(a) *to make your own case,*

(b) *to participate in policy making*

The first (a) was raised in several contexts. For instance, there were:

- A parent who wanted access to reports by anonymous professionals in a custody case [349]
- A person wanting an explanation of the refusal of a link to a municipal water supply [25]
- The parent of a psychiatrically disturbed person in community care wanting hospital information about the patient, [2866]
- Unbiased pre-termination of pregnancy counselling [2812]
- Regrets about decisions made in the past on the basis of inadequate information (e.g., adoption).

In official information, (b) people wanted:

- Protection from 'quackery' [1845]
- Honesty [1837] 'Expose all this hypocrisy we are wallowing in so that once again this nation can identify itself with honesty in front of the world'.)
- Information about the safe level of blood alcohol [515]
- Equal access to information about funds, jobs, etc. [708]

One claimed that a major barrier to efficient government services is access to information [931]. Ease of access to information was further emphasised in some (such as [2974], which argued for well-known and well-publicised procedures to enable the disabled reliable access to resources).

Several submissions came from library services. They wanted to be better sources of official information for use by their communities by:

- Having all Bills available free of charge to libraries
- The annotating of Statutes held by public libraries
- Making full use of new technologies such as electronic publishing of Bills to reduce delays and enabling interest groups in rural areas to meet Select Committee deadlines [3144].

Suggestions were also made about improving library services for the disabled, including the print-disabled [1873], and for minority cultures. There was at least one request (as part of the collation of responses to a questionnaire) for more information about the proposed Bill of Rights [2763].

There was also concern about how information was presented. The media came in for a fair share of criticism—for the distortion of public information by the selection of sensational items and failing to focus on the good things done, e.g., by the Police [1856] and the school system [703]—and for confirming peoples' prejudices by, for example, placing a photograph of a voluptuous woman next to a report of a British academic who, it claimed, equated the teaching of Māoritanga in schools with witchcraft [3167]. A proposal for the appointment of paid Māori advisers to all media services was advanced [3086]. There was a particular request for the balanced presentation of health issues in the media, which came from a womens' group [2951].

Again, some submissions outlined some of the issues:

- By what processes can social policy makers be held accountable?

- How can consumers influence the provision of social services? [62]
- How to develop a New Zealand perspective from which to examine and compare the social consequences of policy and policy choices? [2908]

1.11 *To have a fair hearing, with privacy and without fear, with 'no one to shout you down' or harm you*

Women appeared to have been particularly vulnerable to the imposition of the wishes of others. ('Stop believing that there is a never-ending supply of women who can be coaxed or bullied into giving up their own lives to the care of the elderly [1004].)

There was a plea for a non-partisan approach to the welfare of New Zealand's aged [640]. There were a number of references to particular voices dominating [1844, 1865] and often dictating policy [648] or 'hijacking' welfare resources [241]. One claimed that there was 'too much cognisance of do-gooders' [559].

On the basis that 'New Zealand needs to move from a welfare to a justice model, based on the principles of the Treaty of Waitangi and a commitment to a bi-cultural society which emphasises justice and power sharing', one submission commented: 'For two peoples to be in a relationship of equality regardless of size or numbers, each voice will be heard and the opinions each expresses considered of equal worth' [118].

Submissions came from two rural areas, one of which is a small community having to negotiate with two large hospital boards for the provision of services [2781], and another where one particular voice is seen as having too much influence [2867].

1.12 *The weakest voice should be heard—'Value me'*

There was concern about the value system of a society in which:

- Materialism was paramount
- There was increasing poverty and inequality [710]
- Extensive emotional and physical neglect was evident
- Work structures were dehumanising [235]
- The vulnerability of certain groups was increasing during times of social change [2861]

Reference was made in several submissions to the ad hoc making of policy (and the consequent anomalies) in response to pressure groups and/or political expediency [648, 981]. This was seen as the failure of both central and local government to listen to, or even

consult with, those most affected and the ignoring of advice and even social impact reports about proposed policy. (See, for example, [2925], which discusses the lack of attempt to gauge the level of community care available, and the capacity of the community to care for deinstitutionalised patients before the making of the decision to discharge them.)

Specific groups of people who felt left out in any policy making were the elderly, the poor, women at home [581, 1876, 2002], women workers [720], rural people [2015], the carers for dependents (including the terminally ill) [118, 207, 3016, 3047], and those who are 'just managing to make the ends meet as it is' [2927]. (See, for example, [1864] 'The elderly are no longer part of the world but on the outside looking in'; and [2886] which claimed that the term 'geriatric' is offensive as it has connotations of mental and physical inadequacy and the expectation of inevitable deterioration. See also [891], where poverty is defined as the absence of a cash income, the lack of long term financial prospects, access to jobs, education, status, political power, and poor health.)

Other comments included 'the person/client becomes incidental to the organisation' [233], 'the cavalier attitude to the aged and what that does for their self esteem' [102], 'people need to know that they are acceptable' [403], and 'the heritage of the Poor Law mentality that the poor are to be punished as criminals' [535].

2 Choice: Kia Ōrite Te Tangata

'Freedom from' and 'freedom to' were a feature of many submissions. One submission spelled this out very clearly:

Freedom does not consist simply of the absence of restraint [which] is of little value if actions cannot in practice be carried out because of their economic weakness. There is a undeniable connection between being free to follow the chosen path and being able to follow it. Unless we are able to act, the right to act loses its value.

Transcript: 23, p. 65, 10.6.87.

2.1 *To be in a position to choose freely from amongst alternatives (to be 'at the starting blocks')*

Women, disabled persons, children and many others we included amongst the groups of people who felt that they could not even begin to make choices.

WOMEN Submissions in this category relating to the position of women in New Zealand society today outnumbered those relating to any other group by almost 2:1. 'Child care, employment, housing, land, health [are] key issues that affect the way women run their lives, but for us a threat that is underlying all of those issues is the economic situation of New Zealand . . . and the feminisation of poverty, (Transcript of oral hearing: Transcript 8, p. 14, 7.5.87.)

They spoke of:

- Valuing the contribution of the woman at home [1018, 2012, 2799, 3090]
- Relieving the financial strain on the one-income family [610, 1851, 2902]
- Enabling financial independence [1852, 2002] See also [2907] which stated that women and men in New Zealand should have equal opportunities to earn a living and support themselves and their families. Means to achieve this could include: (a) restructuring work patterns and conditions to accommodate those with family responsibilities; (b) positive action programmes to promote equal opportunities in training and employment; (c) recognition of skills and experience gained outside the workforce; and (d) elimination of discrimination when women enter or re-enter the workforce.
- Recognising the cost of caring [2945, 3047]
- Offering tax relief for voluntary work [2791];
- Providing for flexible arrangements for workforce entry [2797]
- Tapping the scientific capability of women [721]
- Instituting equal pay for work of equal value [720]
- Ensuring accessible, affordable, monitored child care [1937]
- Implementing statutory provision for pay for parental leave [140]
- Recognising the special needs of Pacific Island women [3164], disabled women [103], rural women [2015], battered women [2627]
- Providing for those with special health needs [110, 2812, 2951, 3164].

DISABLED PERSONS Submissions about helping disabled persons to get to a position from which they might choose freely, emphasised:

- The inalienable right of people with disabilities to work and to receive fair pay [410];
- How to keep assistance for people with intellectual handicaps appropriate, based on needs rather than on disability [524], and
- The right of disabled people to explore and develop their full potential as human beings [2765].

CHILDREN (This section is to be read with 2.7) It was felt that rural schools needed particular assistance in:

- Access to specialist services
- Attracting quality teachers [713]
- Helping people to cope in one-teacher situation

A comment was made about the limits of Correspondence School learning with regard to social skills. Parents of children attending alternative schools had sent in many submissions extolling the virtues of particular approaches and their potential for New Zealand children. They wanted to be able to make that choice without the present financial strain [3163, 2900]. (See, for instance, [2902], where the cost of the choice has forced the mother (who also has 2 preschoolers) to work, and there is a constant drain on the family finances, e.g., donations, raffles, time spent fundraising, in working 'bees', etc.) Disabled children also got special mention, especially those who lived 'in the provinces' [527] where not all services were available.

YOUTH (Many of the submissions which emphasised the need for all school leavers to be able to read and write have already been reviewed under 'voice'.) A major national submission argued that the secondary school system should provide for equitable results for all children [1025]. ('This is not the same as equality of opportunity but emphasises the requirement to provide for the specific needs of both the individual child and the community'.) Access to tertiary education was seen not to be a choice for 'other than the wealthy' [1840] and similarly, university qualifications and positions were 'held almost exclusively by those from well-educated, relatively affluent, pākehā families' [512].

ELDERLY PEOPLE There were deficiencies perceived in the current provisions for those elderly people who require care in their own homes. This was generally because other options were either not acceptable or affordable [3161]. The shrinking value of saved money [509] and the rising proportion of fixed costs in relation to

income [1864] are reducing any opportunity for choice to replace spectacles, ill-fitting dentures, hearing aids, etc. One young woman 'in the DINKY class' wrote that she had been appalled to hear (on the radio talkback) elderly people to speak of these difficulties. She stated that she 'would be happy to pay more tax in order to ensure that all elderly people do not have any problems in obtaining . . . aids'.

MAORI (This section needs to be read in conjunction with 1.01 and 3.01). Many submissions, especially from rural communities, spoke of the hopelessness of a generation which has never known fulltime employment. In a more general comment, one submission described the impact on 'personal freedom and standard of living' of the high percentage of people below the poverty line and the high percentage of income required to service government borrowing [728].

MORE THAN BASIC NEEDS A few submissions wanted the social wage to be such as to 'provide the family with a chance to enjoy leisure activities and to cultivate family, cultural, social and religious life' [2896]. One person wrote of the gift of time provided by unemployment (and the dole) 'to do all those things there was never time for before' (painting, sculpture, community service). Another commented 'one needs not only to be able to have three meals a day, a warm house and enough clothes—but also to have a flutter on Lotto/the TAB, liqueur chocolates once in a while, and a holiday away from home' [1004]. Opportunities for recreation and adequate access to natural and created facilities were seen as essential for prosperity and wellbeing [2790].

2.2 *To have alternatives available (maybe as an extension of existing services)*

Ideas were many and various. They showed imagination and innovative thinking as well as a concern for appropriateness of services. The range included:

FOR THE JUSTICE SYSTEM

- Mandatory counselling and an analysis for underlying metabolic dysfunction for violent offenders [2964]
- Extending the Small Claims Tribunal process [2947]
- Using money spent keeping people in prison on setting up work schemes e.g. logging gangs [2926]
- More community based sentencing [983]

- Seeking innovative ways of rehabilitating people through nature [1924]
- Improving legal aid services [1911]
- The death penalty for murder except in mitigating circumstances (e.g., self-defense) [336].

FOR THE HEALTH SYSTEM More health centres and more emphasis on preventive measures:

- Especially for women [1841, 2010]
- Improved services for the 'invisibly disabled-ME sufferers' [3141]
- Hidden disabilities-congenital nystagmus [3097]
- Schizophrenics [1870, 725]
- agoraphobics [2798]
- The profoundly deaf [2759]
- MS sufferers aged under 65 years [705]
- Expectant mothers wanting home births [3094]
- Hyperactive children [3292], hospitalised and non-institutionalised
- Intellectually handicapped persons and their careers [1840, 2017]
- The severely physically disabled under 65 years, [19]
- The dental health of disadvantaged youth in smaller centres [991]
- The young disabled [925]
- Allergy sufferers [659]
- The mental health of those especially at risk, i.e., Māori, unemployed, low socio-economic status, women, elderly, recently separated or bereaved [236], the aged [1876], and the families of addicts (alcohol, drugs) [2766]
- Increase the role of tribal authorities and provide a choice of service providers, e.g., awhina, nurse practitioners [3027], as well as recommendations for the treatment of alcoholism as an allergy [3142] and greater publicity about how much alcohol is too much [515].

FOR THE DEPARTMENT OF LABOUR

- Social services for ACCESS trainees [2776]
- Better advice about job opportunities [2003]
- Consider a programme similar to U.S. Young Adult Conservation Corps to occupy unemployed [2969]

- Provide social worker support for Whānau support groups to deal with widespread Māori redundancy following corporatisation [3031]
- Use Māori Wardens better [2785].

FOR THE EDUCATION SERVICE

- Establish Whare Wānanga as resource centres for consultation, liaison, monitoring 'Atakura' [400]
- Extend good qualities of Māori boarding schools and Kōhanga Reo [402]
- Increase input parents/grandparents, offer courses all year, combine secondary and tertiary education, use auxiliary, para-educational teachers [2890]
- Reconsider the policy of 'mainstreaming'. See [2764]:
'Freedom of choice is a fundamental right. Ask the question 'Where/how would I like to be educated if I were in this child's shoes? Reconsider the use of negative terms, e.g. 'personalisation' should replace 'normalisation', non-mainstream educational settings are not 'segregated' but 'special therapeutic environments'. It also states that 95 percent of parents of institutionalised children with special needs would prefer special schools to mainstreaming.

FOR SOCIAL WELFARE SERVICES

- Set up day care centres for children and elderly where mothers and physically disabled can visit [1876]
- Support refugees and anger workshops for men [2784]
- Provide crisis accommodation for schoolchildren caught in family problems [2906]
- Make National Superannuation portable, e.g., to Australia [1896]
- Make benefits more diverse [715].

2.3 *To value diversity*

At one of the oral hearings:

'Now we talk about . . . values, everybody's values, whether you are Chinese, Dutch, or otherwise, you know . . . that's beautiful . . . as far as tirohanga a te Māori, there's values all over the place, full of it. That's how we're supposed to be taught, tiakina ngā kōranga ao tātou mātua tūpuna, ngā koranga, the values that have been handed down . . . this is what it's all about. That's social policy . . . *Transcript: 8, p. 28, 7.5.87*

Most submissions were about the education of New Zealand children. School was seen as boring and lacking technological support. There was a need to:

- Make subjects more relevant to today's society
- Investigate alternative teaching strategies [915]
- Give individual credit for particular skills
- Encourage the development of full potential
- Recognise practical and artistic skills as well as those of an academic nature [239].

Compulsory School Certificate English was described as a 'root-bound plant choking healthy growth, creating stifling monocultural uniformity' [2939]. Pacific [246, 1867] and other migrant groups [986] urged the development of their people in a way which reflected and recognised their cultural values and aspirations to help foster the transmission of cultural values so important to their identity and important to the identity of New Zealand as a whole. (See also a poem by Takis Simi quoted at a public meeting on 29 June 1987 (Transcript 29, p. 36.), entitled '4, 2, 1':

I wondered how I came to be etched into the skin of your face, and how you came to know and utter the thoughts of my mind; how we both mourned the loss of a Kōrero that was not ours; you a New Zealand Māori and I a Samoan; then I realised that despite our riding different waves of time and change, each rising and rolling to different degrees of time and change, each rising and rolling to different degrees of westernisation, we are still one in Polynesia, united more so now than for ever in our quest for ourself.

Risk taking (in investment) was promoted in one submission. ([728] 'The insight to see the main chance is one thing, the confidence to take the risk is another'.)

2.4 *Not to have the views of the majority imposed willy-nilly*

Submissions here ranged from some marijuana smokers who feel they are being discriminated against [106, 3025] to Māori people who felt dominated exploited and oppressed [2918]. Women in a particular local body area stated that inequalities in the sexes in the decision-making process meant that recent decisions made there reflected 'current power structures reinforcing the established view, with no opportunity for the dissenting view' [714].

2.5 *To contribute to your own destiny*

These submissions all urged New Zealanders, either individually or collectively, to 'stand on their own feet', and to 'become personally responsible for [their] actions' [1839, 1842]. Some considered

that 'current social policy encourages people to take no responsibility for themselves as 'the State will pay' and so lack direction as individuals and society' [2789], 'too many people [are] arriving on the scrap heap, no real use to themselves or their country [and are] a burden to the country's cost' [652]. Solutions suggested included:

- The teaching of survival skills
- Eating wholesome food [3091]
- Stop all discrimination [525]
- Everyone should be allocated a piece of land (approximately 4 hectares/person) [12]
- Extend school hours and teach living skills [920]
- User-pays for accidents by drinking drivers [1847]
- Put 'at risk' children and those on the DPB into kibbutzim [2004]
- Introduce measures which encourage small business [537]
- Cultivate Te Wairua [1842]
- Pay all women to raise their children [1839]. (This was a major feature of the Freephone submissions. See also 1.13.)

2.6 *To have your right to hold a particular belief respected*

Submissions came from Māori who had had the spiritual meaning of place names (Mount Taranaki—[3024]) and of other taonga ignored. There was a suggestion that money given as koha should not attract goods and services tax because of its special nature. Tribal integrity had been threatened when boundaries were established without reference to traditional tribal limits [2874]. Women described being driven to 'desperate actions' (e.g., abortion) against their own beliefs because of fear and terror of another's actions. (See also [1613] 'I don't want to be pushed into getting married again just to have some one to pay the bills').

2.7 *To have a fair start*

A fair society is one where women as well as men can be employed with equal pay for work of equal value, where ethnic origin makes no difference to one's standing in society, and where children leaving school can handle money, can shop, have social skills (parenting, human relationships), have the right to go to a church of their choosing, be different.

(2884).

Time and again, the basic right to education was emphasised [1890]. Some focused on the formal education system and claimed that many children leave school 'without a ghost of a chance of a

fair go' [1929]. Others emphasised the importance of the family: school: community partnership [1], which, if neglected, 'lead(s) to proposals that are expensive, full of contradictions, and doomed to fail'. The place of education in establishing self esteem was evident [13]. Research into methods which would reduce the 'dependence on patronising handouts' by enabling pupils to leave school with the three 'R's' was suggested [1901] ([107] 'their intelligence is OK, it is the education that is lacking'). Others simply acknowledged that 'some children are disadvantaged from the start' [3074]. Parenting skills were seen by many as crucial for a 'fair start'.

But more importantly, students from 'economically deprived areas or living in substandard facilities' [13] never got anywhere near the starting blocks. Schools reported a complete mismatch of community and school expectations and value systems, and reported high levels of absenteeism, health problems such as deafness from recurrent ear infections, failure to achieve not only by academic standards but even by being equipped with skills for daily living (let alone the exercise of democratic opportunities) [1]. There were stories of solo mothers left with \$63 left to feed a family of five for a fortnight [1891], of children going to school without breakfast and with no lunch, and a desperate plea from a school guidance counsellor for facilities to help students have a fair start for just that day, let alone the rest of their lives [2906].

A number of submissions addressed the variety of forms of pre school activities and suggested ways of ensuring equity by funding, preparation of staff, provision of and monitoring of facilities [679, 912, 913, 1915]. Others commented on the special problems of rural children [712, 709] and disabled children [2758]. Different examples where 'a fair start' was mentioned were women's access to the workforce [14] and inequities between the level of the tertiary bursary and the dole [1932]. A quite different request came from a convicted offender who asked whether records for minor offences such as dishonesty could not be 'wiped clean' after an appropriate period, e.g. 7 years, to allow for a fair start in jobs, overseas travel, etc. [2965]

2.8 *Partnership*

In recognition of 'New Zealand's unique heritage' [2763] and the need to redress 'chronic injustices which cut across relationships, practical arrangements, and competing priorities' [2959], submissions saw several choices available. ([776] 'Māoridom has now

reached the crossroads in self determination and development . . . If the aspirations of the Māori are met and the Government aims to eliminate the disparities, there will be real change.’) Many commended the ‘centrality of the Treaty of Waitangi’ [710, 3015] with or without additional clauses. Some wanted a ‘more unified country by disbanding all current separate departments and policies and placing all residents on an equal footing’ [1844]. Others wanted structural change such as the replacement of the unitary system of Parliament with two separate houses and a bi-cultural Senate, and/or a recognition of the Māori procedure for determining representation [3041]. ‘Duplicity, fractionation, bureaucracy, time delays’ [2625] were all blamed for alienation of people from the system.

One solution was that ‘Kiwi stand-by—commonsense’ [2959]. Others sought:

- Social policy to be proactive rather than reactive [719, 2629];
- A commitment to a bi-cultural society which emphasises justice and power-sharing [118];
- The development of a coherent, bi-cultural, continuing education policy [172];
- A review of decision-making processes to allow for input from ordinary New Zealanders [553];
- The fostering of harmonious relationships [1933, 1006];
- Looking to ways of sharing responsibility for caring for the environment [3019]; and
- Building bridges [155], power sharing, mutual respect [102].

To quote from one submission:

Wealthy is the person who enjoys good health, has adequate housing, sufficient income to meet needs rather than desires. Self esteem is the key to employment. Home, community and neighbourhood support is crucial for all. We are two peoples, one nation. Let us recognise and accept cultural differences and plan the future closely together (3275).

2.9 *To allow to be different*

A variety of submissions came from people who want maximum choice to be different within the New Zealand society. While the vast majority of these related to ethnic cultural practices and perspectives, others offered insights into other situations where choice in lifestyle and inclinations has been limited. Some referred to the intense battle for homosexual law reform. One submission described the ‘cultural tunnel-vision’ of an educational system

which failed, by its emphasis on academic success or sports prowess, to develop the 'curiosity bug through the medium of art from an early age' [104]. Another, in a similar vein, accused the education system of neglecting the non-verbal form of intellect—human sensitivity and emotional awareness [3052]. At one of the public hearings, a quote was given from Michael Waltzer's book 'Spheres of Justice' which described a just society as one 'in which specific human qualities and virtues embodied in different ways of life and social processes, obtain the respect which is due to them.' (Transcript of oral proceedings: Transcript 23, p. 14, 10.6.87.)

2.10 Opportunities for independence

Accusations of the present system were 'social atrophy' [2865], 'conditions which create persons who hate to look at themselves in the mirror' [1877], and 'the insecurity and stupidity of a system which gives with one hand and takes away with the other' [2885]. One submission gave as its measure of a fair society:

One which empowers the [disabled] individual to participate equally with the rest of the community, that gives full recognition to special needs and provides sufficient and appropriate resources to meet those needs in such a way that the [disabled] person's dignity and independence are not compromised (2958).

(See also [536]: 'All New Zealanders, regardless of race, sex, age, physical or mental ability, have the right to share in the country's resources and to participate fully in society'.)

The question raised was: 'how to obtain and provide resources to disadvantaged groups and individuals with requirements for distribution and accountability which enhance their independence and self reliance instead of imposing the burden of the role of beneficiary' [984]. The key words were 'choice', 'access' and 'realisation of potential'. The issues were raised at the individual level ([535]—the stigmatisation of the beneficiary), the family level (why send kids to health camps if they return to the same debilitating situation afterwards [2794], the group level ([2970]—about disabled Māori women), the local authority level [2778], the tribal level ([817]—lack of freedom for Māori incorporations), and the national level.

3 Safe Prospect: Hauora

Almost all submissions had some element of safe prospect, either for individuals, for groups, or for New Zealand and New Zealanders as a whole.

3.1 *Guardianship of the 'people' resource: Te Tangata*

Hütia te rito o te harakeke

Kei hea te komako e kō

Kii mai ki ahau

He aha te mea nui i te ao

Māku e kii atu

He tangata, he tangata, he tangata.

'If the centre shoot of the flax is pulled out,

The flax bush will die,

Leaving no place for the bell bird to sing.

Although these conservation factors are important,

If I was to ask 'What is the most important thing in the world'

I will answer 'It is that person, that person and that person,

It is each and every person'.

The New Zealand people were clearly the most important resource for a safe prospect for New Zealand. For instance, there were statements that the way to 'make sure that the next generation will be in a position to govern [New Zealand] and to contribute to world trade and society' [652] is to put resources into education at all levels (see for example [1, 13, 107, 172.400, 709, 712, 915, 1860, 1901, 1915, 2004, 2021, 2865, 2890, 2900, 2905, 2908, 3057, 3163]) (and not to neglect the spiritual dimension in a free market economy [235]), to stop the brain drain [4], to make full use of the expertise developed in universities [2774], especially in science and technology. (See [1872] 'the cost of not investing in science and technology is a long term decline in economic performance, a growth in structural unemployment, marginalisation of the proportion of the population dependent on a social welfare system funded from a shrinking productive base.) Nurturing the 'people' resource, described in one submission as 'the responsibility of the State through managers to ensure the welfare of all in body and mind' [3096] was seen as the key to 'develop[ing] a society [which] is thinking positively, with hope for the future, where people are not segregated, do not have fingers pointed at them, and have activities which keep their minds

thinking' [2968]. (See also [2956] 'A harmonious society is not measured by the percentage of millionaires but the percentage of the jobless.') Others suggested that 'social policy needs to gear itself to the motivation of individuals and groups within the community to start to care, to understand that our communities are our responsibility' [2792].

Wastage of the 'people' resource was expressed in several ways:

- The increase in unemployment following the restructuring of the public service
- '4000 Māori in jail, 4000 in gangs' [2772]
- The feminisation of poverty [891] 'This [the feminisation of poverty] applies to women of all ages, e.g., (a) the elderly—many fond plans for dignified retirement ruined by inflation and heavy superannuation taxation); (b) many women have lost self determination during years of home making and caring for families; (c) care of the disabled in the community usually equates with (unpaid) work for women; and (d) part-time and shared work are important in giving dignity.' [1004]
- The rising abortion rate [1024, 2009].

Submissions spoke of the 'dehumanisation of society closely associated with unemployment and corporatisation' [2781] and of the 'bewilderment, frustration, anger when a detached government forgets the right of individuals to dignity and self-determination for themselves, their children, their families' [2788]. This voice was particularly loud from small rural communities ([2781], Tapanui, [2788], Southland, [1853], Minginui) 'whose very survival is essential for the cultural identity of the nation'. The phrase 'ahi kā—keeping the home fires burning' is appropriate. The 'ad hoc approach to social policy making, reactive, playing secondary role to economic planning, the 'ambulance at the bottom of the cliff approach' [145], 'where the dollar comes first, and people last' [2788] needs to be replaced by mandatory social impact assessment whenever major change is contemplated [29, 222].

A large number of submissions deplored the 'failure of modern society to teach appropriate values: obedience, chastity, work, happy homes, wanted children, basic religion' [2631]. The blame for this was laid at the feet of:

- The state: 'the more the state takes over (day care centres, education, law), the more state intervention is required to reverse the trend' [2975, 26];

- The Church: '... a move away from strong Christian values, people have rejected God, the churches are at fault' [934, 2767];
- The family: 'Respect is missing in many aspects of life and it should start in the home' [539] (See also, for example, [22, 416, 518, 521, 577, 1919, 2808.]; and
- The schools, where there was 'an erosion of universal Moral Law and a replacement by situational value systems, e.g., the new health education' [1875], and 'secular humanism' [2000, 3162]. (See also [2757] 'No society can remain fair or just whose prevailing philosophy is humanism . . . [It leads] to atrophied responsibility and antisocial behaviour, the attitudinal consequences of dependence (a small head with a huge dependent body).')

Publicity about AIDS provoked concern that instruction in the use of condoms would 'increase promiscuity if the Government is seen to be condoning and promoting immoral behaviour' [2954] and renewed the call to teach 'young New Zealanders correct morals and standards of behaviour and to have regard for themselves and others, the value of self discipline and commitment to lifelong relationships' [2955].

The media in general [3098, 3167], and television in particular (too much [1923], too much 'commercial American crap' [1835] and advertising which was deceptive [2977] or derogatory of women [2782]) were blamed for the decline in respect for rightful authority and a deterioration in social behaviour. On the other hand, at least one submission [16] acknowledged the powerful role played by television in making 'people proud to be a Kiwi' in recent Telethons. There was concern about the worsening crime rate [3051] which was blamed either on parents, who failed to take a firm line with their children, 'who therefore have no conception of self-discipline and consideration for others' [3149], and who resorted to assaultive behaviour such as slapping as a means of solving disputes thus perpetuating aggressive behaviour [418], or on the justice system for failing to put enough resources into crime prevention [3051]. Women were concerned for safety on the streets [1849] and wanted stiffer penalties and 'public shaming' of rapists [24]. Measures to deal with alcohol and drug abusers, especially those who caused accidents, were recommended in a number of submissions. Among the many measures recommended were:

- 'Impound drunken drivers' cars' [2629]

- 'Charge people who have accidents following alcohol and drug abuse for their hospital expenses' [608]
- 'Userpays scheme for road accidents caused by drunken/careless drivers' [1847]
- 'Mandatory for anyone convicted to accept planned strategies for helping them deal with the problem' [2976]
- 'Better education of bar staff, less advertising, suspension of licences, confiscate vehicle, develop co-ordinated National liquor policy' [2534]

Others advocated stronger measures for violent offenders [346]. There was limited support for capital (and corporal) punishment [2000]. One suggested 'The more harsh the law, the more seldom invoked' [203].

Others had wider visions:

'Individuals within a nation which lacks cultural identity, self esteem and adequate means of self expression, are severely hampered in their capacities to achieve personal wellbeing. A nation peopled by such individuals, is hampered in its capacity to generate a dynamic and productive society. Play is fundamental to an individual's emotional, intellectual and spiritual wellbeing. It is the natural means by which fears, fantasies and realities are confronted and by which the frontiers of imagination are explored. It is the means by which we see ourselves, laugh at ourselves, criticise ourselves and ultimately respect ourselves. . . . Indeed a society which does not encourage its playmakers and let them be heard is clearly courting social disaster.' (3268)

3.2 *Guardianship of the physical resource: Whenua, Ngahere, Moana, Awa*

Te toto o te tangata, He kai

Te oranga o te tangata te whenua

Food supplies the blood of the people, their welfare depends on the land.

Submissions relating to land with reference to the Treaty of Waitangi fell into two categories. On the one hand, Māori people should be accorded their rights as under the Treaty. [2927, 3032, 3034]. Further it was suggested that to claim these rights, Māori must first register on the Māori roll [2780]. On the other hand, there was the view that '[these] injustices [were] instituted generations ago—We are not responsible for their errors. It is easy to judge after the event—We should not be divided now' [1857]. All land should be owned by all people. Everyone should have the birthright to apply for land guardianship, to pass it on to their

heirs, to transfer but not to own it.' [1016]. (See also [2971]. 'Crown land is held in trust and it is owned by all people of New Zealand. It cannot be given away or sold' and 'Land is not a commodity to be used for power, oppression, and monetary gain. Buying and selling land is like prostituting your own mother' [1016]. One submission reminded that 'the responsibility of the land is constant care and unremitting hard work' [3000]. See also [2894]. 'Land has no cost of production, is permanent and fixed. It varies in utility, limited in quantity, and is vital to survival.')

Guardianship of the 'waters of New Zealand lakes, rivers, and coastal generations for future generations' [3045], clean air, preservation of native bush, and the disposal of rubbish [3156] attracted much attention. Water resource management and soil conservation were seen as essential for wellbeing ('The environment will take fearful revenge if not respectfully handled.' [101]) 'The trend towards short term solutions of 'patching up' the effects of resource abuse' should be replaced by responsible guardianship and 'hence fair allocation to present and future generations' by legislation, finance, and the employment of competent staff [109]. (See also [3043] 'The protection of the environment is a costly business but it benefits everybody. The State should recognise and accept responsibility for funding [it] and work in partnership with Māori organisations and others'.) One idea for reducing the rundown of natural resources by the rising demand for electricity was to harness the power of the sea [3057]. Good environmental management, both for a humane environment and for a safe environment, within a ecosphere, was crucial to wellbeing [2790]. Given that inherited knowledge about fishing reefs, for example [2940], is 'jealously guarded' and that their conservation is a covenant entrusted to particular hapū who 'by marking them on a map' betray that trust, it was clear that this requires a very special form of partnership.

For all New Zealanders to have a sense of *tūrangawaewae*, 'a place to belong, a place to stand' [2807], submissions urged a review of housing policy, seen as the most urgent cause of stress in the community [722, 3146]. It was considered that there should be 'a statutory obligation to house the homeless'. (See also Waldegrave, C. and Coventry, F.) [238, 1021]. Moves to make the Housing Corporation into a State Owned Enterprise [2865] were condemned. One submission stated that the 'pepperpot effect of State housing was

hopeless and that the Papakainga multiple housing contract legislation should be implemented' [2865].

3.3 *Guardianship of the Nation: Kai tiaki o ngā motu*

This was seen as a series of partnerships between the State and 'local' (be they tribal or statutory) authorities, between Māori and Pākehā, between New Zealand and other nations. In respect of the first partnership, it was felt that 'community organisations were unable to be effective because [they] are denied true power sharing because of the inequitable distribution of funds and the lack of control over resources' [609], that local authorities should have more autonomy [25, 2778]. This could occur by increased statutory powers or by raising further local revenue (e.g., citizens' tax [928]) which should then be kept in that area [924]. These increased powers could also extend to social service provision [2625] and the notion of 'brokerage' was again mooted [2883]. However, in order to take on these wider responsibilities, there would need to be initial additional financial assistance by the state. Devolution, like community care, is not a cheap option [3143]. (See also [2877]: 'The overhead cost of decentralisation is usually under-rated'.) Particularly in Southland, which has been particularly hard hit by the recession 'the most difficult time since the end of World War 2, a serious lack of confidence', new initiatives will require special funding if they are to become established in uncertain times. [2777, 2783]

The move towards amalgamation was viewed with suspicion by some who feared the loss of control and autonomy—'the suggestion did not come from the grassroots, was undemocratic' [2778]. Others reminded that 'New Zealand is a relatively small country of 3.3 million, hence devolution has limited application' [2877]. As to the role of central government in this partnership, one stated that 'despite the fad of devolution and user-pays, central government has the final responsibility and duty to set and demand that local governments meet proper priorities. [3065] and another, 'Governments committed to social justice must be interventionist' [1943].

The second partnership, of shared stewardship, could require:

- New structures (including tribal development [2865])
- New procedures for the selection of representatives to decision-making bodies [3021, 3041]
- Working in harmony following the principles of the Treaty of Waitangi [1943, 3015]

- 'For two peoples to be in a relationship of equality regardless of size or numbers, each voice will be heard and the opinions each expresses considered of equal worth' [118]
- 'New Zealand used to be a country with two cultures standing together as brothers. Now Māori are trying to claim over half the country in different ways' [1933]
- 'Are the policy-makers really trying to alienate the Māori race to the extent that no one will deal with them?' [2879]
- 'Two peoples, one nation. We need to recognise and accept cultural differences, work towards the future closely together' [3275]

Several submissions endorsed the recommendations of 'Pūao-Te-Ata-Tū' [345, 2865]. It was suggested that this may be particularly difficult in provincial New Zealand where 'structural deficiencies resist change' [1853]. While some envisaged new roles and partnerships between the Government and voluntary organisations, others warned of the limits to the 'capacity of the voluntary sector to provide cheap resources where the double income household is the norm' [2877].

There were comparatively few submissions which considered a third kind of partnership, that of New Zealand and other nations. Those that did warned about outside influences over the nuclear and other policy [645] or about the risk of 'deterioration of New Zealand's position in the world now that the cloth from which our security blanket must now be cut is dictated not by our indolent neighbours but by the frenetic Far North' [1868]. After outlining defence options for New Zealand, one submission opted for 'a stance of armed neutrality with a home defence force responsible for territorial surveillance, internal security, emergency civil defence, international peace-keeping, and youth training' [2876]. Another wanted 'all young to be conscripted into civil defence' (commenting as well that the young would appreciate educational and career opportunities more afterwards) and for 'the armed forces being turned into civil defence [1855].

Again within the notion of an ecosphere [2790] as an open system, one national submission reminded the Commission of the measures necessary for New Zealand's wellbeing in the world:

- Peace (global co-operation, mediation, and responsible initiatives);
- Sovereignty (independent foreign policy, the protection of national interests, and viable international trade).

Linkages

In seeking for the determinant of social wellbeing, it was difficult to avoid specific areas which will be dealt with in depth by subsequent phases. In particular, there are those relating to 'Functional Areas Integration' and 'Special Perspectives'. Some comments in each of these are:

(A) *Functional Areas*

1 *Work*

There were clear messages that paid work equals worth in many peoples' eyes. Unemployment was identified as the country's greatest problem [2969], causing low self esteem [730, 1905] and racial tension [559]. ('The unemployment which equalled 90 percent of the Māori in the north was driving a wedge between the races.') Community work for those on the dole was a popular topic [906, 1876, 1918, 2918, 2929, 3174, 3055]. Compulsory community training' got a mention [653] The DPB came under attack ('seen as reward for folly' [880, 2897]) with a call for parents to take more responsibility for their daughters [1895]. There was a call to use the money spent on ACCESS on 'real job creation' especially in rural areas [56, 883, 2622, 2867, 2875]. Some recommended reducing the working week [708, 1858, 1910, 2775]. A 'mother's wage' for those who choose to stay at home and care for children was seen as a means of freeing up jobs, enhancing parenting, reducing the strain on one-income families, and helping voluntary organisations [706, 803]. Tax deduction and other recognition of voluntary work was also advocated [21, 707].

2 *Benefit Payments*

There was a loud call for a single benefit [9, 715] on the basis of anomalies (especially for accident compensation and sickness: see [233, 346, 417, 655, 649, 719, 1862, 1883, 1906, 1926, 2013, 2800]. For others see [581, 679, 981, 1863, 1932, 2875, 2879, 2885, 3008, 3166.], abuse ([2801], fraud [1891]) Many supported a guaranteed minimum income. (See, for example, [593, 636, 727, 1006, 2630, 2790, 3154].) At the same time, there was fierce opposition to 'handouts':

'I am going to sit back no longer. We have worked all our lives and paid our taxes, never collected handouts. We are New Zealanders and we owe

nobody nothing . . . No handouts—people work like hell for what they want.’ (1846)

Other submissions spoke of:

‘No special deals’. (2016)

‘Murder on the roads, deserted wives ripping off the system, the narrow line between licence and anarchy’. (203)

Family support was given special status by many, but there was a call to:

- Rationalise and co-ordinate what was being done for families, [2626];
- Improve parenting and monitoring for children at risk [3290];
- Review the process for custody arrangements [664];
- Ensure equity in child care funding [407, 583, 816]; and
- Seek ways to assist single income families to stop ‘mothers with young children being forced to take an outside job to make ends meet’ [2810].

National Superannuitants contributed a large number of submissions, particularly in the pre-election phase. They related primarily to the surtax [520, 656, 2887], but there were quite a number which addressed the problem of the widowed person who had the same fixed costs as before the spouse’s death but now had a reduced benefit [11, 1861, 1914, 2624].

In general, people wanted clear reliable systems which were not open to abuse. As one submission put it ‘coherence of delivery, security, and the ability to plan by individuals caught up by circumstances’ [.535].

3 *Health Services*

Some people saw the ‘right to health’ as the second criterion for a fair society, coming immediately after a living wage [1890]. The major concern for a safe prospect in terms of personal security was with access [516, 2795, 2959], especially to primary services [2010], especially for children and young families [912] and to preventive services for women’s health [1904, 2633]. Along with these came concern for the safe prospect of the New Zealand health services and their overall functioning. (See, for example [791], ‘The poor health status of those of low socio-economic status, of some ethnic, and minority groups is evidence of inequity, failure of policy, and fragmentation of services, which has interfered with efforts to

improve the efficiency and effectiveness of intersectoral programmes'.) Words such as 'erratic' [2781], 'duplication' [791], 'lack of honesty in Government health policies' [723] were used. There were recommendations to 'review the trend to privatisation' [983], to consider the use of other health workers such as awhina [2633], and nurse practitioners [2632], 'outreach centres' [2795], mobile clinics [1841], and 'efficient small units along with a decrease in the use of specialists' [983].

(B) *Special Perspectives*

It was recognised in many submissions that there were special groups of New Zealanders who were particularly vulnerable through times of great social change, and that these people would require particular consideration if they were to be able to contemplate the future with any degree of equanimity. They fell into 2 main categories, those who needed help with distributing a living income over a lifespan—the retired and the elderly, and those who would require assistance throughout their lifespan, the disabled of all kinds. (One sad submission spoke (of his chronic disease) as a lifetime ahead, a lifetime sentence.) It is interesting that some people considered criminals or convicted offenders also as 'disabled' and similarly in need of help. A fair society, said one submission, is one which 'empowers the disabled individual to participate equally with the rest of the community; one which gives full recognition to special needs and which provides sufficient and appropriate resources to meet those needs in such a way that the disabled person's dignity and independence are not compromised' [2958].

1 *Disabled People*

Safe prospect for disabled people, then, had several requirements:

(a) FINANCIAL INDEPENDENCE 'The disabled want to be people first, i.e., with the same expectations as others, to work for a wage, to live where and with whom they choose, to receive education and training opportunities, to enjoy leisure, friendships, family, and relationships, to become part of the community' [2758].

'Disabled people should be free to maximise their remaining quality of life . . . They cannot be lumped together as one homogeneous body of people—this has led to the proliferation of rebates which are so wasteful to administer'.

'Service provision which is consumer-based, that is, on individual needs rather than a blanket provision of resources to agencies into whose framework the individual has to be made to fit, and financial support comprising of both the payment of a wage to each disabled person as a citizen of worth, and enough income to provide for proven needs above the norm with regular review of needs to ensure adequacy' [1866].

'Clients should be independent enough financially to have options at their discretion . . .' [2974]

(b) **RELIABLE ACCESS TO RESOURCES** 'The system for access to money, resources, services, etc. must be straightforward with well known procedures' [2974]. Others spoke of better co-ordination [931], the possibility of service brokerage ([232, 1920]—see also under 'voice'), or other resource centres [550]. Reliability of services was to be ongoing [8, 19, 1934], and inflation-adjusted [2958].

(c) **COMMUNITY CARE** Many submissions addressed the current trend towards deinstitutionalisation, especially for intellectually and psychiatrically disabled persons. There was an urgent need for the dollar to accompany the people to the community and for consultation with voluntary organisations (and significant others) before such policy was confirmed [704, 1870, 1874]. Failure to do so would make 'the cost to society very high' [1882]. Several opposed the policy completely [2017, 2764]:

- 'Spend the money on improving the care they already receive. Do not condemn them to ridicule, complete lack of security and probably death' [2017];
- 'Asylum used to mean a 'place of safety' [8]; and
- 'Convince policy-makers that life in the community is not better for the multiple handicapped who are very fragile and vulnerable' [1934]. The most moving cries came from parents, themselves ageing, of intellectually handicapped adults.

(d) **REAL REHABILITATION** Those who recognised convicted offenders as disabled, sought positive measures for their rehabilitation [336, 1924] such as literacy and communication skills, the increased use of community care (but subject to many of the provisos above [2865], and the need to replace 'prisons with healing processes' [911]).

2 *Elderly People*

There was great anxiety, frustration, and anger expressed in many of the submissions from the elderly. They felt they had been used as a political football [15], that New Zealanders were entitled to be confident that they would be able to maintain the standard of living they had prepared for and worked for [739]. They recognised that resources were shrinking, but also that their fixed costs were rising. Some recommended careful forward planning [600], on a non-partisan basis [640] so that adjustments should be made at regular intervals, e.g., 5-yearly 'when projections of mortality, the economy, etc., were likely of have a degree of accuracy' [415]. Several requested the setting up of a Ministry for the Aged [641,739], 'one agency which looks after services for the elderly [408], or an 'ombudsman or similar appeal group to advocate and fight the tyranny of a 'tight system' [2007]. More than one described themselves as 'living in a state of poverty' (see, for example, [2868] 'National Super only income. Wife admitted to hospital (in Auckland) recently but unable to pay the bus fare (from Rotorua) to be with her'), as being 'in a hopeless situation' [2007] or 'in a deteriorating financial condition' [543]. Special needs were for spectacles, hearing aids, false teeth [415], relief with car registration fees [2001], rates, electricity, telephones, postal charges, medical charges [1913].

3 *Families*

Safe prospect for families (however defined) according to the submissions received, means better functioning achieved by better preparation for parenthood, a change in public attitude towards families, childrearing, parenting, greater emphasis on co-operative efforts between parents and society, and the provision of a 'back-stop' for emergencies. There were few specific definitions of 'family'. There were a number of submissions which clearly assumed that the nuclear family was the only model 'father, mother, children living together committed to caring' [3158]. Others assumed that the extended family was the norm. Some wanted Māori marriage recognised. Some wanted stable de facto arrangements to be deemed as equivalent to married couples for benefit purposes. One [1909] urged the Commission to 'rethink the real social/religious structures, e.g., marriage, which is too often a cage producing anger, violence, incest and unhappiness'. See, for examples of better functioning:

- 'As a nation, we are undermining the possibilities of stable family life and the mentally-healthy future life for the next generation of young New Zealanders' [729];
- 'The increase in violence in the society comes from 'the breaking down of traditional rules of conduct, confusion about identity-apathy, hopelessness, inadequate protection.' [102];
- 'We are in a period of rapid change. The place of institutions of education and social control (the family being of prime importance) is being ignored by change agents' [544]; and
- 'The family is the natural, fundamental group of society, entitled to state protection' [2892].

(a) PARENTHOOD Some submissions spoke of the 'perpetuation of the lack of parenting skills' [527], the 'domino effect of the DPB' [538], and the persistence of 'ambulance' measures [2794], with suggestions for the introduction of education in parenting, homemaking, health care, and living skills, into secondary schools [2803] (and on violence and its management into primary schools) [102] and supported by television programmes [913] to be targeted at the 'key group' [729].

(b) CHANGE IN ATTITUDE IN SOCIETY Many people agonised over the increasing divisions in New Zealand society today and some saw these being fostered by a social welfare system which 'rewards broken homes, women who work outside the home, and which discriminates on racial grounds' [2809]. Whatever the reason, support for the family was seen as highly desirable. For example:

- 'In the area of crime and mental health, society is concentrating on crime and punishment. This is the wrong emphasis, though an adjunct' [1909];
- 'Need to change attitude to recognise the family as a very important structure in our society and to support it-financially, educationally, psychologically' [2201]; and
- 'If as a nation, we are not prepared to support the family, we are on skid row [3158].

Solutions fell into 2 broad categories:

- Reduce or take away the DPB, especially from mothers under 20 [2888], and encourage adoption; and

- Institute positive rewards (financial, psychological, physical) for all parents such that they can choose to stay at home to rear children [913, 2892, 2001, 2008, 2794].

(c) ENVIRONMENTAL SUPPORT Under this heading are submissions which sought to provide support for the family but in often indirect ways, such as:

- The monitoring of television and videos for unnecessary violence;
- The active discouragement of war toys [2784];
- Having someone employed in the courts to assist parents with reports supplied about them by professionals [349];
- Arranging court hearings so that it is possible for young offenders to have their families attend [2863];
- Added assistance to Plunket so that mothers do not 'become exhausted by endless fundraising' [3145]; and
- Provision of community creches and out-of-school care [2972] and homework centres.

One group of families singled out for special assistance were those of prisoners, especially non-violent prisoners. (See, for instance, [347], which spoke of the 'financial burden and loneliness of non-violent prisoners and their families', and [205], which commented that the emphasis was on the rehabilitation of the prisoner but the family was ignored.)

(d) 'BACKSTOP' ARRANGEMENTS In addition to the need for ongoing support, there were several suggestions about emergency back-up for families. One was from a group of foster parents who deplored the inadequacy of social work services (no provision for emergency backup or even monitoring telephone calls) at a time when they were caring for increasingly disturbed children [3169] and one from a school guidance officer who had had difficulty maintaining an emergency house for children in distress [2906].

Conclusion

These, then, are the patterns identified in the thousands of submissions made to the Commission by the people of New Zealand in their quest for a fair society. They said that they wanted to be valued, to have a say in decisions which affect their lives. Not everyone wanted to be the same. They wanted the right to be different

to be respected. People should have the opportunity to have a range of choices to meet their needs. All of them wanted a safe prospect for themselves, their families, their communities, and future generations. To achieve that safe prospect, they recognised that there needed to be a number of working partnerships. The partners suggested were: the Government, the individual, Māori, non-Māori, local authorities, other nations, men, women, family, voluntary organisations, and the Church. Partnership could involve any or all of these.

Instead of developing a framework and then asking New Zealanders to fit it, the Royal Commission on Social Policy has adopted a flax roots approach. It has listened to what people have said and allowed them to create the pattern. It shows the wonderful diversity of the New Zealand people. All of the views have been treated with respect and dignity. Individual people have given of their taonga or treasures. Collectively, they constitute a national taonga. They have all contributed to the weaving of a korowai which all people can wear with a sense of pride and dignity.

Conclusion

RESTRUCTURING THE STATE:
RESTRUCTURING SOCIETY

Margy-Jean Malcolm

Restructuring the State: Restructuring Society

Margy-Jean Malcolm

Summary

This paper describes how aspects of our society were also restructured in the process of state sector restructuring. It contrasts the economic analysis of state restructuring, based on principles of efficiency, clarity of organisational objectives, improved accountability, and individual 'self maximisation', with a social analysis which identifies the collective, interdependent, holistic nature of the lives of those individuals affected, and hence the difficulties with compartmentalised objectives and lack of accountability for anything other than commercial objectives.

Key aspects of social wellbeing are identified, including the need for:

- information about future options in order to judge consequences and weigh up choices, both individually and within a household, and make decisions.
- participation in the process of change so that the shape and direction of change is not totally imposed, and has taken account of people's knowledge and needs.
- appropriate time scales for decision making.
- emotional support to strengthen individual self esteem, and confidence to deal with the stress of change and make new life decisions. This was most likely to be built through a co-operative, non-competitive environment linking to the workplace, home and community.
- protection of a basic standard of living through choice over, and access to, suitable employment and housing especially.

- acknowledgement of the importance of friendship, kinship or tribal ties to an area, which establish a sense of belonging.
- control over the land and the ability to exercise rights under the Treaty of Waitangi.
- control over future social/economic development of an area.
- basic physical infrastructure—housing, sewerage, roads, shops, transport.
- basic social infrastructure—jobs, social networks, meeting places, services.

The process of restructuring demonstrated the strengths of people to adapt to change, but also the necessary grieving process which many went through in adapting to the new situation, and the actual losses in terms of social wellbeing experienced. The widespread nature of these social impacts highlights the need for social impact assessment as part of the decision making process before social/economic policy decisions are made; early planning of social impact management strategies if and when such a policy is implemented, and long term monitoring of social and economic policies to ensure accountability to social, not just economic criteria.

1 Introduction

When key decisions were taken in late 1985 to corporatise various state trading activities, there was a clear economic analysis which supported the move on the basis of efficiency in managing state assets, clarity of objectives and improved accountability. However, as the implementation of the corporatisation decision proceeded it became clear to the decision makers that abandoning the 'non-economic' aspects of these state organisations would cost many workers their jobs, (around 4000 workers on 1 April 1987, and many others in subsequent Electricity, Post Office, Coal, Civil Aviation, and Ministry of Works and Development restructuring) and affect many rural communities already hard hit by farming sector restructuring (especially Northland, East Cape, Rotorua/Bay of Plenty, Huntly, West Coast and Otago/Southland). The Government stepped in, in the very late stages of the implementation process, as employer of these workers, to provide some practical 'adjustment assistance' in order to soften the impact of its corporatisation policy on those affected.

The economic analysis on which corporatisation is based rests on an assumption of 'self-maximising' *individuals*. Changes arising from restructuring were perceived largely as an individual problem of re-employment. It was assumed that choices and options were open to individuals in terms of replacement jobs. The changes themselves promoted a clearer distinction between economic and social objectives, but in effect this often meant shedding social objectives. Such 'purity of objectives' achieved a conscious compartmentalisation, which was reflected in the lack of any integrated approach to understanding the individual, group and community effects of the changes, and the process necessary to respond to emotional, spiritual and material needs.

Management systems in place before any social impact work began on restructuring also reflected this individualist, compartmentalised view. Information news sheets were targeted to the individual worker. Computerised job redeployment systems were developed. The assumption was that the individual primarily needed information to sort out his or her best future. Social work services were available to those who felt they needed it. These support services and communication systems were work-based and worker-oriented, primarily targeted at salaried workers, not wage workers, and to a large extent nationally 'standardised'.

As the social impact work began there were difficulties in extending beyond the individual approach to get agencies to understand the process people were going through and the complex range of changing needs this produced. Their individual services or programmes would only deal with one dimension of the need, let alone assess if the programme or service was responsive to the overall situation of the people concerned.

This paper, in describing the effect of corporatisation on social wellbeing, provides a sharp contrast to the individualised approach by describing the essential interdependence of people affected by this change. Each individual affected was part of a wider set of relationships, part of various communities of interest, which were also affected by the changes. The ripple effects from the changes spread to many different sections of each community, and affected many different dimensions of individuals' lives.

Individuals responded differently to the stress of the changes of corporatisation, based in part on their individual self esteem but also on their social/economic position. The process of social change was certainly not negative in outcome for all, but for most

there was a stressful period before any outcome was clear. Factors such as class, race, gender, age, geographic location and household form affected the response of the individual to this major social change.

Therefore a social analysis is necessary to address the social impact of these (economic) policy changes . . . an analysis which acknowledges the individual worker as part of a household/whanau/hapu/iwi; part of a network of friends, a neighbourhood, and of community organisations; as consumer of local business, transport, health, education, welfare services; . . . an analysis which acknowledges various household forms, the different position of male and female workers, management and non-management workers, Maori and non-Maori workers. Such an analysis is necessary to assess the social costs and benefits against the economic costs and benefits before the decisions are taken about whether and how the changes will proceed, and how the 'non-commercial' objectives will be handled in future.

This paper describes the impact of corporatisation around 10 key aspects of social wellbeing, which were highlighted during restructuring: access to information, participation in decision making, appropriate time scales and process, emotional support, protection of a basic standard of living (especially employment and housing), importance of a sense of belonging, control over land and rights under the Treaty of Waitangi, control over future social/economic development, and provision of basic physical and social infrastructures. The basis of government intervention to address the social impacts of restructuring is very briefly outlined. Then conclusions are drawn about how these critical elements of social wellbeing can be built into future policy making systems.

2 Impact on the Social Wellbeing of Individual Workers

2.1 *Access to Information*

Despite information systems described above to deliver regular news sheets to individual workers, there was commonly a lack of key information on which future decisions could be based. This was often because decisions had not in fact been taken on the number and allocation of jobs, future housing policies, taxation formula

etc. Women absent on maternity and childcare leave were often less informed than other workers.

Meetings with wives of employees indicated that many men shared little direct information about the changes happening at work and yet often displayed stress symptoms through violence, anger, withdrawal, depression.

There was in fact a complex network of individuals, groups and organisations who needed accurate and timely information which proved difficult to provide. And yet without basic information, individuals or communities could take very few steps towards weighing up future options, or take any control over their future. Often people commented on how they would rather know the bad news than be kept in the dark for months.

2.2 Participation

This lack of information reflects a 'waiting' syndrome which characterises the lack of participation of the workers in the decision making processes. Even regional management felt they had little input, with a sense of distance from where the key decisions were being made. Corporation 'establishment units' worked secretively, keeping information even from their former departments. Thus individual workers were effectively in a powerless, waiting game for many months, accepting whatever pieces of information (or rumour) trickled down to them. Then when information on available jobs did arrive, they were expected to switch to a mode which required taking control over their lives, good self esteem, motivation. . . .

Much of the resistance to the changes, and the anger and mistrust it produced, can be attributed to this lack of any input from those most affected in shaping the direction of the organisational change. Not only were their needs largely overlooked, but so too was their knowledge and expertise, which could have contributed to shaping new improved organisations.

2.3 Time

For almost all workers there was a long stressful period, knowing that changes were proceeding but uncertain about what that would mean for their future or when they would know. Other workers expecting direct transfer to new corporations discovered very late that they did not have job security, which was a different stress. Once they did receive the necessary information there was often a

very short time within which to make crucial decisions, e.g., about job applications.

The time necessary to work through a participatory process of change was clearly not available, and yet time to adapt and think through options was probably one of the most crucial resources people needed.

For many the process was like a grieving one—moving from anger and despair through withdrawal, depression, denial to acceptance and adjustment—a process which could not be speeded up, which worked at a different pace in different circumstances, and which some people inevitably coped better with than others.

2.4 *Emotional Support*

Throughout this period management received briefings, provided information requested by establishment units, and were expected to continue to run their organisation as usual. They received no training on how to handle the particular stresses their staff were under, except for a few stress management courses late in the process. It is doubtful whether such training could have any significant impact on long term management style and practice anyway. Needless to say, some had the necessary people skills to be supportive of their staff and others failed to cope with their own stress from all the changes, and their own uncertain future employment, let alone support their staff through the process. Others in the organisation with good people skills, commonly women in low-paid jobs, fulfilled much of this emotional caretaking role, helping people make decisions, offering support, but rarely did they receive formal recognition of this role. People understood the need for tangible information, but reluctantly acknowledged the need for emotional support as 'normal' in adjusting to change.

On the contrary, the changes themselves encouraged competition and division between workers which had not necessarily existed before, and this further undermined support networks in many areas.

Wage workers were treated separately from salaried staff, partly because they were often under different unions and partly because of management changes towards contracting which left their number requirements indefinite for longer. Distinctions between wage and salary earners which had not historically always been

emphasised at particular work sites became more apparent as different systems of severance options, access to information, etc., were offered to each group.

Inevitably there was a sense of competition for the jobs in the new organisations—both corporations and new government departments. This put a strain on relationships with workmates at a time when they most needed each other's support. Those who 'won' jobs in the new corporations often felt guilty about their colleagues who missed out. They faced high expectations in new organisations which often required long hours of work, relocation, or different commuting patterns with offices more centralised. Wage workers generally had to change to a contracting system which involved new skills in competing for tenders.

Those who did not 'win' jobs in the new organisations faced loss of self-esteem, and needed to learn new skills in applying for jobs and managing being out of work. Decisions about how to use redundancy money, whether to relocate in search of work, whether and where to buy a house, whether the current (departmental) house would still be available, and how to rebuild the future faced many individuals and households. Job search programmes in some areas assisted these workers to seek work and maintain their confidence during this period. Some workers would not have tried such programmes nor even registered for unemployment benefits, such was their embarrassment, and sense of personal failure at the loss of work. Publicity from politicians about the financial losses of the 'old' organisations added to this loss of self-esteem for unemployed workers, and contributed to the 'blaming yourself' attitude.

Those offering support through the social impact and other personal and community networks had to overcome some major obstacles in people's loss of any trust in the 'system' and sense of powerlessness.

Decisions on future options for work, relocation, etc., were not always made jointly within households. For some, the option of changing roles, with the wife providing the income, was both an opportunity and personal threat. Where some women were already in part-time employment, there was a difficult choice as to whether to forego this job in order for the household to qualify for unemployment benefit. As the months of stress continued, more evidence of marital stress showed up in demand for marriage

counselling, women's refuge, and telephone counselling support services. Schools reported stress on children too.

Where efforts were made through the social impact work to make contact with the women and provide information, it was clear that women played an important role in helping each other and the men to adapt to the changes and rebuild the future—individually and collectively. It seems that women's lives include more experience of adapting to changes, and these skills were a great strength where they were accessed and used.

Many communities used the crisis of change to strengthen community ties and take creative initiatives both in social/emotional support for each other and in establishing new economic activity. This developed and enhanced leadership skills and identified new strengths that were not necessarily apparent before. The pressure to migrate in search of work or stay where people historically had links was a difficult tension for many households to resolve, and it was also difficult for the community to adjust to such migration. The new situation required people to reassess their lives and often take on new roles.

2.5 *Protection of a Basic Standard of Living*

People clearly had to grapple with some basic issues of material wellbeing, relating not only to the availability of future employment but also their housing and income. These material benefits and losses were clearly different for various sections of the workforce.

Severance pay gave older workers with long service a significant payout, while younger workers had greater long term re-employment prospects. Older workers tended to be less mobile with stronger ties to the area, and were less likely to find alternative employment easily. Women workers also tended to be less mobile where their employment may have been regarded as 'secondary' in the household. Women workers in some areas found their jobs stayed at similar pay and gradings, whereas many male jobs were significantly upgraded in the new corporations. This is reflected in the August 1987 Quarterly Employment Survey which shows women's wages in the government corporation sector to be 59 percent of men's average total weekly earnings, compared with 74 percent in the government sector, and 73 percent of men's average total weekly earnings in all sectors including private sector.

Women transferring to the new corporations lost many of the equal employment opportunities conditions which had been won in the public service, e.g., childcare provisions, maternity leave grant, childcare leave. Maternity leave was not recognised as service in the calculation of voluntary severance, and women absent on child care leave effectively lost their re-entry rights to their previous departments.

While the initial wave of redundancies from corporatisation affected a majority of male workers (forestry, coal), the later process of Post Office closures is likely to affect predominantly female workers. These closures are typically in areas where re-employment prospects will be minimal.

Single workers received less severance pay than married workers and workers with dependant children who received an additional payment. While single workers would generally be more mobile, re-establishing themselves in an alternative town or employment could be just as more costly, if not costly, as they would not have any second income in the household.

A high percentage of the lower paid workers made redundant were Maori. This was especially significant in forestry where forests in Northland, East Cape and Rotorua had been established for employment objectives and were no longer viable under the new commercial regime. For individual Maori workers there were additional stresses as the tribal ties to the area made mobility out in search of work less attractive. Those areas already had particularly high unemployment, and so the chances of local re-employment were minimal.

Those in cities were far more likely to have re-employment alternatives without facing relocation decisions and re-housing costs. The extent to which their previous employment had also provided secure and affordable housing was a fundamental element of insecurity introduced for many workers, especially in rural areas. Now they were unsure whether to invest their redundancy pay in buying their existing house, if they were able to, in an area where re-employment prospects were minimal, or move to the city where housing could be unaffordable but employment prospects might be better. Even the tenure and rent of their current departmental housing was at risk until 1 year's guaranteed tenure beyond 1 April 1987 was agreed as housing policy early in 1987. This housing insecurity was commonly an even more major concern to people than job loss. It seemed that for many the choice is even now still

one between an affordable house and no job, and a job in the city and insecure housing.

2.6 *A Sense of Belonging*

For many the mobility dilemmas were in fact far greater than an economic weighing up of costs. There were issues over friendship/kinship/tribal ties to the area to which they belonged. Even the workplace was regarded by some as a 'family' which had been part of their way of life for generations. Now that there were no longer employment prospects for themselves and their children, the choices were very difficult to make. One of the interesting outcomes is that many more have chosen to stay in their communities than initially anticipated, which defies theories of labour market mobility, and demonstrates the strength of people's commitment to their communities. This was also reflected in the keen interest in funds made available to investigate alternative employment options in these areas.

This sense of belonging also, in a few cases, worked in reverse, with people fearing an influx of 'outsiders' who may come and settle in search of cheap housing.

2.7 *Control over Land/Ability to Exercise Rights under the Treaty of Waitangi*

Tribal organisations in many areas affected were already involved in planning for their future development, and the changing employment prospects for their iwi had immediate implications for these plans. Most basic was the threat of land being transferred and potentially alienated by the corporations. Land claims yet to be lodged or heard by the Waitangi Tribunal could not be effectively settled if Crown control over land was lost. Inter-tribal links were made between areas affected, and pressure was put on the Government just before the State Owned Enterprises Act was passed to include key clauses on the Treaty of Waitangi and land rights, which provided the basis of the historic case in the Court of Appeal contesting the legality of the transfer of assets. Tribal organisations undertook feasibility studies to identify alternative employment options through enterprise development. While feasibility study money was provided through the social impact unit, capital funding proved difficult, even where commercially viable options were identified, because of difficulties in lending on multiply owned land. With the stress of the urgency of the issues, local tensions

between different perspectives were at times aggravated as people searched for quick fix solutions to long term problems. Stress on whanau/hapu/iwi support systems was heightened as people faced decisions about whether to stay or move in search of work.

With so many unknown factors and external decisions affecting the future, it was very difficult to achieve any sense of self determination. Despite the odds, some of these hurdles were overcome through clear commitment of the tangata whenua to rebuild their lives in the towns they had worked for years, even though so many aspects of their daily lives had changed. The outcome of the Court of Appeal case, and the decision to keep Kaingaroa village, are examples which reflect this determined commitment.

2.8 Control over Future Social/Economic Development

New enterprise development was given great emphasis in both Maori and non-Maori communities, and the energy committed to this activity from many sections of the local community reflects the sense of real threat posed to the viability of many communities. The desperate effort to identify alternative economic opportunities reflected peoples' strong preference to stay in the local area. Local business was not likely to be immediately affected, until redundancy money ran out. However, new business ventures being planned were shelved until the future was more certain (e.g., a supermarket in Huntly which would have employed 22 women). The longer term business prospects for many of the towns with major redundancies was certainly not bright.

People showed a strong determination to counter the 'inevitable forces of the market', which seemed set to close down their more remote rural regions and concentrate economic activity and wealth in the major cities. While clearly they feared 'marooning themselves', people appeared to value many aspects of the quality of life in these areas sufficiently to accept a lower material standard of living, if some basic economic activity could be sustained.

2.9 Basic Physical Infrastructure

Clearly there are levels of servicing that cannot be maintained if population out-migration gets too great. Nightcaps is a recent good example, where the closure of the Morley mine has created so much uncertainty in the town that residents voted against a new sewerage scheme, fearing a heavy rates burden. But if the scheme does not go ahead then polluted waterways may pose a serious

health risk, which may in turn lead to the forced closure of local schools. Such closures will add to the decay of the town. Such is the delicate balancing and interlinking of service infrastructure, which can easily be threatened in small towns.

Other examples can include critical population thresholds for maintaining services such as public transport, schools, doctors, shops. The cumulative effect of Post Office closures, involving loss of consumer services and employment, and earlier state sector redundancies, has threatened the basic social structure of numerous small communities. These changes are far less visible in cities, although in fact, the pressures to expand physical infrastructure such as housing produce their own costs too, which are difficult to measure and are rarely noted.

2.10 *Basic Social Infrastructure*

In highlighting the impact of Post Office closures, many areas have also described their essential function of community meeting places and the part such services play in the social networks of support, especially for the elderly, women, and more isolated rural residents.

Community organisations were used as a resource and a support to individuals who could use their services. This put pressure on those organisations which are typically under-resourced and dependent on voluntary labour. In some cases the out-migration of workers from the departmental restructuring depleted these organisations of some of their leadership resource, at a time when they were already taxed by other restructuring effects. Some rural areas affected lacked any formal systems of community organisations, as the previously stable environment had supported itself quite adequately through informal systems. In these and other areas, the changes provided a catalyst for new forms of community organisations to address the current issues, typically focusing around new enterprise development and/or social support.

Another sector affected by corporatisation was that of the government services in each area. In the first instance, the social impact work aimed to co-ordinate government departments with other organisations (voluntary agencies, local/regional government, tribal organisations, unions, etc.). This way of working was new to some and produced varying results. Many departments experienced increased workloads (e.g., Social Welfare, Maori Affairs, Internal Affairs, Labour) as their staff got drawn into either

the social impact work or direct assistance to clients. Rarely did departments receive significant additional resources to manage this additional work. School rolls were affected in some areas, and the future viability of various services faced a further period of uncertainty.

3 Basis of Government Intervention

In embarking on the social impact work, the Government agreed to go beyond the redundancy payment to individual workers and other elements within the 'deployment' package to address the wider impacts.

In order to 'smooth' the implementation of this policy the Government allocated \$5 million worth of resources to address the social impact of corporatisation in acknowledgement of its role as employer, and the scale, pace and timing of these changes. The social impact work aimed to improve social wellbeing by:

- (a) planning ahead to gather information on likely scenarios of change, identifying geographic areas and groups most likely to be affected
- (b) employing people to work in each region affected to identify local needs and resources available, and establish relevant programmes, strategies and information flows, with extra funding available.
- (c) developing new networks (and strengthening old networks) between those different individuals and groups affected by the decisions and those making decisions (mainly in Wellington). This established information flows within regions, between regions, between the centre and regions. Issues identified locally could be brought to the attention of central decision makers, detailed information on decisions could be better disseminated and links were expanded beyond a workplace focus, which assisted long term community development.
- (d) ensuring that policy development work was undertaken at the centre in response to issues identified locally, and social needs were anticipated (e.g., housing, taxation, etc.). Gaps in current policies were partly met by initiating new programmes such as enterprise development and job search.

- (e) providing financial resources to community and tribal organisations to assist their own initiatives in providing social support and identifying new social/economic options for the community's future.

The social impact work could clearly not take the pain of adjustment away, but even the acknowledgement that there were 'social impacts' of this economic policy was a significant political statement, which helped affirm people's experience as legitimate. There were clearly limitations with what could be achieved in an exercise mounted on a national scale, late in the overall planning process, after the primary (economic) decisions had been made.

Many decisions had to be devolved rapidly to organisations which were not adequately briefed, trained, or organised to adapt to the tasks required. The co-ordination function was vital, and yet it involved new ways of working for many areas and organisations, which took time to learn.

The political sensitivity of the work made accessing crucial planning information difficult which marginalised the role that could be played. At a local level the time involved to establish community development processes properly was clearly not available, and therefore established organisations tended to dominate the formal structures established. All the same issues are apparent in current moves towards 'devolution', which is again likely to exclude marginalised groups and entrench power in local established structures. Long term community development work is needed to empower real involvement and participation in social change. This is becoming increasingly difficult with the current pace of change.

4 Conclusion

The dimensions of social wellbeing identified in the corporatisation experience highlight important ingredients needed for people to have a sense of control over their lives—information, participation, time, access to land, employment, housing, basic services—and the value people place on their sense of belonging with other people and to a place they know as home. Some of these dimensions can be made visible through quantifiable measures of material wellbeing. But more importantly they provide a descriptive model of the integrated (not compartmentalised), interdependent (not individualistic) nature of people's lives, and extent to which social,

emotional and spiritual values will affect decisions people make in the 'labour market' or any other sphere of economic activity. It therefore raises the conflicts inherent in the clarity of objectives which corporatisation is aiming to achieve, and the real difficulties arising from separating social wellbeing from economic spheres of activity.

Experience to date with the State-owned Enterprises Act (apart perhaps from the High Court decision on Maori land) has shown great difficulties in integrating concepts of social wellbeing into the new commercial environment. One can no longer appeal to Ministerial responsibility/sense of social values as corporation boards call the tune. 'Social contracts' to continue socially desirable objectives (such as was used for Post Offices) have been shown to be clearly vulnerable to changed policy. The 'social responsibility' clause of the Act has proven weak in the recent judgement on Post Office closures. Efforts to include social monitoring in the overall monitoring systems for state-owned enterprises have also largely failed. It is therefore no wonder that people feel their social wellbeing has been threatened—they have been effectively written out of the structures and processes established. It is technically quite possible to build the social dimension back in, however the first step would need to be a clear political commitment to social wellbeing and social objectives as the primary goal of government, to which end economic policy is one means, along with social and environmental policy.

A framework of analysis for all government policy could be developed which defines basic criteria and dimensions of social wellbeing which must be protected and enhanced, at an individual, group and community level. The 5 principles agreed by the Cabinet, which should underlie all social policy reform, provide a very simple example which could be further developed from the overall work of the Royal Commission on Social Policy and the social wellbeing phase of its work in particular.

These 5 common themes that social policy must embrace were set out in a press statement by the chairman of the Cabinet's Social Equity Committee on 2 December 1987 as follows:

- Implementation of the principles of the Treaty of Waitangi
- Improvement of the social and economic status of women
- Provision of a legislative environment which safeguards basic human rights and freedoms, and works towards the removal of discrimination

- Recognition of the needs, contributions and traditions of Pacific Island peoples and other minority cultures residing in New Zealand
- Enhancement of the family unit in New Zealand society.

The Social Impact Working Group has discussed in considerable detail how an institutional base could be developed to undertake this policy auditing function of monitoring and evaluating the achievement of social objectives (see *Social Impact Assessment* in this volume). The most important point to note here is the need for structures and processes which have the ability to integrate back across single function departments and corporations. The Ministries of Womens Affairs, Pacific Island Affairs, and the Environment provide examples of new departments with such a mandate to work across the range, and counter the problems of compartmentalisation. Similarly processes of accountability such as annual reporting to Parliament, statements of corporate intent, budget decisions need a set of wider standards against which their more limited objectives can be monitored for consistency in achieving overall social objectives.

The nature of government intervention required would be identified through an initial (social impact) assessment/audit of any major social/economic policy within the policy development process. Therefore before any final decision was taken, it would be clear what, where, and how, specific groups within the population (e.g., women, Maori, disabled, young, elderly) would be affected. This gives scope for the policy itself to be modified, or abandoned, or its implementation to be managed carefully to protect and enhance social wellbeing.

The form of government intervention required will in some cases only be the initial assessment if positive impacts on social wellbeing are indicated as likely, and adequate monitoring is built into policy implementation.

In other cases, intervention may include direct assistance to individuals, groups, and communities affected, modification to the timing, and adjustments to the policy itself.

There is also scope for government intervention to require various aspects of 'social responsibility' from the private sector such as the current development levies, which could be extended to cover dis-investment and other situations, and there is similar scope to strengthen the social responsibility requirements under the State-owned Enterprises Act.

Finally, however, it must be remembered that it is the people themselves, through their own community development efforts, that will be the ultimate monitors and assessors of social wellbeing and social objectives. Structures and processes established within government will only be as effective as the participation and support they achieve, especially from the most vulnerable sections of society. Hard technical monitoring data will need the back-up of the case examples, anecdotes, and wisdom from the critical areas and groups affected by policy decisions, in order to monitor fully the achievement or otherwise of social wellbeing. Just as integration is necessary across single function departments, so co-ordination is equally vital between the different levels of individual, group, community, tribe, town, region, and central government to establish effective feedback systems. The social impact work on corporatisation implemented as many aspects of this approach as were possible within its constraints and raised the profile of social impact assessment as a legitimate tool. The Royal Commission can use some of this experience to learn more about formulating ways to protect and enhance social wellbeing.

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WHAT THE NOVELISTS SEE

Janet McCallum

What the Novelists See

Janet McCallum

In attempting to define 'social wellbeing' as New Zealanders see it, the Royal Commissioner on Social Policy agreed to seek the views of six novelists, as expressed in their works and in interviews, in order to add a creative dimension to the insights on wellbeing provided by social science and statistics. The novelists are Patricia Grace, Witi Ihimaera, Fiona Kidman, Elizabeth Knox, Sue McCauley, and Albert Wendt.

Basic themes which have emerged from discussions with the writers are:

- the centrality of justice for the Maori people
- knowing our history: identity
- seeing our lives reflected versus TV values
- the right to communication
- land, environment
- rural and urban lifestyles
- New Zealand's place in the world/Pacific
- the arts/identity
- the importance of family
- women's situation
- young people

Land/Environment

The Land Wars lasted from 1860 to 1881. . . . But the war was lost, the war over the body of Papatuanuku, and the Maori throughout the land tasted bitterness. He had to endure confiscation and become no more

than a black slave in the new antipodean white south.

The Matriarch, p. 238

Witi Ihimaera's novel is based on the importance of the land to Maori wellbeing. In Patricia Grace's novel *Potiki*, when Hemi loses his job at the works, he puts his energies into his ancestral land, which like Patricia herself, he is fortunate in still having:

His own apprenticeship, his own education, had been on the land . . . he was made aware that he was being given knowledge on behalf of a people, and that they all trusted him with that knowledge . . .

. . . He'd always known he would return to the land, and that the land would support them all once again . . . Now at least the family was still here. They still had their urupa and their wharenuī, and there was still clean water out front . . . These days people were looking more to their land. Not only to their land, but to their own things as well. They had to if they didn't want to be wiped off the face of the earth. *Potiki*, p. 59–60

The land is seen not just as a fallback, but as a source of identity and independence, which has to be protected from 'developers' to whom its only value is commercial, and who are unaware of its spiritual and practical significance.

Patricia values the closeness to sea and bush that living on her family land allows her and the other members of the family who form a small community there. Being able to provide themselves with fish and vegetables, if they wish and have the time, is important. The city environment is much less important to her: 'I just take it for granted.'

In her story 'Hills' in *Electric City*, a boy's appreciation of the shapes of the landscape is deadened by his experience of being given an anal search by police who are harassing him and his friends. This loss of innocence is forced on him by the city environment, where it seems he and his friends accept harassment as inevitable.

Urban/Rural

Fiona Kidman associates the conditions of a large part of her rural upbringing as an only child in the north with 'the good life': open spaces, the 'great outdoors', the way people related to each other in a friendly, familiar way. Later she lived in a provincial town where she 'made the most of it': in those days—'the great age of opportunity and the self-made person'—she had a good job as deputy librarian by the age of eighteen, which brought her in touch with

everyone who read in Rotorua. As a mother, she also appreciated the sense of community and the support she found:

'I don't hate small towns, I didn't want to leave, but I wouldn't want to return either. As I have grown older, I have developed culturally, and I like having access to cultural activity more easily, in the city.'

Sue McCauley, on the other hand, can't see how anyone can have a sense of wellbeing in the city:

'I feel uprooted in the city, life is so fractured. I feel all the leisure activities are artificial, you're being fed things. In the city, people don't have to do things for themselves, but in the country, they do, and they feel satisfaction from doing them.'

'It's hard to shift into the country, people there are very grudging, but if they do accept you, it's for yourself, whereas your individual qualities are totally lost in cities. There are people like Bob Jones who think the countryside is only good to have your country cottage in, but I think people should be entitled to choice in their lives, and not have to leave good houses in Hastings, for example, for fibrolite shacks in Auckland because that's where the jobs are.'

'I think it's often forgotten that as many Pakehas feel alien in this society as Maoris.'

Conservation

Several writers have stressed the importance of keeping our land, forests, coastlines in New Zealand ownership and control. Fiona Kidman, brought up in the Bay of Islands, is particularly concerned that we keep 'pure shorelines', and that the land around them is retained in local control. Patricia Grace feels that forests, for example, might become more important in the future, and should not be sold off to other countries.

Patricia Grace: 'I still want for the future for us to get back some of the things we've lost: forests, wild life. A lot of effort is being made by conservationists to preserve indigenous species, and that's good, but an indigenous language and people are more important still. They go together.'

Witi Ihimaera supports the developments in conservation, where links are being created between the people and government, so that groups are helped to make submissions on environmental issues which affect them:

'Originally, Maori people used to go to Maori Affairs for help with fishing problems, pollution, land use. I don't think any government department can afford not to listen to people where their own living or 'breath' is concerned. The Department of Conservation is a buffer between the people and business, and we need more of those. We want to continue to be healthy. In the past there never used to be any kind of safeguards.'

People

Whether acknowledged or not, there has existed a class barrier in New Zealand. As the journalist Keith, in Sue McCauley's *Then Again*, comes to realise when he tries to make a moral stand by exposing the below-award wages paid by a small town employer:

Keith understood that even then, at school, both he and Pet had known this was the way it would be. A knowledge that had hung like an invisible screen dividing the brown kids from all but a few of the white ones . . . 'Look,' said Pet, 'you're a nice bloke but you don't know stuff all. p. 51

The class division along racial lines must be tackled head on, as Albert Wendt points out:

'I used to talk about multi-culturalism, but I now believe in what the Maori nationalists are calling for: the basic policy New Zealand society must pursue is that most people must admit the huge debt owed to the Maori people. The guilt must be admitted; that will lead to new policies and affirmative action. Once it's made fair and just for the Maori people, it will be fair for everyone.'

'Everything emanates from admitting bi-culturalism.'

'I thought race relations had improved, but there are really horrific things happening, as we found in 1986, with the Race Relations report on housing in Auckland.'

Race Relations

Fiona Kidman sees the Tour in 1981 as a turning point.

Her character Harriet in *A Breed of Women* observes about the country people she spent her childhood among:

A strange mixture, these people of the land, a blend of practical tolerance and intellectual reaction. p. 341

'Perhaps it was the glow of childhood which made me think racism was unconscious before,' Fiona says. 'For years we've talked about ourselves as an egalitarian society, but the same people who

say this are terrified of Maori land rights, of Polynesian people coming and taking jobs. Racial harmony was a middle class concept that didn't apply to the broad mass of New Zealanders. In 1981, on the one hand, both Maori and Pakeha anti-apartheid demonstrators began to see the issues, as they affected New Zealand, more clearly; on the other, the continuation of the Tour was seen as a victory for white supremacists.'

What should be done? Like Albert Wendt, Fiona believes the issue of Maori land needs to be settled for all time:

'It is central to what we have to resolve. Once that is fairly and justly done, we may have some sort of basis to settle other differences.'

'I like the idea of an increasingly racially mixed society.'

At the end of *The Book of Secrets*, the old woman Maria McClure sees the boy Ross, a mixture of Nova Scotian, Maori and Dalmatian ancestry, as a perfect vision of the future.

Fiona: 'It's important to know where we come from, what our roots are and what motivates us, but in the end we're in a new country, we've left the old ones behind. We're a new breed of people, and we don't owe allegiance to the old values. We can develop a new culture which is in touch with our environment, whether we were born here or have chosen to live here. But first we have come to terms with and settle the questions about land, about sovereignty. I don't believe in flagellating oneself endlessly with guilt for the past, but we must be responsible for the success of the future.'

Witi Ihimaera traces the two sources of power of the 'matriarch', the leader of the tribes of the Gisborne plains: the radical element, represented by Te Kooti, and the conservative side embodied by the M.P. Wi Pere Halbert. He sees the conservative element as having insufficient thrust, and the radical too much. But now both are reaching balance:

'The Maori merchant or middle class, that's where all the movement is going to be: they're the ones getting more Maori teachers into schools, working in the various departments.'

'What I like about what's happening, although there is still stress occurring, is that we are all starting to work it out. Maori people have shown they have the negotiating skills, the people who understand legislation. And New Zealanders have always had a sense of fair play. It's a broader, more educated approach to working out cultural relations than in the 1960s.'

'There are no more radicals, they've all been brought in. Perhaps the most radical ones now are the old people who still have something to pass on, and who realise they do have a stake.'

'That's what I see, but what you see and what you read about are two different things. The media have a magnifying effect. I like to think it's not as bad as they say. I'd like to ask them who they get their information from.'

'At one stage, I used to think there'd be a Pakeha backlash. We've been waiting now for ten years, but it hasn't arrived. I think we should maintain the fund of goodwill that we have.'

Sue McCauley sees it differently. She believes there is a white backlash:

'It's appalling, but it had to happen. I suppose there will be a slow improvement, now that Maoris are taking things into their own hands. When you think of the situation of women, it has changed a lot. I think we should become a semi-Polynesian community, but there'll be huge resistance.'

Albert Wendt: 'Some of the younger people are some of the most racist, which is very disappointing. I used to think education would provide a remedy, but no matter what the schools do, the kids reflect attitudes at home. In the long run, I think basic political reforms, to establish a built-in, bi-cultural society, are the answer.'

Values

For Patricia Grace, the more multi-cultural society we have now is positive, provided that barriers are being broken down and people are learning about each other and becoming more tolerant—something she tries to encourage through, for example, her book for children *Watercress Tuna and the Children of Champion Street*.

Elizabeth Knox sees the danger of 'cultural consumerism' developing, as when people go to Sydney and sample the food of seven different nationalities in restaurants, then walk away. She sees our values as being threatened and eroded by outside values, with the possibility of local developments such as the Maori renaissance becoming the province only of those who can afford it:

'Maori culture could become a product, nice and sanitised, in the same way the Victorians were so sentimental about children. It is counter-productive to romanticise, for example, Maori spirituality, because it becomes a symbol, not a group of people, disguising

other issues like land loss and glue sniffing. Also, once something becomes a product, it can go out of fashion and be discarded.'

As the student Kelfie says in her book *After Z-Hour*:

[We are] dishonoured by the things we have no choice but to tolerate. The world's owners, . . . who can change everything here in my world outside the screen. . . . What we think we are, and think we want, they show to us. . . . All of us are born into perpetual debt. p. 209

This disparity between the values provided by television programmes, with what happens and what is possible in our own lives, was voiced by Sue McCauley:

And watching the images, the dreams that are devoured by a generation, Maureen has thought she's not the only one who's out of touch. . . . Daphne (a lesbian activist in the women's peace movement) . . . is just as far removed from the real world. Which isn't very real at all but has somehow been created by the tube in such a way that the old realities have been usurped. *Then Again*, p. 243

Sue: 'Women with small children have a terrible dilemma about teaching them honesty and the other old values, because the whole of society now is based on those who are good at hustling (men more so than women). This makes nonsense of their values. Deprivation is relative, but when people contrast their lives with what is shown on TV, they feel that is their entitlement.'

The need to see ourselves and our values reflected in what we see on television, and in our arts, is seen as basic.

Witi Ihimaera: 'I began writing 20 years ago, and the basic reason hasn't changed: *Pounamu*, *Pounamu* was written for schools. I never read anything in school by a New Zealand writer except Katherine Mansfield. My world view was fashioned by outside writers. I was determined that wasn't going to be the case for my own children. They should know exactly where they are here, then be able to look at the world from a position of security, mana, standing tall, not 'it's a big world and we're at the bottom.'

His latest published book, *The Whale Rider*, based on a New Zealand myth, was written for his daughters: 'Children's stories are usually science fiction or European-based. I don't think New Zealanders have a mythical base of their own.'

Sue McCauley believes the state needs to resist incoming pressures from overseas to adopt other people's values, supposedly necessary because of the pressures of trade: 'Perhaps as Bob Geldorf has done in his book, we need in New Zealand to ask honest questions about all those things.'

Elizabeth Knox, like Sue McCauley and Albert Wendt, points to the demise of the egalitarian myth: 'It still exists in one form: people don't like 'tall poppies' who have attained some sort of prestige, but there is now an admiration of success and wealth. It's no longer embarrassing to be seen in a Rover or a Porsche, and there are fewer and fewer products available for low income people because retailers are catering for the wealthy. New Zealanders can't be called a group any more.'

Albert Wendt sees extreme contrasts in Auckland between suburbs, and groups of people: 'Auckland, despite its problems, is the most dynamic place in New Zealand now. That means conflict is more open and emphasised. That's good. The Maori nationalists have performed a very useful function in pointing to the divisions.

'I feel sorry for mono-cultural people. The comfortable life style among the middle class is the real problem. They feel threatened, but they would feel more secure if they were bi-cultural.'

'There is a cultural richness in Auckland which the rest of New Zealand should have.'

A character in Sue McCauley's *Then Again*, travelling by ferry out to the island past the expensive North Shore mansions, wonders:

How must it feel to live in such splendour in a country at present so rancorous and fearful? . . . Some people live in packing-cases, tents, even cars while other people have empty holiday homes lying around like loose change. p. 21

'What surprises me,' Sue McCauley says, 'is that the middle class tend to believe people at the bottom aren't aware of it and aren't resentful. A very New Zealand quality is that if you're doing all right you've earned it':

. . . I'm entitled. Which is what (he supposes) they're saying up there behind those big wide latticed windows. I'm entitled. The cry of the common kiwi. Clutching his rights to his breast and screeching; blind in the daylight of a dissolving world. *Then again*, p. 21

Work

Elizabeth Knox makes a plea for a more humane society. She sees people of her generation (she is 28) having to accept that because of the lack of employment, they cannot fulfil all their ambitions:

'They try to survive by deciding they don't want all the things they're told they do want, and to have some kind of identity in society, to belong nevertheless, and sometimes they're sensible

enough to be able to do it. But there are people who can't save themselves, they have no jobs, they're illiterate.'

'Economics never takes into account psychology and wellbeing, but people don't realise that. Often they are forced to think it's their fault, they're useless, they don't belong anywhere.'

Sue McCauley sees that people are getting bitter. In *Then Again*, there is a scene in a pub where the journalist Keith discovers the trap Doug is in, because his dole was cut off when he turned down a job. The pay, for horticultural work, was way below award wages. Keith discovers that in small-town Everton, there is no comeback. Everyone including department officials knows, but no one will do anything about it:

Yes but they can't know about the money. I mean if they're paying way below award . . . they're not allowed to do that.' Doug laughed. Keith thought about how a few years ago you hardly ever heard that harsh inward kind of laughter in bars. Yet now it was sometimes the only kind going. p. 49

While some people use the dole to do other things, that is only the case for those who already have resources and abilities. Mostly the people without jobs are those less equipped to find something to do to keep themselves sane, Sue McCauley says:

'Some of the work schemes I've seen in the North are a good thing—there have been some extraordinary changes in people through Maori being taught as part of the training, but the courses are for three or four months, then people are dropped. They need more: it takes at least two years to build up self-esteem.'

Families

Patricia Grace has a simple but grim story in *Electric City* about Marney, who is so completely under the control of her husband that a few furtive minutes between household tasks for reading the weekly community newspaper—a window on activities she has no access to—is all the leisure she can look forward to.

'I believe strongly in the importance of the family environment, with everybody in the family having their own identity and ability to reach their potential encouraged and supported by the rest. Therefore I don't really believe in solo parenthood. I don't like the idea of people bringing up children on their own because it's too difficult. Family members must support each other, and we should have systems in place to allow this to happen. If possible, children

shouldn't be brought up by strangers outside their own homes, as happens in day care. I don't believe there would be so much need for abortions if families were able to be more supportive. (By 'family' I mean extended families: cousins, second cousins, grandparents, or 'alternative' families, such as where people who are not related have chosen to live together.)'

'Government policies should be more pro-child, should take those things more into account. For instance, they could give more financial support to a couple when they are together, especially in times of unemployment. It's often financial stress that causes the break-up.'

'There should be fewer restrictions on funding from government to support sensible ideas, for example, allowing two solo mothers to get a state house together where one wants to work, and the other to stay home and care for the children. (She knows of a case where this was not allowed—the women had to rent two houses next door to each other.) Some member of the family being paid to stay home and look after children or old people could be an alternative to the dole.'

'A lot of social policy being directed towards people could be done in a better way.'

Access to Services

As has been stated in *Standards and Foundations* the ability to exercise choice, to be free, depends on having a certain amount of social and institutional power, income and wealth, and education. These are the sources of our capacity to exercise meaningful choice, not freedom itself. Without access to them, our freedom is constrained.

In this context, Elizabeth Knox says: 'Wholeness—our ability to love ourselves and each other and feel we have a home in the world—is dependent on material things, such as not being constantly unable to get a job, not being continually anxious about money, or suffering rheumatism because you live in a damp flat. Also, the more people are struggling with such problems, the less energy and time they have to take part in community and political activity.'

Sue McCauley, likewise, shows in *Then Again* how the 'pattern of life' is dictated within narrow limits for women like Maureen, who has escaped a cruel husband, and is supporting three children

on the benefit, in a tumbledown cottage on an island where at first, neither she nor the children have any friends. The fear of losing the benefit hinders her ability to develop her friendship, in whatever way it wants to go, with the equally lonely Keith, after someone tells the department of his (platonic) visits, causing her benefit to be suspended and reviewed. While the existence of the Domestic Purposes Benefit has given her the ability to leave her intolerable marriage, there are unacceptable features associated with it which preclude her living a full life.

'I believe every woman should have the right to get out of a marriage if she needs to. She should be given enough money to support her. If the Family Benefit is scrapped, women at home with children should be entitled to some money of their own and be able to decide how it is spent.'

'There have been some improvements: there are refuges now, and the laws that recognise women's contribution to a marriage.'

Fiona Kidman adds that good childcare facilities must be provided so women are better able to make a proper contribution to society or be able to express their individual selves.

Sue McCauley believes the worst stress is not having enough money: 'I think means tests are reasonable, but the topping up system is very difficult if you're self-employed, which should be encouraged in the face of lack of jobs.'

Her experience of being discouraged by bureaucrats from earning some money through free-lancing when she was receiving a benefit, because it caused difficulties for them, has also given her strong feelings about how social welfare payments are administered: 'I think at the individual level the service has improved dramatically, but it doesn't take many bad staff to make lots of people unhappy. Things still happen like people being asked to go away and fill in forms, with no awareness by staff of illiteracy, for example.'

In housing, Patricia Grace sees the need for continuing the kind of innovative programmes already begun, such as low income loans, and the 'papakāinga' scheme for Maori housing. But she feels state houses need to be more readily available.

Other services, like health, she feels should be made easier to use, either by becoming less expensive, or more culturally appropriate for those they serve. Her story 'The Journey' in *Dream Sleepers*—about an old man frustrated in his attempts to obtain some answers in Wellington about his land—shows the difficulty people have in

approaching the bureaucracy over matters of pressing concern to them.

One of Fiona Kidman's main concerns with the provision of services is the protection of the right to communicate:

'One of the essential things to do with us operating as reasonable human beings is the ability to communicate with each other. I believe in the retention of a good library service, and for the producers of books to be justly rewarded for their labours. We desperately need libraries: they are central to how a civilised society operates. In Wellington we have an entirely free library system, no rental section. In Hamilton now, a large city library, they have a user-pays system, with large charges, I believe, for all fiction.'

'This is something I feel terribly strongly about. Books are, in spite of electronic communication, still a primary tool. To be able to read, look at pictures, experience ideas—if you take away access to those things, you take away the inner life of a living human being. If you take from the unemployed the financial ability to obtain those things, you're looking at a society that no longer exists in the terms that we know it—and along with this comes second-chance education, for people who opt for learning more when they are older. It is essential that it doesn't become impossible for them to do it.'

Sue McCauley agrees: 'Personally, I feel if the free library service is lost, it's worse than the medical service. In the worst and poorest moments of my life, if I could go and get books for free, it was the only redeeming feature of my world.'

Fiona: 'I also believe it is essential to retain a telecommunications system in which people can communicate on a daily basis without paying each time. Who decides what communication is important and what is frivolous, and therefore should be discouraged? And we need easy access to Post Offices, where people can go and send letters to one another, an old and basic form of communication.'

Education

Albert Wendt: 'I would like to see major changes in the education system, so there's a stream of education from pre-school to university where the teaching is in Maori, and English is taught as a foreign language. There should be that option. At present what's learnt at Kohanga Reo is lost in primary school. It will benefit everyone.'

In his first novel, *Sons for the Return Home*, the Pakeha woman tells her Samoan boyfriend of her family history in New Zealand. She is unusually knowledgeable and frank about the way the land was acquired and settled by her ancestors, as Albert believes we should all be:

'New Zealand history should be taught to every New Zealander on the premise that Maori people have been done injustice. The history of their valiant survival over 150 years should be taught; it would give pride to the young people. If New Zealanders faced that survival story, the problems now to be faced would seem easy by comparison.'

He believes basic education reform is needed to reflect two cultures in New Zealand, as is already happening in some Auckland secondary schools he has visited: 'Many Auckland schools are now bi-cultural and multi-cultural in their student populations and are trying to reflect that in their teaching programmes. Auckland Boys' Grammar, which runs the country, needs to be changed: what has happened at Auckland Girls' is proof you can change to reflect what's happening here.'

He points to the lack of Maori and other Polynesian lecturing staff at Auckland University in subjects and departments other than Maori Studies, and the fact that Maori studies is still part of anthropology, instead of a very important department of its own: 'The new marae on campus is the greatest thing which ever happened to this university; for me, the spiritual centre of this university is the marae.'

Elizabeth Knox believes university education should not become 'user pays' because that would cut access: 'The enthusiasm going into adult education and university extension is good. As for college, it would be nice if there were more alternatives. I don't think the 'normalising process' suits everybody. We need alternatives, more margin for being different—like Wellington High— and it has to stay inexpensive or free.'

Patricia Grace sees the moves of departments like Education to become more bi-cultural as positive, if they are effective, and if it is 'an honest effort'.

'But I'm not trying to applaud them, because it's not nearly enough. There is more awareness now of other cultures, but not enough. The gap in educational achievement between Maori and Pakeha is still there. It is just as wide as it ever was, and this has

been shown in the Department of Education's own statistical review in 1986.'

She has been involved in courses run in her community, but although there are more available now, in various locations including marae, with people able to design their own courses, she still feels they are more for higher income people.

'Kohanga Reo is a really important movement in education because it was started by the people. In spite of all its ups and downs, it is a better model for new structures than, for example, so-called new structures in the Department of Social Welfare, after Pua-o-te-Atatu. The Kohanga Reo National Trust works from the grass roots. Changes in the Department of Social Welfare will be putting a lot on the shoulders of untrained people who haven't a lot of spare time, and those people won't have a lot of power anyway. They are still being gate-kept.'

'It is important for Government to support movements like Kohanga Reo, so we can develop different structures, and not have them imposed.'

Fiona Kidman believes we must retain the freest possible education service: 'I believe education is a right for everybody, with no exceptions for private education—it must be free and open.'

Sue McCauley thinks the arts should be given a better place in schools, and should be seen as a commercial, not a 'soft' option: 'There's video and television. . . . The schools haven't really come to terms with that technology, or with music, which is such an absorbing thing for a large number of kids. It's often something they're good at when they're not at other things, but it's 'not a real pursuit'. There's also a peculiar sort of snobbery: some sorts of music and literature are OK and some aren't.'

'Art must be potentially a commercial activity, so many kids are talented at it. There are some excellent arts schemes going now in institutions like prisons and hospitals, but there needs to be follow-through, and a lot more of such schemes.'

'People are under-utilised. They're much more intelligent and talented than society recognises. New Zealanders are knockers of education, but at the same time too much in awe of it. There should be ways of employing people according to their aptitudes, where they would be happy, irrespective of their academic qualifications.'

She believes schools don't help people to use their leisure creatively, but arts, sports, and small businesses are the only alternative to paid jobs.

Leisure Activities

Patricia Grace sees there has been a progression towards more organised activities through clubs, which can be expensive, and less access to big open areas, parks, bush, and sea, which are available cheaply: 'Sport is expensive and time-consuming for parents, which never seemed to be the case before.'

Elizabeth Knox does not want to make it too easy to get into the outdoors, such as allowing tourists to drive along walking tracks, and she thinks trail bikes ought to be banned: 'Nature fights back' she said, telling how she had once seen a flock of keas creating havoc in a crowded camping site.

Both Fiona Kidman and Patricia Grace commented on the greater opportunities to learn about, and participate in, the arts and literature, in small towns and communities as well as the cities.

Fiona: 'The clubs and classes provide a place where it's OK to go and express oneself, but these interests are too often seen as 'hobbies' or 'interests', rather than as a way of conducting one's life. In the case of women, the 'hobby' attitude may reflect a fear that they are about to 'desert the nest': or, for men, that they are about to opt out of breadwinning.'

She still sees social barriers to being a whole person, illustrated by the difficulties of Harriet in *A Breed of Women*. (She has a respectable job with intellectual satisfaction, but likes mixing with the rugby crowd, which would lead eventually to a very restricted intellectual life and social role as wife and mother).

'For many thousands of women, especially, their intellectual development and sensual/sexual life is still divorced from what is 'expected.'

National Identity

Through his career as diplomat, Witi Ihimaera has a view of New Zealand's place in an international setting: 'We have a sense of ingenuousness which people find attractive. We're not people who put ourselves forward. Most people expect an honest deal from a

New Zealander in business. On the other hand, it does mean that because we understate, our message doesn't get through.'

'While a lot of what we say is strong, a lot is just rhetoric. Over Fiji, for instance, New Zealand's leadership in the Pacific reached its lowest ebb, and this does impinge on social policy because New Zealand does reach into the Pacific—for our labour force, through trading, our links with Australia. We now have family links with Australia and many Pacific countries.'

Albert Wendt, in choosing to live in New Zealand, sees himself as 'changing location in the Pacific': 'New Zealand is part of Pacific culture, though not many papalagi see it that way.' He hopes the University of Auckland will help to change perceptions through its newly established Centre for Pacific Studies, an inter-departmental unit which will co-ordinate a variety of cross-cultural activities.

Both Fiona Kidman and Patricia Grace expressed pride in New Zealand's nuclear-free policy.

Fiona: 'Our nuclear stance is something I identify with and feel proud of, and which perhaps reflects part of our national character—that we're little and tough and slightly courageous in the face of adversity. That's how I like to see it. I'm proud that we do certain things very well, if we set ourselves a task: sport, music, and our literature, which is exceptional and different. It may be tiny but sometimes it's absolutely brilliant.'

Elizabeth: 'At the moment people are trying—very hastily—to create a 'national identity,' (another product) instead of leaving it to slowly develop. I don't think you can talk about a nation in the same way post television: young children say certain things, for example, in an American accent (e.g., 'cool'?).'

'But through my job I meet a lot of tourists, so I know we do have completely different 'tribal' patterns of behaviour, such as greater reservation and stubbornness, and we don't 'perform' as much.'

Witi Ihimaera and Albert Wendt put faith in New Zealanders' sense of fair play to see that grievances in our society are redressed.

Albert Wendt: 'What I like about Pakeha New Zealanders is that they have a very good sense of fair play, even if they are racists. Most New Zealanders would back the underdog. These are the values injected into me in the 1950s in boarding school.'

The Arts

Albert's Wendt's experience in 1986 of a Maori Artists' and Writers' Hui remains in his mind as a 'fantastic experience, a world not known to most Pakeha or Pacific Islanders, and which it would benefit them to experience.' He believes the Maori cultural renaissance, which began with the writers and artists, is the strongest among any indigenous people in the Pacific or the United States:

'Only in the last three or four years have the critics started to take it into account: criticism and teaching must change. Ian Wedde's 1986 anthology of New Zealand poetry was the first to accept fully that there are two languages in this country.'

'I've been expecting a very angry literature, like the story 'Broken Arse' by Bruce Stewart, to emerge among Maori writers, reflecting the urban environment. At the moment there is more political feeling emerging in the visual and performing arts.'

'The government needs to put more money into Maori and Polynesian artists' and writers' groups, and the universities and cultural centres, to provide training, workshops and courses to allow more artists to develop. Money to pay the catalysts is needed. There are some excellent ones like Para Matchitt, Katarina Mataira, Cliff Whiting and Arnold Wilson.'

Fiona Kidman says the Literary Fund has not been increased enough to keep up the range of publishing achieved in 1986 when 30 fiction titles appeared, compared with 15 in 1987: 'There should be a range of literature for people to choose from, so they can apply it to their own lives. Most writers have lived through poverty. It seemed for a little while there was enough money filtering through to relieve that.'

Patricia Grace believes the film industry needs encouraging. At present, she sees it as very important for establishing a national identity, but inclined to be male-oriented and mono-cultural. Through running writing workshops she is aware there are many Maori people with writing ability who, however, have other demands upon them.

'The Tu Tangata idea has been very important. I would be proud of Maori literature even if I was not a writer. The contemporary Maori art works I rejoice in. But we need more of everything and a wider representation of people. New Zealand literature does not give a true picture of our society because there are too many gaps.'

Elizabeth Knox also believes the government should support the arts more: 'The new head of BCNZ has said there will be more of an emphasis on sport! To me, this is totally peripheral, especially things like American football. There should be more quality programmes like *The Edge of Darkness*, and more New Zealand drama.'

Some unease was expressed about funding the arts: Elizabeth Knox suggested that spending to improve cultural pride, for example for a new museum, might be better directed to educating the police force to reduce harassment of Maori people in the streets.

Fiona Kidman: 'My personal idea of a good life is a situation in which I'm able to write, but not at the expense of my children being out of work or unable to follow their chosen careers.'

Sue McCauley: 'Basically ordinary people deserve a decent standard of living more than the arts deserve handouts. After all, writers, like actors, get the biggest kick out of it. I find it easier to justify writing as work which means I'm not taking a job from somebody else.'

Spiritual Values

Albert Wendt: 'Far more important to me than anything else, not as they are exemplified by churches and religions, but as they are embodied in most cultures: in caring for the environment, and caring for each other.'

'The problem with New Zealanders is that they are very individualistic and materialistic, and the university here is like that too. But the new marae has already made a difference. If the university accepts the fact that it must embody at its heart Maori values, that will make it unique and more caring.'

Sue McCauley, on the other hand, sees people's emotional well-being as more important: 'Our society is white and male. It has never adequately recognised women and children. The important thing is business. When you're home with children, no one wants to know. McDonalds is probably the best thing this country has ever done for people with small kids.'

'You're embarrassed to ask people to make allowances for children or relationships.'

For Patricia Grace, spirituality is very much bound up with one's family and origins, as well as coming from a person's own spiritual values. Her story 'The Urupa' in *Electric City* shows this sense of belonging in action: a group of children are on their regular visit to

the cemetery to put flowers on the graves. As they 'bags' which relation's grave they will decorate, they recall the stories and songs associated with each one. 'A sense of belonging and identity means you feel part of a whole, and therefore you are whole. It's really important.'

Fiona Kidman, whose *Book of Secrets* is all about the control over lives exerted by a religious leader, McLeod, sounds a warning about churches as a source of spirituality if they are also using it as a tool of power: 'One of the things which frightens me is the rise of the moral majority. A lot of the problem is that churches are wielding a political power which is a guise for reasserting rights over women. It's the backlash against feminism. It's essential that the spiritual dimension be separated out from power-broking.'

Personal Access to Power

Witi Ihimaera: 'Some people still don't have a basic understanding of what their rights are. We have to find some sort of formula which defines what a New Zealander is, perhaps a new national anthem, and then inform everyone 'If you are a New Zealander with health problems, these are your rights. . . ., or as a woman . . ., or a child. . . . It needs to be spelled out.'

Being articulate is seen as important: Fiona Kidman takes creative writing classes because she believes the more people who are articulate the better, while Witi Ihimaera points out the lack of verbal skills imparted in the New Zealand classroom compared with the United States: 'They have more verbal skills, they are taught to discuss matters, to negotiate and achieve a result. It's also a matter of presentation.'

'A person in America has an opinion on everything. Most times when I talk to Maori children they don't have an opinion. They should begin to.'

Albert Wendt believes the Labour Party, for which most Polynesians vote, should put Polynesians in safe seats to prove its good faith: 'There are at least 8 seats in Auckland and Wellington where the Polynesian vote is important.'

Patricia Grace believes Maori people have better access to government now because it has become politically expedient for politicians, usually because of negative things such as gangs or failure in schools: 'It's important for governments to be seen to be addressing the issues.'

The Writer's Role

Sue McCauley: 'Writers get accused of just sitting around criticising. But I think we are saying: 'these things seem to be happening: maybe we should think about them.'

Witi Ihimaera: 'I would be wary of looking at books to find out what's going on. We either establish alternate realities to what is going on, or try to establish scenarios to explain why it's happened.'

The Future

Elizabeth Knox: 'People become adjusted to what is now as being what is 'reality'. Their imaginations and brains are trained to think in certain ways by the ideology in which they live, for example, that we're being looked after and that we have a say, and that there are others who believe they're not being looked after and it's their fault.'

Referring to the first quote in this paper from *The Matriarch*, Witi says: 'Slaves can become masters. The problem will be whether they can also be partners, and that's where social policy should be aiming—partnership and equality of some sort.'

'Even if Maori concerns are prime, there are two other under-privileged groups—women, and the group with the highest frustration levels in New Zealand: those between 15 and 20. The sooner we create a Ministry of Youth the better, because it's that group that will determine the future for both women and bi-cultural relations, but right now it's an untapped resource. They are the ones who know about computers, about the world and the way it's going. We are just keeping things running.'

Summary

To quote *Standards and Foundations* (in this volume), recognising people as ends in themselves requires more than just treating them humanely, but as having interests as well:

Interests are not to be equated with desires, wants or preferences, but instead a claim to those conditions which are necessary to wellbeing, or to a way of life, or conditions which are necessary to making of oneself something worthy of self-respect. These notions are roughly equivalent to wellbeing.

As spelled out in this paper, this would seem to mean the following:

- Being able to stand tall, knowing who we are as individuals, as members of a tribe or society, and as a nation.
- Having our sense of ourselves, and our values, affirmed by being reflected back to us in our literature, television programmes, visual and performing arts.
- Being able to choose our life-style without undue economic pressure to live in uncongenial surroundings or substandard conditions.
- Having the freedom from pressure to conform to narrow, rigid standards in education, or the way we conduct our lives.
- Enjoying what remains of the natural environment of our country without the fear of it passing into foreign ownership or being squandered or spoilt for commercial gain.
- Having greater knowledge of and say in what is done by government.

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THE S-FACTOR:
TAHA WAIRUA

Catherine Benland

The S-Factor: Taha Wairua

The Dimension of the Human Spirit

Catherine Benland

This paper has been prepared for the Royal Commission on Social Policy on whether planners and policymakers need to care about:

- anything more than the sum of body, brain and breath in the case of the individual person;
- or anything more than the sum of the population in the case of society;
- or anything more than the usefulness to the human species of other species and of matter, in the case of the environment.

The paper posits, that there *is* something more, which, though it defies measurement, has such reality and importance that to discount it is perilous and that to provide for it is good. The paper names this something: the S-Factor. The purpose of the paper is to challenge the belief-system of social scientists, planners, and policymakers who discount the reality and the importance of this dimension to society and to the individual, and to make practical recommendations on how they can take the S-Factor into account.

Clarifying the Indefinable

The Transcendent and the Immanent

Ah, mokapuna, but your life began even before you were born in Wai-tuhi . . . ara, you have eternity in you also.

Witi Himaera, The Matriarch

The great spirit has made everything beautiful in its time and also has put eternity into the minds of humans. *Ecclesiastes 3.11*

The Beginning and the End

I am aged in aeons, being Te Po, the Night, that came from Te Kore, the nothing . . . in my womb lay Papatuanuku (the Earth) who was conceived in Darkness, born into Darkness—and who matured in Darkness, and in Darkness became mated with the Sky. Then Papatuanuku too conceived, and bore many children.

Patricia Grace, Wahine Toa

Quite unexpectedly the top blew off:

And there, there overhead, there, there hung over . . .

There in the starless dark the poise, the hover,

There with vast wings across the cancelled skies,

There in the sudden darkness the black pall,

Of nothing, nothing, nothing—nothing at all.

Archibald Macleish, Poems, 1924–1933

Communication of Mystery

As you do not know how the spirit comes to the bones in the womb of a woman with child, so you do not understand the work of the spirit who is the source of everything.

Ecclesiastes 11.5

These great summary symbols that refer to the totality of being, to the transcendent dimension of reality, and the differentiated terminologies which have grown up around them, cannot be dismissed as “subjective” just because they are not in a simple sense “objective” in their reference. They are neither objective nor subjective, neither cosmological nor psychological. Rather, they are relational symbols that are intended to overcome precisely such dichotomies of conceptualization and bring together the coherence of the whole experience.

Robert Bellah, Beyond Belief: Essays on Religion in a Post-Traditional World

There was a famous experiment in which human babies were well-fed, well-clothed, and well-provided for in every material way—but with the minimum of handling, and without relationship and human inter-reaction. The babies all died, for no apparent reason.

What did Americans respond to in the *Te Maori* exhibition that other art exhibitions or anthropological displays had failed to elicit? What was the reality being manifested when kaumatua insisted that the taonga ‘be kept warm’?

Why is the old puhutakawa tree near the glass and steel tower in which the Royal Commission is located of more value left standing, than chopped up for firewood, timber, or pulp?

When the Victorians built Coronation Streets to house the poor, the poor often still achieved community richness and family togetherness in their 2-up, 2-down dwellings. So why, when twentieth-century planners stacked the poor vertically in high rise

estates with better heating, plumbing, etc., were the poor unable to achieve community identity and cohesive social functioning?

And when one compares a corpse with someone in a coma, what is it that is present in the latter that has departed the former? Neither manifests intelligence or consciousness; so what dimension of reality gives worth and value to the person in the coma?

When a suicidal individual asks you, 'what is the point of going on?' how do you answer? Do you remind her of her financial assets; her family ties; her job, her status and possessions; her stake in this country's forests, mineral resources, land, waters; and her physically healthy body and her brain potential? A relatively pathological society (New Zealand's levels of domestic violence, rape, incest, prison populations, mental sickness and adolescent suicide are abnormally high) has asked this Royal Commission, "What is the point?" How can this question be answered without including the dimension of the human spirit—the S-factor?

The S-factor stands for something real—something witnessed to and experienced since pre-history. Maori people sum up this something as the *taha wairua* (literally, the side, or aspect, of flow that is deep, insubstantial, and spiritual). Religious people in the Graeco-Semitic traditions talk about the soul's quest for God. Humanists talk about human potential and centering. Psychologists talk about the psyche, the mind, consciousness, mental health. New age people talk about wholeness, the holistic. Materialists name what they deny the existence of: spirit. Whatever. I summarise all these and more, as the S-factor, and in doing so, acknowledge that it has no boundaries.

A Reality

People whose background is in the social sciences are often frightened of the word 'spirituality'. For a start, they define it very narrowly as meaning 'religion' or 'belief in God, Soul, afterlife' or 'worship and ritual'. They fear that to admit that there is any reality behind the word is to open a chink in the armour of secular society through which will rush the hordes and fanatics of theocracy, divine-right monarchs, priestly princes and potentates, and blood sacrifice.

Yet the word is necessary to define a reality much larger than any organised religion or cult. Every primal society has been so permeated with this reality that there are often no words to describe its aspects. Early anthropologists sometimes described a

society as having no religion: only to realise years later that every waking action was experienced as spiritual and that to belong to the society could not be separated from belonging to its religion. Each pre-European Maori tribe was such a society: every mountain, river, living thing had spirit and every person, every relationship, every skill, every human activity had a spiritual dimension: the taha wairua.

The current myth in western culture is that it is secular and that the only place left for God is to be God of the gaps. Yet while organised religion for many has become marginalised, spiritual experience has not. It has simply been renamed. The soul has become the psyche. The minister has been replaced by the psychologist and the social worker. The male god in the kirk has been replaced by polytheism: the goddess of the beauty contest or the movie screen; the god of the Senate, or the sports stadium, or the local guerilla movement; and the age-old gods of money, body, sex, love, and war. People are still devotees of these gods, and rituals abound.

And for those who have been abandoned by or have abandoned all gods including the I-Thou that the theologian Martin Buber finds in relationship and defines as God, for them there are the age-old symptoms of spiritual malaise: alienation, sickness, non-coping, cynicism, apathy, rage, despair, suicide, war.

There is something in the human person that responds to, and seeks and craves, much that is intangible and cannot be perceived by any of the five senses. It takes a unique form in each individual; to equate it with personality however is reductionist, for the experience of empathy is that it has a transcendent collective aspect as well. Yet to equate it with culture is also to be reductionist for then the uniqueness of each person's psychic perception and experience is discounted. And to equate it with values, ideas, or abstract principles, e.g., of beauty, truth, and justice, is to overlook its personal aspect and its relational aspect.

That 'something' in the individual is most simply termed 'spirit' and in society is most simply termed 'spirituality': and the forms each takes are myriad and unlimited. Organised religion is only one form that the word 'spirituality' can take, and the Christian concept of a soul to be saved is only one form that the word 'spirit' can take.

As for the word 'God': that too is a concept that takes more forms than can be easily be listed. Some definitions from theologians like Feuerbach, Tillich and Buber are the collective projection of all that is of value; the courage to be—existential courage, the ground of being (also found in early woman mystics); that which is between I and Thou; that which created everything and sustains everything that is (Hebrew theology); whatever is ultimate for someone; that which constitutes identity and connectedness (primal religions); that which is in the quantum leap, which transforms in time and space (process theology); that which affirms self-love and validity (feminist theology); that which frees and empowers (liberation theology).

You may not understand these cryptic definitions but that does not mean that the experience and orientation they attempt to describe are not embedded in your mental furniture. And even if you think this is not so, the majority of people in the world still consciously believe in Spirit in its sense of Universal Divinity. And the majority of wars (and therefore the goal of much economic production) have a basis in religion.

The S-factor then encompasses spirit, spirituality, and the Spirit, be this monotheistic or polytheistic. Or you could simply accept that the S-factor is the Something-factor: 'Something' representing that which defies being placed into the categories of ethics, psychology, medicine, and sociology.

If the S-factor is so vast, so diverse; so unique to each person, each society, each age; so impossible to describe fully or measure; what relevance does it have to those who govern us, who plan directions for our future as a nation? Is it not enough to legislate for freedom of conscience and religion, and freedom of worship, assembly, speech, and thought?

The simple answer is no, this is not enough. People need inspiration: if they do not perceive the S-factor in the framing of legislation, the functioning of government, and the outcomes of social policy, they will question the validity of these and will not cooperate. Ultimately they will withdraw their mandate.

Economic policy without the S-factor is seen as soul-destroying. Social work and delivery of social welfare services without the S-factor are seen as cold charity, or bureaucratic and impersonal. Housing without the S-factor is not conducive to home pride and community formation. Health care without the S-factor treats

symptoms mechanically, leaving profound malaise to produce other symptoms.

Transport without the S-factor neglects important community links, aesthetics, and individual empowerment. Education without the S-factor gives a new generation no *raison d'être*, no choice, no self-love, no altruism, no creativity, no criteria for morality, no hope. Prisons without the S-factor can only punish; they cannot transform or rehabilitate. Mental hospitals without the S-factor cannot heal or cure or comfort as they should.

Most important of all, when people are being appointed to positions of power as planners and policymakers and bureaucrats, they need to have an appreciation of the reality of the importance of the S-factor in themselves and in those they serve. If they haven't, they are very very dangerous people and likely to be tunnel-visioned, shortsighted, or indeed blind.

The Conflict in Methodology

To omit the S-factor is easier than to include it if one has a measurement-based approach to social realities. What can be measured is automatically respectable, valid, and authoritative. Correspondingly, what cannot be measured is suspect, dangerous, and less likely to find acceptance.

Social policymakers often attain their decision-making status and power on the basis of qualifications in the social sciences, e.g., education, sociology, psychology, anthropology, and history. For decades, those in these disciplines have trained students to aspire to pseudo-scientific respectability by a heavy dependence on statistic-producing research, and to avoid reliance on anything that smacks of the subjective, the emotional, or the intangible. The terms 'hard' and 'soft' have emerged to describe what is admirable and acceptable and what is not; the phallic connotations of the choice of terms is no accident, for the former academic approach has been developed in a context of patriarchal control of academia, and the critique of this approach has been led by feminist thinkers.

The submissions to the Royal Commission from individuals have tended to use the 'soft' approach to communication. Group submissions, and the contribution of experts and consultants will have tended to prefer the 'hard' approach. The trouble is that people feel apologetic about tending towards the former. I have heard in meetings, from people struggling with profoundly felt

experience and aspirations, statements such as this: 'I can sound awfully airy-fairy about this, and I don't really want to.' Or, 'We've got to have a definition of social welfare that feels hard, not vague and waffly and fuzzy round the edges. What does it actually mean to New Zealanders?' (What it actually means is diverse, often contradictory, emotionally expressed and spiritually perceived; no wonder the speaker felt intimidated.) Those whose methodology is figure-based (measuring, quantifying, producing compartmentalised paradigms) have an advantage over other contributors in that they can produce, relatively easily, obviously authoritative and intellectual, position papers.

Those whose approach to understanding and generating decisions is based on lateral thinking, intuition, maverick creativity, religious insights, emotional subjectivity, life experience, and common sense are correspondingly disadvantaged. What they end up producing is not so obviously respectable and authoritative. It can more easily be discredited or discounted using patrist, cerebral criteria. Yet the soft approach can be a better method, leading to truth and good sense, provided it is rigorous and honest.

The hard approach is limited because of its built-in necessity for omissions and for ordering in priority. This necessity automatically blocks out possibilities. Sifting is an either—or process: to include this item, that item must be omitted. Once an item is omitted, it cannot be developed or held in reserve to reappear when new circumstances make its validity more obvious.

If the Royal Commission uses a hard approach to its task, it will use rational, linear thinking and number-based data-processing rather than intuitive or lateral thinking and multivariant data-processing. The former or hard approach will do head-counts of who wants what, and will sift and synthesize so that contradictions are eliminated. The latter or soft approach will be aware of criteria that may give more value to a minority view than to a majority view, and will retain contradictions and work creatively with them so that options and alternatives are produced rather than ultimatums and a single order of priorities.

In trying to come to terms with the S-factor, hard methodology is unsuitable: only soft methodology is likely to provide an entrée.

The Terms of Reference of the Royal Commission

The terms of reference of the Royal Commission on Social Policy have a spiritual content and specifically mention many matters that belong to the dimension of the human spirit. The following paragraphs examine some of the actual words and expressions used, and indicate their links with the S-factor.

fair, just, humanitarianism, values, identity, cultures, understanding, respect, diversity, desirable, responsibility, commitment, equality, partner, and act in good faith fairly and reasonably towards each other.

All these words and phrases used in the Royal Commission's terms of reference belong to the dimension of the human spirit.

Dignity for Individuals, Families, and Communities . . . a recognition of the uniqueness and worth of each.

What constitutes this uniqueness: has difference of personality no spiritual dimension? What constitutes worth: has difference of contribution and dependency no spiritual dimension?

Self-Determination for Individuals, Families, and Communities . . . the right to make decisions for themselves

What are the criteria of decision-making—merely material self-interest? If decisions are to include ethical and moral considerations, what is the touchstone for determining the nature of good, the undesirability of evil? Is this not spiritual territory?

a sense of belonging

One can meet and mix with other New Zealanders as one of them, yet be very lonely in the crowd. Clothes, food, participation in activity, house, possessions, job status, income, access to services: all these can pass as average, normal, acceptable. But what of the inner feeling of belonging or of alienation—has this not a spiritual dimension? Why do so many dropouts, protestors, radicals, alternative life-stylers, prophets, contemplatives forsake all the material trappings of belonging to witness to something else again that ferments in them for better or worse (e.g., Mother Teresa, Charles Manson)?

to develop their potential

Is this merely potential to be a cog in the workforce, a statistic, a producer and consumer, a reproductive agent, a conformer, a performer? Or does not a human being have a potential for spiritual experience also?

the chance to lead a life that is personally fulfilling

Have not millions expressed their quest for personal fulfilment primarily through tribal, world, or personal religions—or the modern substitutes for these in the human potential movement? Real spirituality is not icing on the cake, it is not a once-a-week exercise: it permeates every second, every place, every relationship. Social services cannot exist in isolation from it; providing houses, hostels, hospitals, hospices will not contribute to the personal fulfilment of their occupants unless the S-factor is taken into account by architects and administrators.

wealth and resources of the nation

'Cash income, valuable assets such as property, stocks and shares, household goods, business assets; forests, soils, rivers and mineral deposits, schools, hospitals and roads': all are mentioned in the terms of reference before the 'people, information, knowledge and qualifications'. But the wealth and resources of a nation are more than the sum total of all these parts. Locked in the language of a people are time capsules called 'words' that are shorthand for experience, much of its spiritual, e.g., in the Maori word 'hau' or the Maori words 'tapu', 'mana', 'ora' and 'ao'. Expressed in the artworks of a people—the carvings, the paintings, the dances, the embroidery, the writings, the proverbs—is the S-factor. And the worth of each art work or form is in proportion to the depth of S-factor present. No one can measure or quantify the wisdom, or shared history, or shared aspirations, of a nation. There are lenses that all of the nation's people view life through that are unique and profoundly spiritual.

Reporting the S-Factor

The following passage summarises the relationship between the existence of the S-factor and social wellbeing. It has been drafted in a form that would be appropriate for inclusion in the Royal Commission's report.

Many members of society in New Zealand, both non-Maori and Maori, regard spirituality or the taha wairua, as a major dimension of social wellbeing, which cannot ever be fully defined, and which resists measurement-biased evaluation by social scientists.

No definition of social wellbeing which excludes this 'S-factor' can be considered adequate. The corollary is that social policy makers who ignore or deny the S-factor endanger social wellbeing.

Either for this reason, or because of the expectation and belief-systems of the common people, the final report of the Royal Commission should make a place for acknowledging the S-factor and for recommending that impacts of social policies and programmes in terms of the S-factor be considered from the outset of planning, monitored throughout implementation, and reviewed after completion. (See Figure 1 for suggested checklist for social policy makers and planners.)

Links Between the S-Factor and Social Policy:

Freedom of conscience, belief, religious adherence and practice, and worship.

Preservation of sacred places, buildings, objects, customs, and literature.

Access to wellsprings of empowerment and affirmation, e.g., wilderness, distant horizons.

Access to people with mana, spiritual experience, and spiritual skills.

Access to spiritual communities and meeting places, and freedom of assembly; the right to live in an open or closed religious community, e.g., a monastery.

Opportunity to give and receive childhood S-factor education especially:

- criteria for morality;
- motivation for altruism;
- empowerment for fulfilment of potential; and
- grounds for personal and collective hope.

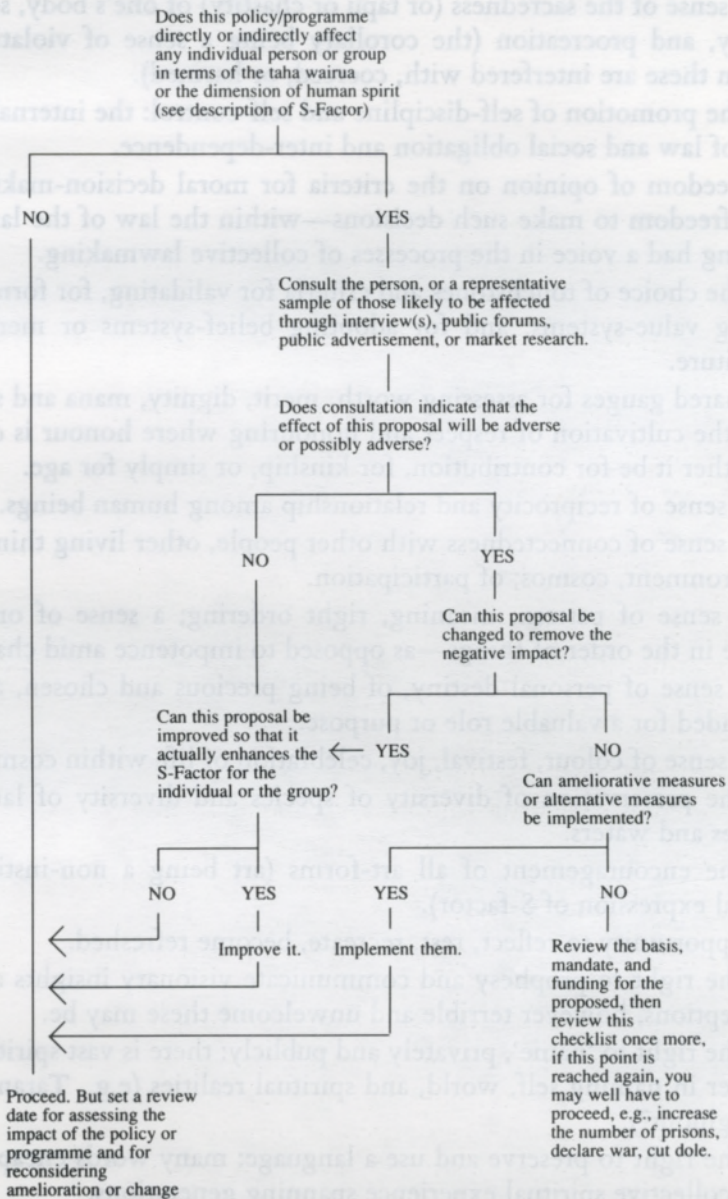
Access to pastoral care and the opportunity to minister spiritually to others and to transmit received and inspired wisdom.

Freedom to respond to the sense of duty and to fulfil moral, spiritual, religious, and relational obligations.

A feeling of having roots, turangawaewae, belonging to motherland or fatherland, feeling bonded to, and nurtured by Aotearoa/New Zealand, whether non-Maori or Maori, whether iwi or tauiwi, tangata tuatahi or tangata tuarua.

Access to at least a subsistence level of economic and physical wellbeing, which is a precondition for spiritual wellbeing.

FIGURE 1: Suggested checklist on S-Factor for social policy markets and planners



Note: When checklists based on other criteria (e.g., Women's needs, Maori values) reveal adverse impacts, the above checklist should also be referred to.

A minimal level of freedom from household violence; street violence; civil, international, or global war and the prospect of continuing peace, justice, and freedom.

A sense of the sacredness (or tapu or chastity) of one's body, sexuality, and procreation (the corollary being a sense of violation when these are interfered with, coerced, or harmed).

The promotion of self-discipline and self-control: the internalising of law and social obligation and inter-dependence.

Freedom of opinion on the criteria for moral decision-making and freedom to make such decisions—within the law of the land, having had a voice in the processes of collective lawmaking.

The choice of touchstones and criteria for validating, for formulating value-systems, and for adopting belief-systems or mental furniture.

Shared gauges for assessing worth, merit, dignity, mana and status: the cultivation of respect and honouring where honour is due whether it be for contribution, for kinship, or simply for age.

A sense of reciprocity and relationship among human beings.

A sense of connectedness with other people, other living things, environment, cosmos; of participation.

A sense of pattern, meaning, right ordering; a sense of one's place in the order of things—as opposed to impotence amid chaos.

A sense of personal destiny, of being precious and chosen, and intended for a valuable role or purpose.

A sense of colour, festival, joy, celebration of life within cosmos.

The preservation of diversity of species and diversity of landscapes and waters.

The encouragement of all art-forms (art being a non-institutional expression of S-factor).

Opportunity to reflect, rest, recreate, become refreshed.

The right to prophesy and communicate visionary insights and perceptions, however terrible and unwelcome these may be.

The right to 'name', privately and publicly: there is vast spiritual power in naming self, world, and spiritual realities (e.g., Taranaki or Egmont?).

The right to preserve and use a language: many words encapsulate collective spiritual experience spanning generations.

Protection of the intellectual from persecution, censorship, and the crushing of curiosity.

Protection for the sensitive from brutalising.

Encouragement, not clobbering, for 'tall tulips', for those with talent and vision, for entrepreneurs, for initiative and creativity.

Protection from being spiritually diminished and coerced by structures, processes, and institutions, e.g., being identified by number not name.

Jobs, housing, services, city planning and management, land use, etc., which does not diminish the S-factor.

Opportunity in terms of land allocation and housing flexibility to live in an extended family (based on blood or choice or both, e.g., Centrepont).

Access to adult status (often denied to those who are never employed, never educated, or handicapped).

The fostering of, and transmission of, skills of parenting, home-making, peacemaking, reconciling, mediating, facilitating, and building community.

The countering of materialism and consumerism.

An understanding of what causes inhumanity and what promotes humanitarianism.

A tenderness and compassion for the weak, the foolish, the losers, the dependant, the handicapped, the deprived, the imprisoned, the refugees, the marginal, the oppressed, the victims, the maimed, the ill, the dying: a commitment to share, heal or support, encourage or empower.

Especial consideration of the S-factor in questions of mental health care and institutions.

Access to healing for psychic disorders and spiritual malaise, which can be manifested as mate Maori, musu, apathy, fatigue, addiction, violence, fanaticism, despair and suicide.

The ability to achieve holistic health, autonomy, and psychic maturity and coping.

The right to struggle against spiritual barriers or tangible barriers that impede the flowing and flowering of the spirit.

Faith in virtue, honour, and trust; hope for self, family, community, iwi, society, world, other species, and the future; love for self, family, community, iwi, society, world, other species, and future generations as yet unborn.

A sense of contact with Source, God, Matrix, Ground of existential courage, Universal Spirit, or Multiple Deities.

Conclusion

To accept that the S-factor is fundamental to the Royal Commission on Social Policy's terms of reference is to lay the basis for a holistic, cohesive approach to social policy. It is the S-factor which is the glue binding together all the self-interest, all the diversity, all the contradictions and clashes. It is the web in which each element can have a place, it is the circle that surrounds, it is the ground that supports, it is the illumination.

Acceptance of the S-factor affects the way the Royal Commission operates as it works towards its report, affects the form and presentation of the report, and affects the status of the report.

To reject the S-factor is to fragment what should be whole and to obscure what should be clear. If the Royal Commission tries to see its task through shattered lens it will not see so clearly.

The social scientists of our so-called secular age have tried to ignore the S-factor, explain it away, and redefine it using pseudo-scientific cerebral terminology—primarily because it resists measurement and manipulation. In as much as they have done this, they have been divorced from reality.

And the technocrats, atheists, agnostics, humanists, and cynics who believe that total secularism has been achieved or is achievable are as much locked into an idiosyncratic, unprovable belief-system as are their adversaries. Their attempts to eliminate the S-factor; bypass or repress it; or restrict its meaning to piety, religiosity, and superstition—are wilfully reductionist. Beyond the reach of the human brain and the microscope or telescope is the Tao. You can gild the cage of the well-fed nightingale, but you can't make it sing.

And you can't stop the common people continuing to experience and believe in the S-factor, and behave accordingly. Social planners and policymakers who refuse to admit this may well encounter passive resistance, blocking, failures of schemes and projects, and even rebellion.

It is true that the vocabulary available to work with the S-factor is contentious and at times polluted with religious fervour, sentiment, and prejudice. But administrators, teachers, medics, architects, social workers who have an awareness of, a respect for, and a commitment to the enhancement of, the human spirit will find words to communicate their perception.

And then we might find we are a people of vision, a people of wisdom, whose cities have faces, whose cultures have heart and compassion, and whose offspring have heritage and hope.

Further Reading

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Appendix

A Head of State's Observations on the Operation of the S-factor in Government and Society 2300 years ago

I, the author, have been a King. And I applied my mind to seek and to search out by intelligence all that is done under the sun. I searched with my mind how to cheer my body with alcohol—my mind still guiding me with intelligence—and how to lay hold on folly, till I might see what was good for human beings to do during the few days of their lives.

I made great works, I built houses and engaged in horticulture; I made gardens, parks, orchards, pools from which to water the forest of growing trees. I had many employees; also great possessions of herd and flocks; I also gathered for myself silver and gold and treasure; I got entertainers, both men and women, and many lovers.

So I became great and surpassed all who were before me; also my learning remained with me, And whatever my eyes desired I did not keep from them; kept my heart from no pleasure, for my heart found pleasure in all my toil, and this was my reward for all my toil. Then I considered all that my hands had done and all the effort I had spent in doing it, and decided it was utterly pointless, a waste of time, futility.

For I have seen the business that Divinity has given to human beings to be busy with. Divinity has made everything beautiful in its time and also has put eternity into the minds of humans.

Human beings cannot find out what Divinity has done from the beginning to the end. I know that there is nothing better for them than to be happy and enjoy themselves as long as they live, also that it is Divinity's gift to human beings that everyone should eat and drink and take pleasure in all their work. I know that whatever the Universal Spirit does, endures for ever; nothing can be added to it, nor anything taken from it, the Universal Spirit has made this so, in order that the human beings should respect the domain of the Spirit.

Again I saw all the oppressions that are practised under the sun. And behold, the tears of the oppressed, and they had no one to comfort them! On the side of the oppressors there was power, and

there was no one to comfort them—Moreover, I saw under the sun that in the place of justice, even there, there was wrong. I said in my heart, there will be a reckoning for those that do good and those that cause harm, for the Spirit has appointed a time for every matter and for every work.

Sweet is the sleep of a worker but the surfeit of the rich will not let them sleep.

And again I saw what a waste it is when a person who has no one, no child or family, works without ceasing yet his eyes are never satisfied with riches and he never asks, 'For whom am I working?' This is an unhappy business. Another evil I have seen under the sun, and it lies heavy upon people: people who were given wealth, resources, and status, so that they lacked nothing of all they desired, yet God does not give them power to enjoy these. It is a sore affliction.

Again I saw that under the sun the race is not to the swift, nor the battle to the strong, nor bread to the wise, nor riches to the intelligent, nor favour to men of skill.

I have seen also this example of wisdom under the sun, and it seemed great to me. There was a small country and they were attacked by a super power. But there was found in the small nation a poor person who was wise and by their wisdom the small nation was saved. Yet no one remembered that poor person. But I say that wisdom is better than might though it be despised and words not heeded. The words of the wise heard in quiet are better than the shouting of a Governor among fools. Wisdom is better than weapons of war. One fool or corrupt person destroys much good.

No human being has power to retain the spirit, or authority over the day of death. There is no discharge from war. Nor will corruption save those who are given to it.

I said in my heart with regard to the human species that the spirit is testing them to show them that they are but one species among many. For the fate of the human species and the fate of all the other species is the same; as one dies, so dies the other. They all had the same spirit, and the human species has no advantage over the others. To think otherwise is vanity. Who knows whether the spirit of a human goes upward and the spirit of an animal goes down to the earth? So I saw that there is nothing better than that each human should enjoy their work, for that is their destiny; who can bring them to see what will be after them?

Author's adaptation from Ecclesiastes

The Last Word on the Measurement of the S-factor

Who is this that darkens counsel by words without knowledge? Where were you when I laid the foundation of the earth? Tell me if you have understanding. Who determined its measurement—surely you know—Or who stretched the line upon it? On what were its bases sunk, or who laid its cornerstone, when the morning stars sang together?

Have you commanded the morning since your days began and caused the dawn to know its place? have you entered into the springs of the sea or walked in the recesses of the deep? Have the gates of death been revealed to you? Have you comprehended the expanse of the earth? Where is the way to the dwelling of light, and where is the place of darkness, that you may take it to its territory and that you may discern the paths to its home? Which is the way to the place where light is distributed or where the east wind is scattered upon the earth?

Has the rain a father, or who has begotten the drops of dew? From whose womb did the ice come from, and who has given birth to the hoarfrost of heaven? Can you bind the chains of the Pleiades or loose the cords of Orion? Do you know the ordinances of the heavens? Can you establish their rule on the earth? Who has put wisdom in the clouds or given understanding to the mists? Who can number the clouds? Who has put wisdom in the inward parts, or who has given understanding to the heart? Shall he that contendeth with me instruct me? *Author's adaptation from Job.*

THE WORLD
WE HAVE GAINED

M. J. Blasczyk

The World We Have Gained

Normalisation of care in the community for the disabled

M. J. Blaszczyk

No Individual can arrive even at the threshold of his potentialities without a culture in which he participates

Ruth Benedict, Patterns of Culture, 1934

Public institutions which developed in the nineteenth century Western world provided those countries with the means to rescue 'unhappy and defenceless people' from what seemed a chaotic and cruel society. These workhouses, asylums and orphanages paralleled wider social values, customs and norms aiming to 'cure' the problems of the delinquent, the insane and impoverished. They tended to interpret the larger culture of their societies based on 'moral' absolutes. In turn, society demanded a high moral standard from both inmates and the institution alike. This moral demand became necessary over a period of time to guarantee social approval, ongoing funding, and continuity of the institution itself. To further reinforce this social approval, legal and administrative constraints would be imposed. These constraints would become harsher as the institutions failed to provide the promised 'cures'. This failure to 'cure' however, was put aside, as the removal from society of the indigent, the imbecilic, the handicapped and insane was seen as a most viable option:

Without extravagant claims for 'cure' they could do it for more people and do it more cheaply. And so the stage was set for the proliferation of the physically and emotionally deprived warehouses for human beings that now typify everything we understand by the bad institution.

As segregation from mainstream society was maintained, the individuals caught up within the institutional system were growingly perceived by that society as 'different' and abnormal. Inmates

became a threat and menace to society 'and the future health of the nation if allowed to breed.' People with handicapping conditions, and psychiatric disorders could legitimately be labelled as 'sick' and thus be excused from social participation and all associated 'normal' behavioural consequences. This 'differentness' was in turn translated into a rationalisation for the continuing maintenance of the institutional system.

For staff working within the institutional setting, the impact of social segregation had a deleterious effect. They were deemed custodians of society's moral values, and if wider society signalled approval of the 'incarceration' of deviants, they should accomplish this in a caring and efficient but cost effective manner.

Society had prescribed the method of dealing with the problem and in turn empowered the institution and its staff in dispense it. The institutions became 'total', aiming for self sufficiency in all areas. Staff could legitimately distance themselves from their clients. Each institution developed its own culture, its own 'jargon', and set its own standard, at the same time becoming self-appointed 'monitors' of these:

The inevitable conflict between the social function of custodial care, detention and control and that of professional values and humane treatment was established.

For those people 'segregated' today, in New Zealand, they have inherited and had repeatedly indicated to them that their place is at the 'bottom of the pile'. Their differentness is of such social significance and negatively valued so starkly that they also have in effect become 'non people'. Socially devalued by others in society and without access to normal channels of self or citizen advocacy, they have become hitched onto their 'careers of deviancy'. Their disablement becomes their only occupation, thus dominating every aspect of their lives.

They are deprived of the normal life cycle you and I take for granted. For them, there will be no peak 'life' experiences, merely a day-to-day existence of 'passivity, poverty and emptiness' (Nirje). Because of the social significance of the devaluation process for these people, they are liable to be discriminated against and unfairly and unjustly treated.

As people they will not necessarily as a right have the citizen status you and I automatically acquire. This status will be increasingly lost to them during the process of institutionalisation. For them there need not necessarily be natural inclusion into family events,

celebrations and relationships. No automatic right to placement for a full and appropriate education. No guarantee of quality medical intervention. No immediate right of access to therapy services or occupational/vocational training facilities. No rights to a personal space or immediate prospects of a domestic environment conducive to their needs.

As an institutionalised person, his or her 'home' will be a large ward, living, eating and sleeping with 30 or 40 other people. Personal choice, selection and control in all aspects of life will be to some extent restricted. Community visits will be few and far between as will be opportunities for self-improvement and 'learning'. He or she will be caught up in the vicious 'cycle of deprivation' in which a person:

meets the widely held stereotypes and comes to actually embody them.

Society may be considered as an intricate and complex system of social relationships and social behaviour within which cultural values operate. The legacy of the institutions is that they operate outside of the cultural norms and values which guide and steer the majority of our lives and which protect and promote our personal interests and rights.

The segregation without option, of large groups of people into dubious social structures is now recognised as totally inappropriate. Combine this with the increasing awareness of personal and civil rights and the striking advance in our knowledge of how individuals with disabilities can be helped to achieve potential, then the time is now opportune for radical yet realistic change.

A Principled Alternative to Institutions

During the 1960s in Scandinavia the 'abnormal' conditions of living for the many intellectually handicapped people within institutions were being questioned. From these questions arose the ethical dilemma that legislation alone could not provide answers to the full realisation of human rights. Bengt Nirje in Sweden pondered this and developed earlier ideas on the theory of 'normalisation'. He became aware that:

Any coherent series of statements on such issues must ultimately be formulated within the demands of an ethical theory.

To develop a set of statements, he used his own experience of the cultural problems handicapped people face, and also utilised as a

'values base' universally accepted human rights declarations, in particular the UN Declaration of Rights (1948) to develop a set of statements. These he summarised as the 'normalisation principle', and for Nirje this meant:

Making available to all persons with disabilities or other handicaps, patterns of life and conditions of everyday living which are as close as possible to or indeed the same as the regular circumstances and way of life of society.

The principle begins with respect for the equality and integrity of the individual. It identifies 'normal' rhythms of life and promotes the development of the 'life cycle'. Most importantly it defines the need for community living and integration with the mainstream of society. The overall aim is to ensure the social 'distance' between the handicapped person and his own culture is diminished as much as possible. This constant referral back to the person's own culture and its associated 'values' and norms provides all involved in human services with a guide that can be adapted to suit wider social change and meet the needs of an individual's personal development. It applies widely to all groups of people in our society who are at risk of being treated and thought of as 'less valuable' than others. It applies equally to groups like the elderly, those with a psychiatric illness/disorder, and those with a sensory or physical handicap.

The normalisation principle does not provide a complete set of conditioned responses and answers. It does ask those providers of social and human services to question what their services actually do achieve for those they serve and whether these services sensitively interpret the life-styles, norms and values of the larger culture. The principle of normalisation then, was:

developed to *change* the common habitual patterns of dealing with many handicapped people.

The normalisation principle in practice need not be an unrealistic expectation for any culture or society to implement. Perhaps the most serious obstacle to implementation will be that of prevailing negative attitudes towards handicapped people and their return to the society in which they belong. Here then we meet the 'double bind' of developed society indicating nodding approval for civil rights and community living and making apparent demands for the 'security' of segregation as experienced in the total institutions.

This backlash is already occurring in the United States where criticism of deinstitutionalisation programmes could be justified. This

criticism is a result of the wholesale 'dumping' of clients within the community. This method of discharge is wholly discriminating to both the individual and community alike. The honest application of the 'principle of normalisation' means that people requiring 'special assistance' to maintain themselves within the community should receive it. It does not mean being placed in a hostile, uncaring environment to cope alone. The positive response to this problem is embodied within the principle itself. As Nirje says:

the normalisation principle supports, indeed insists upon, the provision of whatever services, training and support be required to permit living conditions and routines similar to that of others in the community.

In the United Kingdom the commitment to community care has been taken up only in the last decade or so. Committed health and social service authorities have initiated many creative community living projects providing much improved lifestyles for previously institutionalised people. Regional examples of the new 'models of care' include the 'All Wales' development (Welsh Office, 1983), and the North West Project (North Western Regional Authority, 1982). Local initiatives utilising the Kings Fund 'Ordinary Life' Service planning guidelines include, for example, Southwark and Lewisham (Guys Health District, 1981), Bloomsbury (University College, Department of Community Medicine, 1981), and Bath (Bath District Health Authority, 1982).

Community care policies in the United Kingdom have been targeted at four groups:

- elderly people with physical or mental disorders
- chronically mentally ill people
- people with an intellectual handicap
- physically disabled younger people

Currently a review of community care is being undertaken by Sir Roy Griffiths and expected to report in early 1988. Elaine Murphy (Professor of Psychogeriatrics, Guys Hospital), writing in the December 1987 issue of the *British Medical Journal*, has identified several major areas of concern in community care policy. She states that Britain has seen a 'remarkable diversity of local innovative schemes—but overall progress has been haphazard and slow.' The reasons she identifies for this include funding problems, variability in community care standards and services, joint planning difficulties, and staffing problems. These problem areas have had a significant impact on the various groups targeted, especially with regard

to those people with 'mental illness'. It is asserted that whilst 25,000 hospital places were closed between 1974 and 1984, the residential provision by local authorities in the private and voluntary sector rose by only 3,200. Additionally the provision of day care places rose by only 9,000. She identifies that the follow-up of discharged patients is a major problem area and claims that:

No fewer than 80,000 people have been discharged from psychiatric hospitals over the past 20 years, yet little is known about what happened to them.

The concerns highlighted by Elaine Murphy and others are echoed by disabled people, their families, and professional and community agencies and groups in New Zealand today. As the community care policies are being defined the attention to meeting personal support needs and providing services that have positive impact on consumers is considered vital. Full provision of a local, accessible and comprehensive service is viewed as essential to the successful introduction of community care.

There is little doubt that the continuing development of community based services receives much support from central government and local bodies. Unfortunately whilst the commitment is evident, the ensuing caution, the 'wait and see' approach, and failure to provide adequate and appropriate bridging financial mechanisms ensures that the social gap between the devalued groups and the rest of society grows. Whilst this situation remains, the added risk is that deep rooted prejudice will re-emerge, demanding the security of 'segregation' with any newly conceived community care programmes.

Opportunities and Challenges for Change

So what useful lessons can be learned from the positive and negative experiences of community care witnessed both in New Zealand and overseas? More importantly what are the wider implications for the development of social policy to ensure a positive and beneficial impact on this 'devalued' group.

Alan Tyne, a strong advocate for handicapped people in the United Kingdom, works from the premise of a 'values' base approach. These 'values' being 'a sense of what is important and an order of priority in human affairs'. He explains the values of normalisation as:

Not essentially different from those of many other belief systems or those held by many individuals. However they have been elaborated

with a particular focus—on the life situation of people with handicaps, old people, people who have suffered a mental illness or the consequences of drug or alcohol abuse, and others. What all these people share is the likelihood that, on the basis of their devalued characteristics, they will be treated substantially differently in life generally, unless thoughtful, purposeful and determined steps are taken to see this doesn't happen.

He further describes the common theme running through normalisation and comparable belief systems as:

- (a) *Fairness*—meaning preventing and prohibiting exploitation in human relationships.
- (b) *Stewardship*—preventing waste of human and material resources and promoting sharing.
- (c) *Responsibility*—compelling a commitment to direct personal action.

The starting point for answering the questions above is the explicit statement of the principles which will guide our human services. There is no one prescription for these and there is a grave danger that individual integrity will be lost if a generalised philosophy is imposed.

The following is a set of 3 guiding principles based around the theme of normalisation and discussion of their practical application. Generally referring to the impact on people with an intellectual handicap, they are equally applicable to all the disadvantaged groups mentioned previously. They are:

To affirm and enhance the dignity, self respect and individuality of the persons with a handicap or disability, who are people first, having the same human value as anyone else and therefore the same human rights

To acknowledge that all people, regardless of handicap or disability, have a need and a right to continuing personal growth and development.

To ensure maximum protection of personal, human and civil rights, promoting individual personal interests and providing effective forms of advocacy to those who require such assistance.

Combining these 3 principles and translating them into a meaningful 'community care' service poses many challenges to planners, professionals and service managers. Community care means local services need to be integrated, accessible and comprehensive. The identified needs of a local community and its members should dictate the character and context of these services. The first challenge then in planning is to ensure as widespread participation as possible. This involves a partnership between statutory bodies, voluntary agencies and societies, consumers representatives, and other individuals from the community with an interest in future services

and their development. To develop a service that is culturally sensitive the inclusion of representatives from the Maori community will be essential.

The next challenge to those devising policy and those in the business of managing human and social services, is to identify socially valued alternatives to institutionalisation. This means identifying the ways and means of integration that will maintain and reinforce the right of each individual to experience 'a wide range of natural community settings'.

The implications of this are far reaching. For example, as we return people to their natural communities their accommodation should be provided in as normal a setting as possible: in effect by providing a range of housing of similar style and quality to their neighbours. Additionally, the maintenance of their new lifestyle will be important. Where necessary the provision of extra help should be from those generic services currently in place and utilised by other members of the community. Specialist services should 'to strengthen the existing networks of the community and not supplanting them'. Gauging the 'rhythms of living' will also be an important responsibility and will be a useful indicator of the success or otherwise of community living and social integration. Educational provision, vocational training, introducing leisure and recreational opportunities, and developing effective personal and family support systems will all require rigorous attention. Not only do individuals require access to these facilities and resources to enable personal growth, they also require the special assistance necessary to achieve a full and satisfying life-style. Included in this is the right to basic financial privileges with the personal autonomy to dispose of this income as they see fit.

The affirmation of promotion of personal interests is implicit within the partnership phase of planning, implementation and evaluation of services. The opportunity and challenge is also there for enlarging on the advocacy issue. As a component of human services it should include:

the transfer of power to someone with a disability by way of speaking for them and under their instructions, but also in many instances seeking to transfer to the disabled person the ability to speak on their own behalf.

Through the teaching of self advocacy, and the initiatives of citizen advocacy, we can introduce the exercise of self-autonomy, and the accompanying status improvement that goes with this, to all handicapped people.

Looking now at the challenges to the community itself, one can envisage many perceived threats. The main challenge will be that the newly introduced community members have a right to share in the available community resources. This sharing will also involve a presence within the established networks of family, friends, neighbours and other community groups. This presence is essential to sustain and enable the social integration so necessary to community living. This will require more than the anticipated initial tolerance, it will mean continuing and growing support and practical help from 'ordinary' community members. For the disabled person it will require a personal assertion of their rights to share and participate together with the community. Naturally there will be corresponding responsibility to contribute as best they are able and this two-way exchange will go a long way in promoting successful integration.

Finally, mention should be made of the major challenge facing the 'professional' service providers. If there is acceptance of a values-based approach to the delivery of care, then personal value systems have to be explored. If this is completed and shared with others, much re-evaluation and re-shaping of attitudes can occur. From this will arise the demand for a new type of commitment. This challenge is to the strength of loyalties to professions and the maintenance of present systems. The new commitment will involve working in partnership, sharing of knowledge and expertise, and assisting in the development of a new type of service geared to meeting client needs on a holistic, individualised basis.

Conclusion

The recurrent theme throughout this paper is the acknowledgment of equal rights for individuals regardless of disability or handicap. The normalisation principle is the chosen option for identifying, analysing and reviewing the habitual patterns of dealing with handicapped people. The normalisation of lifestyles and desegregation of institutionalised people could meet both individual and community needs if creative and socially valued options are selected. The pursuit of a values-based service, such as the normalisation principle, will extend to people with handicaps genuine membership of our communities.

It calls for increasing the probability that, over time, handicapped people will more and more live with us as valued neighbours rather than as devalued clients.

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THE NEGATIVE MIRROR

Robin McKinlay

The Negative Mirror

Social Wellbeing as Reflected in the Philosophy of Normalisation

Robin McKinlay

Social ills are not difficult to define. The submissions to the Royal Commission demonstrate this fact quite convincingly; but our construction of the positive side of social life, of the essential elements of our social well being, has its foundation in assumptions that are taken for granted to the extent that they are not readily available for us to examine and discuss. The values and beliefs on which we base our reactions to social reality are difficult to 'unpack', except by monitoring our reactions and decisions about specific issues where our wellbeing is concerned.

How then do we arrive at a basis for making statements about the social wellbeing of New Zealanders as a whole? In order to arrive at a picture of those elements New Zealanders feel to be essential to their social well being, we have used several avenues, each of which comes at the problem from a different angle. One of these avenues was to examine the assumptions which underlie the movement involving the 'normalisation' or 'mainstreaming' of disabled people. We felt that, in examining those aspects of life which were being restored to disabled people who have previously been institutionalised, we would be able to bring to light some of the elements felt to be essential to a good social life, and reveal some of the values underpinning them.

To this end, M. J. Blaszczyk was asked to write a paper on mainstreaming, 'The World we have Gained'. In this commentary I will present an analysis of the assumptions about social wellbeing which are implicit in the mainstreaming or normalisation processes as described in Blaszczyk's paper, drawing also on my own research

on the quality of life offered to residents in New Zealand psychiatric hospitals, reported in 'Caring, Curing and Controlling' (Dowl- and and McKinlay 1985).

Blaszczyk starts his paper with an outline of the quality of institutionalised life, which points out what institutionalised people lack. His negative statements embody certain assumptions about what we all expect to have, or what we all need, to live a complete, fulfilling life, or to be full members of society. He says, for example, these people are made to feel they are 'at the bottom of the pile', which reflects the idea that society is not all of one level, and that it is definitely better to be at the 'top of the heap'. He describes them as 'non-people' because they are negatively valued on account of their difference, and having 'no access to the normal channels of self or citizen advocacy', statements which reflect the beliefs that being a person, a member of society, involves being positively valued by those around one, and having some kind of voice, either singly or as part of a group, in the collective whole. Another interesting phrase Blaszczyk uses is 'disablement becomes their occupation', in that they are defined by others only in terms of their disablement, which limits their own freedom to define themselves in relation to others, and the extent of their endeavours.

Already we can see certain values emerging: being a valued member of the social group, having a say, self-determination—being able to make choices about who one is, and what one does.

As Blaszczyk continues, some more subtle dimensions emerge. He talks of their being 'deprived of a normal life cycle', living lives of 'passivity, poverty, emptiness'. He says these people have 'no inclusion in family events, celebrations and relationships'. A 'normal' life is a cycle of change, in which the individual progresses through a series of roles or statuses, from child to adult, to parent and so on. During this progress, we have the ability to control to some extent at least what happens to us, or what we do, to plan, make choices and make mistakes. We expect to learn and grow. In the course of this process, we expect to be linked into a family or group of other people, whose lives are meshed with ours in different relationships, people to whom we are important, with whom we share love, who give us value. And the timespan of our lives, which is shared with these others, is marked by high points and low, joys and sorrows.

What does all this tell us about 'the world they have lost'? A broader look at the texture and structure of life in a psychiatric institution can provide a kind of 'negative mirror' in which we can examine our assumptions about what is normal and desirable in social life, by revealing aspects of institutional life which strike us as bizarre. In 'Curing, Caring and Controlling', Jan Dowland and I looked at some of the distortions that institutional life brought to the dimensions of daily living.

A good example is the use of space. Most of us like to have some space to call our own, which we decorate and arrange to suit our taste. This can be large or small, depending on our means, but the presentation of personal space makes a statement, to ourselves and to the rest of the world, about who we are, what we are 'like'. A psychiatric ward tends to be anonymous. Choices about furnishing and layout are made by hospital administrators, or at best by the collective of staff and residents. Self expression is severely limited, or non-existent. Even the right to leave a bed unmade is lacking. In addition, living rooms and spaces in the hospital are large, so that the individual may feel reduced, and in wards too, the resident is one among 30 or more, while single rooms, where they exist, are cramped. This highlighted for us the subtle values associated with the spaces we live in, the idea that the scale of the space one lives in has implications for one's wellbeing.

With space too goes the notion of privacy, of being able to choose to be alone. We found that in most institutions, residents were all expected to spend their day in the company of others. This highlighted our assumption that to participate in, and also withdraw from, social contact is part of the accepted texture of social life outside the institution.

Privacy was also highlighted in institutional arrangements for toilets and bathing. The rows of unpartitioned or doorless toilets in some wards, and the 'production line' bathing systems, in which several residents are bathed together without any screening between them, drew our attention to our own feelings about human dignity being associated with bodily privacy. We discovered that in the case of severely disabled people, these arrangements were justified in terms of safety, where the ratio of staff to residents was low, and rules dictated that staff must watch all the time while a resident is in the bath for fear of drowning. The priority of safety over privacy was, however, made by the hospital rather than the individual.

We found too that self respect is not only a matter of bodily cover, but has to do with what one wears as well. We learned of 'collective wardrobes' in certain wards, and found that even when long term residents are able to have clothes of their own, the choice is limited, and often made on their behalf. Our reactions to this revealed the importance we felt clothing is given as a statement about ourselves to those around us.

Another significant area is that of money. Residents in psychiatric institutions have some income through the sickness benefit, but in many cases their access to this money was restricted, and in some cases, decisions on how the money should be spent were made for the residents by staff. We found certain examples where long term residents had significant sums of money accumulated from their unspent benefits, the interest from which was not individually allocated but used for the general good of the hospital.

Psychiatric patients were, however, universally 'poor' in financial terms. Although many of them worked in hospital workshops on productive work for which there was a monetary return, the money they received from this work was not related either to their skill or output, or to the market value of what they produced, but depended rather on staff perceptions of their 'needs'. In an environment where the basics of food, clothing and shelter are provided and opportunities for shopping are few, these needs were seen as small and the weekly wage packet was likened more to pocket money than to earnings.

The contrast between this pattern, and patterns of earning and owning wealth in the outside world, highlighted for us the importance of the financial reward earned for work, as an indicator of the value of the work done, and, by extension, of the social value and status of the worker, and therefore its importance role as a source of self esteem. The accumulation of money is a means of moving up the social hierarchy, and the removal of the relationship between the value of work performed and financial reward appeared to us to be a mechanism for perpetual disempowerment, for keeping residents for ever at the 'bottom of the heap'. Money is an aspect of power, an enabling resource that allows us to carry out life choices, so the ability to earn, save and control our own money is a highly valued aspect of social wellbeing.

Just about all aspects of institutional life offer similarly revealing differences from life outside. Food is provided, so there is virtually no opportunity for individual choice, whereas we felt choosing

what to eat, and eating meals we enjoy, is an expected form of gratification. The pleasure of preparing food and sharing it with others is also lacking, which highlighted for us the importance of reciprocity in food relations, of being able to offer food to guests who have given us food in the past. Residents' mail is often subject to censorship, and mail may be intercepted. Our reaction to this stressed how deeply we felt about the privacy of correspondence, and the need for an individual's wish to communicate to be respected.

The structure of the hospital organisation itself renders the residents voiceless in decisions which affect their lives. The hospital community is divided into residents, the ostensible reason for the institution's existence, and staff for whom it is a place of work. As trained professionals whose task it is to run the institution, the staff make decisions on behalf of the residents, and these decisions may not all be in the best interests of the residents. This is particularly the case when the 'wellbeing' of staff and residents clash. For example, staff prefer to work from approximately eight to four thirty. Because they are supported by unions which have negotiated their conditions of work, they can expect overtime payments for work out of these hours. It is therefore more economical for the hospital to have fewer staff on later in the day. For residents who are very dependent, and need a lot of help with such things as eating, or preparing for bed, this can lead to a distortion in their daily routine, in which they eat all their meals, and experience their whole daily routine in 'working hours', and in some cases may even be put to bed in the late afternoon. Not having any union to stand up for their wellbeing, residents are indeed voiceless in matters which affect the basic quality of their lives.

Conclusion

Although the examples I have given are many and varied, the basic values which we can define from them are simple, and equate closely to the values of 'voice, choice and safe prospect' revealed by Jocelyn Keith and Lorna Dyall in their analysis of the submissions to the Royal Commission.

The requirements for social wellbeing which have emerged from this analysis cluster around notions of individual self definition, and the individual's place in society. There are values associated with being able to express one's uniqueness as an individual,

whether through what one wears, or what one does, or how one arranges one's environment, and so on—all of which depend on the freedom to choose. There are values associated with having a recognised place in the social fabric, where one is valued for who one is, and what one does, and with this goes the ability to plan to make changes in one's position, (or status if the social fabric is perceived as a hierarchy) or to assist others with changes.

The ability to earn and accumulate money is an essential aspect, as money is not only a recognised statement of personal worth but also the resource that enables many choices and changes.

Associated with being valued are notions about personal privacy and dignity, as well as the importance of being able to reciprocate, to give as well as to receive, whether it be care, support, or resources—to be needed as well as to need.

The element most obviously lacking in the institution which sums up all the rest is freedom: freedom being defined here as the ability to make choices for oneself, even choices which turn out to be mistakes.

The lack of a voice in decisions which effect them is another major element of the lack of freedom of residents of an institution.

The third element that emerges from the submissions, 'safe prospect', security, a future one can look to with assurance, does not emerge so clearly from this analysis. This is not surprising, as the fundamental purpose of the institution is to keep safe people who are deemed to be at risk, or unable to care for themselves in the world at large.

Reference

- Dowland, Jan and McKinlay, Robin, *Caring, Curing and Controlling: An outsider's look at life and work in New Zealand psychiatric hospitals*, Special Report series 75, Department of Health, Wellington, 1985.

TE HONO KI TE WAIRUA

Kuni Jenkins

Te Hono ki te Wairua

The Spiritual Link: A Māori Perspective on the Spiritual Dimension of Social Wellbeing

Kuni Jenkins

Introduction

This paper seeks to explore the nature of the spiritual dimension which is part of the Māori way of life and suggest how decision-making processes can recognise and implement the wairuatanga (spiritual dimension) that is of great significance to Māori people.

The views expressed are an attempt to integrate a diversity of opinion aired at a meeting held on 10 February 1988, at Gateway Lodge, in Auckland. Such views are subject to challenge, debate and conjecture as the cross-section of opinion was restricted to a select group only; such a group does not necessarily expound the broad range of views held by Māori society; the short time span allowed for consultation and consideration of these very sensitive issues has limited the quality and content of this report to a weak position; and members of the committee considering this report were very aware of the absence of notable Māori spiritual leaders, kaumatua and kuia who should have been consulted.

In defence of the report however, I must add that those present were people who do have an understanding of the issues addressed herein and are conversant with the nature of Māori society in all its facets.

What is the Spiritual Dimension?

Arising from the social wellbeing phase of the work of the Royal Commission on Social Policy came the need to focus upon the substance of the spiritual dimension that Māori people allude to as one

of the important perspectives that influence their lives. In addressing what was meant by the term 'the spiritual dimension' the most concise definition arrived at after much discussion was that:

'It was a principle of Divine sanction . . . Divine sanction was the ultimate authority.'

This basic definition was true of traditional Māori beliefs as much as it is for Christian doctrine. Since the signing of the Treaty of Waitangi Māori practices generally have been inclusive of the spiritual dimension. For example, the ceding of sovereign rights through the Treaty meant the shadow of the land went to the Queen as in the mythical story of *Te Kanawa and the Fairies* where the spirit world of patupaiarehe (fairyfolk) took the shadow of the taonga (treasure) but not the taonga itself. The Kotahitanga movement of the 1890s had as its laws:

- (a) Ture Atua (God's Law)
- (b) Ture Tangata (People's Law)

Divine law took precedence over mortal law. The principles of Mana Motuhake (absolute Māori traditional authority) followed a similar sequence:

- (a) Mana Atua (God's power)
- (b) Mana Tupuna (Ancestral power)
- (c) Mana Whenua (Land power)

In essence the nature of the spiritual dimension is about power over physical dimensions. It is the 'journey' into supernatural domains in search of Divine care and nurture for humanity. It is the impossible, the impracticable, and the determined leap beyond the physical constraints and restraints that bind us. It is an idealistic attitude which, if successful, would bring about change of such incomprehensible proportions that we can only surmise at the awesome change that might result—either for the betterment of the human race or its downfall. The spiritual dimension is also that intangible quality that links the generations, that prevails over the impossible situations, that gives the inner strength a person needs to handle those difficult encounters; it is the awareness of a higher power than the temporal forces that control us.

It was suggested to the Royal Commission that Western ideals were secular in their traditions as compared to the spiritual dimension of Māori cultural values. It seems an inconsistent claim to make when speaking of the spiritual response by Western cultures for do they not die for 'God, Queen and Country' like Māori

people did in the recent world wars? That seems to be a very spiritual thing to do.

‘He wahine, he whenua kā ngaro te tangata’.

For a woman and for land men will perish.

Embodied in the proverb is the Māori spiritual attitude towards war. A superficial interpretation would leave the hearer or reader to think it was merely a sexual and materialistic pursuit until one reflects on the nature of the woman and the knowledge of Papa-Tū-a-Nuku in her mythological guise. Then one is able to make the spiritual links of the two phenomena. Papa-Tū-a-Nuku is the land itself. It is sacred. It is the very essence of life itself.

Māori people are not the only people who have a sacred regard for the land. Western societies have a sanctimonious regard for earth as well. Their terms include:

‘Mother Earth, Mother England, Mother Nature, The Fatherland’

(Māori mythology would have located the last example as Father sky!) Within Māori society the mythology of the elements of Nature—of land, sea and sky continue to ‘live’. Hence wairuatanga (spiritual dimension) is ever present. On formal occasions the first mihi (greeting) is to one or some or all of the natural elements—to Papa-Tū-a-Nuku (Mother Earth), to Ranginui (Father Sky), to Tāne Whakapiripiri (son of Earth and Sky and forest god) to name but a few of the deities who are addressed as if they were present in the midst of the ‘hunga ora’ (living people). Within the first mihi are also addresses to the recently departed dead and to the ancestral dead as if they, like the deities, were still within the realms of contact of the living. Our life form is just a small part of the cycle. The spiritual dimension penetrates and permeates through the whole of life, supporting, nurturing and guiding the natural order.

Spiritual Principles

Traditional Māori society observes two basic principles in its attempts to preserve the spiritual dimension:

(a) Tapu (sacredness)

(b) Noa (commonness)

These principles are complementary. Abuses of them brought dire retribution to the transgressors in ancient traditions. Death was not an uncommon consequence for the breaking of tapu especially. Such a consequence could occur by psychological events alone

without physical intervention or reprisal of other sorts by the guardians of wāhi tapu (sacred places).

Particularly at this point in time there is widespread abuse of both principles. This is largely due to the failure or inability to educate the present generations of Māori people about the sanctity of the environment and the personal tapu that each person needs to safeguard for himself or herself. We cannot assume any more that just because people are Māori they will know the traditions.

The life principles that should be protected by the laws of tapu are spiritual gifts handed on to the human race from Io-Matua-Kore (the supreme god without parentage) which are:

(a) Mauri uto (the life force in objects)

(b) Mauri ira tangata (the life force in people)

With the destruction of tapu the life forces in the society are debased and all life is impoverished. Traditional Māori society relied heavily on the protection of wairuatanga to conserve and preserve its cultural lifestyle. Replacement by other cultural programmes has been supremely detrimental to the spiritual dimension of Māori society while perhaps catering for the material wellbeing of the race.

Consequences of Diminished Spiritual Awareness

Abuse of women and children is a painful example of the breaking of the rules of tapu and noa. It becomes even more acute for Māori society when one reflects on the current situation where the amount of such abuse is disproportionately high for the population.

Another significant example of abuse which concerns Māori society is the question of abortion. There does not appear to have been a Māori forum to discuss the ethical implications, from the spiritual perspective, of the liberalising of the law on abortion. If there has been, it has been ominously silent in giving out the information to the large numbers of Māori women who are patronising the abortion queues. The question that bothers us ethically is 'when does life actually begin?' Māori definition is likely to be at variance with medical opinion, hence many Māori lives are being terminated before they have begun.

Other examples are:

– The denigration of status of Māori women from 'te hoa rangatira' (the chiefly ranking equal of her husband) to

that of a servile status as programmed for Western women. This is a lengthy issue to discuss further and is actually a full debate on its own. Suffice it to say that the spiritual dimension is unbalanced and not in harmony because of the lowered status of Māori women.

- The environmental pollution of the seabeds, forests, air-space, rivers, lakes and the land. Recent Māori protest action over the pollution of seabeds in Taranaki and the Manukau Harbour has been fought in the courts through the Waitangi Tribunal using as the major argument the offence to the spiritual dimension of ancestral grounds which ought to have been sacrosanct under the Treaty of Waitangi.
- The position of large numbers of Māori males who have criminal records and have served or are serving gaol terms. Within such confinement their tapu status is debased and they lose the protection of their spiritual dimension.
- The alarmingly poor health of Māori people in relation to the rest of the population. Statistics of poor health in Māori females emphasise the abuse of the principles of tapu and noa, further compounded by the recent revelation that medical researchers had been using a large proportion of Māori women as 'guinea pigs' and failing to treat them adequately according to the data that had been gathered.

Suggested Changes to Decision-making Processes

A number of ways have been suggested to enhance the recognition and implementation of the wairuatanga.

Implementing what basically appears to be an 'impractical' programme is difficult for all concerned. However some of the suggestions made would seem a natural way forward. They are as follows:

- (a) That a Māori Policy Commission—drawn from iwi authorities—to be representative of all tribal groups—be established to oversee the direction of social policy as it affects and pertains to Māori people.
- (b) That there be a Kauhanganui (council) to liaise at national and regional levels and that the Minister of Māori Affairs be a representative of the people not of the Government.

- (c) That any such council have a membership of equal numbers of men to women.
- (d) That the time is right for a Māori Legislative Chamber.
- (e) That there be a Māori representative on all regional authorities and councils.
- (f) That Māori representation and opinion be heard on immigration authority panels. That in relation to immigration those seeking New Zealand citizenship understand and acknowledge the Treaty of Waitangi.
- (g) That the wairuatanga be recognised by all areas of government—city councils, hospital boards and environmental committees.

Conclusion

In drawing up a social policy that might fit the needs of the society at large, due consideration afforded the indigenous minority is indeed an affirmation of the just society, as it seeks for co-operation and peace in bringing about the harmonious balance in society where integrity governs the care over all creation. Aotearoa might at last be the place in the sun, where all people are indeed free to enjoy the wealth and the glory of this God-given land, the 'God-zone', social wellbeing, and spiritual wellbeing, abiding.

Work

STATISTICAL PROFILE
OF WORK

Statistical Profile of Work

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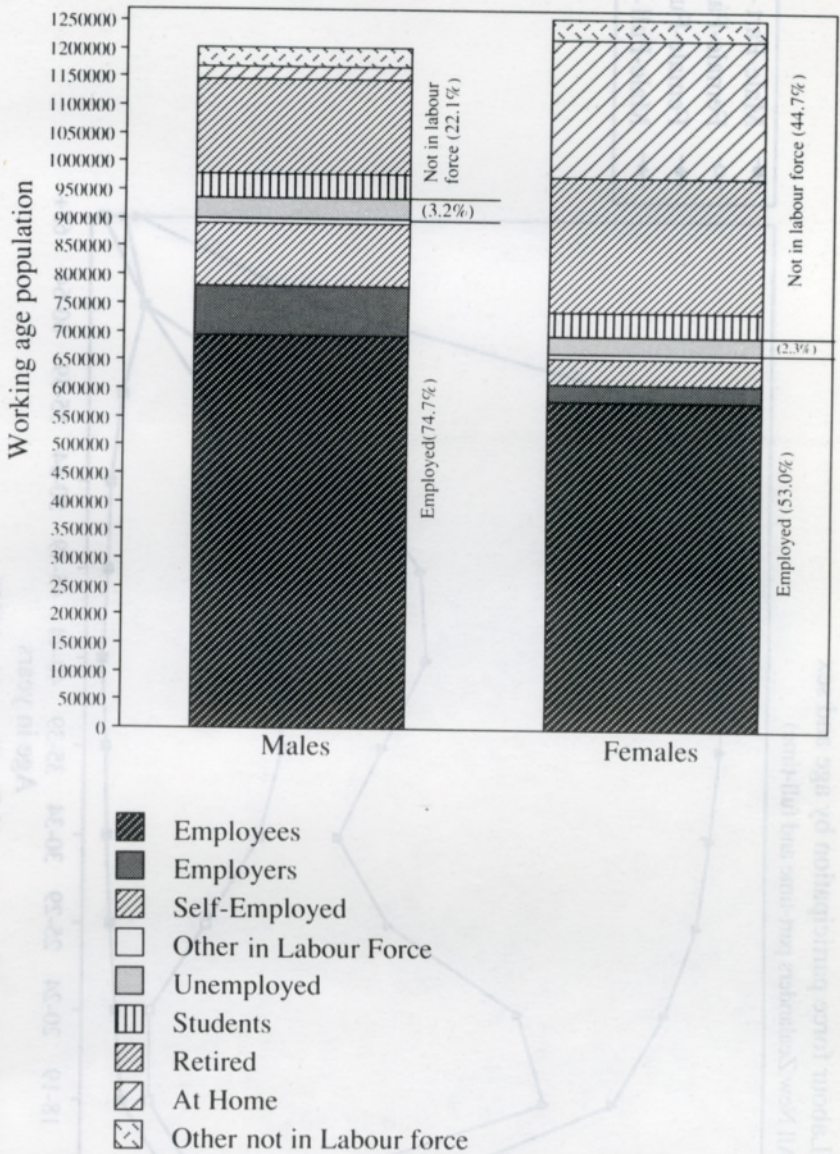
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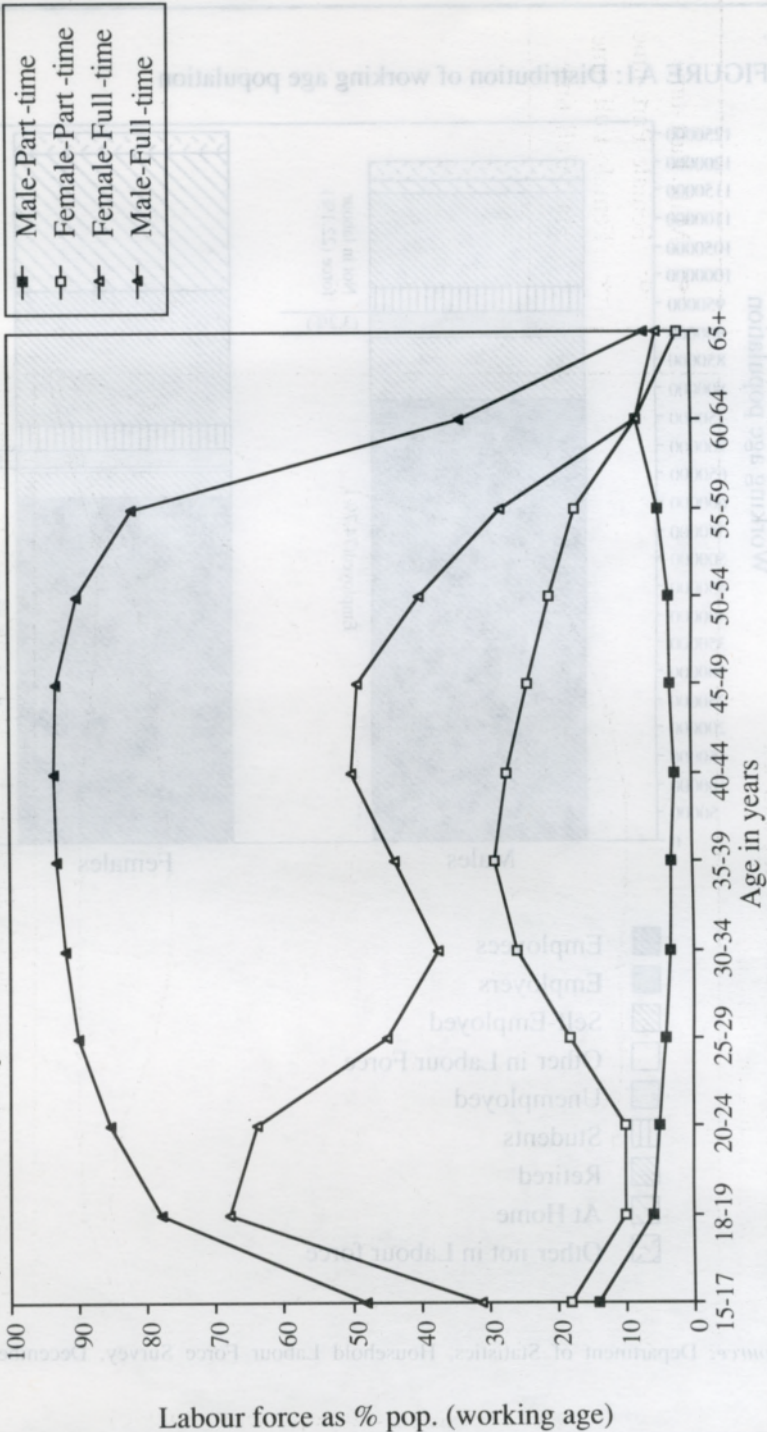
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FIGURE A1: Distribution of working age population



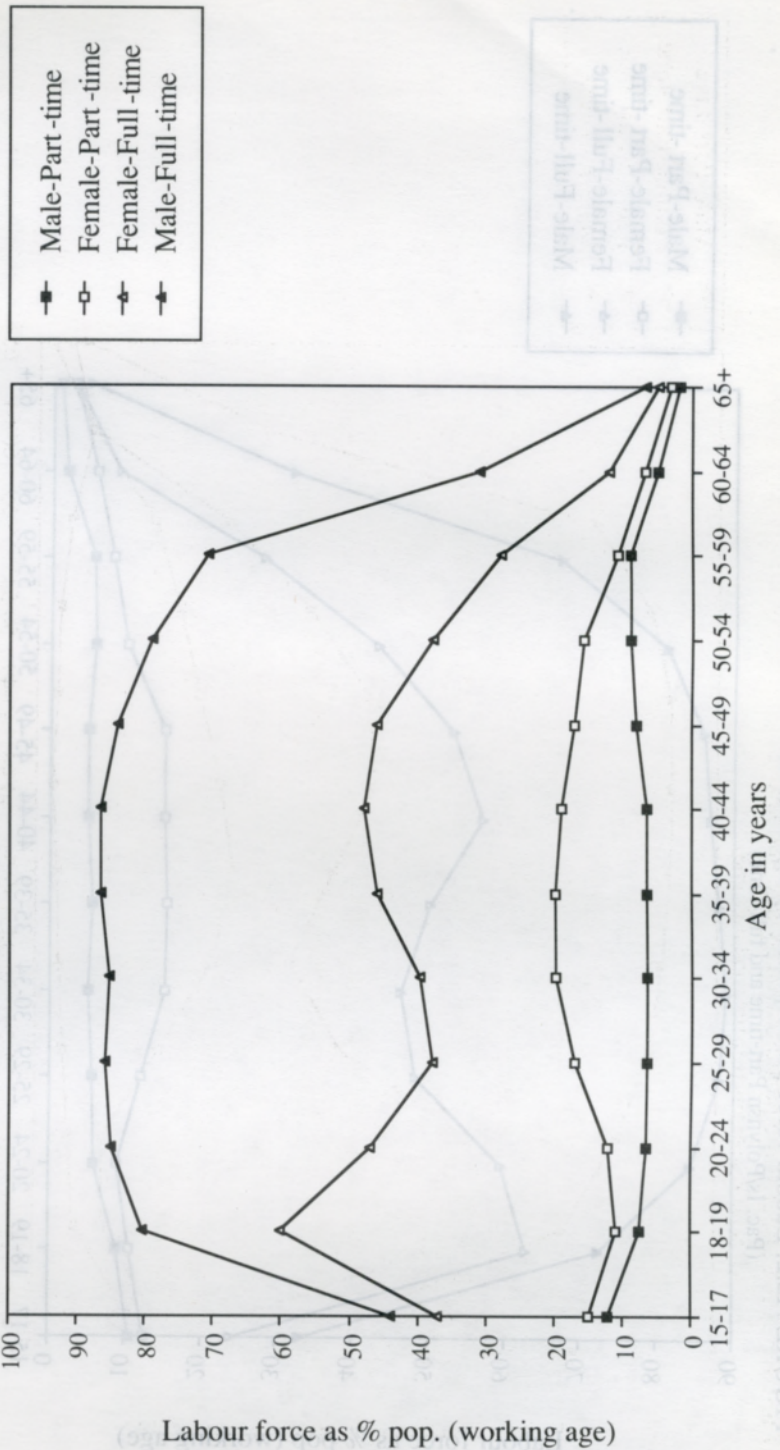
Source: Department of Statistics, Household Labour Force Survey, December 1987

FIGURE A2: Labour force participation by age and sex
(All New Zealanders part-time and full-time)



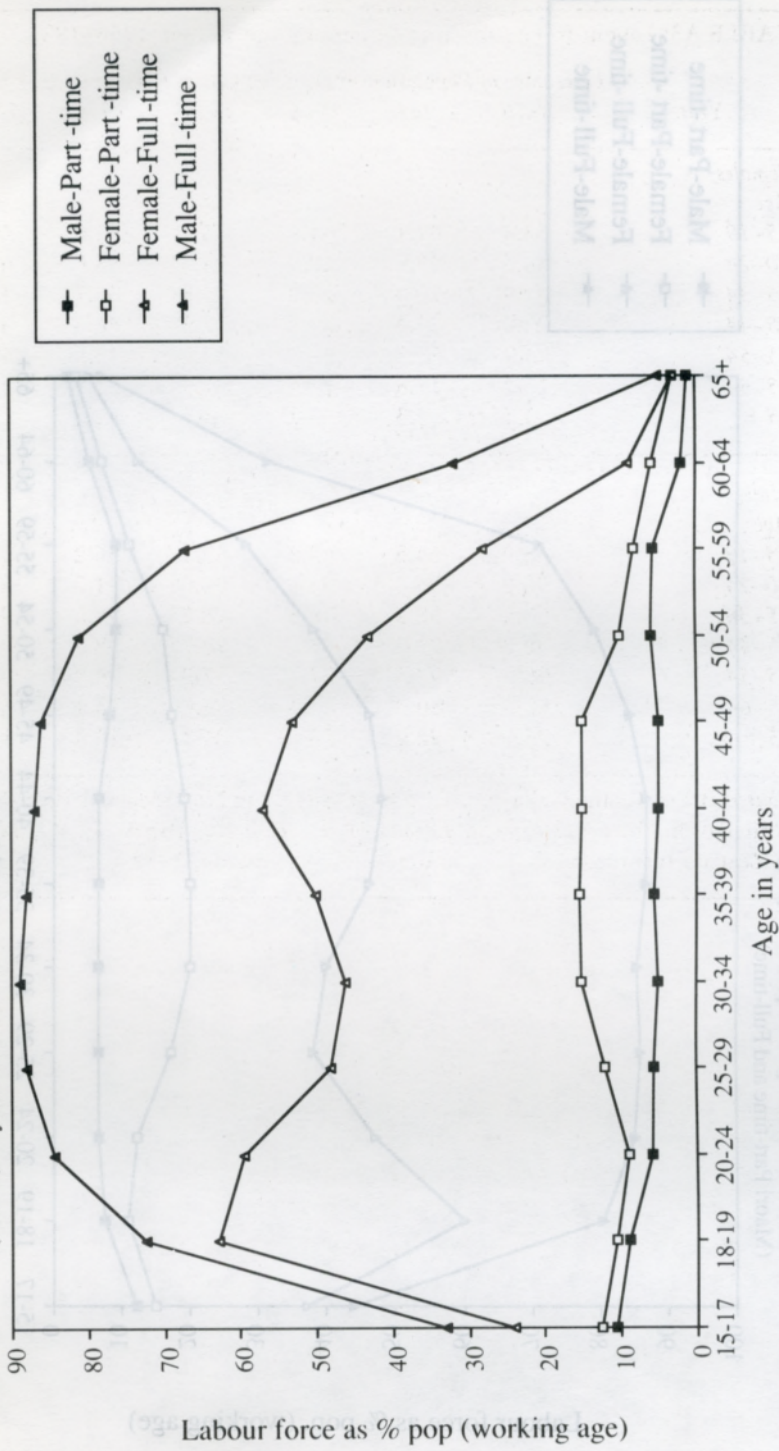
Source: New Zealand Census of Population and Dwellings, March 1986

FIGURE A2.1: Labour force participation by age and sex
(Maori Part-time and Full-time)



Source: Department of Statistics, New Zealand Census of Population and Dwellings, March 1986

FIGURE A2.2: Labour force participation by age and sex
(Pac. Is/Polynsn Part-time and full-time)



Source: Department of Statistics, New Zealand Census of Population and Dwellings, March 1986

TABLE A3: Labour force participation rates by age and sex 1956-1981

Year	Percentage of Population in Age/Sex Category					
	1956	1961	1966	1971	1976	1981
<i>Females</i>						
<i>Age</i>						
15-19	63.8	64.1	61.9	56.9	51.0	49.5
20-24	50.6	49.8	52.9	54.9	58.6	63.7
25-34	21.9	20.9	23.8	29.5	35.7	41.1
35-44	22.8	25.4	29.5	37.5	46.3	51.9
45-54	24.9	28.7	32.3	37.7	43.8	48.6
55-64	15.2	17.8	20.5	21.9	21.9	22.3
65+	3.5	3.3	3.7	3.5	2.7	1.9
<i>Males</i>						
<i>Age</i>						
15-19	68.2	65.5	62.8	57.1	56.2	56.6
20-24	96.0	94.6	93.6	91.0	91.2	91.0
25-34	98.5	98.5	98.5	98.2	98.0	97.1
35-44	98.2	99.3	98.9	98.7	98.5	97.6
45-54	96.9	97.3	97.4	97.2	96.9	96.1
55-64	80.3	80.9	83.4	81.6	75.1	67.0
65+	25.1	22.0	23.6	21.3	16.3	11.1

Source: Braae, R. and Gallacher, J., 'Labour Supply in New Zealand 1976-81', in Easton, B. ed. *Studies in Labour Market Research*, Paper no. 29, New Zealand Institute of Economic Research, Wellington, 1983

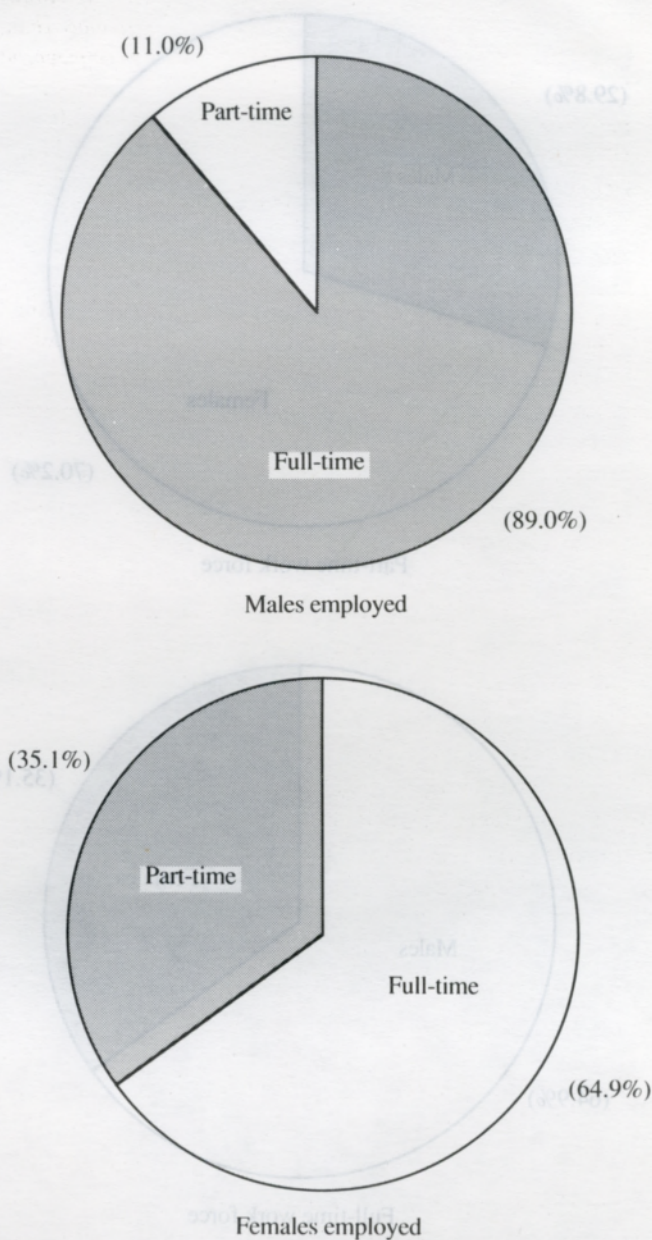
TABLE A4: Growth in employment in New Zealand 1965-1986

Year	Average Annual percentage change in employment
1965-1970	2.0
1970-1975	2.1
1975-1980	0.8
1980-1985	1.0
1985-1986	-0.4

Source: OECD Labour Force Statistics, 1965-1985, Table 111, pp. 146-147. 1985-86, OECD Economic Outlook, June 1987, p. 28

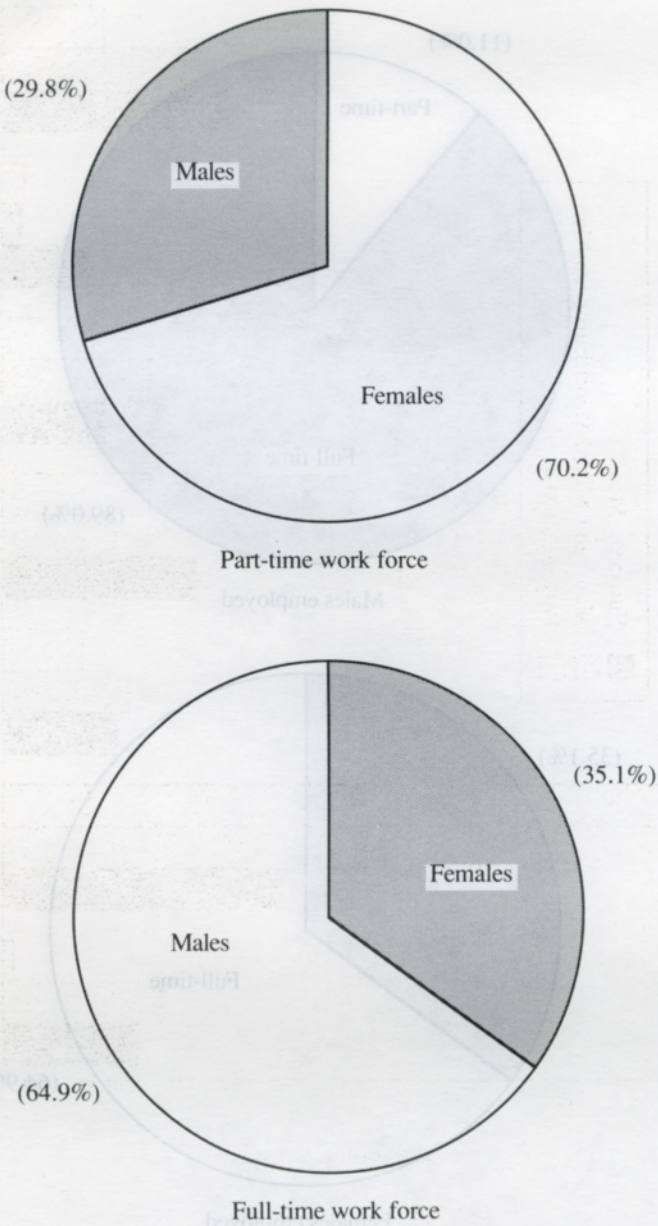
Source: Bruce, R. and Gallacher, J., 'Labour Supply in New Zealand 1976-81', in Easton, B. ed. Studies in Labour Market Research, Paper no. 29, New Zealand Institute of Economic Research, Wellington, 1983.

FIGURE A5: Involvement in part-time work



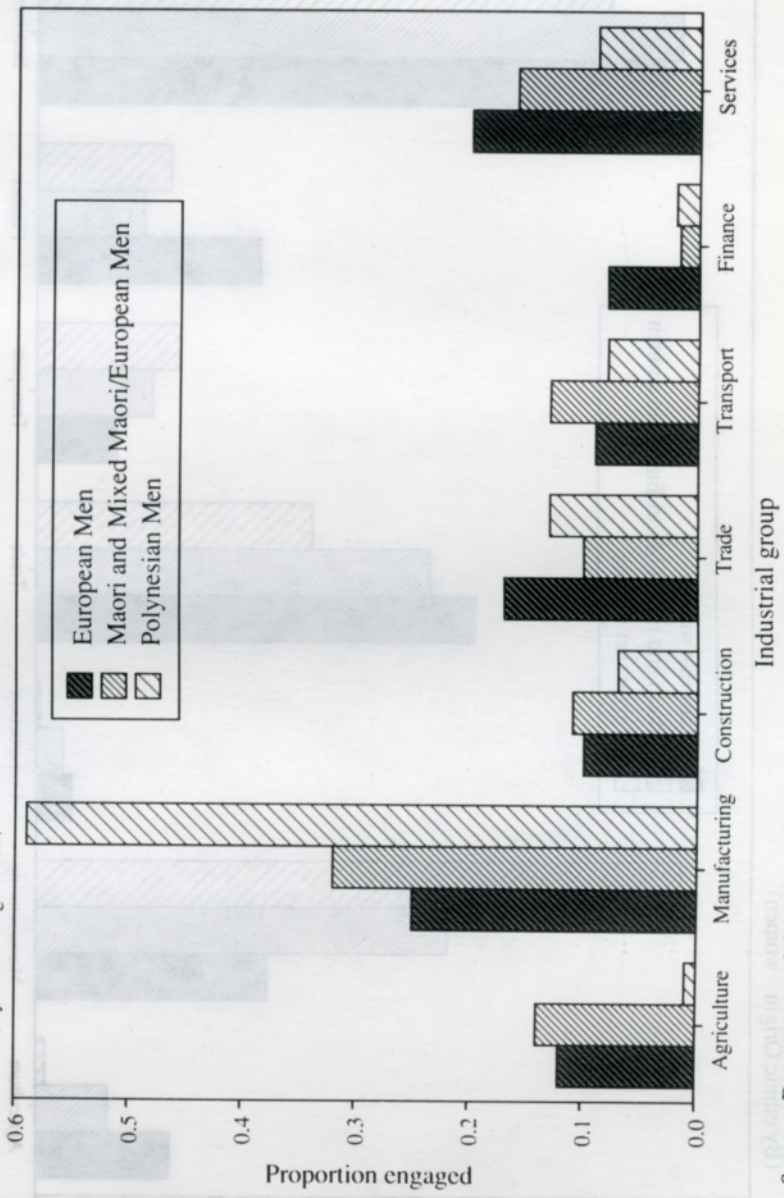
Source: Department of Statistics, Household Labour Force Survey, December 1987

FIGURE A5.1: Involvement in part-time work



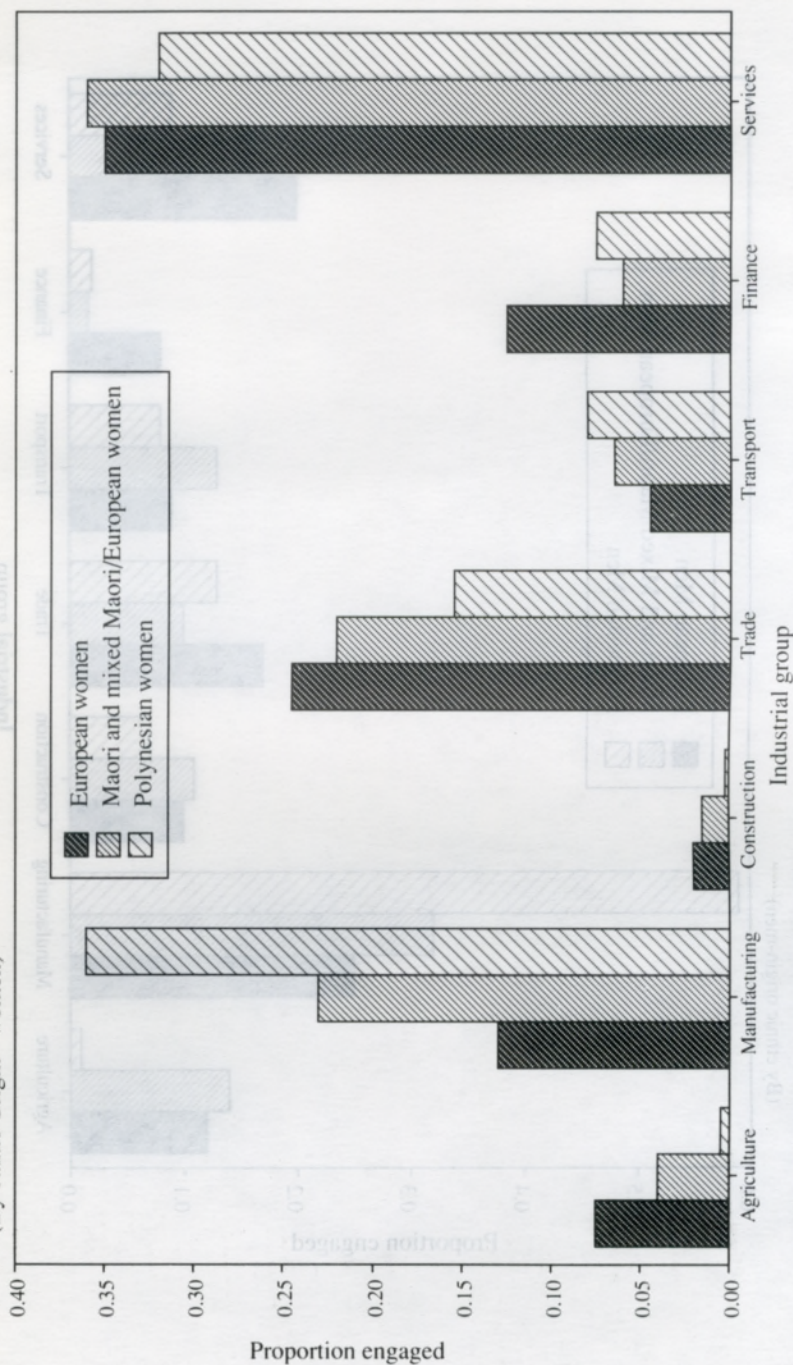
Source: Department of Statistics Household Labour Force Survey, December 1987

FIGURE A6: Industrial distribution
(By ethnic origin-men)



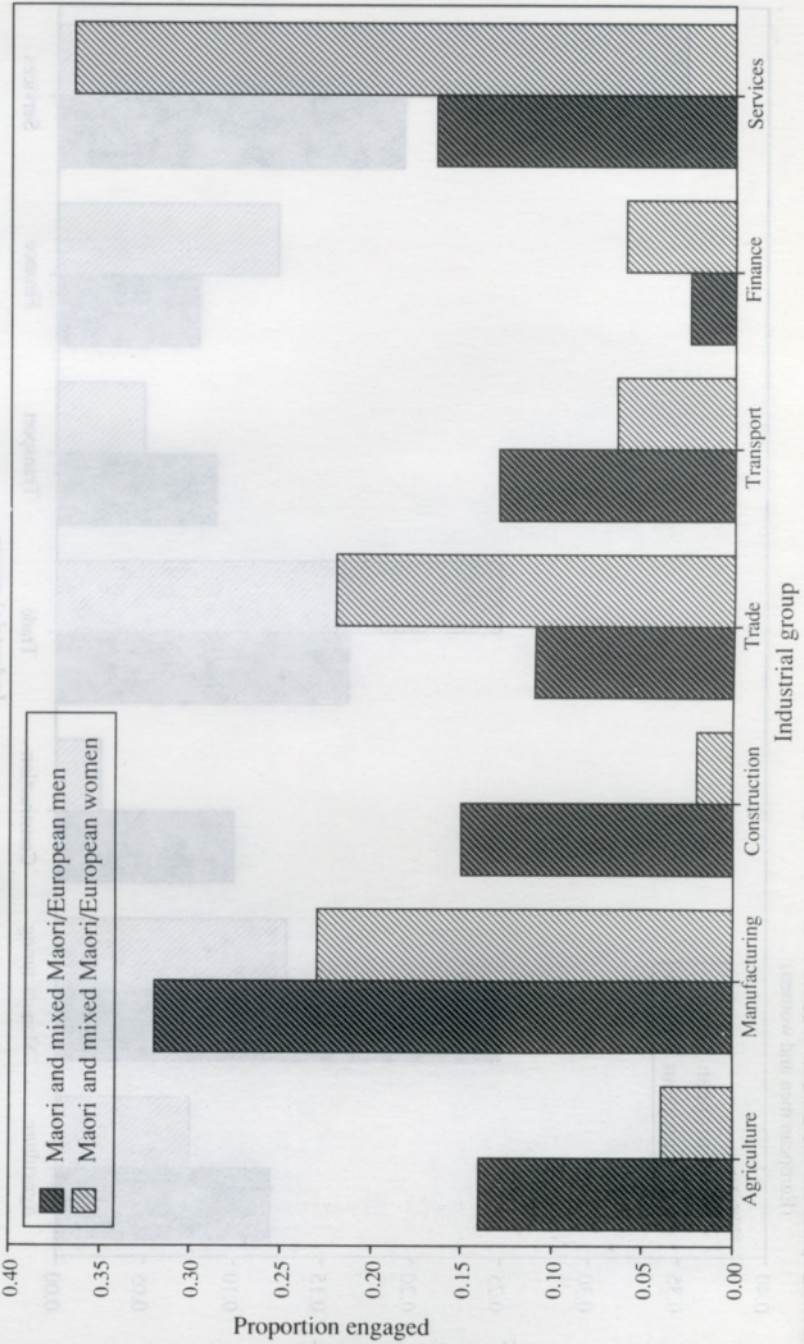
Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A6.1: Industrial distribution
(By ethnic Origin - women)



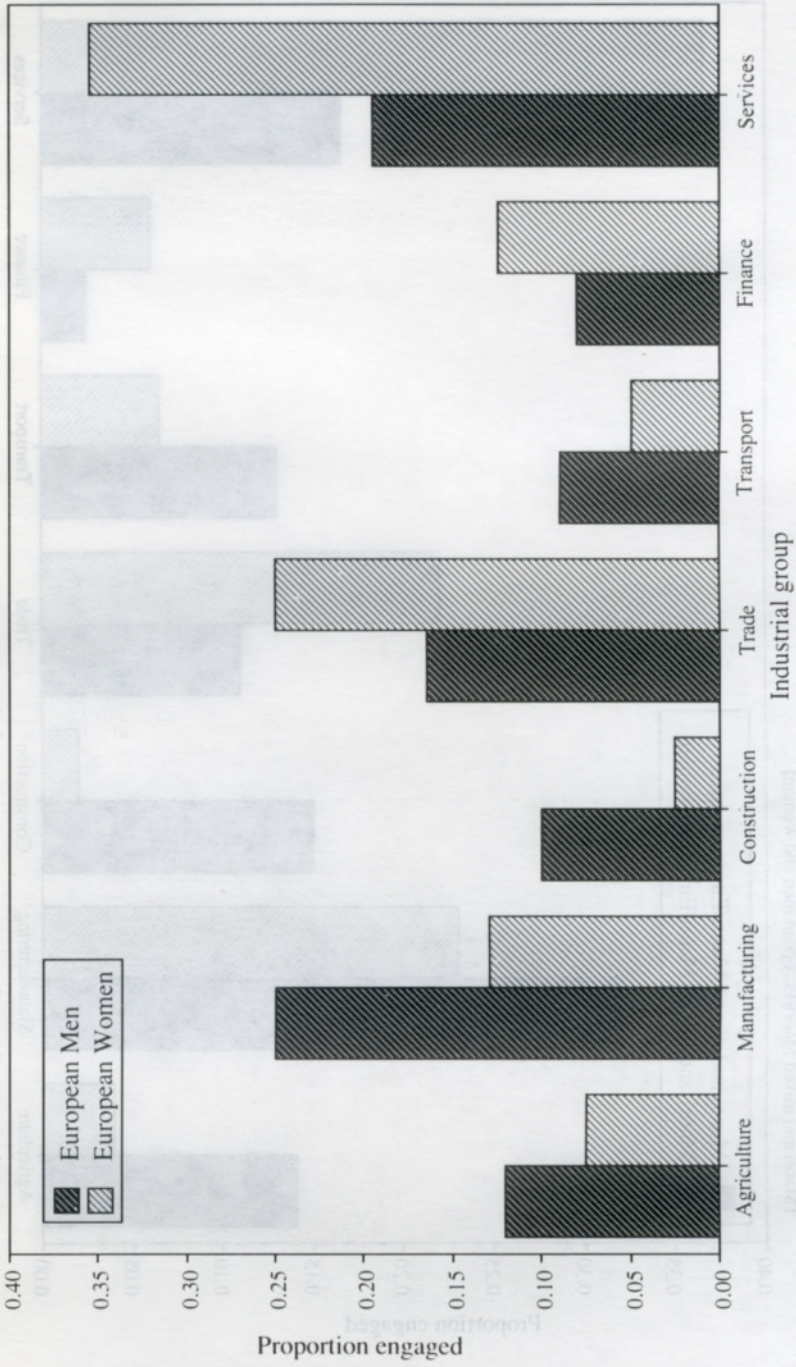
Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A6.2: Industrial distribution
(Maori and mixed Maori/European men and women)



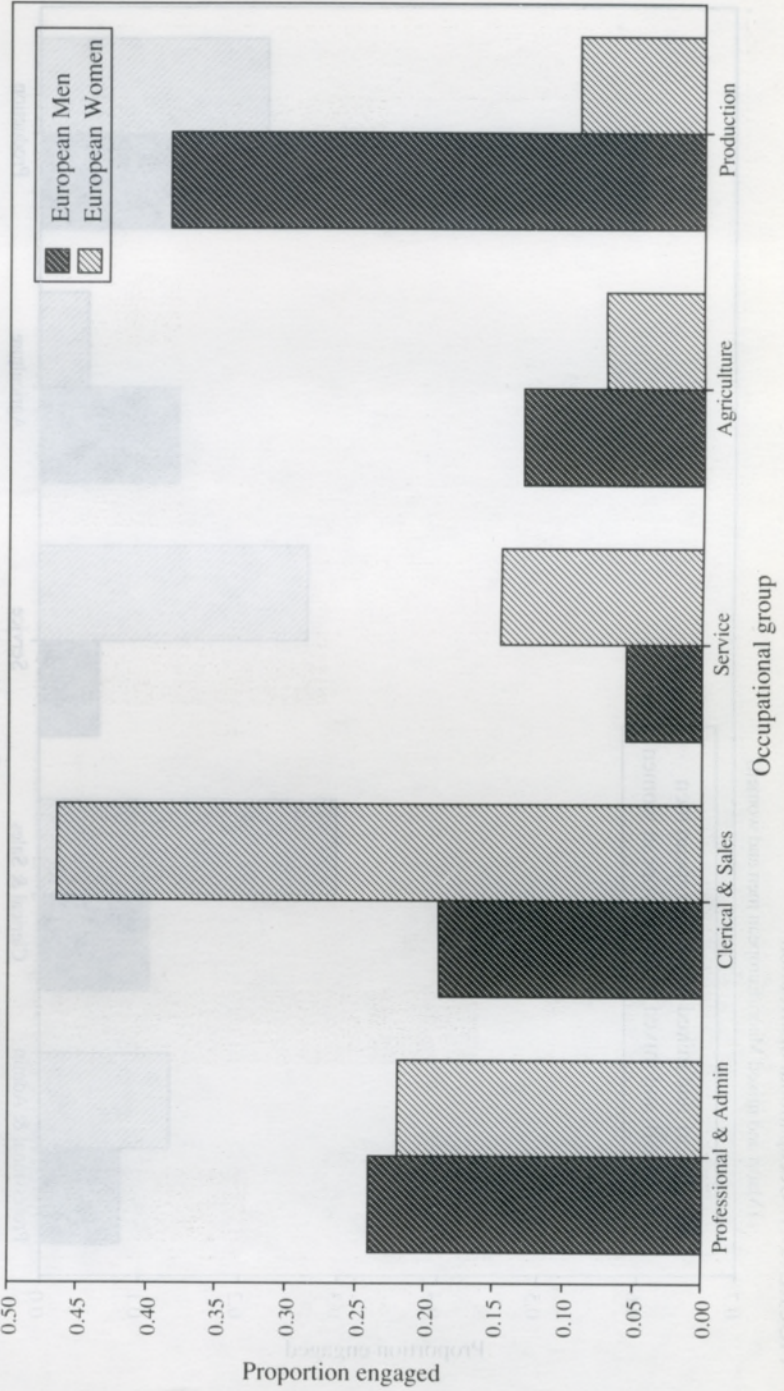
Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A6.3: Industrial distribution
(European men and women)



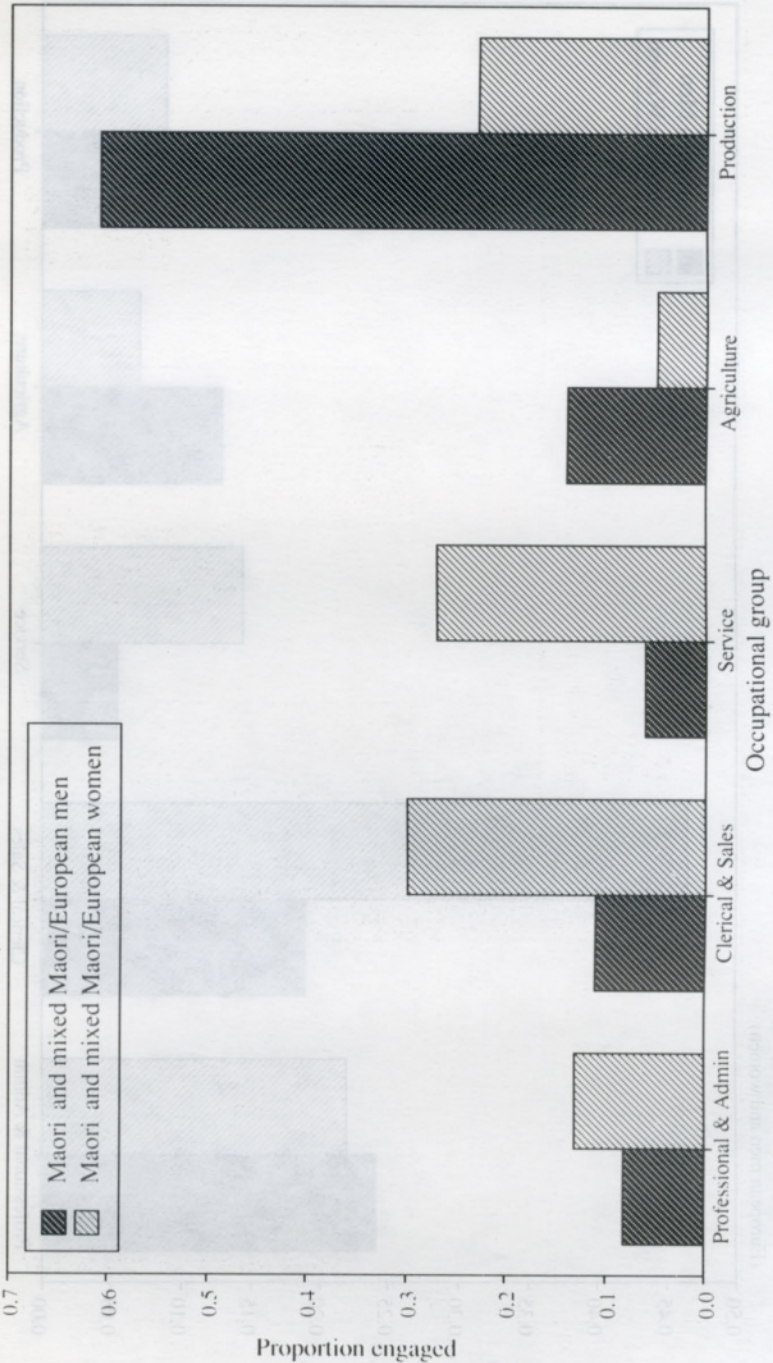
Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A7: Occupational distribution
(European men and women)



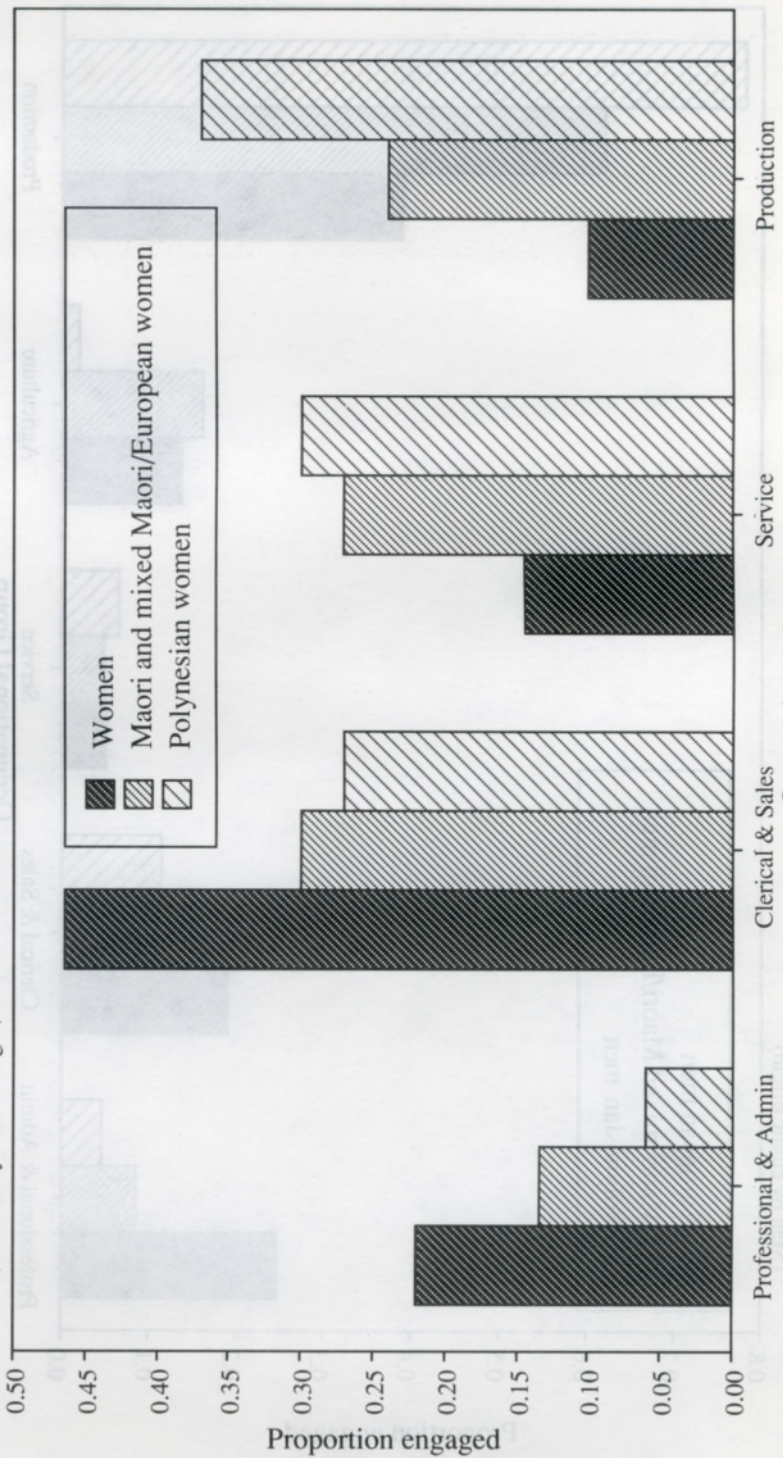
Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A7.1: Occupational distribution
(Maori and mixed Maori/European men and women)



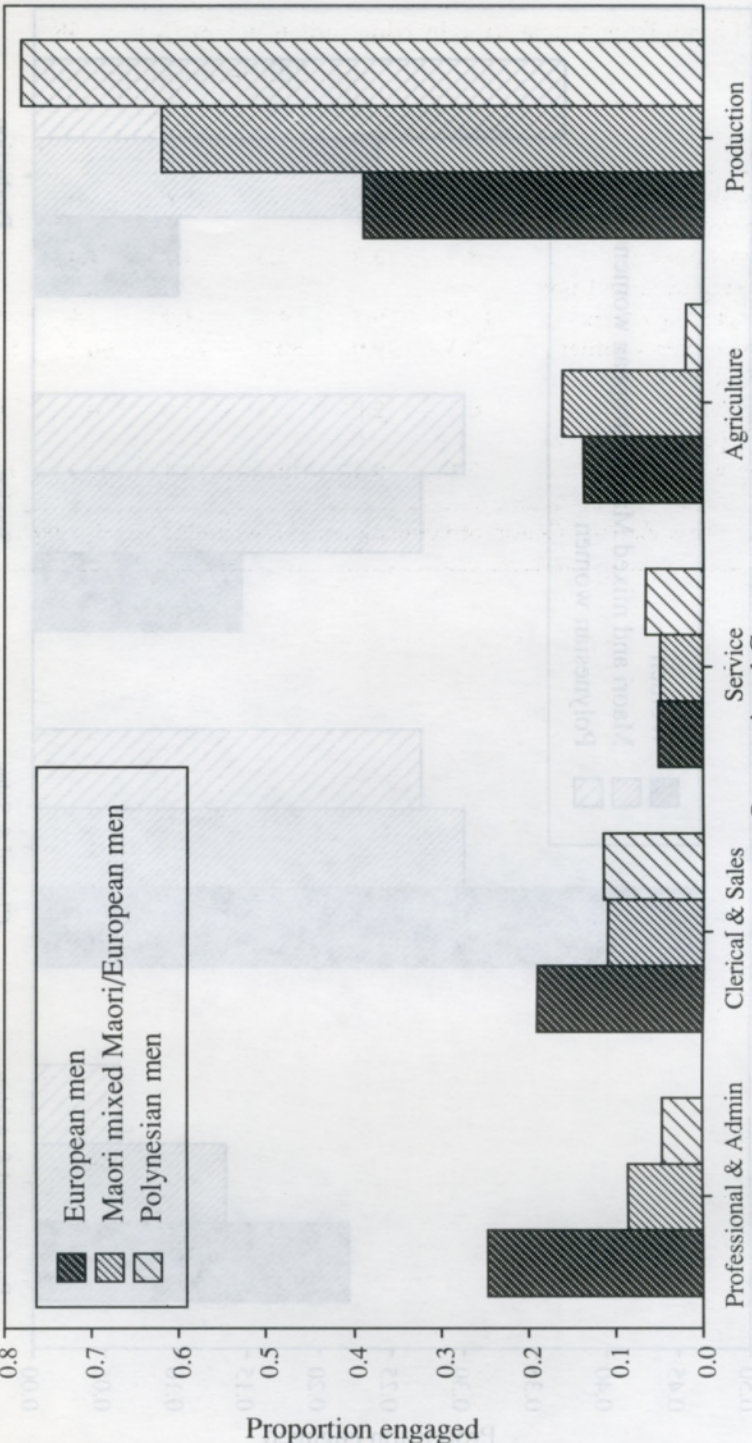
Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A7.2: Occupational distribution
(Women by ethnic origin)



Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

FIGURE A7.3: Occupational distribution
(Men by ethnic origin)



Source: Department of Statistics, Household Labour Force Survey, June 1987 (unpublished)

TABLE A8: Employment status by ethnic origin and sex (March 1986)

Employment Status	Percentages					
	All New Zealanders		Maori		Pacific Island Polynesian	
	M	F	M	F	M	F
Employer of others in own business	8.9	3.8	2.3	1.2	1.4	0.9
Self employed and not employing others	11.7	5.7	4.9	1.9	1.9	1.1
Wage or salary earner	73.3	79.0	80.0	76.3	86.2	82.6
Unpaid worker in family business	0.5	2.0	0.4	1.0	0.2	0.3
Unemployed and seeking work	5.1	9.1	12.0	19.1	9.7	14.5

Source: New Zealand Census of Population and Dwellings, March 1986

TABLE A9: Changes in employment by industry, by district proportional changes 1982-1987

District	Forestry & Logging	Mining & Quarry	Manufacture	Electricity & Gas	Building & Construct	Trade & Restaurant	Transport & Communi- cation	Finance & Insurance	Community & Personal	Total
	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage
Whangarei	18.24	4.70	4.92	6.04	-0.84	26.10	-3.51	22.71	16.72	12.91
Auckland/										
Takapuna	-22.07	56.57	-7.18	0.31	34.33	19.10	3.04	44.86	9.55	9.99
Manukau	51.72	10.89	10.67	19.20	15.03	21.14	8.62	32.02	12.95	14.22
Hamilton	-12.52	24.34	-1.84	19.25	-19.06	1.25	-7.78	19.41	5.31	1.49
Tauranga	-7.14	-41.86	13.55	-13.70	2.03	6.09	-5.68	14.07	15.49	9.42
Rotorua	-33.30	4.59	-10.65	21.97	-31.50	5.45	-13.85	11.50	5.21	-5.16
Gisborne	-13.57	-18.52	-2.67	2.61	-23.62	9.38	-11.07	10.51	0.67	-1.55
Napier	-32.14	45.45	-3.81	-13.87	-11.86	3.66	-17.09	12.68	19.03	2.88
Hastings	-44.29	-30.53	0.37	26.24	-19.34	-8.63	-0.44	9.49	-1.41	-2.39
New Plymouth	-15.91	12.37	8.65	26.70	-14.08	-6.07	-2.10	9.83	11.39	4.47
Wanganui	-17.53	-35.40	-27.93	-2.04	2.59	13.10	-49.71	11.58	-1.02	-11.05
Palmerston North	-6.98	-8.89	-6.04	-3.54	17.72	14.94	-0.62	16.65	3.49	3.96
Masterton	-47.10	-58.33	5.65	20.91	-30.74	3.42	-21.12	10.82	-2.71	-1.53
Lower Hutt	25.00	0.00	-9.87	6.31	13.83	4.19	-17.98	3.52	6.34	-0.94
Wellington	51.61	160.94	-8.75	1.00	5.66	4.70	4.95	38.09	8.17	9.33
Blenheim	2.63	-1.61	23.50	-9.94	-17.56	3.05	-19.45	6.29	6.10	2.88
Nelson	-29.00	-66.67	10.09	0.80	-4.50	2.75	3.59	10.40	-1.41	2.31
Greymouth	-26.04	-17.12	-2.00	-10.50	-8.86	11.91	-12.92	14.64	4.67	-1.14
Christchurch	27.80	-39.06	-8.16	-4.41	13.07	8.83	1.95	27.11	3.99	3.19
Timaru	-37.29	33.33	1.01	-26.94	-49.76	2.31	-5.79	11.85	-1.04	-5.74
Dunedin	-27.17	8.24	-3.03	-3.43	3.12	-3.43	-7.82	14.64	-4.19	-2.62
Invercargill	-48.95	-5.41	-5.68	-6.52	-34.93	-2.70	-25.56	1.21	1.56	-6.65
Total	-23.20	9.38	-3.77	4.47	0.72	9.30	-3.21	29.11	6.16	4.44

Source: Quarterly Employment Survey, Department of Labour

TABLE A10: Average gross income indices full-time wage and salary earners
June quarter 1987

<i>All full-time wage and salary earners</i>	2104
<i>1st Quintile</i>	2089
<i>2nd Quintile</i>	2081
<i>3rd Quintile</i>	2086
<i>4th Quintile</i>	2101
<i>5th (top 20%)</i>	2130

Note: 1. Base is year ended March 1981 = 1000

2. All dates provisional

Source: Department of Statistics

TABLE A10.1: Real disposable income indices full-time wage and salary
earners June quarter 1987

<i>All Full-time wage and salary earners</i>	970
<i>1st Quintile</i>	953
<i>2nd Quintile</i>	937
<i>3rd Quintile</i>	945
<i>4th Quintile</i>	970
<i>5th (top 20%)</i>	1008

Note: 1. Base is year ended March 1981 = 1000

2. All dates provisional

Source: Department of Statistics

TABLE A11: Incidence of low pay by ethnic origin at December 1986

Ethnic Origin	Male	Female
European/Caucasian	17.8	32.1
New Zealand Maori	24.0	54.5
Pacific Islander	32.4	52.9
Other	12.2	35.0
All Individuals	18.6	34.8

Note: Low pay is defined as those earning below \$7.30 per hour as at December 1986; this corresponds to 68% of the adult mean hourly earnings as at that date.

Source: Low Pay Unit, Department of Labour

TABLE A12: Changes in service sector employment 1982-1987
(percentages)

Wholesale, Retail Trade, Restaurants and Hotels:	+9.30
W/Sale	-4.24
R/tail	+10.35
Rest/Hotels	+23.14
Finance, Insurance, Real estate:	+29.11
Financial institutions	+34.46
Insurance	+7.17
Real estate, Business Services	+30.75
Community and Personal Services:	+6.16
Public admin. and Defence	+7.05
Sanitary	-11.8
Education	+0.98
Research	+7.58
Health	+8.4
Other	+51.80
Rec./Cultural	+6.42
Personal/Household	+3.79

Note:

includes: Licensed Old Peoples Rest Homes

Other welfare institutions

Business, profession and labour associations

Religious organisations

Social and related community services not elsewhere classified

Source: Quarterly employment survey data 1982-1987

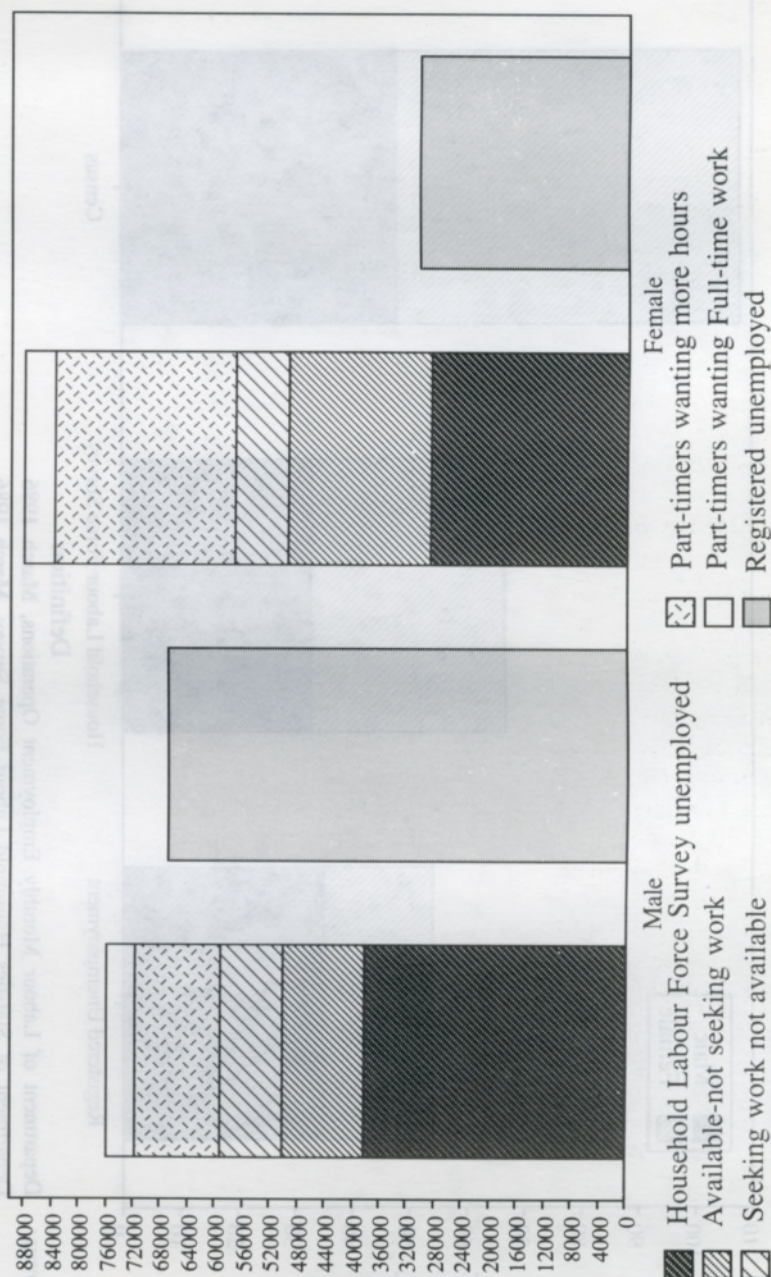
TABLE A13: Service Sector Employment

Average hourly wages, as at February 1987

<i>Industry</i>	<i>Average All</i>	<i>Average Male</i>	<i>Average Female</i>
	\$	\$	\$
<i>All New Zealand</i>	10.81	11.80	9.37
<i>Trade Restaurants, Hotels</i>	9.11	10.31	7.85
Wholesale Trade	10.97	11.81	9.20
Retail Trade	8.06	9.09	7.22
Restaurants and Hotels	8.40	9.10	7.99
<i>Finance, Insurance and Real Estate</i>	12.04	14.78	9.94
Financial Institutions	11.26	14.30	9.23
Insurance	12.21	14.66	9.94
Real Estate and Busi- ness Services	12.62	15.14	10.56
<i>Community and Personal Services</i>	11.82	13.23	10.63
Public Administra- tion and Defence	12.44	13.83	10.23
Sanitary Services etc.	8.72	9.66	7.99
Educational Services	13.19	16.07	11.30
Research and Scien- tific Institutes	14.51	16.11	10.79
Health Services	12.10	14.43	11.44
Other Community Services	10.59	13.01	9.65
Recreation and Cul- tural Services	11.40	12.26	10.22
Personal and House- hold Services	8.20	8.72	7.01

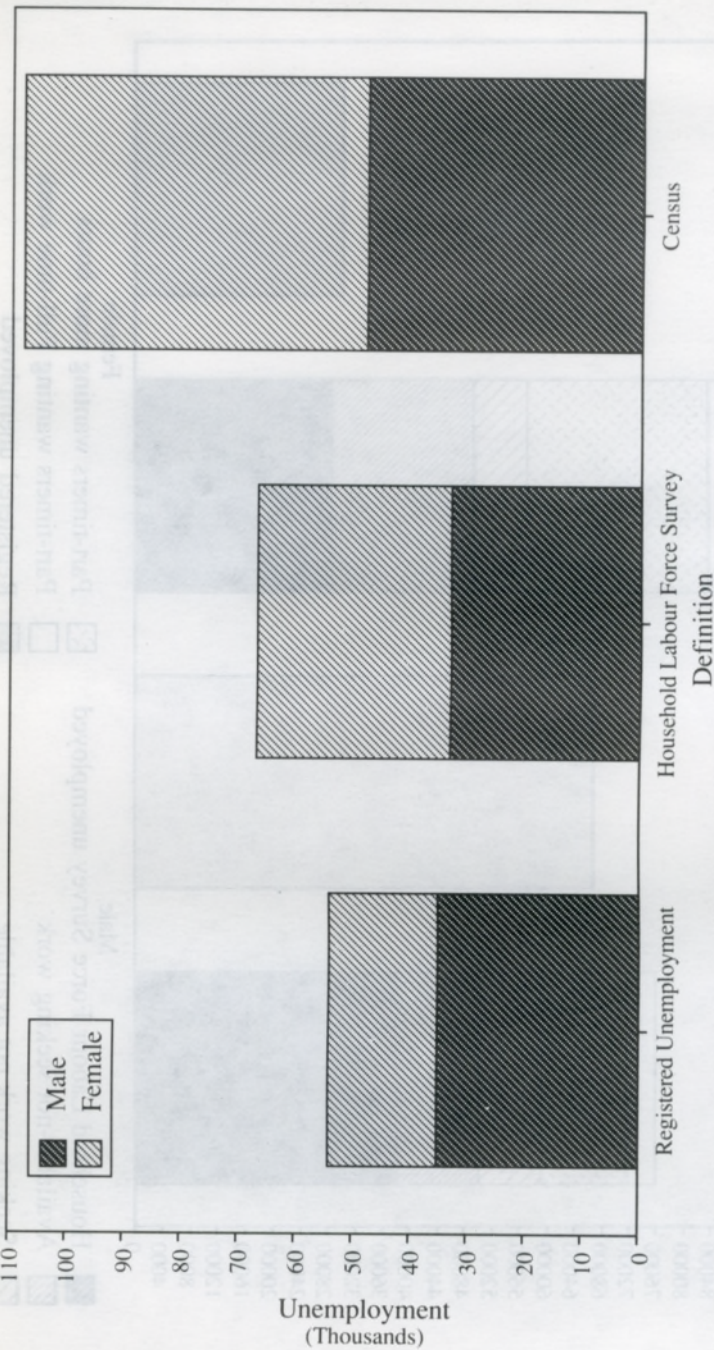
Source: Department of Labour Quarterly Employment Survey

FIGURE A14: Unemployment December 1987
(Persons seeking work and registered unemployment)



Sources: Department of Statistics Household Labour Force Survey, December 1987
Department of Labour Monthly employment operations, December 1987

FIGURE A15: Alternative definitions of unemployment
(March 1986)



Sources: Department of Labour Monthly Employment Operations, March 1986
Department of Statistics Household Labour Force Survey, March 1986
Department of Statistics New Zealand Census of Population and Dwellings, March 1986

TABLE A16: Registered unemployment in New Zealand 1960-1988

Year	Percentage Unemployed
1960-1964	0.1
1965-1969	0.3
1970-1974	0.2
1975-1979	0.9
1980-1984	4.1
1985	4.1
1986	4.9
1987	6.4
1988 (January)	7.6

Sources: OECD Labour Force Statistics, 1965-1985, Table 5.1, p. 30. For 1986, 1987 and January 1988 average unemployment Department of Labour monthly employment operations

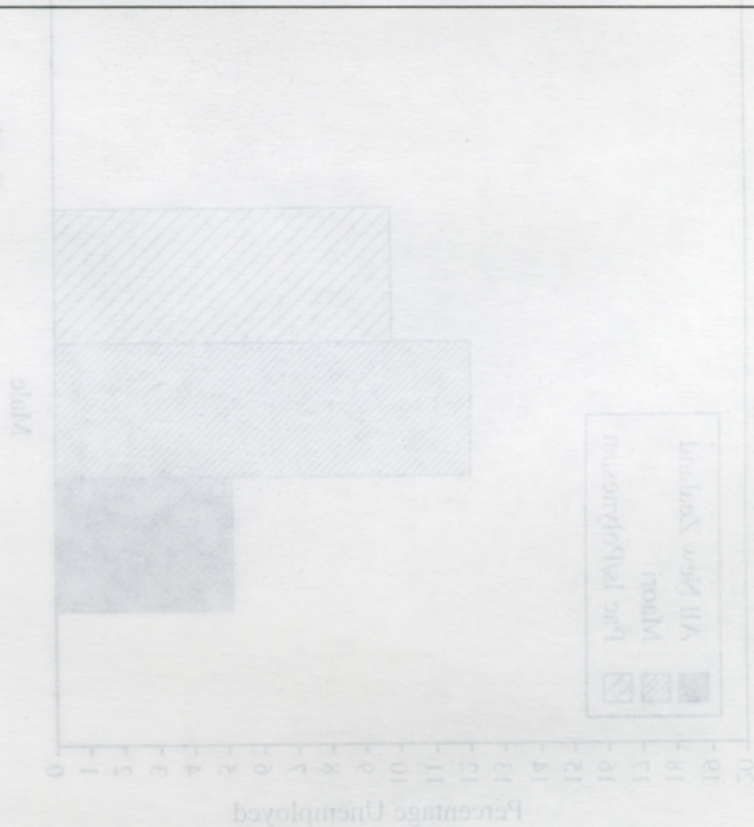
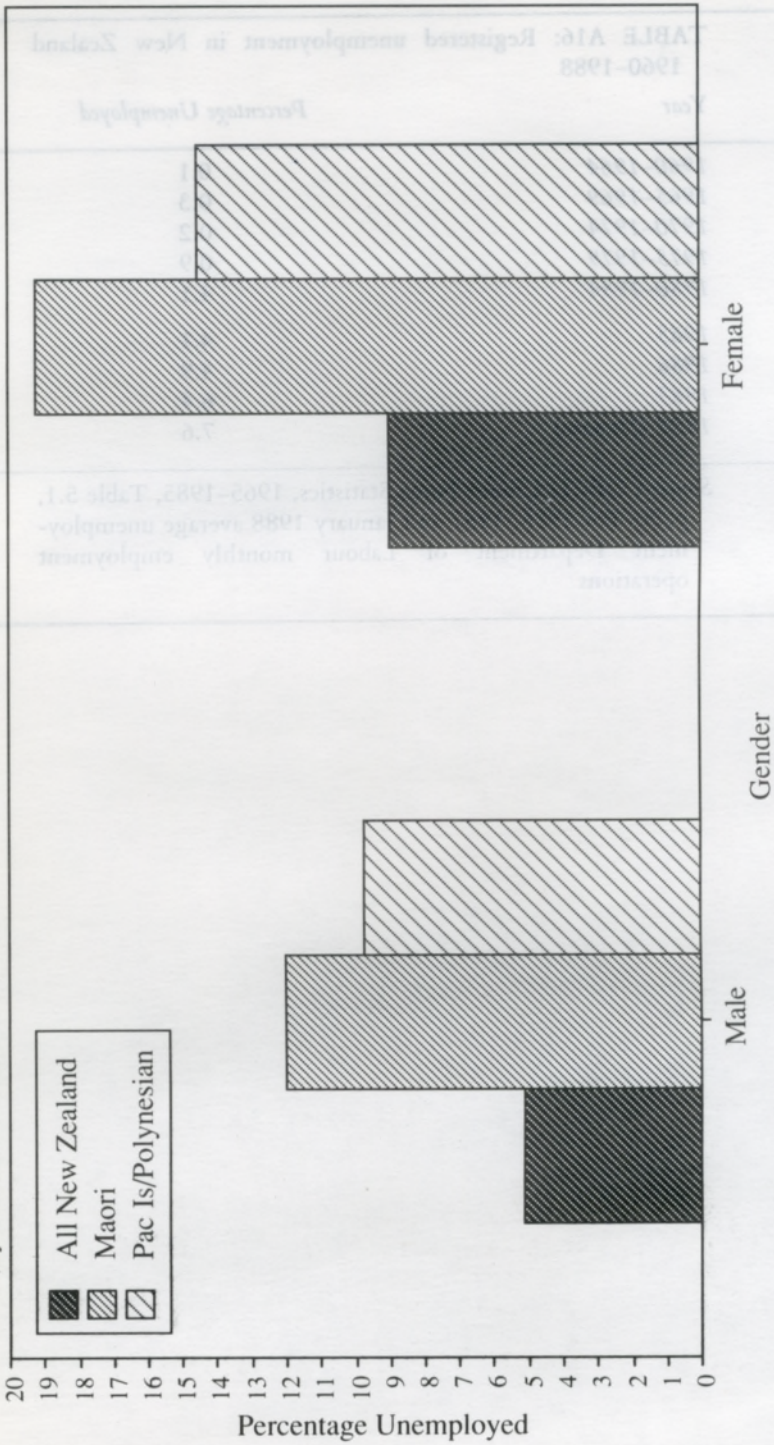


FIGURE A16: Registered unemployment

FIGURE A17: Unemployment rates
(By race and sex March 1986)



Source: Department of Statistics New Zealand Census of Population and Dwellings, March 1986

TABLE A18: Unemployment by age

	Percentages					
	All		Maori		Pacific Island Polynesian	
	M	F	M	F	M	F
15-19	18.3	21.2	27.3	31.8	27.5	28.4
20-24	7.9	10.3	14.7	23.0	10.8	14.9
25-34	3.7	9.0	8.8	18.2	7.1	14.4
35-44	2.1	5.8	5.7	10.8	5.8	8.6
45-54	2.0	4.7	5.0	8.8	7.2	8.7
55-64	3.0	4.5	6.0	7.8	7.2	12.0
65+	4.1	5.6	11.4	13.6	22.2	22.2
Total	5.2	9.0	12.0	19.1	9.7	14.5

Source: New Zealand Census of Population and Dwellings March 1986

TABLE A19: Registered unemployment by district, January 1988

<i>District Unemployment</i>	<i>(Percentages)</i>
Whangarei	14.7
Takapuna	1.1
Auckland	4.9
Manukau	7.0
Hamilton	9.0
Tauranga	9.2
Rotorua	13.1
Gisbourne	14.9
Napier	11.0
Hastings	10.5
New Plymouth	10.9
Wanganui	10.2
Palmerston North	7.8
Masterton	9.8
Lower Hutt	3.7
Wellington	4.3
Blenheim	9.5
Nelson	8.4
Greymouth	12.5
Christchurch	7.5
Timaru	9.6
Dunedin	7.9
Invercargill	6.9
New Zealand total	7.6

Source: Department of Labour

TABLE A20: Employment and unemployment rates of selected countries

	Employment 1985	Unemployment 1985-86
	%	%
<i>Low Unemployment Countries</i>		
Austria	63.0	3.6*
Sweden	80.0	3.0
Switzerland	71.0	0.9**
Norway	75.4	2.2
Japan	71.0	2.7
New Zealand	63.0	4.3
<i>Medium Unemployment Countries</i>		
Australia	65.0	8.1
United States	69.0	7.0
Germany	60.0	7.0
<i>High Unemployment Countries</i>		
United Kingdom	66.0	11.4
France	59.0	10.2
Canada	66.0	10.0
Belgium	56.0	11.0
Netherlands	52.0	10.3
Spain	44.0	21.2
<i>Average</i>	63.2	7.5

* 1985 figure

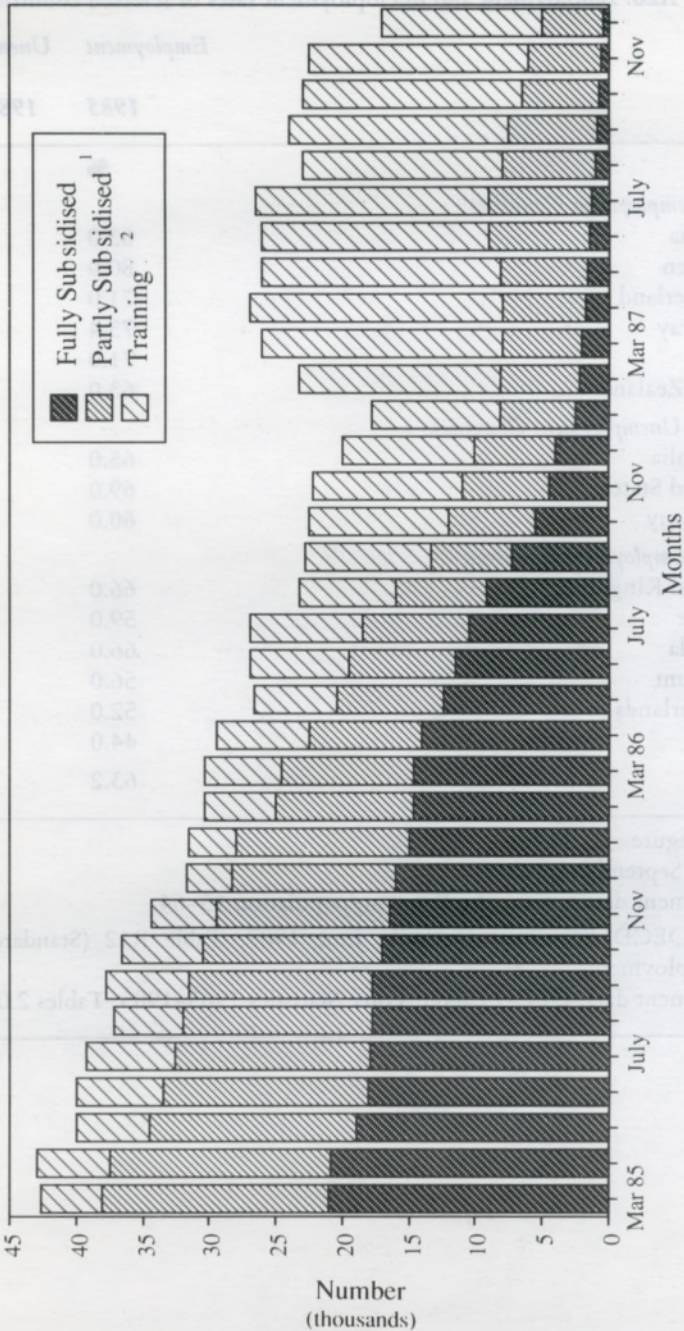
** 1986 September quarter

Employment data is total employment/population 15-64.

Source: OECD Economic Outlook, June 1987, Table R12 (Standardised unemployment)

Employment data, OECD Labour Force Statistics 1965-1985, Tables 2.0, 4.0

FIGURE A21: Employment and training schemes 1985-87
(Number in each at the end of the month)



Note: (1) Excludes student employment subsidies
(2) Includes Maori Access, foundation and employment rich courses

Source: Department of Labour, Monthly Employment Operations

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Glossary

M-E	<i>Mixed Maori/European</i>
MOE	<i>Monthly Employment Operations (Department of Statistics)</i>
OECD	<i>Organisation for Economic Cooperation and Development</i>
Quintile	<i>One-fifth part</i>

WAGE DETERMINATION

Deborah Mabbett

Wage Determination

Deborah Mabbett

New Zealand's economic management is in a process of transition from a highly regulated and interventionist regime to a liberalised policy framework where political involvement in economic decision making is limited and the primary purpose of economic management is the maintenance of a stable macro-economic environment. This transition has been undertaken because of the poor performance of the economy. The system of trade protection has been identified as a key cause of that poor performance, and the development of an internationally competitive economy is the central motivation for the introduction of new principles of economic management.

The deregulation of the economy has brought change to many areas where social objectives were pursued through economic interventions. The liberalisation of financial markets brought an end to the provision of low interest finance for homeowners. The introduction of a single rate of indirect tax in place of a graduated scale brought lower prices for luxuries and higher prices for some staple consumer goods. The corporatisation of government trading departments led to sharp reductions in the level of employment they provided—employment which had frequently been created to prevent unemployment in slow-growing regions. Services were also cut back by corporatisation, a policy accompanied by the introduction of charges for some services provided by non-trading departments.

The list goes on and on. A succession of policy changes has been made to enable internationally competitive enterprises to compete for resources with sheltered enterprises (including Government). The principles of reform have been unvarying—more 'competition', more 'flexibility'. The same principles have been applied to

markets as diverse as the foreign exchange market and the labour market. All resources are assumed to be equally mobile between sectors, and all will be attracted into their most productive uses if a regime of competition is established.

It is in the labour market that these assumptions can most readily be challenged. Labour discarded by one sector is not instantaneously utilised by another, as the existence of unemployment testifies. One view is that unemployment signals the need for more stringent application of competitive principles to the labour market. An alternative view is that the labour market is fundamentally different from other markets. The policies which will achieve the best allocation of labour resources are not the same as the policies which will achieve the best allocation of financial resources or raw materials or capital equipment. This paper assesses these views.

Recent History of Labour Market Policy

Proposals for the reform of New Zealand's labour market have concentrated on the wage determination system. From the 1890s to the late 1960s, wage-setting procedures followed the provisions of the Industrial Conciliation and Arbitration (IC&A) Act. Key features of the wage determination system developed by that Act were:

- 1 Many small unions were formed, generally along craft lines. Each union obtained its own award or awards. Therefore any employer of any size would be subject to several awards according to the occupational composition of his or her workforce.
- 2 A union could obtain the right to represent all workers doing a particular job in a district by registering under the Act. Many awards contained 'preference' provisions so that a worker taking up a job would frequently be required to join the appropriate union.
- 3 Unions and employers could reach agreement on wages themselves, or with the aid of conciliation. If an agreement was not reached, the award would be subject to arbitration.
- 4 An award made under the IC&A Act could be given 'blanket coverage' so that it covered all workers and employers

in the district doing the job described, even if they were not party to the original dispute.

- 5 In the conditions of inflation and deflation during and after World War I, provision was made for the Arbitration Court (AC) to bring down General Wage Orders (GWOs) changing all awards made pursuant to the Act. After World War II, GWOs were used regularly to change award wages, generally in line with inflation.
- 6 By the 1960s the system had crystallised into an arrangement whereby a set of established occupational relativities was preserved. Much of the interest in wage determination centred on GWO decisions. In determining the extent of any GWO, the AC had to consider the position of the farmers, the country's main exporters. Generally speaking, an increase in wages would raise the domestic price level and result in a redistribution of real income from farmers to workers.

In the 1950s and 1960s the system was successful at maintaining a low rate of wage increase, despite low unemployment. In the 1970s it broke down, with local bargaining becoming widespread. The advent of a 'second tier' of bargaining greatly increased the inflation generated by the system. The AC and the central organisations of workers and employers were unable to control second-tier bargaining, although the Government imposed wage controls at various times.

The Labour Government elected in 1984 was opposed to the use of government wage controls. However, it faced the risk that without controls, wage settlements would run at too high a level for it to be able to implement its policies of reducing protection, cutting the fiscal deficit and bringing money supply growth under control, without causing high unemployment.

There were two possible routes to achieving the desired overall level of wage growth. One was to obtain an agreement with the Federation of Labour (FOL) and the Employers' Federation. The other was to allow free collective bargaining to proceed, but to weaken the process by which relativity linkages brought a uniform rate of wage increase across the economy. This approach entailed reducing the role of the Arbitration Court, which upheld a set of traditional linkages between pay settlements. If successful, this policy would produce the desired rate of overall wage increase while allowing the more powerful groups in the labour market to

achieve the increases that the market would bear. This of course implied that some groups would fall behind in their relative pay position.

This second strategy was supported by the Treasury, and endorsed by the Minister of Finance, who declared:

Union structures and a centralised wage fixing process that are unable to meet the changing needs of workers in many industries and enterprises can impose substantial costs in terms of lower productivity and wages. This is especially true in a protected environment like that of New Zealand over recent years, where firms have been able to pass these costs on. Ultimately these costs are borne by the export sector in particular and by the whole economy in general. *The Budget, 1986, Part 2, p. 13.*

There were three main reasons why this position was taken. One was that a widening of the dispersion in wage increases was claimed to have advantages for employment over and above its role in generating the desired rate of overall wage increase. In other words, if the two approaches were capable of generating the same average rate of wage increase, the free bargaining option should be preferred because it also generated an increased dispersion of wage increases. This view, that wage settlements should be more 'flexible' in response to industry-specific conditions, is discussed further below.

A second reason was that it was thought that a corporate solution was simply not available. It was not believed that the FOL was capable of restraining the wage demands of some of its more powerful members, nor that the employers would successfully oppose such demands. The ability of the parties to make a binding corporate agreement would rest on the degree of wage restraint demanded, so this second reason for rejecting a corporate solution partly stemmed from the belief that the parties were not capable of implementing a sufficiently tough accord to enable the rest of the Government's economic programme to proceed without generating high unemployment.

A final reason for believing that a corporate strategy was not viable arose from the difficulty of formulating an accord that would protect export profitability under the proposed macro-economic policy regime. The Minister of Finance's observations suggest that the Government was concerned that the sheltered sector of the economy would generate too high a rate of wage increase, which would increase the domestic costs of the export sector and curtail its development. However, it is by no means apparent that decentralisation of wage determination would significantly ease

cost pressure on the export sector. Decentralisation would possibly help exporters to control their own labour costs, but relativity linkages have never been strong between wages in the sheltered and competitive sectors, due to the dominance of the rural self-employed in the export sector.

In reality, whether the wage bargaining system was centralised or decentralised made little difference to the relationship between the internationally competitive and sheltered sectors. Factors which did affect cost pressure from the sheltered sector were the level of protection and the tightness of domestic demand conditions. The effect of domestic cost conditions on exporters also depended on the exchange rate.

If a country has a centralised wage fixing system, it is possible to formulate a central accord which achieves a level of overall wage growth which will maintain export profitability under fixed exchange rates. This was what the IC&A system accomplished in the 1950s and 1960s. The Swedish EFO model presents an alternative framework for centralised pay-fixing applicable to a situation of strong wage relativity linkages between the sheltered and competitive sectors. The EFO model shows that competitiveness can be maintained in a centralised system with fixed relativities, provided that the 'lead' always stays in the export sector and export profitability is kept on a stable path. The latter requirement precludes the use of a freely floating exchange rate.

In the absence of a centralised wage fixing system, the maintenance of export profitability depends not on wage flexibility per se, but on the mix of macro-economic policies implemented. If these generate marked differences in the product market conditions facing sheltered and competitive firms, relative export profitability will change regardless of wage setting processes. In the first period of exchange rate floating after 1984, relative export profitability improved because of exchange rate depreciation. Subsequently the exchange rate effects of tight monetary conditions turned the situation against the internationally competitive sector. The effects of tight monetary policy have been compounded by delays in reducing levels of protection.

It may be concluded that the invocation of export sector profitability in the attack on centralised pay fixing is something of a red herring. Export sector profitability has suffered more from the *breakdown* of centralised pay fixing and the advent of second-tier

agreements. Without centralised pay fixing, it is necessary to maintain tight demand conditions in the sheltered sector in order to protect the relative position of the export sector. This will generate unemployment, unless wage fixing is very sensitive to actual or threatened job loss. It is this sensitivity which is the central issue in the wage flexibility debate.

The Responsiveness of Wages to Unemployment

The more responsive real wages are to unemployment, the better the employment performance of the economy will be. Real wage growth may be curtailed by inflation, but inflation will only temporarily prevent wage bargainers from achieving their real wage targets. Therefore one can say that for real wages to be responsive to unemployment, money wage settlements must also be responsive, for any given level of inflation. If money wage growth drops relative to inflation as unemployment rises, employment will tend to recover and the rise in unemployment will be curtailed. This is partly because firms' labour demand will increase as real wages fall, and partly because a low rate of money wage growth enables the Government to expand the demand for output without precipitating an acceleration in inflation.

The discussion of the recent history of wage determination policy in New Zealand suggests that there are two main issues to be resolved in deciding on the best wage fixing arrangements for New Zealand:

- 1 Does a centralised system achieve a better or worse wage response to unemployment in aggregate than a decentralised system?
- 2 Are there advantages to reducing the uniformity of wage settlements across sectors of the labour market and achieving an increased dispersion in rates of wage growth?

A number of studies have estimated the extent of real wage responsiveness to the emergence of unemployment. These studies show that the institutional structures giving rise to average real wage flexibility are not the decentralised 'laissez-faire' structures that one might expect. On the contrary, corporatist countries with centralised wage fixing systems exhibit high responsiveness of real wages to unemployment on an international comparison. Studies which

measure how much unemployment is required to generate a reduction in average real wages point to Sweden and Austria, along with Japan and Switzerland, as needing little unemployment to depress real wage growth. The United Kingdom stands out as a country where unemployment has not depressed real wages, despite the weakening of the British trade union movement.¹

Explanations for the reasons why real wages are less responsive to unemployment in 'laissez-faire' systems centre on the processes which prevent the unemployed imposing competitive pressure on those in employment. One central reason is that the unemployed may not be close substitutes for the employed because they lack the skills and work experience of the employed.

Employed workers accumulate firm-specific human capital, which means that it is worthwhile for firms to employ them at a higher wage than the wage the unemployed workers are willing to work for (their reservation wage). It does not pay firms to replace trained employees with workers from the ranks of the unemployed, unless the wage demanded by trained employees exceeds the reservation wage of the unemployed and the cost of training them.

In Newell and Symons's terminology, the trained workers are 'insiders'. The wage premium commanded by insiders depends on the extent to which they have higher productivity than outsiders. Workers and firms may collude in raising this premium if firms pay 'efficiency wages', whereby higher productivity is obtained from workers in return for a higher wage. The premium will also depend upon the nature of the work, and may be raised or lowered ('deskilling') by changes in production methods.

Competition from outsiders will depend on such factors as their access to off-the-job training and their reservation wage (which may be related to the unemployment benefit). For skills which can only be obtained on-the-job, outsiders must compete for the limited range of jobs available at 'entry points' to the firms' internal labour markets. Off-the-job access to certificated skills will reduce the gap between insiders and outsiders, increasing the responsiveness of wages to unemployment. In those jobs with low skill requirements or easy access to skills, the responsiveness of wages to unemployment will be greater than in jobs where access to training is limited.

¹Organisation for Economic Co-operation and Development (OECD), 1986, p. 16; Newell and Symons, 1986; McCallum, 1986.

In a decentralised wage bargaining system, increased unemployment will only affect the wages of those in employment under certain limited conditions and in certain limited areas, as follows:

- 1 The wages of unskilled workers may fall, if the reservation wages of unemployed workers are lower than the unskilled wage.
- 2 The wages of skilled workers may fall if the reservation wage of the unemployed falls sufficiently, or the quality of the unemployed labour pool rises sufficiently, to bring the wage paid to employed workers near to the critical value equal to the reservation wage plus training costs (higher quality reduces training costs).

The extent of a 'sufficient' change may be considerable, because wages may not be at all near critical levels in the initial situation, before unemployment rises. Competition from outsiders only determines an upper limit for wages; wages may be set lower in order to achieve full employment for insiders.

In a successful corporate framework for centralised wage determination, 'outsiders become insiders for the purposes of the wage bargain'.² Through negotiation between the Government and central organisations of workers and employers, agreement is reached to limit wage increases at times of low labour demand, in the interests of obtaining high employment. Real wages are lower than in the decentralised system when there is unemployment, while tending to approximate the levels of the decentralised system at full employment. There is greater 'flexibility' in the sense of greater variation in wage settlements as the economy moves between full employment and unemployment.

The factors that make some workers insiders and others outsiders still exist in a corporate labour market, and this may make the central wage bargain difficult to enforce at the local level. On the shop floor, some workers may realise that they can improve their wages without risk of unemployment. Firms may be willing to engage in productivity bargaining at the local level and pay efficiency wages to workers with high levels of firm-specific human capital. However, the Government may adopt policies to curtail this pressure, especially in the organisation of training, with the co-operation of the central trade union movement. Examples are off-the-job training provision, state funding for training, and job creation programmes for the long-term unemployed (who develop

²Newell and Symons, 1986, p. 17.

strong 'outsider' characteristics because of the erosion of skills as the duration of unemployment lengthens).

A high degree of social cohesion will also support a corporate wage setting system, for two reasons:

- 1 Workers may make similar assessments of the risk of future unemployment, and therefore see a reduction in aggregate unemployment as increasing their own job security. Where the workforce is divided between a majority low-risk group and a minority high-risk group, the majority may not favour wage restraint as their own job security is little affected.
- 2 Even when one group has a low risk of unemployment, it may be willing to trade wage restraint for the indirect advantages of low unemployment, such as lower taxes for unemployment relief and increased social harmony. Newell and Symons suggest that the personal gain in job security (1) is likely to be less than the wage foregone by abiding by a corporate agreement, but the personal and social gains (1) and (2) may be greater. This means that the stability of corporate wage setting arrangements is always under threat, as each 'insider' group has an incentive to break the agreement provided that the agreement as a whole continues to stand. (If successful, they get the advantages of (1) and (2) without foregoing any wage increase—they are 'free riders'.)

Because of the free rider problem, stability in wage relativities and differentials is essential to the implementation and enforcement of wage restraint in a centralised system. Small groups have every incentive to present a special case to justify a wage increase above the norm. This is true not only of wage restraint agreed in a corporate framework, but also of wage restraint imposed by the Government, as New Zealand's experience indicates. New Zealand turns in a reasonably good performance in terms of average real wage response to unemployment; unemployment is not high on an international comparison, while real wages are no higher now than in 1980.³ This performance was achieved partly by the wage-price freeze. Apart from the period of the freeze, real wages were curtailed not by money wage restraint but by price inflation.

³For a comparative study which includes New Zealand, see McCallum, 1986.

Wage Structure

International evidence suggests that decentralisation of wage bargaining is unlikely to improve the overall responsiveness of wages to unemployment in New Zealand. If this is the case, average real wages will, if anything, be higher under a decentralised system than a centralised one, and therefore aggregate labour demand in the economy will be lower. This implies that decentralisation does not increase employment, despite introducing greater 'flexibility' into the structure of wage relativities and differentials.

However, there is one case in which this implication does not hold. While labour demand is lower in the decentralised system, employment may be higher if there are fewer unfilled vacancies, because employment equals labour-demand, minus vacancies. If flexibility in the wage structure serves to eliminate excess labour demand or supply in particular sub-markets of the labour market, the outcome may be increased employment and reduced unemployment.

When relative wages rise in sectors of the labour market experiencing labour shortage and fall in sectors of surplus, the wage structure exhibits 'competitive flexibility'. In response to such flexibility, employment will rise in the shortage sector, as more workers are attracted into the sector, and rise in the surplus sectors, as employers' demand for labour increases. This means that for any given average rate of wage increase, competitive wage flexibility is unambiguously beneficial to employment.

In the competitive model, workers move between sectors in response to wage incentives. If workers are very mobile, the necessary adjustments to relative wages will be small. In the long run, the mobility of workers should ensure that there are no differences between the wages paid in different sectors of the economy except those arising from skill differences or differences in the attractiveness of the work. As summarised by Bell and Freeman, 'a competitive industry wage structure should . . . be responsive to industry-specific factors in the short run but not in the long run'.⁴

The attainment of substantial employment gains from competitive wage flexibility depends on the mobility of workers. If workers are not very mobile, the advantages of competitive wage flexibility will be slight. Furthermore, it may be noted that

⁴1985, p. 16.

measures to enhance worker mobility will reduce the need for substantial variations in wages. At the extreme, workers may move into the available vacancies without relative wages changing at all. This is the basis on which Swedish labour market policy operates. In place of wage incentives, a variety of government-financed measures and institutions assist labour mobility. These include the placement service, opportunities for retraining, financial assistance for job search and mobility allowances.

The gains from competitive wage flexibility therefore depend on the extent to which wage incentives play an important role in encouraging labour mobility. An OECD working party which examined this issue in 1965 concluded that 'the allocation of labour had been sensitive primarily to job vacancies and not to movements in relative wages'.⁵ This result, replicated elsewhere, reflected the fact that such relativity changes that had occurred were not well correlated to sector excess demand or excess supply.⁶ Pissarides and McMaster concluded that there must be considerable doubt about 'the role of relative wages in allocating labour between sectors of the economy, since it suggests that relative wages are not very responsive to sectorial shifts in labour requirements'.⁷

These conclusions would be expected in an analysis of an inflexible wage structure. If sectorial relativities are rigid, relative wages will not be able to respond to shifts in labour requirements. However, the same conclusions have been drawn from analyses of wages and employment where the sectorial wage structure has changed considerably. The United States, for instance, has a flexible industry wage structure, with the pattern of wage differentials among industries varying substantially over time.⁸ However, competitive conditions have not been the main determinant of the pattern of relative wage changes. Instead, the main industry-level factor to which wages responded in the United States in the period under study was the rate of productivity growth in the industry.

'Industry-productivity wage flexibility' as Bell and Freeman term it, does not necessarily have positive employment effects. While jobs are saved by the downward movement of wages in low-productivity sectors, potential employment creation is curtailed by the increase of wages in high productivity sectors. The

⁵quoted in Metcalf, 1986, p. 18.

⁶Pissarides and McMaster in Metcalf 1986.

⁷quoted *ibid.*

⁸Bell and Freeman, 1985, p. 3.

overall employment effect of industry-productivity wage flexibility will be positive only if wages are more responsive to an inferior rate of productivity growth than to a rapid rate of productivity growth. Bell and Freeman found no such asymmetry, and concluded that 'the flexibility of the United States industry wage structure has not contributed to employment growth; if anything, it has been inimical to employment and the competitive allocation of labour across sectors'.⁹

In the light of the 'insider-outsider' analysis presented above, it is not surprising that the United States labour market exhibits a predominance of industry-productivity wage flexibility. Insiders can negotiate productivity related wage increases even in times of high unemployment. The conclusion that wage flexibility has, overall, been employment reducing also supports the predictions of the Newell-Symons analysis, that a decentralised system will generate a higher overall rate of wage increase than a centralised system.

Application to New Zealand

Because of the occupationally based award structure, it is commonly supposed that New Zealand's wage determination system provides little scope for variation in the wages of workers according to the industry in which they are employed. This implies that there is limited scope for either industry-productivity wage flexibility or competitive wage flexibility (where an industry is expanding or contracting, and therefore experiencing excess labour demand or labour supply). However, the widespread payment of above-award wages and the development of second-tier bargaining in the 1970s may have generated more scope for flexibility in the industry wage structure. In a major study of wage flexibility, the Economic Monitoring Group (EMG) of the Planning Council tested for variation of wages between industries by constructing three measures:

- 1 Magnitude of wage dispersion (extent to which hourly earnings vary between industries). It was found that in the early 1970s New Zealand's wage dispersion had been among the lowest in the OECD, but had increased steadily between 1976 and 1985 (with a pause for the wage freeze)

⁹1985, p. 27.

and now exceeds the dispersion in France, Germany, Denmark, the Netherlands and Sweden. Countries with large low-waged sectors still have a higher dispersion than New Zealand—these countries included Japan, the United States, Greece, Ireland, Spain and Portugal.

- 2 Variation in industry rankings. This measure examined the extent to which high paying industries remained high paying through time. Changes in the rank order of industries indicates that the rising and declining fortunes of different industries are reflected in their relative pay positions. This measure revealed changes in the rank order for New Zealand industries that exceeded those in most other countries except the United Kingdom, Denmark, Spain and Ireland.
- 3 Movements at the extremes: changes in the relative wages paid by industries in the top and bottom deciles (i.e. the highest-paying 10 percent and the lowest-paying 10 percent of industries). This measure revealed a slight widening of the range of relative wages from a starting point in the early 1970s that was narrower than in many other countries. This measure confirmed the picture given by measure (1).

The EMG measures show a significant increase in variability in the New Zealand wage structure since the mid-1970s. The study concluded that the measures 'provide no clear evidence for arguing that the New Zealand labour market is particularly rigid by comparison with those of other developed countries'.¹⁰

The EMG observed that their measures of wage flexibility did not show whether the wage changes had been 'in the appropriate direction'—in particular, whether they had been related to changing patterns of employment.¹¹ Examining the data industry by industry, increases in relative wages could not be correlated with expansion of employment (as would be expected if competitive wage flexibility prevailed). While the quality of the data does not permit results such as those of Bell and Freeman for the United States to be replicated, it seems unlikely that New Zealand departs significantly from the international pattern, which is that industry-productivity wage flexibility dominates.

¹⁰*Economic Monitoring Group, Labour Market Flexibility*, p. 24.

¹¹p. 18.

In the debate in New Zealand, it is widely assumed that industry-productivity wage flexibility is a beneficial aspect of labour market flexibility. For instance, the 1987 OECD report on New Zealand notes with approval the signs of increases in wage dispersion found by the Planning Council study, but observes that the increase in dispersion 'is not necessarily indicative of improved labour market flexibility; for example if it reflects an increase in wage differentiation not based on relative productivity'.¹² This suggests that industry-productivity wage flexibility is desirable regardless of whether relative wage increases are associated with expansions or contractions of employment.

As described in the previous section, industry-productivity wage flexibility is only beneficial to employment to the extent that jobs are saved in low productivity industries that would have been lost had relative wages remained stable. The aggregate employment impact of industry-productivity wage flexibility is positive only if the downward adjustments of wages outweigh the upward movements in high productivity industries. This means that industry-productivity wage flexibility is only beneficial to employment if it generates a lower average rate of wage increase than a fixed relativity system would do.

It may be argued that distinctive features of New Zealand's wage determination procedures mean that decentralised bargaining with flexible relativities will generate lower average wage increases than centralised bargaining with fixed relativities, despite international evidence which points in the opposite direction. One reason may be that New Zealand has not had a truly centralised system since the early 1970s, except for periods of government wage control. Instead it has had a system of centralised pay fixing overlaid with a 'second-tier' of local bargaining.

This feature of the wage determination system was addressed by the 1987 Labour Relations Act, which provided that unions engaged in award negotiations must specify any employers with whom a separate agreement will be sought. Employers named for separate negotiations are removed from the coverage of the award. This means that there is no longer any second tier—wages are determined by either an award or an agreement, but not an award followed by an agreement.

Once an employer has been removed from the award system, award coverage cannot be restored. This means that while a group

¹²1987, p. 29.

of workers may bargain for higher wages than are provided under the award, they then permanently lose the protection of the award system. In wage negotiations conducted since the passing of the new Act, unions have attempted to keep awards intact while employers have frequently sought to make separate agreements. The employer strategy of breaking up awards has been aided by an earlier reform of the arbitration system, made in 1984, whereby failure to reach agreement on a new award only results in arbitration if both sides agree. If a new award is not negotiated and arbitration is not agreed to, the old award eventually lapses. (An expired award may remain in force for up to three years if not replaced by a new award.)

These changes to the wage determination system may reduce the amount of 'ratcheting up' of wages that occurred through the interaction of the award system and second-tier bargaining. By reducing the rate of overall wage growth they may enable the Government to pursue more expansionary policies without risk of inflation or loss of international competitiveness. In theory, the reforms could have allowed the necessary conditions for a resumption of centralised bargaining to be re-established, if unions had been able to convince workers that they would be better off in the long run under an award. The raising of the minimum size for a union to 1,000, coming on top of a decade of union amalgamation and reorganisation, would also have enhanced the scope for orderly centralised bargaining.*

However, in the rather depressed labour market conditions of late 1987, it appeared likely that the employer strategy of breaking up awards was likely to prevail. The effect will be to widen the gap between 'insiders' and 'outsiders' in the country's labour market. If the employers' general strategy is successful, award coverage will become the residual wage setting system for those in the weakest position in the labour market. If awards are not renegotiated when they expire, some workers may eventually cease to be covered by any award or collective agreement. In such cases, wages will be set by individual contracts, subject to the Minimum Wage Act.

Given that the average level of wage settlements is likely to be lower in a centralised system than a decentralised one, the employers' preference for breaking up the award system may appear to be against their own long-term interests. However, employers may see gains from decentralisation even if they do end up paying some workers higher wages. For example, if 'efficiency wage' factors are

important, they may be able to obtain higher productivity from their better-remunerated workforce. The ability to pay off more powerful workers may generate a lower level of industrial disruption. Differences among employers in their bargaining strength also militate against supporting centralised bargains. Employers in sectors with low demand or intense competition may believe that their counterparts experiencing more buoyant conditions will not hold to a central bargain. Thus the weakness of New Zealand's central organisation of employers is one reason why employers have opted for the decentralisation strategy.

Wage Flexibility and Low Pay

The recent changes made to the wage determination system are unlikely to enhance employment creation or improve the prospects for a reduction in unemployment. This is because there is unlikely to be the necessary degree of asymmetry in the system. Wages will not fall enough in low productivity sectors or sectors vulnerable to competition from the unemployed to offset the gains made by those in advancing sectors insulated from competition from the unemployed.

It can confidently be predicted that when advocates of the wage flexibility prescription look for explanations of continued high unemployment in New Zealand, their attention will be focused on 'downward rigidities'—the effect of the residual element of award coverage, or, as the award system declines in importance, the floor established by minimum wage legislation. This is because the wage flexibility prescription implies that relative wages should fall in sectors of the labour market where there is high unemployment, and this will disproportionately affect those workers who are already low paid.

Because of labour market segmentation, some sectors of the labour market will be unaffected by competition from the unemployed. As discussed above, 'insiders' are able to command a wage premium over the reservation wage of the unemployed because of the cost of recruiting and training new workers. These barriers to competition are particularly likely to arise when there are firm-specific skills to be acquired, which insiders obtain by making their way through an internal labour market. Because of the skills

acquired and insulation from unemployment, insiders enjoy relatively high wages and long job tenures.

To the extent that competitive wage flexibility is a feature of the labour market, the response of wages to unemployment is likely to be greatest in those sectors where opportunities to acquire firm-specific capital are limited, and where it is easy for employers to replace workers. This section identifies some of the sectors of the labour market where competition for jobs from the unemployed is most likely to be felt. It is shown that workers in such sectors are at present usually the lowest-paid of all workers. This means that the policy prescription of increased competition means lowering already low pay.**

Labour Department statistics on labour turnover provide some indication of which industries have the characteristics of secondary labour markets. The 'termination rate' measures the number of people who left a job or were dismissed in a given month as a rate per thousand employed. In February 1987, termination rates were highest in the restaurant and hotel industry at 68 per thousand and the sanitary services industry at 60 per thousand. High rates are also found in the food processing, beverages and tobacco sector and the retail trade sector. In the February survey, compulsory redundancies and other dismissals ('involuntary terminations') raised the termination rate in the electrical machinery, construction and forestry and logging industries above the all-industry average, although their 'quit rates' (voluntary leaving) were below the average.

Wages in the high-turnover sectors are significantly lower than the average for the economy as a whole. In February 1987, the average hourly wage was \$10.81. In the sanitary service sector it was \$8.72, in restaurants and hotels \$8.40 and in the retail trade \$8.06. Of other sectors, only the textile industry had an average wage below \$9.00 (turnover in the textile industry is marginally higher than average).

Sectors with high termination rates also have high recruitment rates, unless redundancy is occurring. Thus opportunities for the unemployed to enter employment are most likely to emerge in such sectors. Furthermore, the unemployed generally have low skill levels and look for work in low-skilled occupations. Low Pay Unit data reveal that the occupations sought by the unemployed are biased towards those with a high incidence of low pay. (The following discussion uses the Low Pay Unit definition of low pay,

set at 68 percent of the adult average hourly wage. A low paid employee earned less than \$7.30 per hour in December 1986. 18.6 percent of males and 34.8 percent of females earned less than this amount.)

In August 1987, nearly a third of registered unemployed males were seeking unskilled work 'not elsewhere classified'. The occupational category into which these workers would come on obtaining employment is likely to be the production/labourer category, where 22 percent of male workers employed were low paid in December 1986. The production/labourer category is also likely to be the next point of entry into employment for a high proportion of the remaining male unemployed. Due to redundancies, there are now more skilled production workers unemployed than there used to be, but they may not be able to re-enter the labour market at their previous skill (and wage) level.

Among women, about a fifth of the unemployed are personnel and other service workers, and a similar proportion are clerks and retail sales workers. There are slightly smaller groups of unskilled production workers and agricultural workers making up the female unemployed cohort. Female production workers have a high incidence of low pay—two-thirds of women in this category are low paid. Over two-thirds (69 percent) of women in agriculture are also low paid. Over 50 percent of sales workers and 45 percent of personal service workers are low paid. Only the clerical workers have a below-average incidence of low pay (that is, below 35 percent, the average incidence of low pay among women).

The discussion so far has not highlighted the position of the groups with the highest unemployment and the highest incidence of low pay: Maori and Pacific Island men and women. Low Pay Unit data show that New Zealand Maori and Pacific Islanders are more likely than Europeans to earn low wages. Overall, 24 percent of Maori men and 55 percent of Maori women are low paid, along with 32 percent of Pacific Island men and 53 percent of Pacific Island women. Maori and Pacific Island workers are more likely to be employed in low-paid industries and occupations. Brosnan has shown that low pay among Maori can be attributed to the crowding of Maori into low-paid occupations, that is, low pay is the result of labour market segmentation rather than direct discrimination.¹³ Maori and Pacific Islanders, both men and women, are concentrated in the production/labourer occupational group, which

¹³Brosnan, 1987.

has a high incidence of low pay, as has already been noted. It can therefore be deduced that if high unemployment among Maori and Pacific Islanders is allowed to reduce relative wages in the sectors where there are high concentrations of Maori and Pacific Islanders already employed, then the incidence of low pay among these groups will increase.

Social Policy Implications of Low Pay

When there is high unemployment among workers who share the characteristics of those who are low paid in employment, the wage flexibility prescription clearly implies that the wage dispersion should widen and the incomes that people derive from the labour market should become more unequal.

At first sight, it would seem that wage flexibility is antagonistic to the social policy objective of a degree of equality in the distribution of income. However, this may not necessarily be so. It may be that the increased inequality on the labour market resulting from the 'flexibility' prescription can be remedied or at least patched up by appropriate tax and benefit measures.

Easton has argued that the objective of income equality should not be pursued in the labour market. He proposes an assignment of instruments to targets whereby:

- 1 the labour market measures target on employment;
- 2 taxation and social security measures target on the income distribution; . . .¹⁴

A similar position has been taken by Peter Rankin of the Planning Council, who links his argument to the decline of the family wage concept:

'Strong arguments have been advanced for a further significant shift away from that model [the family wage] towards one where the labour market delivers a wage related to the skill and quality of an individual's work and where the needs of families and households are more universally the concern of the Government's welfare policies rather than employers. This latter model depends on an effective system of post-market redistribution.'¹⁵

The principal issue is whether tax and benefit changes could offset any substantial widening in the wage distribution. Theoretical arguments suggest that such a prescription would be difficult to

¹⁴*The Labour Market*, Royal Commission on Social Policy Draft Paper, p. 6.

¹⁵*The Living Wage and Post-Market Redistribution* (Draft) p. 1.

implement, and observation of wage-tax relationships in New Zealand supports this view. The supply and bargaining behaviour of workers in employment depends on their consumption wage—their income after deduction of income tax and deflation by consumer price changes. The labour demand decisions of employers depend on the real product wage—the pre-tax wage relative to the price of the product. Tax changes, along with other factors such as terms of trade changes, alter the relationship between these two wages. Changes in the 'wedge' between the consumption wage and the product wage have important effects on the labour market.

In low-waged jobs, the existence of income support measures operated through the tax and benefit system reduces the size of the wedge and may even make it negative (making the consumption wage greater than the product wage). In high-waged jobs, there will be a large positive wedge if the post-tax income distribution is being compressed. The wage the employer pays in such cases is much greater than the wage the worker receives.

It is conceivable that the income support system could have a favourable effect on wage flexibility in low-productivity industries. The existence of tax-benefit transfers could make workers more willing to reduce the relative product wage, because the consumption wage would be maintained by income support. This suggests that income support measures could help save jobs in declining industries.

However, the opposite effect would arise in advancing industries, where high taxes would increase the product wage for any given consumption wage, curtailing the job creation potential of the sector. For the overall employment effect of the tax-benefit measures to be positive, there must be a downward asymmetry in the effect of the tax-benefit system, so that more jobs are saved in declining industries than are lost in advancing industries.

New Zealand's experience suggests that there is an upward asymmetry: that increases in tax-benefit transfers add more to the upward movement of wages than to wage restraint. This may be because only some low-paid workers (those with dependents) receive income support, and they may be a minority among low-paid workers. It may be because the receipt of benefits is 'discounted' by bargainers, perhaps because the benefits do not always go to the worker, instead being directed to the primary care giver of the family.

The 1982 tax changes, implemented in conjunction with the wage and price freeze, illustrate the interaction between wages and taxes and point to the belief among policy makers that there is an upward asymmetry. The purpose of the tax changes was to minimise pressure on wages by satisfying the more powerful groups in the wage determination system. These groups were primarily middle income and upper income earners, who had previously displayed their power to bargain for wage increases that maintained their real disposable incomes in the face of tax increases caused by fiscal drag.

The tax changes in 1982 reduced the tax paid by middle income and upper income earners, while many low-income earners paid more tax. The post-tax distribution of income widened relative to the pre-tax distribution: the opposite direction of change to that implied by implementation of a 'post-market redistribution' model.

It should also be noted that the contribution of the tax-benefit system to wage flexibility has limitations even if an upward asymmetry in bargaining is not generated. The tax-benefit transfers heighten the tendency for industry-productivity wage flexibility to generate a polarisation of the economy into high-productivity and low-productivity sectors. The adjustment processes which should encourage employment expansion in high-productivity sectors are suppressed. Labour demand is weakened in high-productivity sectors and supported in low-productivity sectors, while wage incentives facing workers are reduced.

Indeed the effect of tax-benefit transfers on any vestige of *competitive* wage flexibility that may exist in the system is entirely negative. Under competitive wage flexibility, an increase in the relative wage of a sector occurs when there is excess labour demand in that sector. Workers are attracted into the sector and employment increases. However, if the tax system is curtailing the effect of any rise in pre-tax wages on the consumption wage, this incentive will be reduced. If a widening of the dispersion of pre-tax wages is sought in order to make occupations experiencing labour shortage more attractive, then a similar widening in the after-tax dispersion is also necessary for the policy to be effective.

It is therefore not logically possible that wage flexibility could contribute significantly to labour market clearing while at the same time tax and benefit policy restored equality to the income distribution in a general way. However, the post-market redistribution model may still be operable if the income distribution objectives of

the policy are appropriately (that is, narrowly) defined. For instance, the policy may be to seek a degree of equality in the household income distribution, but to neglect inequality in the personal income distribution. If it was the case that the relationship between the income distribution of wage and salary earners and the household income distribution was not very close, then the former distribution could possibly widen without calling forth increased transfers to maintain the latter distribution.

An example of this convenient situation would arise if it was the case that the majority of low-paid workers were married women with high-earning husbands. This would mean that the wage distribution could widen without worsening the household income distribution, although the personal income distribution would obviously deteriorate.

Even if the deterioration in the personal income distribution was deemed acceptable, this approach to the relationship between wage earnings and household incomes cannot be sustained. The majority of low-paid workers are not in the household circumstances envisaged by the argument. For example, low-paid Maori and Pacific Island women are not usually the partners of high-earning males. In general, changes in the personal income distribution have been closely correlated with changes in the household income distribution since the Department of Statistics began collecting income distribution data.

Advocates of the post-market redistribution model have pointed out that wage policy is not well-gearred to cater for different income needs—in particular, that the wage system cannot provide an adequate income to households with several dependents. This observation highlights a central weakness of the family wage model. However, the recognition that the wage system cannot cater adequately for those with dependents does not imply that the wage system should fail to attain any income distribution objectives at all. In New Zealand, the worsening of the position of the low-paid combined with the failure to maintain the real value of child benefit has been accompanied by an increased reliance on targeted family support measures. The use of family support to patch up the income distribution has severe limitations. Because of the abatement of family support as market incomes rise, recipients face an effective marginal tax rate of up to 48 percent.¹⁶ Thus those on low incomes are deterred from entering the labour market or

¹⁶Treasury, 1987, p. 313.

increasing their hours. Alternatively, they must work more hours than their better-paid counterparts to achieve any desired increase in their incomes. These disincentives and work penalties will become more marked as the relative wages of low-paid workers fall and reliance on targeted measures increases.

Problems also arise with the social security benefit system, especially the unemployment benefit, as low wages fall lower. The desire to maintain a reasonable living standard for beneficiaries relative to those in the labour market has led benefit levels in New Zealand to be linked to average wages. As the wage distribution has widened, benefit levels have come closer to the income levels derived from the worst-paid jobs in the labour market. For instance, in 1983-84 the minimum wage dropped below the single person social security benefit level. While the new Government responded at that time by raising the minimum wage, some commentators have drawn the inference that benefits should be cut instead. This argument has weighed sufficiently heavily to mean that since 1980 unemployment benefit has been paid at a lower rate than other social security benefits, except to those with children.

Without a minimum wage policy, assistance to the unemployed is quickly undermined. Policies to cut the real value of benefits flow directly from policies to cut the lowest wages of those in employment. By contrast, a commitment to maintaining minimum wages also makes it possible to maintain more generous benefit provision without creating disincentives or penalties on taking up employment.

Thus it can be seen that a worsening of the position of the worst-off in the labour market undermines the provision of income support for those outside employment. The post-market redistribution model does not appear to take sufficient account of the interdependence of labour market incomes, post-tax incomes and benefit levels. The provision of adequate incomes via the labour market is a fundamental component of an equitable income distribution for which no substitute is available.

Conclusion

This paper has examined the likely impact of reforms to New Zealand's wage determination system in the light of international

experience. The conclusion that flows most strongly from the analysis is that the potential impact of wage flexibility on unemployment has been greatly exaggerated. There is little likelihood that changes in wage relativities and differentials will have a significant effect on employment creation.

The primary potential gains from reform to the wage determination system occur at the aggregate level. If the overall rate of growth of wages can be restrained, it will be possible for the Government to pursue more expansionary policies, and thereby reduce unemployment. It has been shown that there is considerable uncertainty about whether decentralisation of wage bargaining is the best route to reduction in the overall rate of wage increase. The experience of other countries suggests that it is not, but there may be special features in the New Zealand situation.

There are potentially significant social costs in pursuing the strategy of decentralisation, because the relative position of the low-paid is likely to deteriorate. It must be noted that this deterioration is unlikely to have any direct beneficial effects on the employment prospects of those affected, although they may benefit indirectly from more expansive macro-economic policies, as described above.

The ability of the tax and benefit system to offset the income effects of greater inequality in the wage structure is limited. In general, a high magnitude of income transfers generates market pressures which are likely to undermine the objective of reducing overall wage growth. While targeted measures may appear to circumvent this problem, they result in the paradoxical situation that the low-paid face higher effective marginal tax rates than high-income earners. Lower wages for the low-paid also undermine benefit provision.

If the pre-tax distribution of income widens, there is little likelihood that income support measures will prevent a widening of the post-tax distribution. The 1972 Royal Commission on Social Security took the view that social security could not be a substitute for a fair wage system. Their conclusion continues to hold true in 1988.

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* Between 1970 and 1983 the number of unions fell from 353 to 248 due amalgamations, and the average size of unions increased from 1,072 members to 2,127.

** *Green Paper on Industrial Relations, 1985*, Vol. 2, p. 24. In many industries, the core workforce of insiders is supplemented by a peripheral workforce, while in some industries the workforce is largely peripheral. It is conceivable that within an industry, the wages of the core group of insiders are governed by productivity-related factors, while the wages of the peripheral group are governed by competitive factors. This means that as the level of unemployment changes, there could be changes in the relative wages of different occupational groups within an industry. Among economists, less interest has been taken in occupational-wage flexibility than industry-wage flexibility, perhaps because the employment effects of occupational-wage flexibility are likely to be slight. Changes in occupational-wage differentials may change the pattern of labour demand, encouraging employers to make greater use of the occupational class which becomes relatively cheaper. On the labour supply side, relative wages might theoretically affect incentives to acquire training. However, substitution effects on labour demand appear to be small, while the structure of training provision is of much greater importance than wage effects on occupational choices. (For a discussion of substitution effects on employment, see Philpott and Stroombergen, 1986.)

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Glossary of Abbreviations

AC	Arbitration Court
EMG	Economic Monitoring Group
FOL	Federation of Labour
GWOs	General Wage Orders
IC&A Act	Industrial Conciliation and Arbitration Act
OECD	Organisation for Economic Co-operation and Development

LABOUR MARKET POLICY
AND NEW ZEALAND'S
WELFARE STATE

An Overview of Developments Since
World War II

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Labour Market Policy and New Zealand's Welfare State

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Introduction: Full Employment and Social Policy

New Zealand has a long history of linking labour market policy to social welfare objectives. Indeed some of the first elements of social policy to be put in place in New Zealand were labour market measures. In the 1890s legislation was introduced to regulate working conditions in shops and factories and to provide peaceful mechanisms for the resolution of disputes over wages. Legislation on the working hours of women and children had been introduced earlier, in the 1870s. A Commission of Inquiry commented that the Employment of Females Act 'secures the interests of the public, which are so vitally connected with the health and social condition of women' (1878, p. 2).

Alongside legislative activity, governments in the nineteenth century sought to maintain employment by providing relief work for unemployed men. The provision of this work was frequently linked to other economic policies—particularly, the policy of using the government's superior access to credit to borrow abroad and develop the infrastructure of the new colony. Public works schemes designed to achieve both employment and development

objectives have been embarked on periodically up to the present day.

Events of the 1930s ushered in a new phase in the operation of labour market policy. Stringent foreign exchange constraints — partly arising from the previous decades of overseas borrowing — led to the introduction of a system of protection of domestic industry through import licensing. The wage-fixing institutions first established in the 1890s were reinstated, having been undermined in the Depression. After WWII, New Zealand governments exhibited a more rigorous commitment to full employment than previously, partly because of the availability of more instruments of economic management, and partly because the Social Security Act of 1938 had raised the basic level of income security to which all citizens were entitled. Full employment was an integral part of the welfare state. Failure to ensure full employment at adequate wages would impose a fiscal burden on the state. The viability of maintaining a 'safety net' rested on ensuring that most people did not require the support of the state except for short periods of their lives.

Full employment has been a central concept linking labour market policy to social welfare objectives. However the concept and definition of full employment which is implied by social welfare objectives and the structure of the social security system does not necessarily correspond to the economic concept of full employment. Three aspects of full employment can be identified as critical to social welfare. These are—the wages payable to employees, the level of employment corresponding to full employment given the social security structure, and the quality of jobs—job security, health and safety conditions and so on. These factors are now briefly discussed in turn.

Wages

Whereas income adequacy is central to the 'social' concept of full employment, the economic concept of full employment does not necessarily imply income adequacy for the working population. This is because in economic terms full employment may, in theory, be accompanied by wage levels for some groups which yield incomes below the social security minimum. If no minimum wage is set, some of those in employment may experience poverty and become entitled to income support from the social security system.

The 1935 Labour government sought to avoid this possibility by securing minimum wages for those in employment. For men, the minimum wage was a family wage, intended to be adequate to support a wife and three children (although child benefit was also payable in respect of the third child).

The Level of Employment

The social concept of full employment upon which the New Zealand social security system has rested can therefore be said to have ensured income adequacy for many people, particularly those in families with a male breadwinner. The social security system also defined the level of employment which corresponded to full employment. Social policy may operate to raise the level of full employment above that achieved in a laissez-faire labour market, because minimum standards may be set for wages and job quality, and obstacles to labour supply reduced through social expenditure. However this is not necessarily the case. Social policy may attempt to curtail labour supply among certain groups in the belief that it is more socially-desirable that they gain their means of support outside the labour market. This may be done without unemployment emerging, if those excluded from employment are not able to establish a claim on the social security system when they are without work.

The main route to reducing the number of people seeking employment was by the establishment of a structure of dependency, whereby those in employment had a duty of support to certain designated individuals who were not in employment. In the nineteenth century the government legislated for the exclusion of children under a certain age from employment, coupling this policy with provision for compulsory education, and compelling parents to support their children. The duty of husbands to support their wives was also utilised to remove married women from the ambit of full employment policy. While women were not excluded by legislation from the labour market (although marriage bars have operated in some sectors at various times this century), married women were (and still are) frequently not able to obtain the unemployment benefit because their husband's earnings were taken into account in assessing their eligibility. In general until fairly recently, married women (with unemployed husbands), were unable to apply for the benefit, on the grounds that if the

household's income was inadequate, the husband should apply. Nowadays, either husband or wife may apply, but the earnings of both continue to be taken into account.

It would not have been viable to exclude married women from the social definition of full employment if the labour market had not generally reinforced the structure of female dependency. So long as men could earn a family wage while women could only work in a limited range of occupations for relatively low wages, the 'breadwinner' model was supported by men's and women's own decisions on labour force participation.

If the structure of dependency is to be stable and effective in providing support for all, the wages paid to those in employment must be sufficient to support their dependants. Otherwise, either the dependents will seek some earnings to augment family income, or the (family) structure of dependency will break down.

Generally, the higher the wage paid to those in employment, the lower the level of employment will be, and therefore the greater the burden put on the system of dependency if the lower employment level is not to generate open unemployment. There is therefore a dilemma in maintaining a system such as the family wage system. The high male wage may restrict employment and lead to men being out of work. However if the wage is allowed to fall, the creation of more jobs may be more than countered by the entry into the labour market of dependents seeking to augment inadequate male earnings.

The policy chosen (high wages and low employment or low wages and high employment) will depend upon a great range of factors including the utility derived from work in the home, the political structure, the power of trade unions, etc. The economic structure will also affect the choice of policy. New Zealand's economic structure contributed to the choice of a high wage, low employment policy, so long as exports were dominated by the agricultural sector. For a long time, no other sector had potential for export development at the wage levels (or, where farmers were self-employed, at the return on labour) generated by agriculture. Thus, unless a wide disparity between agricultural and other incomes was to be allowed to emerge, other employment could only be developed in sheltered sectors of the economy. Because farmers had to purchase some goods and services in New Zealand, some naturally-protected sectors developed, dependent on farm incomes but sheltered from price competition from abroad.

Government policies attempted to expand the employment potential of the sheltered sector by extending protection beyond its natural levels through tariffs and import licensing. So long as policies were geared to import substitution rather than export diversification, the key determinant of employment levels was export income from agriculture, and the responsiveness of employment to changes in wages was slight. Employment was inelastic with respect to wages so long as most jobs were in sectors of the economy sheltered from international competition.

Quality of Jobs and Job Security

It has been argued that social policy for full employment will be concerned with establishing a certain wage and employment structure. In addition, it may be an objective of social policy to achieve stability in employment and thereby offer workers a degree of job security. This objective arises because of the social (family and community) disruption caused by job losses.

Throughout the postwar years, New Zealand enjoyed considerable stability in the employment structure. Situations of compulsory redundancy were rare, and large-scale industrial restructuring involving the dislocation of entire communities was avoided. The running-down of the Westland mining industry was one example of such dislocation—others are hard to find.

Protectionism was one reason for this stability. In an open economy, ongoing changes in the international competitive environment produce changes in the level and structure of employment. In a protected environment, stability in employment can be maintained in the face of international instability by appropriate alterations to the level of protection.

Stability in employment and a desirable regional structure of employment can also be maintained by industrial subsidies or by direct job creation by the public sector. After the oil crisis there was a sharp rise in the use of subsidies of various kinds to maintain full employment. Whereas protectionism in its heyday had been a fiscally cheap social welfare policy, events of the 1970s imposed an increasing burden of employment maintenance and creation expenditure upon the government budget, either directly (in Vote: Labour) or indirectly in other expenditures for the development of industry.

The next section examines the role of protection in maintaining 'social' full employment. It is argued that protection served to ensure male full employment at a 'family wage'. The policy of industrialisation through import substitution secured existing jobs and helped to ensure a low rate of regional and sectoral restructuring of employment. Section three describes the problems with protectionism that led in the late 1960s to a decision in principle to reduce import licensing. The fourth section examines how the wage determination system operated in the 1950s and 1960s, and discusses the implications for wage determination of the change in trade policy. A concluding section draws out some implications for the future relationship between labour market policy and social policy.

Economic Structure and Employment Policy

The first Labour government (1935–1949) initiated a programme of industrial protection in the face of an exchange crisis, and maintained the system after the war in an effort to diversify New Zealand's farming-dependent economy. There were two elements in the postwar administration of protection:

- 1 The identification of desirable industries and their implicit subsidy through two channels: the making available of imported inputs at the overvalued exchange rate, and the exclusion of imported final goods which would compete with the target industry.
- 2 The insulation of New Zealand industries from 'external shocks' transmitted through the farming sector. This led to cyclical fluctuations in the intensity with which protection was administered.

There were some differences between the Labour and National governments in their administration of protection, but there was no major change of principle until 1967, when the New Zealand dollar was devalued. Subsequently some efforts were made to reduce protection, substitute tariffs for import controls, and encourage diversification of exports. The years 1967 and 1968 also saw major changes in wage determination and monetary policy.

A distinction between 'essential' imports and 'luxury' imports was a central part of the administered system. Essential imports

were inputs into New Zealand production and their regular and steady supply was necessary to maintain employment; luxuries were goods for final consumption. Essential or input imports were allowed into the country at a price effectively subsidised by the high exchange rate, while luxuries were either not freely available (that is, were rationed) or were subject to tariffs. The Labour government interpreted the distinction between essential and nonessential imports very rigorously, and was very reluctant to permit consumer goods to be imported. When National came to power in 1949 it was pledged to decontrol imports, but in a white paper prepared in 1950 the new government failed to establish any clear philosophical distinction between its position and Labour's. Replying to suggestions of a more flexible system of 'open' import licences, it said:

A position could rapidly develop under which essential supplies were short while available overseas funds had been exhausted on the purchase of goods of lesser value to the national economy. (Minister of Customs, 1950, p. 3)

This attitude led the Minister to reject suggestions that commodity control should be replaced by exchange control administered by the trading banks. Such a policy would not ensure 'a balanced importation of goods required for the economy of the country, nor would it adequately protect economic local industries' (*ibid.*, p. 4). National did release some goods from import licensing during the Korean War boom, and experimented with credit control and exchange allocation when the boom ended. However the Labour government of 1957-60 restored full licensing, and until 1967 National made no major new attempts to experiment with the system.

Given that foreign exchange had to be rationed, all sides agreed that it should be allocated so as to maintain the domestic economy, and in particular to maintain employment. The administration of protection was intended to ensure full employment (defined as the minimisation of registered unemployment) and to reduce external trade dependence. It was recognised that simple employment-maximisation would entail efficiency losses, and attempts were made to identify the most productive areas of employment. However the judgments made by the Department of Industries and Commerce contained significant social policy 'biases'. Administrative decisions created and maintained employment in 'the national interest'.

Under the rubric of 'the national interest' came diversified economic development, reduction of external trade dependence, development of strategic industries, utilisation of indigenous raw materials, and maximisation of 'productive and useful' employment (Department of Industries and Commerce Annual Reports (DIC AR), 1947, p. 5; 1958, pp. 12-19).

One sector favoured for development under these criteria was building and metal products. An early report emphasised the employment-creating potential of this sector:

The group of industries is an important one not only because of the essential end-use of its production, but also because of the relatively high incidence of male labour involved, and the fact that indigenous raw materials [wood] enter largely into the production. (DIC AR, 1947, p. 5)

Three elements came together in the building industry: high-priority male labour with traditional skills acquired through apprenticeship; an 'essential' product, housing, accorded social priority with little regard to opportunity cost; and use of domestic raw materials. The last consideration flowed from the desire to reduce import dependency, but in terms of the overall effect on the balance of payments, the results were equivocal. The domestic price of timber was depressed by the low export price (due to the over-valued exchange rate). The development of the export potential of forest products was therefore delayed.

One measure used to ascertain whether an industry was efficient or economic was 'New Zealand value-added', defined as price per unit less import costs. The use of this criterion had advantageous consequences for high wage industries. An industry with high labour costs would exhibit high New Zealand value added, so long as those costs could be passed on into prices. As the granting of protection tended to assist high-labour-cost industries in charging high prices, it was very difficult to assess the productivity of protected industries. The lack of competition between firms on the local market compounded this problem. Great importance was attached to the existence of economies of scale, and it seems that administrators were resigned to a monopolistic industrial structure because of the small size of the local market.

It should theoretically have been possible to check for distortions introduced by protection by comparing New Zealand prices with world prices or prices prevailing in other countries. However the validity of this procedure was disputed by the Department of Industries and Commerce:

It may not always be possible to achieve close price comparability with imports. When labour is a large element in cost—and this is so in some of New Zealand's older industries which have developed over the years—it is not necessarily in the best interests of the economy or of society to insist on the New Zealand industries' competing in price with imports which from time to time may undercut the New Zealand price. (DIC AR, 1960, p. 12)

The Manufacturers Federation also pointed to the social advantages of protecting high wage industries. At the Industrial Development Conference of 1960 the Federation argued that protection was necessary to secure the relatively high wages and favourable working conditions in New Zealand. The Federation claimed that 'local industry must have adequate and permanent protection to safeguard "the standard of living, the livelihood, of all those engaged in industries"' (Simkin, 1962, p. 390). Simkin commented that this attitude was 'largely common ground for politicians, trade unionists, and manufacturers, and the greatest of all impediments to a competitive economy in New Zealand' (ibid).

Implications of Protection for Labour Market Policy

One purpose of the system of import licensing was to achieve levels of aggregate demand and employment that were higher and more stable than could be attained under competitive conditions (with a fixed exchange rate). However the aggregate employment objective could also have been achieved—perhaps more effectively—by export diversification. A policy of export diversification was not pursued because the government was unwilling to give up certain other advantages of the protectionist regime. Protectionism brought not only aggregate employment stability, but also stability in the employment structure. It ensured security against dismissal and security in job content, work organisation and the demarcation of worker responsibilities. The high level of employment security and job security achieved in the 1960s contributed to the rather conservative and passive labour market policies adopted by both the unions and the Department of Labour.

Because of the stability of the employment structure, it was not necessary to introduce such labour market policy measures as redundancy entitlements, regional subsidies, relocation grants or retraining measures until the 1970s. Department of Labour expenditure instead went on assisting immigration, subsidising apprenticeships and funding temporary special work schemes.

Immigration was the main labour market policy operated in New Zealand in the 1960s. The Department of Labour spent more than half its budget on assisting immigration. Many problems were avoided by satisfying excess labour demand with immigration instead of attempting to move already-employed workers between industries, occupations and regions. In particular, confrontation with the unions over job losses and retraining was avoided. Apprenticeship was able to hold its place as the central training system: in 1966 323 out of every 1000 boys leaving school entered an apprenticeship (LEG, 1967, Vol. 18 No. 3, p. 28).

The policy of immigration did not encounter effective union opposition. A report from the 1960 Industrial Development Conference observed:

The trade unions present at the Conference were not opposed by tradition or policy to immigration, provided it is in line with New Zealand's capacities and needs and is limited to skilled workers who will form part of the permanent labour force. (Report of Committee III, 1960, p. 132).

The UK could supply to New Zealand workers sharing the same craft traditions and apprenticeship-acquired qualifications as their New Zealand counterparts. Some of these workers were well-versed in the ideology and tactics of craft unionism and became important figures in the growing shop stewards movement.

The immigration policy was not without critics. The Department of Labour argued that immigration did not ease labour shortages because the requirements of immigrants for housing and 'social capital' created new demands on resources in the economy. From an early stage the Department was concerned that not enough was being done to bring rural Maori into the industrial labour force. At the Industrial Development Conference (where opinion was overwhelmingly in favour of more immigration), N S Woods of the Department of Labour pointed out:

We could be committing a supreme folly if we pursued overseas immigration to the point of creating a racial problem of unemployed Maoris pent up in 'Maori' areas while immigrant labour filled the vacancies for labour in other areas. (Woods, 1960, p. 2)

The Department did succeed in getting funds to run training courses for young (male) Maori from rural areas. However this scheme, very limited in funding and confined to manual trades as it was, was the only programme operated by the government to bring a marginal group into the labour market.

Despite the absence of special measures to assist women entering the labour market, female labour force participation rose by six

percentage points in the 1960s, an increase comparable to that of other Western countries, although New Zealand started from a lower base (for example, in Sweden participation rose five points to 37.8 percent in 1970; in New Zealand the rate was 33.8 percent in 1971). The rise in women's employment occurred despite, rather than because of, trade protection. As noted above, industries supported by the import licensing system tended to be male-dominated. By contrast, the protection afforded to the female-dominated sectors of textiles and clothing was sporadic. For example, in the Korean War boom women's employment in manufacturing declined because the government took advantage of the favourable terms of trade to ease import controls on clothing.

The Department of Labour paid little attention to women's employment, taking registered unemployment to be the central indicator of labour market conditions. The fall of 2900 in women's manufacturing employment between 1951 and 1952 hardly caused a blip in the unemployment figures. When the Korean War boom ended and export revenue declined, the Department expected male unemployment to emerge, but in fact the reintroduction of import controls kept the midwinter peak in registered unemployment, reached in July 1953, to 153 (!). The Department commented:

The justifiable conclusion is that employment in New Zealand is fundamentally sound and unusually resilient. (*Labour and Employment Gazette* (LEG), May 1954, Vol. 4, No. 2, p. 5)

The considerably higher wages paid to men compared with women were also not a deterrent to their employment: indeed, protection favoured high-wage sectors.

The securing of employment opportunities for men was an integral part of the union structure. In 1968 121 out of 362 registered unions were male-only. More than 400 of the 737 awards and agreements studied in a Labour Department survey in 1970 did not envisage the employment of women (LEG, 1969, Vol. 19, No. 3, p. 11; 1970, Vol. 20, No. 2, p. 9). This structure was the product of detailed rules covering training and the demarcation of work. Union organisation was based on the defence of traditional trades and skills. The effect of this organisation was not only adverse for women: the barriers raised against women's entry into the labour market also restricted men attempting to move within the labour market.

Problems with the System of Protection

In this section I discuss the reasons for rising disillusion with protectionism in New Zealand's economic policy-making. The problems with protectionism can be divided roughly into structural and cyclical factors. The structural problem was that import reliance remained persistently high despite the development of import-substituting industries. Because exports failed to expand significantly, the high import reliance constrained overall economic growth to below that achieved by other Western countries. World exports grew by more than 7 percent per annum by value in the 1950s and 1960s, but New Zealand's exports grew only 5 percent per annum on average in the 1950s and just over 2 percent per annum in the period 1960–1967 (IMF Yearbook, 1986, p. 114).

Dealing with cyclical fluctuations in agricultural export earnings also became more difficult. Attempts to increase economic growth led to policies which expanded employment in upturns beyond the levels that could be maintained in downturns. New import-reliant industries such as car assembly were developed, often using immigrant labour. When the balance of trade worsened, domestic demand was cut in order to curtail imports. As the economy grew, spells of restrictive demand management were accompanied by job losses.

Structural Problems with Protectionism

Trade protection through import licensing was intended to encourage a structural development towards greater home production of manufactured goods. However the import licensing system did not reduce the dependence of the economy on international trade. On the contrary, the policy of imposing prohibitive barriers on imported final goods, while licensing imports that were inputs into domestic production, contributed to the development of an industrial sector highly dependent on imported raw materials and components. Import controls and the drive to industrialise did not reduce New Zealand's import dependency.

The industrialisation of New Zealand rested heavily on imported components partly for technical reasons. However a basic problem with the import licensing system also afflicted the pattern of industrialisation. The system rationed out access to imported

inputs at an overvalued exchange rate. Imports were therefore relatively cheap, although in short supply. If a licence could be obtained, imported inputs were preferable to domestic sources of supply. Furthermore, since access to inputs was limited by rationing, firms using imported inputs tended to enjoy a monopolistic situation on the product market. The combination of cheapness and market power made import-dependent industries more profitable than enterprises utilising indigenous raw materials. In the 1960s and 1970s the government attempted to combat this tendency and develop new competitive industries by targeting natural resources for development, but this policy imposed high fiscal costs.

A further problem was that traditional exports came under increasing pressure from domestic cost increases after the wage bargaining system broke down. In the next section I describe how the Industrial Consultation and Arbitration system succeeded in restraining wage increases in the sheltered sector until the end of the 1960s, thereby allowing the income share of the export sector to be maintained. In the absence of such restraint in the 1970s, devaluations and subsidies to exporters were used to maintain export profitability, resulting in a worsening fiscal position for the government and high inflation.

Cyclical Problems

One of the central aims of the import-substitution policy was to achieve stability in employment in the face of fluctuations in export receipts. However the continued import-dependency of employment meant that this objective was not achieved.

Because export income from agriculture fluctuated, the country experienced a cycle in the level of domestic demand, employment and output that could be sustained without balance of payments crises. In order to maintain a stable level of employment, it was necessary not only to protect the supply of imported inputs at times when export receipts were down, but also to control the inflow of inputs when export receipts were high. High export receipts initiated an expansion of consumer demand, commencing with increased farm incomes. If New Zealand output expanded to meet this demand, employment increased to a nonsustainable level when export receipts fell.

One solution to the problem of cyclical instability generated by fluctuations in export receipts was to allow imports of consumer

goods to enter the country in booms. The issue of car import licences was a popular way of mopping up excess demand in an export boom. Despite the development of a domestic car-assembly industry, the government persisted in the use of this device as late as 1971, when the decision to issue more car import licences was made in order to 'assist in diverting spending away from areas which would add to pressures on the domestic economy' (The Budget, 1971, p. 15). In the period 1948–1963, the income elasticity of demand for cars in New Zealand was about 5, making the availability of cars an ideal instrument of demand management (Turnovsky, 1968, p. 787).

The growth of the economy, particularly in the 1960s, was accompanied by increased difficulty in countering the effects of the export cycle. In an attempt to meet aspirations for rising living standards, the 'deflationary' policy of importing consumption goods in booms was replaced by a policy of accelerating industrialisation by importing capital and components for manufacturing industry. As Zanetti observed, this resulted in export-led cycles in domestic production, with improvements in the supply of imports stimulating domestic activity:

The crude idea that [additional] imports are deflationary depends ultimately on the idea that they are causally unconnected with the level of domestic expenditure; if imports comprised only consumer goods there might be something to be said for this; but the increasing emphasis on manufacturing inputs in imports implies that imports are associated positively with domestic expenditure on production. (Zanetti, 1967, p. 11)

The drive to expand the country's industrial base led the government to allow a level of investment and input importing in booms higher than was necessary to maintain male full employment. The excess labour demand was met by recruiting immigrants and attracting women and rural Maori into the labour force. In downturns labour demand had to be allowed to fall. Because immigration was cyclically-responsive and women's unemployment largely unrecorded, this process did not lead to substantial registered unemployment until 1968. However estimates of women's unemployment constructed by extrapolating trends in labour force participation suggest that women's unemployment was as high as 5 percent in 1963 as well as in 1968 (Braae and Gallacher, 1983, p. 26).

By 1968 the buffers provided by immigrants, women and Maori could not conceal the potential for serious unemployment resulting from a balance of payments downturn. The attempts to substitute

New Zealand produced goods for imports had meant that the composition of imports had changed, with goods for final consumption being largely replaced by raw materials. However the 'import reliance' of the New Zealand economy, measured by the ratio of imports to GNP, had remained stubbornly constant (Rowe, 1966; Brownlie, 1967). Decline in exports could no longer be met by cutting back 'luxury' imports. As summarised in a 1978 report:

With a greater proportion of New Zealand's imports now comprising essential inputs to production and no concomitant reduction in the overall reliance on imports, changes in the level of importing now have important consequences for domestic production and employment. (Economic Monitoring Group, 1978, p. 6)

A policy of export diversification had been officially supported by the government since the early 1960s. However competition for resources from protected import-substituting industries presented a major obstacle to export diversification. For example, the two sectors of the economy competed for labour. In the early 1960s, policymakers realised that the tight condition of the labour market would present new export industries with labour supply problems. However they did not envisage that labour would have to be transferred from existing industries. Instead, immigration was seen as the solution to labour supply problems. With virtually no male unemployment, it seemed obvious to policymakers that the labour for export diversification would have to come from abroad (Export Development Conference, Report of the Working Party on Export Product and Market Diversification, 1963, p. 7).

Measures taken to encourage export diversification also continued the established pattern of reliance on cheap imported inputs. In the early 1960s the import licensing scheme was amended to give exporters a preferential entitlement to imported raw materials and components (Gould, 1982, p. 105; DIC AR, 1963, pp. 13-14). At the time, this decision was seen as assisting the allocation of scarce imported capital to the most fruitful areas for future development. However with hindsight it is clear that the cheapness of imported inputs relative to New Zealand inputs contributed to a pattern of import-dependent export development.

In 1968 a National Development Conference was convened where the options for future economic development were discussed. The participants, representing major economic interest groups, agreed on a key recommendation, no. 209A, which proposed that import licensing should be phased out and replaced by a

tariff system as an initial step towards reducing the distortions of protectionism. However the application of this principle to each affected industry proceeded very slowly. A lengthy consultation process was embarked upon, with government officials and business and labour representatives undertaking detailed industry studies prior to any change in the protective arrangements. Reports of the Department of Trade and Industry throughout the 1970s and early 1980s provide a catalogue of minor interventions and alterations to the licensing system (the most important being the introduction of tendering for licences), along with distant deadlines for the introduction of tariffs.

The alliance against reductions in protection was a powerful one, comprising businesses preserving the value of their capital investment, workers protecting their jobs, and community interests defending key local employers. Furthermore, world economic conditions were no longer favourable to the development of new exports, increasing the likelihood that deregulation would result in high unemployment. In 1979, Prime Minister Muldoon declared that

It has been suggested that New Zealand should dismantle the system of import licensing which has operated for forty years. I do not subscribe to that view. I have no intention of letting efficient industries go to the wall for the sake of a theory. Many thousands are employed in firms that would not have been started had it not been for a secure home market. (The Budget, 1979, p. 5)

In 1984 Treasury reported that on the basis of tariffs alone New Zealand's secondary industry was the most highly protected in the OECD, while in addition New Zealand was the only advanced country to operate comprehensive quantitative controls on manufactured imports (1984, p. 304).

One of the factors underlying the industry-by-industry struggle was the condition of the wage determination system. Protection could have been reduced faster had the government been prepared to adopt a sweeping policy of deregulation coupled with devaluation. However this policy was rejected because of the government's fear that devaluation would simply trigger an inflationary spiral. An experiment with a 'crawling peg', intended to maintain a stable real exchange rate, was operated between 1979 and 1982, but when the government attempted a new onslaught against inflation in the form of a wage and price freeze, the exchange rate was stabilised in the interests of anti-inflation policy.

One difficulty facing the government was that the country's wage-fixing institutions and procedures had been developed for a sheltered wage-labour sector. The next section examines wage determination in the 1950s and 1960s in order to draw out the issues introduced by the attempt to develop internationally-competitive employment for wage workers.

Wage Policy

In 1936 the first Labour government had amended the Industrial Conciliation and Arbitration Act to give formal recognition to the principle that adult men should receive a 'family wage'—enough to support themselves, a wife and three children. The family wage was supported by the payment of subsidies on some staple consumer goods, financed by high indirect taxes on other goods.

In developing the policy of selective subsidisation, a distinction between necessities and luxuries was made. Necessities were defined as household inputs or complements to household production; other goods were luxuries. Support of the family wage entailed making available necessities at low prices. Luxuries, by contrast, could be taxed or rationed (through queuing) without impeding the ability of the household to function.

The distinction between necessities and luxuries was a central element linking protectionism and the family wage. As explained by the Department of Industries and Commerce, the expenditure of the community on goods could be divided into three main classes. These comprised basic consumer goods, mainly produced in New Zealand; 'less essential goods, including luxuries and consumer durables', mainly imported or with a high import content; and capital expenditure, which also had a high import content (DIC AR, 1954, p. 11). In export downturns, the supply of imported 'luxury' goods could be cut back without adverse welfare consequences, because household necessities—food and shelter in particular—were largely New Zealand produced.

The limited availability of imported 'luxuries' in the 1950s and 1960s may also have supported the family wage by discouraging women from entering the labour market. If the 'family wage' earned by men was indeed sufficient to purchase all the household's necessities, then women would only enter the labour force to earn money to purchase 'luxuries'. If these were very expensive, or not

available, then the real wage facing women was accordingly rather low. Furthermore, cyclical changes in protection produced fluctuations in women's real wages. In an export-led upturn, the supply of imported consumer goods was increased (rationing was eased). This effective increase in the real wage was reversed in downturns, and it is possible that women's willingness to take up paid work was affected by these fluctuations. Women had little incentive to enter the labour market in downturns, but could be attracted into paid work in upturns. It is therefore possible that in the 1960s, part of the fluctuation in women's labour force participation around the long-term rising trend was due to voluntary withdrawal from the labour force. By the 1970s this convenient cyclical pattern had ceased to function due to the growth of the economy. Growth had resulted in changes in household expenditure patterns, expansion of women's employment, and a diminished cyclical pattern in the availability of 'luxury' goods.

The Industrial Conciliation and Arbitration System

In a totally sheltered sector of employment, there is no constraint on the money wage that the workers can bid for. The employer can maintain a constant real product wage by raising the price of output, thereby maintaining both the firm's profits and the workers' jobs. Elsewhere in the economy, real incomes must fall because of the increase in the price of output, while workers' real incomes rise because not all the prices in the consumption basket will have risen with the increase in wages.

In the New Zealand economy, farmers were the main group whose real incomes fell when sheltered sector wages and prices rose. The principal issue in wage determination was the maintenance of a fair and equitable distribution of income between farmers and workers. In the full employment conditions of the 1950s and 1960s, it was the function of the Industrial Conciliation and Arbitration system to restrain money wage increases so as to preserve farmers' relative position, given movements in agricultural export prices. The exchange rate was constant between 1948 and the end of 1967.

A key component of the wage determination system was the procedure enabling the Arbitration Court (AC) to make General Wage Orders (GWOs), applying to all awards and agreements in force. One function of the GWO mechanism was to ensure that minimum rates of pay set in awards were adjusted in line with cost-

of-living increases, thereby maintaining the family wage in real terms. However the interests of farmers were also recognised in the empowering regulations for GWOs. The AC was instructed to examine not only retail price movements but also changes in productivity and value added in both the primary and the secondary sectors of the economy. The AC examined a mass of macro-economic information in making its adjudications, and received submissions from farmers' representatives as well as employers and workers.

In this delicate political negotiation, the AC was very successful until 1967. Award wages for adult males increased at an average rate of 2.9 percent per annum between 1957 and 1966, roughly in line with rises in consumer prices, while registered unemployment never exceeded one percent of the labour force. There was some drift, but average weekly earnings increased by only about 1 percent per annum more than award wages (BA Vol. 68 Pt. 2, p. 1312).

In the years immediately after the war, wage increases were controlled by regulation, and subsidies were used to hold down the prices of goods purchased by wage-earners. By 1950 pressure for wage increases led the government to lift regulatory constraints on the upward movement of wages. The government also removed some of the subsidies which had held down the prices of essential goods, and invited the Arbitration Court to make a GWO increasing wages by the extent of the resulting price increases (The Budget, 1950, p. 9). The principle of securing the real value of minimum wages was thereby maintained, while allowing for more flexibility in the wage determination system. This shift was facilitated by the favourable export prices prevailing because of the Korean war boom.

The next major challenge for the system came in 1957, when export prices declined and the current account of the balance of payments moved into a record deficit. The newly-elected Labour government responded by utilising its traditional array of instruments to curtail demand for imports while protecting the position of the low paid. Indirect taxes on 'luxuries' such as alcohol and petrol were increased, but to counter the negative impact of these measures, food subsidies were increased and the child benefit raised (under National, the money value of the benefit had not been adjusted). However times had changed from the austere 1940s,

when the price of alcohol could be safely raised because it was not included in the Workers Price Index. Gustafson comments:

Although Nordmeyer [the Minister of Finance] increased social security benefits and hurt least those taxpayers who had family commitments or lower incomes, his 1958 budget was designed primarily to restrain the demand for consumer goods, especially those which had to be imported . . . The budget not only increased direct taxation on incomes but also through indirect taxation raised the prices of cigarettes, beer and spirits and the cost of running a car, which together comprised the modest pleasures of many wage-earners. (1976, p. 146)

While housewives gained from the use of subsidies, as well as from an increase in child benefit, this did not prevent the collapse of Labour's rank and file support in workshops and factories. The economic growth of the postwar years had made the family wage redundant. Ironically perhaps, attempts to secure minimum incomes by paying men a family wage were undermined by rising living standards. The family wage model rested on static male real wages and stability in the organisation of households and the activities undertaken within them. Rising real wages and the changing household structure had two consequences: more married women sought to enter the labour market, and the securing of minimum living standards through subsidies on 'essentials' became an increasingly inefficient and inadequately-targeted policy.

The level of conflict between farmers and workers over income shares depended crucially on export prices and import prices (the terms of trade). Farmers' real incomes depended on export prices relative to consumer prices, which were determined by import prices and domestic wage costs. (Farmers' real incomes were particularly affected by wage costs 'downstream' in the export processing chain, but for simplicity it is here assumed that their consumption price index has the same composition as the workers'.) Workers' real incomes depended on wage levels relative to consumer prices, and were therefore stable if money wage increases kept pace with import price increases. If export prices rose without an accompanying rise in import prices (a terms of trade increase), farmers' real incomes rose without loss to workers. However if import price increases outstripped export price increases, stable real incomes for workers were accompanied by falling real incomes for farmers. Alternatively, stable real farm incomes required a reduction in workers' real incomes.

In 1967 the terms of trade deteriorated sharply, and the current account position worsened dramatically. The government's

response was coloured by rising disillusion with the operation of trade protection, as described in the previous section. Concern over the future of agricultural exports was heightened by Britain's application to join the EEC. It was inevitable that New Zealand would follow the British devaluation in late 1967, but the government used the occasion to promote the view that economic policy should encourage the diversification of exports. Hopes hung on the Australian market, a (very restricted) free trade agreement with Australia having been signed in 1966.

Fiscal retrenchment was also part of the response to the balance of payments crisis. Many consumer subsidies were removed or reduced, and government charges were increased substantially. Between June 1966, when a GWO had last been made, and December 1967, the CPI increased by 7.7 percent. Measures contained in the 1967 budget contributed 3.02 percent of this increase, according to the Government Statistician (BA Vol. 68, Pt. 2, p. 1291).

In established fashion, a GWO application was made at the end of 1967 in which the FOL and the PSA sought the restoration of real wages. In their submissions to the Court, trade union representatives took the traditional line that wage earners' real incomes should be protected in the face of instability in the agricultural sector. The devaluation was criticised as indicating inadequacies in the administration of farm income stabilisation. In response to the government's view that no wage order should be made, the FOL argued that 'wage earners should not have to accept restrictions to help the farmers' (BA, Vol. 68, p. 1283).

It would perhaps have been astute for the government to have combined the devaluation with fiscal measures which supported rather than reduced wage-earners' real incomes. However such a policy may have only postponed an inevitable crisis after years of quietude in wage bargaining. When the Court followed the government's recommendation and refrained from making a GWO, local unions around the country were poised to press their claims.

Union and employer representatives on the AC bench jointly pushed through a 5 percent GWO six months later, but this only postponed a massive acceleration in wage increases. The alliance of employers and unions against the government's view that wages should not rise indicated the difficulties faced by the government in

promoting the export diversification policy. Employers in protected and naturally-sheltered industries were not inclined to resist wage demands, as they could pass wage increases on into prices. The Employers' Federation submitted to the Arbitration Court in 1968 that '[the] real question is not whether the employers could stand the strain [of a General Wage Order] but whether the national economy could' (BA, 1968, Vol. 68, p. 1286).

To impose greater constraints on employers in wage bargaining would have required a more substantial change in economic policy than the government was prepared to venture in 1968. In the absence of a major group of export employers and a central employers' organisation with any power, restraint of wage settlements would require reductions in protection and/or the imposition of a restrictive domestic demand management policy. The latter policy would be difficult to maintain in the light of the commitment to full employment. Wage bargainers were unlikely to respond rapidly to such an alteration in their bargaining environment, so the likely effect of demand restraint would be significant unemployment. The government did allow unemployment to rise to record levels in 1967-68, but did not maintain restrictive demand management once the balance of payments situation eased.

Throughout the 1970s, both Labour and National governments attempted to restrain the rate of wage increases without allowing significant unemployment to emerge by using various regulatory interventions in the labour market. These policies were not highly successful. Whereas in the 1950s and 1960s the country had enjoyed low inflation and low unemployment, the 1970s saw a shift to high inflation while unemployment crept up from its once insignificant levels.

After 1984 the Labour government sought a new solution to the wage bargaining problem. Rather than attempting to restrain wage increases through centralised institutions, it sought to decentralise wage determination in the hope that wage settlements would thereby become more responsive to lack of profitability or weak demand in the firm or industry to which they applied. There were two main reasons for this change in policy:

- 1 There was no consensus between the government, unions and employers over the appropriate principles for centralised wage bargaining. In particular, there was strong disagreement between the government and the unions over the role of income needs in the determination of wages.

- 2 The central organisations of workers and employers lacked the power to make any central agreement binding on local bargainers. The potential for drift had increased markedly because of the development of 'second-tier' bargaining on top of any central determination of wages.

Conclusions

Economic developments over the last two decades have had important implications for labour market policy and social policy. It is clear that institutional devices for achieving low wage increases alongside low unemployment have broken down. At the same time, the procedures for securing a certain minimum real income for workers have ceased to operate. The conditions which allowed the restructuring of employment to be achieved largely through immigration no longer exist. Labour market policy must now handle the consequences of job losses in some sectors of the economy. The pattern of lifetime jobs, for which lifetime skills could be acquired through youth apprenticeship, is no longer an appropriate model, partly because of economic restructuring and partly because of the entry of more women into the labour market.

It might be thought that the sum total of these developments means that New Zealand can no longer operate a 'social' full employment policy. For instance it might be argued that it is necessary that minimum wages be eliminated on the grounds that the minimum level has been set too high for 'market-clearing' in some subsectors of the labour market. The fiscal impact of unemployment on the welfare state could be minimised by confining assistance to the unemployed to provision of the minimum level of income support allowable under the social security system, while prospects for reducing unemployment would rest on the flexibility of wages.

In a separate paper on wage determination, I argue that it is not viable to pursue this type of 'market-clearing' employment policy. Greater 'flexibility' in wage determination will not significantly improve the prospects for achieving full employment, while at the same time such a policy could significantly worsen the relative position of the low-paid. The provision of minimum income security through the tax and benefit system would also be undermined by such a policy.

It is necessary for New Zealand to continue to operate a social full employment policy if the welfare state is to be maintained and developed. However the social definition of full employment must be considerably revised from the definition used since World War II and described in the introduction to this paper.

The need for revision is most obvious in the area of wage policy. The concept of the family wage is not suitable to a society which has a diverse range of family and household types and where most women are in the labour force. Even in its heyday, the family wage was an inadequate welfare system. It secured the living standards of a key group of households, but omitted from its ambit women and children not attached to a male breadwinner. Large families were also inadequately provided for, and the importance of seasonal agricultural work in the economy meant that not all men could enjoy secure employment at adequate wages. The family wage therefore did not eliminate poverty. The system failed to cater for different household types or to properly allow for the costs of caring for children. It relied excessively on voluntary transfers of resources within households, perpetuated a condition of dependency for women, and achieved interhousehold equity at the expense of interpersonal equity. Those who were denied a secure position in the labour market, among which Maori and Islanders were heavily overrepresented, were also not equitably provided for by the system.

However rejection of the concept that labour market earnings can provide adequately for workers and all their dependents does not entail rejection of the principle that wages in employment should not fall below certain minima. It is not possible to allow the creation of low-paid employment without also accepting a significant worsening of the income distribution. While tax and benefit measures can offset some of the effects of low earnings, there are limits to the redistribution that can be achieved by the tax and benefit system. These limits are likely to be greater under a decentralised wage bargaining system than a centralised one, as in a decentralised system it is not possible to reach any accord with wage negotiators over the structure of the 'social wage' and the relationship between wage demands, tax levels and benefit provision.

In the introduction it was argued that the role of labour market policy in the welfare state is reflected not only in wage policy but also in the level of employment sought at full employment and in

the degree of job security offered to the employed workforce. The rising rate of labour force participation among the working age population has important implications for the level of employment sought at full employment. Because the income support system still rests on certain assumptions of dependency, it is possible to exclude significant numbers of female jobseekers from the unemployment register. However labour market programmes other than income support—job creation and training schemes, in particular—draw out these hidden clients.

The rising propensity of women to register as unemployed in the 1970s reflected the availability of places on job creation programmes, which were open to some women who were not eligible for cash relief.

It may be thought that it is economical to fail to provide labour market programmes for jobseekers whom the income support system classifies as dependents. It may be argued that the labour market policies necessary to achieve full employment at high rates of labour force participation are too ambitious. However the effects of such limitations to employment policy on interpersonal equity are negative. It is inequitable to fail to provide assistance to unemployed married women when the majority of married women are in employment.

The final area of challenge for labour market policy is to facilitate the restructuring of the economy after years of stagnation. If restructuring is to be in the best interests of society as a whole, and not just a process whereby one group gains at the expense of another, then it is necessary that there be equity in the distribution of the costs of adjustment, as well as in the distribution of the gains from growth. If it is not possible to compensate the losers because their losses are too great, then this must cast some doubt over whether the change is in the interests of society as a whole.

In the heyday of protectionism, New Zealand's social welfare system did not depend on large-scale tax-benefit transfers or government spending programmes. After the oil crisis, there was a considerable increase in expenditure on employment-creation and employment-preservation. One objective of the changes in economic policy initiated in 1984 was to reduce this expenditure. However it is doubtful whether a reduction in expenditure on labour market interventions is desirable. The change of economic strategy suggests that expenditure should be reallocated rather than

reduced. The exposure of the New Zealand economy to international competition has generated a need for increased expenditure on labour market programmes in order to facilitate the more rapid and frequent structural adjustments that will flow from increased exposure of the economy to international competitive pressures. Failure to adopt active labour market policies to facilitate the reallocation of labour will increase the economic as well as the social costs of restructuring by increasing the transitional unemployment experienced in the course of restructuring.

In the 1950s and 1960s, economic and social policy objectives were jointly pursued in the labour market through close regulation of economic conditions. In the future, labour market policy can continue to play a central role in the welfare state through the implementation of active policies to encourage mobility, facilitate training, and ensure a sufficient rate of job creation. The alternative is that social policy objectives are met independently of labour market policy. For instance income distribution objectives may be met by tax-benefit transfers rather than wage policy. In such a policy framework, economic pressures lead to welfare provision being pruned to minimum levels. For instance, the scale of tax-benefit transfers must be limited if they are not to interfere with economic incentives and therefore efficiency.

In the past, the maintenance of full employment in New Zealand has not required implementation of active labour market policies. However it will not be possible to maintain high levels of wages and employment in the internationally-competitive environment of the future without such policies. The central importance of active labour market policy is due to the way in which efficiency and equity objectives are rendered complementary, rather than contradictory. Policies to assist labour mobility and ensure access to education and training improve economic performance and enhance efficiency. At the same time, the wide coverage of unemployment assistance offered and the defence of minimum wages reduce dependency on the safety net of the income support system and contribute to equality of opportunity and the prevention of poverty.

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¹ For stable real wage incomes,

$$W = aP_m + (1-a)W$$

$$W - (1-a)W = aP_m$$

$$aW = aP_m$$

W—wages

P_m—import prices

$$0 < a < 1$$

W, P_m in logs

² Import prices increasing faster than export prices:

$$P_x = bP_m$$

$$0 < b < 1$$

For stable farm incomes

P_x—export prices

$$P_x = aP_m + (1-a)W$$

W, P_m, P_x in logs

$$bP_m = aP_m + (1-a)W$$

$$(b-a)/(1-a) \times P_m = W$$

i.e. P_m > W, so workers' real wages fall

³ Women were only 10 percent of the registered unemployed in 1960, rising to 23 percent in 1970 and 37 percent in 1980. By 1987 the proportion had declined slightly to 35 percent.

Glossary

AC	Arbitration Court
AJHR	Appendices to the Journals of the House of Representatives, Government Printer, Wellington
BA	Book of Awards (made by the Arbitration Court), Department of Labour, Wellington
	Deflationary 'crawling peg'
DIC AR	Department of Industries and Commerce Annual Reports
DOL AR	Department of Labour Annual Reports
GPWD	General Wage Order
LEG	Labour and Employment Gazette, Department of Labour, Wellington
OECD	Organisation for Economic Co-operation and Development Value-added

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ACTIVE LABOUR MARKET POLICIES

Deborah Mabbett

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Introduction

In all the Western countries which have unemployment benefit systems, the rise in unemployment since the mid-1970s has been accompanied by a search for labour market policies which provide an alternative and better allocation of resources than the unemployment benefit. Governments ranging in ideological position from the British to the Swedish have implemented policies to reduce the number of benefit claimants. However the widespread use of employment and training programmes testifies more to the political importance of unemployment than to the existence of any fundamental agreement among economists and politicians as to the role of state interventions in the operation of the labour market.

While the programmes of right-and left-wing governments often have a certain superficial similarity, underlying beliefs about market performance are reflected in the scale of programme expenditure and in important aspects of programme implementation. Programmes based on a 'market-clearing' view operate by facilitating labour cost reduction, either by promoting wage reductions or by reducing labour cost relative to workers' take-home pay through subsidies and allowances. By contrast, programmes which take as their starting point the recognition of labour market failure, attempt to achieve improvements in the distribution of jobs through increases in unemployed workers' earning power (training), job creation at going wages, and job-splitting, work-sharing

and early retirement schemes. These latter policies can be designated 'active labour market policies'.

The differences between the 'market-clearing' and 'market failure' schools of thought are most apparent in attitudes to the payment of unemployment benefit. Proposals for active labour market policies are derived from analyses of the labour market which show why market-clearing does not occur. One important implication is that the relationship between benefits and wages is not of critical importance to labour market performance, so paying benefits that provide reasonable levels of income replacement does not have adverse efficiency effects and is desirable on grounds of equity. Having established the case for generosity in unemployment compensation, it is then a short step to show how the money spent on benefits could be better spent on reducing unemployment. Generosity in benefit payments is accompanied by substantial programme expenditure because of the existence of substantial 'clawbacks' (benefit savings when jobs are created). Countries with low benefits or low coverage (limited eligibility for benefits) have less incentive to engage in expenditure on active labour market policies.

Among those who adhere to a 'market-clearing' view, it is widely acknowledged that the labour market may not clear instantly, and the economy may experience transitory unemployment when economic shocks occur, as well as frictional unemployment in normal times. It is generally accepted that benefits should be paid to those affected—or, at least, that the payment of benefits is unavoidable in a civilised society. However proponents of the market-clearing approach have a critical attitude towards payment of unemployment benefit, noting especially that benefits must be set at sufficiently low levels that they do not interfere with the downward adjustment of wages.

The argument for active labour market policy stems from the occurrence in the labour market of various types of market failure, which periodically or persistently result in people not being able to get a job offer when they want to obtain employment. It must further be established that the person seeking an offer does not have too high expectations of the quality of the job they might get—expectations that the society will not be able to meet, despite its commitment to full employment. Quality has various aspects, including location, work environment and job satisfaction, but for most purposes the wage paid is taken to be the key indicator of job quality.

Market-clearing theory suggests that people will only be unable to get a job offer if they set their desired ('reservation') wage too high. A lowering of the reservation wage must eliminate the unemployment, either because employers respond to the lower wage by making an offer, or because the job-seeker no longer wants a job at the lower wage. In the latter case the unemployment becomes voluntary, although the person may still register as unemployed in order to obtain benefits. If it is desired to reduce voluntary unemployment the policy design is easy—benefits should be reduced.

If this view is adopted, high and persistent unemployment is liable to be accompanied by a clamour for a reduction of benefits. To defend all forms of expenditure on assistance to the unemployed, it is necessary to establish that involuntary unemployment can exist. That is, people may be unable to get a job offer for other reasons than that the wage they are seeking is too high. The first part of this paper discusses why involuntary unemployment might exist. The theories presented are important not only in establishing the philosophical basis for government transfers to assist the unemployed, but also because they have implications for the design of labour market interventions which will reduce unemployment.

The discussion of market failure is concerned with the market for what Dreze has called 'regular jobs', as opposed to casual jobs:

A 'regular' job is an employment relationship that is expected by both parties to have some stability and to last as long as circumstances will permit, with neither party forcing termination whimsically (1986, p. 565).

From the perspective of social policy, the importance of regular jobs is obvious. A regular job affords prospects for founding a family, buying a house, and establishing consumption patterns (*ibid*, p. 567).

It is shown that the market for regular jobs is prone to failure. However there is also a market for casual jobs. Where labour demand is subject to fluctuations and shocks, firms have an incentive to organise their workforces into core and peripheral groups. The latter do not enjoy the advantages of regular employment. Unemployment is likely to have much more impact on the wages of peripheral workers than core workers, and policies to make the labour market more 'competitive' (to increase the impact of unemployment on wage bargains) will mainly affect peripheral workers.

The third section of the first part of the paper examines the role of unions in the labour market. It is suggested that reducing the power of unions and introducing contestability into union coverage will not generally lead to more competitive wage bargaining. However there are likely to be localised effects on peripheral workers and these will have adverse social welfare consequences.

The second part of the paper discusses active labour market policies in the light of the analysis of market failure presented in section 1. It is argued that training provision plays an important role in facilitating entry into regular jobs, but training does not create jobs and there are major limitations to training without jobs.

The particular issues surrounding long-term unemployment are then discussed. (The search and placement activity of the short-term unemployed, and the issues around their support through the payment of unemployment benefit, are discussed in a separate paper.) A number of schemes exist or have been proposed for job creation and employment subsidies directed to assisting the long-term unemployed. The objectives of schemes (in particular, whether net new job creation is intended) are described, and an analysis is given of factors influencing the effectiveness of schemes—the degree of deadweight, substitution and displacement that they generate.

Finally, various forms of work-sharing are discussed. Limited forms of work-sharing through early retirement and the creation of part-time jobs are widespread, but the social and economic advantages of these developments are mixed. A radical extension of work-sharing has considerable potential social welfare benefits. However the social and economic implications are so major that policies to promote work-sharing will take time to develop and are therefore unlikely to have immediate effects on unemployment. In the long term such measures should be at the centre of social and economic policy.

1 Market Failure

Theoretical Frameworks

Implicit Contracts

For economists, the key feature of interest about regular jobs is that they involve a continuing relationship. This contrasts with the 'hiring hall' view of labour market relationships, where buyers and

sellers come together daily or weekly and form new bargains. The continuing relationship involved in having a regular job means that the labour contract may not be continually revised in the light of new conditions. The main body of literature that examines the terms of ongoing labour contracts is implicit contract theory—so called because the parties to ongoing contracts do not attempt to envisage all contingencies in the formation of the contract. Implicit contract theory predicts that contracts will tend not to be revised in the face of fluctuations in the demand for labour. Instead, workers who want a regular job and a stable income forgo potential wage increases in good times, while firms retain workers at other times when short run considerations would entail a lowering of wages or reduction of employment. This 'smoothing out' of incomes is supported by both parties' investment in a continuing relationship: the worker's for social reasons, as above, and because the worker may have invested in firm-specific human capital; the firm's because of training aspects, discussed further below.

It is possible to show that there are various conditions under which these contracts will be efficient, but that is not the main issue of concern to the present discussion. The important implication for the analysis of unemployment is that in bad times (periods of low labour demand) firms will hoard labour—they will retain workers even though the wage they pay each employee is greater than the marginal value productivity of the worker at the time. They do this because they expect future episodes when the worker's productivity exceeds the wage.

This means that there is less unemployment in a recession than would otherwise occur at the wages agreed between firms and their regular workers. However it creates some problems for those not in employment who are seeking work. This group will comprise those whose regular employment has been terminated because of conditions of special severity affecting the firm (closure, for example), those who have only been able to get casual work, and new entrants into the labour market, including the young unemployed.

The difficulty caused by implicit contracts that the unemployed face is that in a recession firms will not take on additional labour even at wages somewhat below the wages they are paying to their regular workforces. Firms will also not replace the regular workers who leave, such as those retiring. New hiring will not be undertaken until the existing workforce is once more fully utilised (labour hoarding ends).

Insiders and Outsiders

The same conclusion—that firms will not take on new workers even at wages somewhat below those paid to existing workers—can be derived from ‘insider-outsider’ theory. This theory takes as its starting point the observation that firms would find it costly to exchange their current employees for new employees, because of training costs. It is these costs that turn labour into a semi-fixed factor and make participation in implicit contracts worthwhile for firms (this means that firms don’t routinely break any implicit contract in a downturn).

The costs of replacing insiders with outsiders include the costs of screening candidates and the loss of the benefits of experience acquired on the job, as well as any explicit period of training. Okun has labelled the initial investment by the firm in a new worker the ‘toll’, which is useful in capturing the idea of costs that are more general than training costs.

In competitive theory, the reservation wage of outsiders plus the toll determines the maximum wage that insiders can obtain. Any reduction in the reservation wage reduces the maximum wage, but it doesn’t necessarily reduce the actual wage (and therefore doesn’t necessarily lead to an increase in employment). The actual wage is assumed to be set by the insiders, and they set it at the level which will keep themselves fully employed, which may be lower than the maximum wage, especially in bad times.

To summarise, both implicit contract theory and insider-outsider theory suggest that offering to work at a marginally lower wage will not get an unemployed person a regular job. In the ‘competitive’ insider-outsider model described, the possibility is left open that the unemployed may get job offers if they are willing to work for a very much lower wage than the going wage. For instance the view that young workers should take jobs at very low pay while they accumulate skills and work experience is consistent with the insider-outsider framework. However there are stronger versions of the insider-outsider model which reject this possibility also.

Insider-Outsider Models where Insiders Set Wages or Restrict New Recruitment

The ‘competitive’ insider-outsider model predicts that if the insiders’ wage is equal to the outsiders’ reservation wage plus the toll, the firm can take on outsiders at their reservation wages. However

restrictions are very likely to be imposed by insiders on the firm doing this. It is in the interests of insiders either to:

- (a) Keep the wages paid to outsiders as high as possible.

In particular, if it could be stipulated that new recruits must be paid the same (or nearly the same) wages as insiders, then the latter would be protected against competition by outsiders (Dreze, 1986, p. 576);

- (b) Allow a low wage to be paid to outsiders but restrict the number of new workers the firm can take on.

If type (a) conditions are imposed, the firm can only take on new workers who have similar skills and qualifications to the existing insiders. This is provided that the insiders set the wage near to their marginal value product, which they have every incentive to do (because that is the wage which will maintain employment). This ensures that the firm can only afford to take on workers who have a productivity similar to that of the existing workforce.

In actual labour contracts, it is frequently stipulated that new workers must be paid a wage commensurate with their skills and qualifications. This is a similar condition to (a). An outsider with the same qualifications as an insider must be paid the same wage. One with lower qualifications can be paid a lower wage, but the insider can still command a wage equal to the lower wage plus the toll, and so is protected from replacement. The important thing is that the wage of new recruits is set by the bargaining of those already employed, not by the reservation wage of the outsider.

Under a type (b) strategy, the existing workers make use of their power to influence the new recruiting of the firm. This power comes from situations where the recruit will work alongside the existing employees; indeed the existing employees may be responsible for training the new recruit, so the firm will need their co-operation. Where the number of new recruits is limited, as by the ratio system common in apprenticeship, it is not necessary for the recruit to be paid a wage above his or her reservation wage. That is, the wage plus toll may be less than the insiders' wage, but the firm cannot replace the insiders, so their jobs are safe. It is interesting to note that in such conditions the numbers of apprentices may be controlled by setting a wage which is *below* many candidates' reservation wages. This may produce a situation where the firm would like to take on more apprentices, but it cannot get enough applicants. The firm may be discouraged from bidding up the apprentices' wages by conditions maintaining a fixed relativity between apprentices' wages and qualified workers' wages.

This section has discussed mechanisms whereby new workers are not taken on regardless of their reservation wage, because their entry wage is fixed by insiders, not by themselves. This has the important implication that policies to enhance employment creation through wage adjustment must focus on the bargaining strategies of those in employment, rather than the reservation wages of the unemployed.

If wages are determined by bargaining between insiders and firms, then the wage will be set at the level that ensures that the insiders maintain their jobs, not at the level that brings about the employment of outsiders (Blanchard and Summers, 1988, p. 319). The implication in an environment of restructuring is as follows. Say in the initial situation, everyone is employed, so all are insiders, and wages are set in each industry so as to maintain employment. Then suppose that one industry or part of an industry shuts down because of a major 'shock', such as the removal of trade protection. Some insiders now become outsiders. In subsequent periods the remaining smaller group of insiders sets the wage so as to maintain the new lower level of employment.

This recipe for inequality is extreme, but it is suggestive of some of the problems involved in achieving a restructuring of employment. Those who have lost their jobs are disenfranchised in the wage bargaining process. Wage restraint by those employed may generate new job opportunities in sectors of the economy which have benefited from restructuring, but those in employment have every incentive to exploit the improved productivity of their sector by seeking higher real wages than before, while maintaining their employment.

The Effect of Unemployment on Wage Bargaining

The discussion above assumed that the wage would be set at precisely the level that maintained employment of the existing workforce. In reality, the wage at which all insiders will be employed (but no additional workers) is subject to uncertainty. This is because it depends on the labour demand of the firm, which may not be perfectly known at any moment, and which is subject to changes through time because of economic shocks (changes in technology, new product competition, macro-economic demand conditions, exchange rate changes, etc.). Faced with this uncertainty, insiders may err on the side of caution provided that they

attach a sufficiently high value to keeping their jobs, compared with the potential wage forgone. In some conditions they may set the wage somewhat lower than is necessary on average to maintain employment. (It is nonetheless possible that a strong adverse shock will see some insiders lose their jobs.)

When there are favourable shocks, which increase the firm's labour demand, the firm will require additional workers or hours. If the firm considers that the need for additional employees will be temporary, it may prefer to increase hours, because this allows it to avoid training costs, which are only worth incurring if the jobs created are expected to have a sufficient duration. If the increased labour requirements can be satisfied without training, the firm may take on casual workers, possibly on fixed term contracts—this is particularly likely if dismissal of regular workers is costly. Depending on the organisation of production in the firm, the workforce may be divided between core and peripheral workers, with the employment of the latter subject to much more variation than the former.

Where favourable shocks lead to additional workers being taken on, it is an important issue whether such workers exercise 'voting power' in subsequent wage bargains. If they do, then jobs lost due to adverse shocks may be recovered by favourable shocks, including nominal shocks such as expansionary demand-management policies. However the influence of the peripheral workforce on wage bargaining may be limited. If the core group has a low risk of unemployment, they will seek higher wage increases than the peripheral group, who have a high risk of unemployment. If both groups are subject to the same wage bargain, wages may be pushed above the level at which all workers remain employed. (This is the outcome in some 'union models' of unemployment—see, for example, Oswald, 1985.)

Differences between workers in the risk of unemployment are also important in predicting the effect of unemployment on wages. In the insider-outsider analysis, unemployment should have some impact on wages because workers in employment will attach greater weight to the risk of becoming unemployed as the level of unemployment increases. This is because a higher level of unemployment should signify that obtaining another job if the present job is lost will be more difficult than previously.

However the incidence of unemployment is distributed very unevenly across different groups in the labour market, and this

means that even when unemployment is high, some workers in employment will correctly assess their risk of unemployment as being low. This is particularly so for those insiders in whom the employer has a high investment of firm-specific capital, as they are likely to be 'hoarded' even if their employment becomes temporarily unprofitable. The impact of unemployment on the wage bargaining of such workers will be slight. For groups with low incidence of unemployment, it may be more pertinent that employers have more incentive to resist wage increases as unemployment rises, because the voluntary quit rate will tend to fall. This means that firms do not have to bid wages up so much in order to forestall quitting by workers in whom they have a high investment.

The wage bargaining of workers in employment may be affected by the reservation wages of those out of employment through the entry of new firms. Consider a situation where the current wage is higher than the reservation wage plus the toll, but firms are prevented from taking on new workers at lower wages because workers in employment set the wages at which newcomers can be employed. In such conditions, firms could conceivably dismiss their employed workforces and take on new workers. However a more likely situation is that new firms are formed which obtain a competitive advantage by paying lower wages than existing firms.

A labour-hoarding firm may also be vulnerable to competition from new firms. In the implicit contract model, existing firms pay their workforces 'over the odds' in a recession and bear the costs of labour hoarding. A new firm without such commitments could compete with such firms (Dreze, 1986, p. 577).

When new firms are formed, current employees face the competition of the unemployed through product market competition. Dreze gives the example of the building industry, where new firms are easily organised. 'If new firms could hire labour at a fraction of the cost applicable to workers under contracts, established firms would have to lower their bids for new building projects commensurately' (ibid).

It is interesting to note that not only already-employed workers, but also their employers, have an interest in preventing the formation of new firms which will compete with them by undercutting their labour costs. Curtailment of such competition is one of the main purposes of the 'subsequent parties' provisions in New Zealand wage awards. Other countries have also developed wage-

fixing devices to ensure that an industry-wide wage is set, although the removal of these devices has been a feature of recent wage-fixing reforms in several countries, including Britain and France (Blanchard and Summers, 1988, p. 334). It is not surprising that mechanisms for setting industry-wide wages are widespread, given that employers and employees share an interest in maintaining them. The undermining of such arrangements (as through the replacement of awards by firm-specific agreements in New Zealand, discussed in the 'Wage Determination' paper) may prove to be against the long run interests of some existing employers. However it should be noted that New Zealand firms competing with overseas producers cannot benefit from the limitation of product market competition through the setting of an industry-wide wage. In any case the potential impact of new firm entry should not be exaggerated, as there are major barriers to the entry of new firms in many industries. Weitzman has pointed out that because new firms must cover fixed (for example, capital) as well as variable (for example, labour) costs, it may not pay new firms to enter even if they can hire the unemployed at low wages. Only where labour costs are a high proportion of total costs will entry be likely (Blanchard and Summers, 1988, p. 332).

The analysis of imperfections in the labour market shows that involuntary unemployment might exist—that is, unemployment that cannot be eliminated by lowering the reservation wages of the unemployed. The analysis also shows that the labour market may generate significant inequality between those who are party to existing labour contracts and those who are not. Those not party include young people seeking to enter the labour market, people seeking to re-enter the market after absence, and those adversely affected by structural change.

Policy responses to this situation may take two forms. The analysis of market failure may serve as the foundation for policies to compensate the unemployed by transfers from the employed. Such compensation may be linked to efforts to improve the ability of outsiders to become insiders, particularly by providing training.

The alternative response is to attempt to eliminate market failure by making the market more competitive. Competitive interventions seek to increase the ability and willingness of firms to take on unemployed workers by weakening the power of insiders to control wages and restrict recruitment. If unions are important causes of the market failures identified, then the competitive prescription

implies that the power of unions should be reduced. However if unions are not the main cause of labour market failure, the competitive prescription will have little impact on insiders. Furthermore, it is argued below that reduction of union power may worsen the position of peripheral workers.

The Role of Unions

Exponents of insider-outsider analysis hold mixed views about the role of unions in protecting insiders from competition from outsiders. Unions obviously frequently play a role in negotiating pay scales which determine the entry wage of a new worker, and sometimes negotiated arrangements limiting the employment of unqualified workers. However the existence of a union is not a prerequisite to trained workers being able to obtain a share of the rent created by the fact that incumbents and newcomers are not perfect substitutes.

In a non-unionised setting, firms will wish to limit voluntary quitting of trained workers. Hoel and Vale (1986) have developed a model in which firms set wages (competitively, that is, not in monopsonistic collusion) which generates an equilibrium level of unemployment at which the quit rate is at the desired level. Low-wage firms experience high labour turnover, which is costly to them. They bid wages up, and so long as each firm pays a single wage, there will be unemployment.

This framework can be extended to allow firms to develop a wage structure where the workers are divided between those whose quits are costly to the firm and those whose quits the firm is indifferent to. The latter can be paid the reservation wage of outsiders while the former will receive up to the reservation wage plus toll. They may be able to command even more if they exert some leverage over the wages and employment of new workers, and this is possible even without unions. It is particularly likely when there is firm-specific training to be acquired and the existing trained employees double as training providers for new workers.

This analysis suggests that where there are training costs, a core-periphery structure will evolve with or without unions. It is possible that the main impact of unions is to improve the wages and job security of those on the periphery, making their jobs more like 'regular' jobs. Because union bargaining effort is frequently directed towards making regular jobs where employers would be

happy to offer casual jobs, the effect of reduced union power would be felt most strongly in jobs where few qualifications are required and labour turnover is high. Without union activity, employers will divide their workforces into core and peripheral groups, instead of being required to offer minimum core conditions to all workers. Curtailment of union power leads to reduced wages and employment security for peripheral workers. This means that reduced union power may lead to reduced unemployment, but at the cost of substituting casual jobs for regular jobs.

The size of unions is also important in determining their contribution to insider-outsider problems. Where a union bargains over wages at industry level, it may attempt to achieve an increase in employment if there are unemployed union members in the industry. This may happen in a system where the union pays unemployment benefits, or if the union is concerned at the prospect of non-union firms opening up employment of the surplus labour. If successful, the result is a lower wage than would be chosen by firm-or plant-level bargaining.

The same conclusion can be derived from a situation where firms in an industry have different levels of efficiency and therefore vary in the wage that will maintain employment. If the union seeks to ensure that all its members remain employed, then the industry wage will be set at the level that maintains employment in the least efficient firm. This will mean that employment can be expanded in the advancing firms. Again, under plant-level bargaining the workers in advancing firms may obtain higher wages, instead of there being an increase in employment.

However a union will not necessarily seek to increase employment where some of its members are unemployed, as the connections between unemployed members and union officialdom are often weak. Furthermore, it is conceivable that a union may negotiate wage increases that lead to a reduction of employment. If members have a clear idea of their personal risk of job loss, for instance when the firm operates an explicit LIFO rule, those at low risk may 'outvote' those at high risk and seek a wage increase that costs some workers their jobs (see the above reference to union models of unemployment).

This means that the role of unions in generating insider-outsider problems is ambiguous. Small company unions may heighten insider power while large unions provide outsiders and peripheral

workers with one of their few sources of labour market representation. It may be noted that the introduction of contestability into union representation would be likely to increase insider-outsider problems. Whenever a large union engages in wage restraint in order to protect its most vulnerable members, a group of the union's members could do better by bargaining separately. Contestability would allow this to happen.

2 Active Labour Market Policies

Policies to assist the unemployed may be preferred to competitive prescriptions on several grounds. If the impact of competitive policies is primarily on peripheral workers, competitive policies generate increased employment but at the cost of increased casualisation. If the objective of policy is to create regular jobs, the competitive prescription may be rejected.

It can also be established that a competitive labour market is likely to underprovide training. The willingness of firms to provide training is curtailed by restrictions on their ability to ensure that workers remain in their employment for a sufficient period. While some bonding arrangements are legal, the laws against slavery and indentured servant contracts mean that employers rely mainly on wage incentives to retain workers.

Since trained workers can command higher wages, workers have an incentive to invest in training themselves. However again underinvestment is likely. To invest sufficiently, workers must be able to borrow. The willingness of lenders to lend is curtailed by the risk of default on the part of the borrower. The borrower may be able to wipe out the debt through bankruptcy. Bankruptcy laws serve a similar purpose to laws against indenture—they limit the restrictions on personal freedom that long-term contracts can impose (Parsons, 1986, p. 798).

The underprovision of training and the tendency of competitive labour market policies to lead to casualisation are related problems. Private incentives generate a pattern of training provision which segments the labour market. Those workers who do obtain training command a higher wage than they would if training was not underprovided, and they enjoy security of employment and low incidence of unemployment. Those who do not obtain training experience short job tenures and high incidence of unemployment.

Youth Unemployment and Training Provision

Young people have experienced particularly high unemployment in the current recession. Insider-outsider analysis appears particularly relevant, as the young are new entrants into the market and are therefore not party to existing arrangements. Furthermore, lack of skills and work experience are often cited by employers as reasons for not employing young people, implying that the 'toll' is too high. This suggests that unemployment among young people could be reduced if either:

- (a) their entry wage is reduced; or
- (b) their skills are upgraded.

The first option is in harmony with competitive prescriptions. It is sometimes said that (a) encompasses (b), as if young workers accept a lower wage, employers will undertake the costs of training them. However this view has grave limitations, as the example of youth training in Britain shows.

Youth wages in Britain have fallen significantly relative to adult rates in the present recession. Between 1978 and 1987 the wages of under-18 year old males fell from 41.5 percent to 36.1 percent of the male average; for those aged 18–20 the fall was from 63.7 percent to 54.5 percent. The relative wages of young women also fell, but not so markedly. Between 1980 and 1983 the wages of males under 20 and females under 18 declined in real terms (New Earnings Survey, Part E, Table 124).

However the impact of this flexibility on employment has been slight, and this has led the British government to introduce youth employment schemes which lower the cost of a young worker more dramatically. Under the Youth Training Scheme (YTS) employers are paid a grant for each trainee they take on which is greater than the allowance (no longer a wage) which they must pay trainees. Some 50 percent of school-leavers go onto YTS, and it has had a substantial impact on youth wages across-the-board, for two reasons:

- (a) The income expectations of young people have been lowered, preparing the ground for a more general lowering of wages paid to young people, including apprentices;
- (b) Regular jobs have been displaced by training places.

Reviewing the predecessor of YTS, the Youth Opportunities Programme (YOP), the House of Commons Public Accounts Select Committee found that as a result of deadweight, substitution and

displacement, between 40,000 and 70,000 jobs enjoying normal pay and conditions had been lost (Finn, 1987, p. 144).

The wage effects of YTS were intentional. The scheme has facilitated relative wage changes in response to a concentration of unemployment among the young. It has been claimed that YTS has helped to turn 'outsiders' into 'insiders'—in particular, YTS has helped to surmount the problem that when unemployment is concentrated among a particular group, it may have little impact on wages because those in employment are relatively unaffected (Stanton, 1988, p. 390).

It is not quite correct that YTS makes outsiders into insiders, however. A YTS trainee does not become an insider until the training scheme is completed and the trainee gets a regular job. Getting a regular job is not guaranteed by YTS, as the following analysis shows.

Before YTS, the toll on taking a new young worker was $T1$. If employers were not taking on young workers because of the high toll, this implies that the wage they paid to their existing workers (W_i) was less than the youth wage (W_y) plus the toll.

$$W_i < W_y + T1$$

The training scheme affected the market for unskilled labour, where trainees replaced workers who had been paid an unskilled worker's wage. However the main intention of the scheme was to reduce the toll on entering skilled employment. The difference between the new toll $T2$ and the old toll $T1$ represents the value of training provided. Success is represented by a situation where the insider wage is greater than the new entrants' wage plus the new toll:

$$W_i > W_o + T2$$

The entry wage is not W_y but W_o —the graduate of YTS is 18 and must find a job at adult rates of pay. W_o is not the graduate's reservation wage unless workers in employment do not control the wages of newcomers. At the extreme, the wages of new adult workers are set equal to insiders' wages, in which case the graduate will not be able to get a job so long as $T2$ is positive. Furthermore, so long as the insider wage stays at W_i , no additional insider jobs have been created. The availability of additional regular jobs depends on a fall in W_i , and this is not accomplished by lowering youth wages.

It can therefore be seen that an employer's willingness to take a young worker on at low pay or no pay does not guarantee entry into a regular job when he or she finishes the training period and qualifies for adult rates of pay. Firms may be willing to employ young workers on youth rates or youth schemes, but if the availability of regular jobs is unchanged, there is no security against dismissal at the end of the scheme. Training without jobs carries important implications. A firm which expects to dismiss its young workers has no incentive to train them. Skills needed for insider jobs will not be imparted if there are no plans to place the trainee in such a job. The only training that there is an incentive to offer is the training required to enable the worker to perform the tasks allocated within the duration of engagement under the scheme.

In the United Kingdom, it has been found that the highest incentives to offer YTS places are in enterprises where there is work to be done that requires little training. This has resulted in an industrial distribution of trainee places which is quite different to the industrial distribution of adult jobs. In particular, trainees are disproportionately found in the distributive trades (retail outlets particularly). The Select Committee reviewing YOP observed that it must be questionable whether the industries offering places 'will be able to offer [trainees] subsequent employment in the short term as young people and in the long term as adults' (quoted in Finn, 1987, p. 144).

Critics of YTS and its predecessor YOP have pointed to the lack of monitoring of places as a central weakness of the schemes. The tasks done by trainees were not adequately supervised, due to insufficient staff provision to the administering organisation, the Manpower Services Commission (MSC). Off-the-job training is provided for under the schemes but its quality has also been criticised. The monitoring issue highlights two points:

- (a) Ability to pay a low wage may give employers an incentive to train if they have a future need for trained workers. But it does not compel them to train, and they may instead respond to low wage costs by offering low-productivity employment.
- (b) The task of ensuring that training does occur, by monitoring workplaces or providing off-the-job training, is made very difficult if the situation is one of 'training without jobs'. As Lindley noted in a review of British employment policy:

Long-term economic growth and employment are seen to depend greatly on investment in human capital yet medium-term employment prospects discourage the training of the unemployed. (1987, p. 26).

While the restrictiveness of the apprenticeship ratio system can easily be criticised, especially in times of changing labour demand, it should be noted that the ratio system had its origins in the desire to prevent the exploitation of apprentices as cheap labour by controlling their numbers in order to prevent displacement of regular jobs and to ensure that there were sufficient regular jobs available when they qualified.

While lack of training is an obstacle to effective competition by the unemployed in the labour market, lack of jobs is an obstacle to the effective provision of training. An active labour market policy must therefore address job creation and training issues in a co-ordinated fashion.

Long-term Unemployment

It has been argued that there are good reasons to expect a degree of persistence or 'hysteresis' in unemployment, because wage-fixing by those in regular jobs will not be sensitive to the level of unemployment. In the extreme version of the insider-outsider model, wages are set to maintain the jobs of those in employment. Since the history of unemployment determines the number of people in employment at any time, the theory is clearly consistent with the observation of persistence in the unemployment rate.

It has been shown that not all those in employment at any time are necessarily fully-fledged insiders, as some workers may not be able to ensure that wages are set so that they retain their jobs. Similarly, it should be recognised that not all the unemployed are fully-fledged outsiders. Many people who enter unemployment remain unemployed for only a short time. This suggests that the barriers to re-entry into employment should not be exaggerated.

In many countries, the long-term unemployed have been identified as the true outsiders. Empirical evidence for the United Kingdom suggests that while short-term unemployment has some influence on wage bargaining, long-term unemployment has none (Jackman, n.d., p. 39, citing work by Layard and Nickell). Explanations include the idea that the toll is much higher for long-term unemployed, because of loss of work habits and experience. This

makes employers unwilling to employ those who have been out of work for long periods. A related argument is that workers in employment rule out competition from the long-term unemployed in making their wage bids. When assessing the weight attached to the risk of job loss, workers in employment may envisage that they will only be in competition with the short-term unemployed should they lose their jobs.

The implication of these arguments is that market forces will not operate to eliminate long-term unemployment. The long-term unemployed do not set in motion processes that will reduce their unemployment either directly (through relative wage changes) or indirectly (through lower inflation). Layard *et al* claim that 'long-term unemployment is totally useless because it does not even help in the fight against [wage] inflation' (1986, p. 181).

There is widespread acceptance that job creation should be undertaken in order to reduce long-term unemployment. However details of job creation schemes are important in determining what the impact of such schemes is on labour market performance and on the welfare of the unemployed. Key issues include the degree of displacement of regular jobs that is tolerated and the level of wages paid to scheme participants.

Private Sector Employment Creation

One approach to designing a policy to reduce long-term unemployment is to endeavour to reduce labour costs. If opportunities for productive work are not being taken up because the wage is set at too high a level, then subsidies on the employment of labour should result in additional job creation. Because the cost of a new worker is reduced, it pays employers to take on additional, cheaper labour to perform less productive work.

For the government, the net fiscal cost of such a scheme is the amount of the subsidy less the tax revenue derived from increased employment and the saving in unemployment benefit. The private benefit to the worker is the difference between the wage and the unemployment benefit, less travel expenses, etc. (If the scheme is voluntary for workers, they must benefit to participate.) The benefit to the employer is the surplus derived from the intramarginal production of the worker.

Ensuring that each subsidised worker is genuinely additional presents problems, however. The employer will derive an

increased surplus if already-employed workers can be replaced with subsidised workers (substitution), and if additional recruitment that would have occurred anyway is subsidised (deadweight). An expansion of employment may still be achieved (because the cost of a marginal worker has fallen), but at a much higher fiscal cost to the government, with the employer capturing an increased benefit.

If only long-term unemployed are eligible for subsidisation, the chances of deadweight and substitution may be reduced. This is because the employer will not be able to replace existing skilled workers with long-term unemployed workers, because of training costs. Indeed training costs may give rise to a situation where employers would like to expand employment but are discouraged from doing so because the entry wage plus the toll is too high. This gives the ideal conditions for a recruitment subsidy to reduce long-term unemployment. If the toll on long-term unemployed workers is much higher than on short-term unemployed, or workers poached from other firms, a recruitment subsidy on the long-term unemployed may encourage firms to spread their recruitment nets wider. Note that the effect is not directly to create additional employment (unless the subsidy means that firms take on new workers instead of increasing the hours worked by their present workforces). Instead the employer who is planning to recruit is encouraged to recruit from a particular group. There should be indirect positive effects on aggregate employment, because less poaching and more short-term unemployment relative to long-term unemployment will restrain wage increases.

There is a risk that the scheme may fail to provide regular jobs for the long-term unemployed due to the employer taking on the worker only for the duration of the subsidy. Retention of the worker after expiry of the subsidy depends on whether the value of the worker to the firm has increased in the period of employment—broadly, whether training has been undertaken. The chance that training may not occur is clearly greater in unskilled areas of employment. This problem is linked to the substitution problem. Failure to ensure that jobs are additional to existing employment opens the way to heavy use of the subsidy in unskilled areas of employment where current workers can more easily be replaced with unemployed workers. (If the workplace is organised, the union can be expected to attempt to prevent substitution. Because unskilled work is more likely to be unorganised or weakly organised, substitution is easier for the employer.)

The Job Opportunities Scheme scheme in New Zealand does not contain guidelines on additionality. Furthermore, as a flat-payment scheme, the rate of subsidy is much higher on low paying jobs than high paying jobs, so incentives to utilise the scheme in areas of low paid employment are greater. By contrast, the recruitment subsidy on long-term unemployed introduced in Sweden in 1984 was set at 50 percent of wage cost. The subsidy was confined to additional employment and conditional on compliance with the terms and conditions of employment contained in the relevant collective agreement. Because of Sweden's stringent employment protection laws, employers were given a choice of offering probationary or fixed-term employment as well as indefinite employment (as in a regular contract). Some 60 percent of those obtaining employment remained with the same employer after expiry of the subsidy.

In Britain, several proposals have been made for recruitment subsidies for the long-term unemployed. For example, Layard *et al* proposed a £40 per week subsidy for a year (the Swedish and New Zealand subsidies run for six months), conditional on the firm's unsubsidised employment not falling (1986, p. 188). There seems to be a good case for the use of employment subsidies to influence the decisions of companies undertaking new recruitment. However if the subsidy is genuinely confined to new recruitment the number of workers affected will necessarily be small. The scheme may help to ensure that the long-term unemployed are brought back into employment in a recovery, but the takeup of the scheme will be low in periods of low recruitment, as when firms are 'labour hoarding' in a recession. Subsidies to recruitment of the long-term unemployed cannot be expected to add significantly to the overall rate of recruitment, their main purpose being to encourage recruitment in areas where the inflationary impact will be least.

The use of subsidies to achieve a large-scale increase in employment presents different issues. The House of Commons Employment Committee has proposed a subsidy scheme intended to create 350,000 additional jobs. Lindley has estimated that the scheme would have to cover 850,000 jobs to achieve new job creation of 350,000; in other words, deadweight, substitution and displacement would be of the order of 75 percent (1987, p. 23).

For subsidies to result in significant new job creation, they must precipitate an expansion of lower-productivity employment

through lower labour costs. Such an expansion may result in displacement problems, in addition to the substitution and dead-weight issues already noted. Displacement arises when the employment of subsidised labour by one firm leads to a reduction of employment in other firms due to competitive pressure in the market for the goods or services the firms produce. It has been argued that displacement through the entry of new firms is one of the main channels whereby employed workers are subject to competition from the unemployed, even without subsidies (above, pp. 14–15). If opportunities for expansion of lower-productivity employment are only available in some sectors of the economy, an extensive subsidy programme is likely to generate displacement in those sectors.

It may be argued that displacement ultimately assists labour market adjustment by imposing competitive pressure on existing firms and thereby leading to lower wages or lower wage pressure among unsubsidised workers. The same occurs when substitution occurs, as unsubsidised workers must then accept lower wages in order to obtain employment. However these competitive pressures will only operate on the margins of the labour market, among the peripheral workforce. Most workers are not vulnerable to competition from the unemployed, with or without subsidies.

The British government has not taken up proposals for subsidies to be paid to employers. Instead it has introduced a subsidy of £20 per week to the long-term unemployed who are willing to take a job paying less than £80 per week (Department of Employment, 1988, p. 31). This scheme reflects the British government's 'success' in creating low paid jobs. By contrast with the insider-outsider model, where wages in employment are well above workers' reservation wages, the British labour market now generates a significant number of job offers at wages at or around unemployment benefit levels. (Average real wage growth is still running strongly, and the development of low paid areas of employment has been accompanied by a considerable widening of the wage distribution.) There is widespread concern that these low paid jobs are of short duration and do not offer opportunities for development of skills, and that the problem of long-term unemployment will be replaced by the creation of a large peripheral labour force which experiences a high incidence of short periods of unemployment.

Public and Voluntary Sector Job Creation

The displacement of unsubsidised workers through product market competition reduces the net job creation achieved by subsidies. Ways around the displacement problem include subsidising only production for export—this is done in Denmark, but the programme is kept to the provision of sheltered employment on a small scale, as the subsidies would otherwise infringe Economic Commission rules governing free and fair trade.

An alternative route to avoiding displacement is to create jobs in the public and voluntary sectors which provide unmarketed services. If the work is productive of social value at least equal to the net cost of providing the job, then society gains from the productive use of otherwise idle labour, and workers gain by receiving a wage instead of a benefit.

However it is possible for public and voluntary sector employment creation to displace regular employment and to interfere with the creation of permanent jobs. It is necessary to consider:

- (a) The relationship between temporary scheme employment and permanent public sector employment; and
- (b) The macro-economic impact of financing schemes and the effect of schemes on labour market adjustment.

It may be argued that when the government embarks on employment creation to shorten the average duration of unemployment, it prevents wages in the economy from falling because it obviates the necessity for the unemployed to make desirable 'adjustments' to labour market conditions—in particular, to accept lower paid jobs. Wages are thereby maintained at a higher level than that consistent with full employment (or 'natural' unemployment).

This argument is generically similar to the argument for reduction of unemployment benefits; it focusses on the wage expectations of the unemployed as the key factor in labour market adjustment. If this view is rejected, as I have argued it should be, then the offer of temporary employment when labour demand is deficient does not interfere with labour market adjustment.

It may also be argued that if the government's scheme expenditure is financed by taxation, this will have a negative impact on private sector employment. If workers in the private sector seek to maintain their real disposable incomes, they will bid up wages. This increase in labour costs will reduce employment. Tax increases are claimed to have a strong employment-reducing effect;

if the argument is symmetrical, tax cuts will be a very effective means of increasing employment. This view is not borne out by available economic models, suggesting either that the response of wages to tax changes is not as great as the argument supposes, or that employment is not highly responsive to wage changes.

In the insider-outsider model, tax changes have no effect on employment. Wage cost is set at the level necessary to maintain employment, and changes in the disposable income corresponding to any given wage therefore need have no effect on the wage the firm pays its workers. Tax cuts may increase the willingness of outsiders to take up employment (because the difference between their reservation wage and the disposable income of insiders increases) but this has no effect on the level of wage settlements. It is necessary to introduce some argument about employed workers' real disposable income aspirations for tax changes to be important; otherwise the argument that increased taxation crowds out employment rests, like other market-clearing arguments, on the reservation wages of the unemployed having some effect on the bargaining of those in employment.

The view that public sector employment creation entirely displaces private employment can be rejected if the labour market is not assumed to clear. It is then necessary to establish how job creation schemes are expected to operate in an environment of market failure. Two issues arise:

- (a) What are the grounds for choosing temporary employment creation over a permanent expansion of public sector employment?
- (b) What role, if any, can public sector job creation play in facilitating labour market adjustment?

Job creation schemes can be criticised on the grounds that if it is possible to establish the existence of socially useful work and underprovision of public sector services, then it should be possible to make a case for an expansion of regular employment in the public sector. This objection may be evaded by ensuring that job creation schemes avoid areas of regular public sector provision, but then another issue is presented, as Metcalf observes:

The big problem with selective public employment concerns economic efficiency. Does it make sense to deny local authorities funds for education, social services, transport and housing—services which they were elected to supply—only to provide them with funds for *ad hoc* projects to which the population presumably gives low priority? (1982, p. 14).

The borderline between regular public sector employment and scheme employment should be drawn with reference to cyclical fluctuations in the economy. If there is cyclical unemployment, then savings in unemployment benefit yield a case for temporary expansion of public sector employment to the point where social value equals net fiscal cost (cost of providing a job less tax recovered and unemployment benefit saved). The permanent level of public sector employment should be where social value equals the cost of providing a job, because this cost represents the opportunity cost of labour and other resources in an environment of full employment. Assuming diminishing social value from additional jobs, it can be noted that:

- (a) Jobs should not necessarily be provided for all the long-term unemployed or in any fixed proportion to the number unemployed;
- (b) The higher is unemployment benefit, the more public sector employment should be expanded in a cyclical downturn, because the net cost is less and therefore the number of jobs yielding sufficient social value will be greater.

The key difficulty in this analysis is to establish reasons for the existence of a cycle in employment. In market-clearing theory, economic shocks may cause temporary increases in unemployment, but it is not desirable to adopt a contracyclical employment policy, as such a policy prevents the necessary adjustment of wages. In insider-outsider theory, favourable and adverse shocks generate expansions and contractions of employment, but there is not necessarily a cyclical pattern, because changes in employment are self-sustaining. Scheme employment does not interfere with any adjustment process, but schemes that are meant to be temporary may end up operating for a long time.

It is possible to conceive of job creation schemes that facilitate structural adjustment. Layard *et al* (1986) propose a scheme for the employment of additional workers in social services and health. Their employment, on regular pay and employment contracts, would be fully subsidised for a year. The intention of the scheme is that after the year is up, participants should be able to obtain regular employment, because of the high turnover of labour in the

social service and health sectors. Entry into permanent employment is an objective of the scheme because jobs which are temporary are less satisfactory—‘they do not encourage training, and lead to a waste of the training given’ (p. 183).

The idea of the scheme is that a participant has an advantage in getting a regular job at the end of the year, having already been employed. Clearly another worker does not get the job: the scheme therefore serves as a means of enabling the long-term unemployed to compete more effectively for the available jobs. In addition, however, additional jobs are created equal to the revolving stock of one-year fully subsidised posts. These additional jobs reduce the average duration of unemployment, bringing the stock of unemployment down via a once-off boost to the outflow.

The Layard scheme may be criticised on several grounds. It is significant that its success relies on high labour turnover in the sectors affected—it does not attempt to place the unemployed in more stable sectors. A related issue is that ‘work experience’ is the only training envisaged by the scheme, and the areas of employment entered do not have well-developed career structures and promotion paths. It may also be questioned whether it is an efficient allocation of resources to place additional labour so concentratedly in one sector. As noted above, if there really is scope for additional job creation in health and social services, the creation of permanent posts, rather than revolving one-year posts, is called for. Against this, it may be that the long-term unemployed could not compete as effectively for the permanent posts, and the proposal could be seen as an ‘entry scheme’ for the long-term unemployed.

In all the proposals made by Layard *et al* (they also have a scheme for the construction industry), the emphasis is upon the selection of relatively low paid, unskilled areas of employment. This is because of the desire to minimise any inflationary pressure arising from the schemes, by limiting demands on skilled labour. This strategy has advantages and disadvantages. The main advantage is that measures targeted to areas of slack demand and strong competitive pressure result in improvements in the distribution of income and opportunity, by raising labour demand in sectors with the lowest pay and highest incidence of unemployment (Lindley, 1980, p. 351).

The disadvantage of the schemes proposed is that they may undermine the regular labour market in the sectors on which they are targeted. Lindley asks:

Should policy deliberately encourage the introduction of conditions of employment (wages, hours of work, employment protection, etc.) which differ significantly from the rest of the labour market and what would be the industrial relations implications of this? (1980, p. 358).

The most obvious route whereby job creation can undermine wages is when participants are paid on the basis of their unemployment benefit (usually, with an allowance for work expenses). When the British government sought to expand the Community Programme in 1982, this was the system of remuneration proposed. The proposal was revised in the face of strong opposition so that participants can receive the hourly rate for the job subject to a weekly average income ceiling. The government has now introduced an adult training programme where trainees will be remunerated on a benefit plus allowance basis (Department of Employment, 1988, p. 27). The labour market impact of this will depend on how closely the training content of the programme is monitored.

In an environment of expenditure cutbacks, pressures to maximise the social value of projects, coupled with pressures to reduce fiscal cost through minimising wages, combine to generate strong tendencies to displacement. It pays the government to replace any regular work it can with relief work if either of two conditions hold:

- wages are lower on relief work;
- displaced workers have a lower probability of unemployment than the scheme workers.

If the objective of job creation is to generate *additional* jobs, any tendency for scheme jobs to replace regular jobs is undesirable and should be avoided. If the objective is to impose downward pressure on wages, then displacement may be tolerated as in the administration of the British YOP and YTS. Displacement under YTS occurred because the scheme intentionally altered the entire market for young workers. However the use of schemes to reduce wages in the adult labour market must be rejected because of their highly selective impact.

Work-sharing

The discussion in section 1 concentrated on the factors which enable those in employment to protect themselves from competition from the unemployed. It has been noted that promotion of

competition is likely to have an impact only on the peripheral workforce. This workforce already experiences low pay and a high incidence of unemployment, so the competitive prescription is undesirable from a social welfare point of view.

It may be that the potential gains from wage flexibility have in any case been overstated. Technological conditions, the capital structure, and uncertainty about future conditions may all combine to mean that the potential employment gains from wage restraint are slight. The availability of *regular* jobs is particularly likely to be inelastic with respect to wages. Dreze (1986) has emphasised the range of factors determining the availability of regular jobs. A continuing job requires the existence of a continuing demand for output and enough confidence in the future by the firm to induce the deployment of complementary factors of production (particularly capital). This means that wage changes that are expected to last only for a short duration, temporary wage subsidies, or relative wage changes that affect only a short period of the worker's life, will not significantly increase the supply of regular jobs. The outcome of a policy that relies on wage flexibility may be to reduce unemployment at the expense of increasing the inequality between core and peripheral workers. Dreze concluded: 'It would be both undesirable and unrealistic to rely on wage flexibility alone to clear the labour market in the short run' (1986, p. 563).

If the availability of regular jobs is fixed, there may be social welfare advantages to 'trading' the jobs between people or distributing the available jobs across more people through shorter working hours. The advantages would be:

- (a) More individuals would be endowed with regular jobs, with the social welfare advantages they bring;
- (b) Members of the employed labour force would have more hours of free time, which would facilitate the performance of unpaid work. The unequal distribution of paid work is reflected in the unequal distribution of unpaid work, accompanied by dependency of unpaid workers on those who do have paid work;
- (c) More flexibility of working hours must give rise to greater accordance of working hours with people's preferences about how many hours they want to work. Standard economic assumptions suggest that at any given wage, different people will want to work different numbers of hours.

However the present organisation dictates a standard working week for all 'core' labour force participants.

Work can be redistributed in several ways. The method that has been most widely used in Europe is to trade jobs between people by early retirement. If older people attach a lower value to a regular job than young people (perhaps because they have already established the social and community ties that a job brings), then a bribe may induce them to give up the job. The net fiscal cost is low and a positive externality equal to the value of the job to the new worker is generated (*ibid*, p. 581).

More than a quarter of a million people retired early in the United Kingdom between 1976 and 1984 under the Job Release Scheme, of which 92 percent were replaced. The scheme had the lowest net cost per job of any of the United Kingdom's employment programmes (*ibid*, p. 582). France and Belgium also operate very large early retirement schemes.

Use of early retirement schemes is sometimes motivated by a desire on the part of employers to update the skill composition of their workforces. However skill considerations may work against use of early retirement, given that the schemes involve replacing a person with a lifetime of work experience with a new entrant into the labour force. The weight given to the former consideration over the latter in Europe relates to the high incidence of redundancy and industrial restructuring, which has affected many older skilled workers.

In New Zealand the loss of older workers' skills is a major disadvantage of early retirement. Furthermore, early retirement is inconsistent with attempts to raise the retirement age, a policy promoted for fiscal reasons and because people now enjoy longer potential working lives due to improved health status. This suggests that job-splitting schemes or part-time early retirement would be more suitable. The United Kingdom operates a job-splitting scheme under which workers can retire early on a half-time basis, being replaced for the other half time by someone unemployed. Such a scheme could be integrated with on-the-job training provision.

The takeup of the UK scheme, in common with other job-splitting schemes, is very low. The reason for the sharp contrast with full early retirement appears to be that full retirement does not interfere with the organisation of work or with customary methods of obtaining skills. From the employers' point of view,

job-splitting is costly because labour costs fixed on a per-worker basis must be paid twice. Furthermore, where two workers are taken on for one job, two 'tolls' are incurred. This is why job-splitting has been confined to the creation of part-time jobs in unskilled areas of employment. The splitting of core jobs would require substantial financial incentives. However this expenditure may well be worth incurring as part of a training scheme, as the job-splitting element overcomes the problems of 'training without jobs'.

The massive expansion of part-time work signifies that job-splitting of a sort is possible. However part-time work is very concentrated in a few sectors of the economy and among women. It could be that the unequal distribution of part-time work between men and women indicates that preferences regarding working hours are not evenly distributed across all workers (refer to (c) above). Instead, preferences may be bimodal, with the median preference for men being a standard week and the median preference for women a shorter week.

However these 'preferences' are not formulated by individuals in isolation from social conditions. They clearly reflect the distribution of unpaid work, which itself reflects the establishment of the 'male median' week as the standard week for core (that is, well-remunerated) employment. If unpaid work was equally distributed (and men and women had equal average earnings potential—one thing being a precondition for the other), the implication would be that part-time work would not be a female ghetto.

In an equal society one would not expect to find the bimodal distribution of hours that can be observed today as a result of the growth in part-time work. Hours worked by part-timers at present are concentrated near to the half-time mark. Equality in the distribution of unpaid work would generate a 'median worker' preference in between half time and standard time, of around 30–35 hours per week. It is in this range of hours that efforts to create additional short-time jobs should be concentrated.

The main difficulty with shortening the standard working week arises from workers' loss of income. If hourly wages rise to maintain weekly earnings, the reduction in hours is very unlikely to generate increased employment (for an analysis, see for example, Calmfors, 1985). A reduction in weekly earnings would present two problems. It would place some lower paid workers below their minimum income needs, and it would be resisted by many higher earning workers. One source of resistance is that income and free

time are to some extent complementary (one needs income in order to enjoy or use free time), so increased free time could conceivably generate pressure for *increased* income.

A final observation on the work-sharing issue is that the work-sharing that has occurred (the increase in the number of part-time jobs) has not significantly reduced unemployment. International comparisons show that an increased availability of part-time work leads to increased labour force participation by women. This means that part-time work extends the distribution of work between those in the labour force and those outside. It has little impact on the distribution of work between those in employment and those registered as unemployed. The reason for this is the limited and biased form that job-sharing through part-time employment has taken. The concentration of jobs at half-time hours at low hourly rates of pay means that such jobs are not a viable option for those eligible to register as unemployed. More extensive work-sharing in better jobs and at somewhat longer hours could in the future make a significant contribution to reducing unemployment.

Conclusion

The case for active labour market policy rests on the observable failure of the labour market and on the likelihood that competitive prescriptions for labour market adjustment will be either ineffective or productive of inequality and insecurity. Active labour market policies are therefore partly designed to improve the efficiency of the market, but this objective is integrated with the objectives of equality of opportunity for all and protection of the position of those in low paid and insecure employment.

Not all non-benefit expenditure on labour market programmes meets efficiency and equity objectives. It is possible for programmes to distort the operation of the labour market, particularly by displacement of regular employment by scheme work or subsidised jobs. However the general view that intervention prevents market adjustment must be rejected. Such a view rests on an abstract formulation that takes insufficient account of the obstacles people may face in entering and re-entering employment.

To design labour market programmes well, it is necessary to develop a clear analysis of the obstacles facing the unemployed at any time. While lack of skills will frequently be an obstacle to employment, training programmes alone will not suffice if there is

also a lack of opportunities to take up employment once trained. Employment among a group with high unemployment may be promoted by subsidies or job creation, but such activity should be directed to improving the long-term earnings potential and job security of the participants, which will often mean that it should have a training component. It is therefore necessary to operate employment and training programmes in an integrated way.

Effective policies require substantial government expenditure. Part of any expenditure on labour market programmes will be saved elsewhere in the government budget, and it is useful for policy-makers to consider all unemployment-related expenditure in a unified framework. This would entail estimating a labour market budget which took account not only of unemployment benefit but also income support to low-earning households. It should also include some allowance for expenditure resulting from crime and other symptoms of social disorder where unemployment and low paid, insecure employment impose additional costs.

However the importance of these clawbacks is reduced when cuts are made in government social service provision and in the level and coverage of income support, including benefits. This means that it is inadvisable to rest the justification for programme expenditure on clawbacks alone. Instead, it should be emphasised that active labour market policies provide routes towards higher living standards for the worst-off that do not fall victim to the now familiar attacks on the welfare state. They do not generate disincentives to effort, poverty and work traps, and other consequences of benefit dependency. Ultimately the political will to undertake sufficient expenditure on labour market policies comes not from the savings they generate in other parts of the government's budget but from the society's commitment to full employment and equality of employment opportunity for all its citizens.

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THE PLACEMENT SERVICE
AND
THE BENEFIT SYSTEM

Deborah Mabbett

The Placement Service and the Benefit System

Deborah Mabbett

In the 1970s the level of registered unemployment in New Zealand was kept down by the extensive use of job creation schemes. As a form of assistance to the unemployed, work on schemes was preferred to payment of unemployment benefit. However, since 1984 the proportion of scheme participants to unemployment benefit claimants has fallen sharply. This change in government policy occurred because reliance on schemes appeared to be becoming a permanent feature of the labour market rather than a temporary response to seasonal and cyclical fluctuations in employment. The Government sought to promote an environment which would generate sustained increases in employment, and it was argued that job creation schemes interfered with this objective. Policies were sought which would develop a more flexible labour market in which people without jobs changed their occupation or moved to another area in order to get jobs.

It can be expected that such flexibility would be accompanied by a rise in unemployment, due to the time workers take to search out opportunities in the labour market. One of the many features of the labour market that distinguishes it from other markets is the variety or range of characteristics to be found in the jobs offered and the workers available to fill them. This 'heterogeneity' means that it is necessary for both employers and workers to undertake a process of search in order to ensure a 'good match' when employment is undertaken—that is, that the characteristics of the worker fit the requirements of the job. Economists have pointed out that this search process takes time and furthermore that it is worthwhile

(efficient) for participants in the labour market to spend time ensuring that a good match is made. The time taken in searching by workers may account for part of the unemployment observed at any time, as well as explaining how there can simultaneously be vacancies offered by employers. The unemployment arising due to search is customarily labelled 'frictional' unemployment. Frictional unemployment may be of wide incidence (so that many people experience unemployment at some stage in their working lives) but should be of short duration.

Many economists agree that a healthy economy must experience some frictional unemployment. According to this argument, it is not desirable to attempt to prevent all registered unemployment. So long as the composition of available jobs is changing, there must always be people between jobs. However several questions are presented by this argument for accepting a permanently higher level of unemployment.

- 1 Is the observed unemployment genuinely frictional, or does it arise from a lack of job opportunities in aggregate? Important indicators in answering this question are the duration of unemployment and the level of coexisting vacancies.
- 2 What financial assistance should be offered to jobseekers registered as unemployed, if it is not thought desirable to offer places on job creation schemes for the reasons outlined?
- 3 What other assistance should the Government provide to promote wide and rapid search?

How much Unemployment is Frictional?

(a) *Duration* New Zealand data indicate that many of the people who register with the Department of Labour (DOL) are unemployed for only a short period (at 31 March 1987, 55 percent of those on the register had been there 13 weeks or less). Information on flows into and out of unemployment can also be obtained from the Labour Force Survey (bearing in mind that the survey defines unemployment differently to the register). The surveyed unemployed share with the registered unemployed a high 'escape rate' that is, a high likelihood of leaving unemployment within a short period. Of those surveyed as unemployed in March 1987, 69 percent had ceased to be unemployed by the June quarter survey.

Forty-six percent had re-entered employment and 23 percent had left the labour force. (Julie Woolf 'Introduction to Growth Flows in the New Zealand Household Labour Force Survey'. Unpublished paper presented to 3rd Conference on Labour Employment and Work, Victoria University, Wellington, October 1987.) Note that the survey probably picks up more transitions in and out of the labour force than the register, because it reports more thoroughly on the unemployment of married women.

However it cannot immediately be inferred from these short durations that unemployment has a wide incidence across the population. It may be that a group of people is subject to repeated short spells of unemployment. Such a pattern could arise if one group in the workforce was heavily engaged in temporary, casual or seasonal work.

The Department of Labour states that anecdotal evidence does suggest that some of the same people do regularly reappear on the register while obtaining intermittent employment. However, the department's record-keeping procedures do not allow the size of this group to be estimated or a detailed picture obtained of its labour market experience.

It is therefore necessary to be cautious in using the concept of frictional unemployment. Furthermore, it should not be inferred from the innocence of the terminology that frictional unemployment is not a significant social problem. Theoretically, the idea that a number of people are changing jobs at any time, and that they may experience an intervening spell of unemployment, may seem appealing. However, it can be observed that most people change jobs without becoming unemployed. Even if there is a gap between ending one job and starting another, people are unlikely to register for unemployment benefit when they have a job lined up to go to. On this basis it can be deduced that frictional unemployment will be experienced by people whose working conditions do not permit them to look for another job while in employment. This excludes many professionals and office workers from the class vulnerable to frictional unemployment.

Among those leaving a job without another to go to and registering as unemployed, there will be a high proportion of people whose employment has been terminated against their volition. Since the unemployment benefit stand-down rules penalise voluntary leavers heavily, only those wishing to use the placement service will register with the department unless they expect it will

take them a long time to find another job. It can therefore be concluded that those who register as unemployed are a disadvantaged minority of labour market participants.

(b) *Number of vacancies* For many years it has been accepted practice to measure frictional unemployment by the number of vacancies. In other words, if unemployment equals vacancies, all unemployment can be classified as frictional. However, two complicating factors must be introduced:

- 1 The number of vacancies recorded by the Government's placement service understates the true number of vacancies, as not all vacancies are notified.
- 2 The optimal duration of unemployment may be greater or less than the optimal duration of a vacancy, in which case the equilibrium level of frictional unemployment may be greater or less than the number of vacancies.

While vacancies notified to the Department of Labour, represent only a fraction of all vacancies, it may be misleading to infer that notified vacancies do not provide a good indicator of the extent of frictional unemployment. It must be remembered that inflows and outflows from the unemployment register similarly constitute only a fraction of all job changes. The number of people registered at any time is only a fraction of the number of people looking for a job, or likely to apply for a job, if one is advertised. Registered unemployment and notified vacancies are both subsets: the registered unemployed are the group that experience the most difficulty in finding new jobs, and notified vacancies are an important indicator of the employment openings which they will be informed of and will have an opportunity of competing for. Many vacancies are not notified because they are filled internally by the employer or because they attract applications from people already in highstatus employment; the existence of such vacancies is irrelevant to the registered unemployed.

The issue of optimal durations of unemployment and vacancies arises from the possibility that the economic and social cost of one person being unemployed for a given period differs from the costs of a vacancy going unfilled for the same period. Beveridge argued that 'jobs rather than men should wait'—that it was better to maintain short durations of unemployment even if this entailed long durations for vacancies. In the 1960s opinion in the United Kingdom moved against this view, particularly because high vacancies appeared to lead to high labour turnover, which was costly for

firms. With the considerable wage flexibility that the economy began to exhibit towards the end of the 1960s, it also appeared that employers were likely to raise wages in order to fill vacancies faster and reduce labour turnover by deterring quitting.

If these considerations are important, there is a case for increasing the generosity of unemployment benefits in order to raise the duration of unemployment relative to vacancies. People who become unemployed will be choosier about what job to take and will therefore stay unemployed longer. This was the course taken in 1966 in the United Kingdom with the introduction of an earnings-related supplement (ERS) to the national insurance unemployment benefit (the ERS has since been abolished). A similar policy would be to increase unemployment relative to vacancies by adopting more restrictive economic management, while unemployment benefits could be raised to compensate those affected for the fact that it takes longer to find a job.

In New Zealand the level of unemployment benefit, and the coverage of the system, does not appear to be designed to encourage long search or to compensate people for frictional unemployment. Many of those unemployed for short periods do not receive any unemployment benefit. Only 53 percent of those who register as unemployed apply for unemployment benefit, while those who apply are subject to stand-down periods of 1 to 6 weeks. The low rate of application suggests either that many registrants expect to get a job before the stand-down period is over, or that many registrants are—or believe themselves to be—ineligible for the benefit, possibly because of too high assets or family income.

Vacancies notified to employment offices are a suitable indicator of vacancies open to the registered unemployed, even though they understate true vacancies. New Zealand has a low unemployment rate on an international comparison; if this was accompanied by a low U/V ratio (few unemployed per vacancy) it would be tempting to conclude that a significant amount of the present unemployment is frictional. However, New Zealand does not have a low U/V ratio. On the contrary, the number of unemployed per vacancy is similar to that recorded for countries with much higher unemployment rates, such as West Germany and Britain. In the period 1984-86, the number unemployed per vacancy in New Zealand varied between 9 and 16. In the United Kingdom the number ranged from 17 to 21, falling to 10 in 1987, while in West

Germany it ranged from 14 to 25 (Eurostat, *Employment and Unemployment*, Theme 3 Series C, Tables IV/3 and IV/11). Sweden recorded 2 to 3 unemployed per unfilled vacancy over the same period (Allmaen maanadstatistik, Part H).

The low availability of vacancies relative to unemployment in New Zealand suggests that much of the country's registered unemployment is not frictional. The short durations of unemployment recorded reflect the vagaries of the registration system and the availability of casual (especially seasonal) work. A small subset of the workforce, containing a disproportionate number of Maori and Pacific Islanders, move incessantly between casual work and unemployment.

The Placement Service

Despite New Zealand's low unemployment rate, there are not many opportunities open to the unemployed at most of the country's employment offices. This may be one reason why New Zealanders appear to use the placement service rather little. The main channels used by unemployed people to search for work are newspapers, direct applications to employers, personal contacts and the placement service of the Department of Labour, in that order (Labour Force Survey, Table 5.1). The high importance of direct approaches and personal contacts is of particular note. These are probably the most effective channels of search, in the sense that they are most likely to lead to a job, but they are also necessarily confined by the searcher's present locality, knowledge of the market, and social circle. The dominance of these channels magnifies inequality between social groups and between different localities, placing some people in a much more advantageous position than others to find suitable jobs quickly and at low cost. These informal methods of finding a job are likely to be less effective over long distances, making them particularly unsuitable in a setting of regional restructuring of employment.

In the United Kingdom, the government's Jobcentres are widely used even though it was not, until recently, compulsory to register with a Jobcentre in order to obtain unemployment benefit. Visiting a Jobcentre was the main method of seeking work reported by respondents to the 1986 Labour Force Survey (LFS), followed by newspapers, with personal contacts and direct applications to employers coming much further down the list (*Employment*

Gazette, Jan. 1988, p. 37). In Sweden, the placement service AF adopts a very high profile, with a nationwide vacancy database accessible on videotex terminals in public places, and AF expo centres where private companies can rent space and visitors do not have to register as jobseekers.

The high profile of the Swedish placement service reflects the government's willingness to invest large sums of money in its operation. A report in 1979 observed that the general increase in labour market expenditure in Sweden in the 1970s had not been matched by increased investment in the placement service, and the share of total expenditure going to the service had therefore declined. Several experiments involving the allocation of more hours of placement service time to certain groups of unemployed people had led to a marked increase in their placement rate, and the authors of the report recommended that the staffing of the service be considerably increased (*Sysselsaettningsutredningen*, 1979, ss 10.5).

In an environment of expenditure cutbacks, it is necessary to establish why the Government should subsidise placement activity. It can be noted that many of the benefits of searching for and finding work accrue directly to the participants—the employer and the worker. Employers gain by filling vacancies with suitable workers, while workers find jobs which pay satisfactory wages and offer a pleasant environment. Thus many of the benefits of labour market search are private, not 'social' or public.

However when one considers employers' and workers' incentives to search, it is clear that some of the benefits of search are not captured privately, and that if placement activity is not subsidised, a suboptimal level of search will occur.

Employers have an incentive to incur search costs in order to find the most suitable worker for the job. Filling vacancies involves the employer in incurring two types of search costs advertising and 'screening' (interviewing and checking up on applicants). Employers will incur these costs insofar as expenditure on searching improves their chances of finding a suitable worker, as the more suitable is the worker the more productive they will be in their job and the less likely they are to leave. Thus, if vacancies and high turnover are costly to firms in terms of lost production, this should

provide a market incentive to them to increase their own expenditure on searching for workers. However employers' search expenditure will not reflect benefits accruing to workers from wide search activity.

Employers' decisions largely determine the amount of search that occurs—in particular, the advertising channels that are used. However, workers are sometimes able to 'pay their way' into making the match—for instance, by approaching the employer in person, or by paying an agency to search for them. Workers have an incentive to acquire information about jobs—they obtain a reward for their effort through a better job than would be obtained without search. This may be in the form of higher wages, better use of their skills, or a more pleasant work environment. However the amount of search undertaken by workers may be limited by various factors. Workers may not know how to set about the process of searching, some channels may simply be closed, they may not be able to afford the cost, or their present employment may limit their scope for search.

In the case where the searching workers are unemployed, the benefits of search expenditure accrue partly to the employer, partly to the worker, and partly to society as a whole, in saved unemployment benefit and reductions in the other social costs of unemployment. To some extent the social benefits of providing a placement service are 'internalised' within the Government's budget. Those least well catered for by the private information market also have a high likelihood of becoming and remaining unemployed. Because the Government pays unemployment benefit it has an interest in placing people as rapidly as possible.

The state also has an interest in ensuring that the individual obtains an adequate quality of placement. This means reducing the likelihood that they will reappear as unemployed by:

- (a) ensuring that the job and the person are wellmatched;
- (b) placing people in permanent jobs with prospects for further advancement;
- (c) achieving the highest possible wage and productivity for each applicant, for reasons of economic efficiency and to minimise fiscal burdens (for example, family support or Government Minimum Family Income (GMFI) payments) and maximise tax revenue.

It is likely that the social benefits of assisting search by the unemployed rise more than proportionately as unemployment rises. This

is because employers will tend to reduce their advertising and narrow their channels of search as unemployment rises. Particularly in unskilled and unspecialised jobs, it becomes easier to fill vacancies with minimal search and the additional benefits of wider search fall.

While the argument for subsidising search is strongest in the case of people who are registered as unemployed, there are also grounds for assisting other groups. Those who are unemployed but ineligible to receive a benefit are a good example. While the Government avoids the fiscal cost of benefit payments to this group, their unemployment nonetheless brings social costs and possibly indirect fiscal costs. We have no way of knowing the extent to which the Government pays family support or GMFI to families where a spouse is unemployed but unregistered.

The situation of employed workers about to become redundant, or otherwise have their employment terminated, presents another case for consideration. Unlike workers in on-going jobs, such workers are not in a position to search at their leisure. If search is not undertaken by such workers, they will become unemployed, so in many cases the costs of redundancy eventually fall on society as a whole. These costs can be reduced if workers are assisted to find new jobs while still in employment.

In most cases of largescale redundancy that have occurred in New Zealand since 1980, employers have allowed workers time off to look for work and assisted their search activity in other ways. In some cases, employers may be in a good position to facilitate search through their own organisational networks. However the Department of Labour has also assisted in handling placement needs resulting from redundancy.

While it is easiest to establish a case for publically-financed assistance to the search activity of the unemployed, there are also social benefits in aiding the search activity of the employed. Improvements in job matching enhance economic efficiency, while widening search channels also contributes to equality in access to job opportunities. Furthermore, as the next section illustrates, it is unlikely that the search activity of the unemployed can be effectively assisted without also offering services to those in employment.

'Targeted' or Universal Placement Assistance?

The Department of Labour's placement service is free to both employers and anyone seeking work. It can be used by employed as well as unemployed job-seekers, and by people not eligible for unemployment benefit (for example, those with high family income or seeking part-time work).

The free service provided by the Department of Labour to employers has come under Treasury scrutiny. As observed above, employers should be willing to pay some search costs. It has been argued that employers should not receive a free service when they obtain benefit from a placement.

One problem with this argument is that while employers can notify vacancies to the placement service free of charge, the service does not eliminate all search costs for employers. In particular, employers must still screen applicants referred by the service. This is a major cost. Employers using the service complain that the Department of Labour does inadequate screening and sends unsuitable applicants. One of the main functions of private agencies is to screen potential workers on behalf of employers, and employers pay for this service. The significance of the screening factor can be inferred from the limited range of vacancies notified by employers to the Department of Labour. While the placement service is quite heavily used in some occupations and regions, large sectors of the labour market do not use the service.

Because of screening costs, employers notify mainly vacancies for which they assume suitable candidates can be found in the ranks of the unemployed. Employers' beliefs about who uses the placement service are coloured by its role in the administration of unemployment benefit (discussed in the next section). Similarly, potential employees searching for work may also see the service as part of the benefit administration rather than as a job search agency. Certainly the users of the system are mainly unemployed people seeking full-time work. Of the 85,000 employed people whom the LFS found were looking for work in the June quarter of 1987, fewer than 12,000 had contacted the Department of Labour (SSR Table 2). An age and sex breakdown of the unemployed reveals that middleaged women are less likely to use the placement service than other unemployed people, possibly because they are less likely to be eligible for income support. Other factors may

deter people from approaching the Department of Labour: potential clients may believe that the service does not handle the right type of vacancies (for example, part-time work) and may prefer other channels of search, especially if they are prepared to spend a long time looking for a suitable job (that is, if the private costs of a long search duration are not high).

The composition of the Department of Labour's client group, and employers' perceptions of it, means that the vacancies notified are disproportionately lowskilled, lowpaid or of short duration with limited future prospects. Some countries have attempted to combat this tendency by making notification of vacancies compulsory. This is the case in Sweden and Belgium, although there is no requirement to accept candidates referred by the placement service (OECD, 1984, p. 12). In Australia, federal government departments and statutory bodies are required to notify vacancies to the Commonwealth Employment Service (CES) when recruiting externally. Development of the CES, including investment in a nationwide computerised vacancy system, has produced a notification rate of about 30 percent (*ibid*, p. 26). In Canada about 40 percent of employers are thought to use the Employment Service, but there is a predominance of relatively short-term jobs among the vacancies offered. Average pay levels of the vacancies offered are also somewhat below average wages of those in employment (*ibid*). No comparable analysis of the quality of vacancies notified to and placements made by the Department of Labour is available for New Zealand.

Achieving adequate vacancy notification presents the placement service with a dilemma. The desire to place unemployed people may lead the service to refer vacancies to those most in need of a job offer rather than to the most qualified searcher. This encounters employer resistance, with employers notifying fewer vacancies of lower quality. This employer response reduces the effectiveness of the entire service by reducing the chance of placing applicants in good jobs. This contributes to the segmentation of the labour market, with the unemployed not offered the means to search widely for job opportunities.

The desire to improve the service offered to employers led several countries to separate the placement service from the benefit system in the full employment conditions of the early 1970s. In Ireland, a National Manpower Service (NMS) was established in 1971 which was completely separate from the existing labour

exchanges, and had as its brief the placement of the most suitable candidate available for any vacancy, whether employed, unemployed or not in the labour force. The unemployed were not required to register with the new agency and indeed they were not encouraged to do so, but instead were to wait until the NMS approached them (NESC, 1985, pp. 208209). In the United Kingdom the separation of placement offices (Jobcentres) from benefit offices was set in motion in the early 1970s. The objective of this policy was to increase employers' use of the service and thereby broaden the range of jobs available to job-seekers.

The results of this policy in the United Kingdom were mixed. While achieving increased vacancy notification, the policy did not assist unemployed people into the available jobs. It appears to be necessary to adopt a positive policy to enable the unemployed to compete for jobs, particularly when there is high longterm unemployment. In the United Kingdom a decision has been made to bring the Jobcentres and benefit offices back together. The government's White Paper on the Employment Service claimed that:

'Some unemployed people simply do not know about the job, training and other opportunities which are already available to them. Some may have become discouraged after months of searching unsuccessfully for work. . . .

'It is in no one's interest that unemployed people remain out of touch with the jobs market and become passive recipients of unemployment benefits.' Department of Employment, 1988, p. 28)

The new Employment Service has embarked on an extensive TV and newspaper advertising campaign to encourage employers to take on people who have been unemployed for long periods.

In New Zealand the service provided by the placement offices has always been oriented toward its unemployed clients rather than to the needs of employers. However in the past the service has relied heavily on government job creation schemes. The reduction in scheme places since 1984 has meant that the Department of Labour has become less effective at achieving placements than previously, for any given level of vacancies. In 1984 the Employment Service placed 80,000 people in notified vacancies and 50,000 on fully subsidised schemes out of 310,000 enrollees for assistance. In the year to March 1987 there were 378,600 enrollees of which nearly 62,000 were placed in notified vacancies and only 11,700 into fullysubsidised schemes (DOL Ann. Report, 1987).

It is possible that some part of the shortfall caused by the ending of many schemes could be made up by more active canvassing for

vacancies among private sector employers, aided by the availability of the Job Opportunity Scheme (JOS) subsidy where placements are sought for the longterm unemployed. However the level of the subsidy has not so far proved to be particularly attractive to employers. It is possible that to be effective the subsidy should finance a period of training, or that the placement service should be able to refer applicants to offthejob training to a greater extent than at present. The ideal situation is that the placement service should be able to offer assistance to applicants in the form of cash benefits, training courses, subsidised placements or unsubsidised placements, depending on the needs of the client. However since the ending of fullysubsidised schemes, the New Zealand service has relied heavily on cash benefits because of an inadequate supply of training places and jobs. Reliance on benefits may be very problematic, as the next section shows.

The Unemployment Benefit

In the years of full employment, slight attention was paid to the unemployment benefit system. Employment offices gave little recognition to the concept that some frictional unemployment should exist as people searched out the available opportunities in the labour market. Benefits were paid strictly for income maintenance reasons and could not be said to be an integral part of labour market policy.

One implication of greater 'flexibility' in the labour market is that the benefit should assist those caught up in structural changes who have not been able to find a new job before leaving their old one. Benefit payments to the frictionally unemployed may compensate them for the reduction in their income and for other costs incurred in the process of changing jobs. For such people benefit payments may be a more appropriate form of assistance than training schemes or work programmes. Benefit payments can be seen as a subsidy which enables claimants to undertake a reasonable period of search. In the absence of the unemployment benefit, people without savings would have to move immediately into a new job, which is not only unrealistic but would greatly increase the incidence of 'bad matches'. The payment of unemployment benefit should ensure that people are able to wait for a suitable job to come up: a job that makes appropriate use of their skills, constitutes a productive use of their time, and pays an adequate wage. If workers

have time to search, they are more likely to find a secure job where the work is of high productivity, paying the highest possible wage with prospects for further advancement. The benefits from subsidising search through cash payments are therefore theoretically similar to the benefits from sponsoring a placement service.

However it may be that payment of benefits is not a particularly welltargeted measure for supporting search, because receipt of benefit is conditional on unemployment rather than on search activity. This may mean that unemployment benefit lengthens unemployment durations without bringing about an accompanying rise in search activity. It has been argued that the benefit causes people to wait too long for a job, because it allows them to be too 'choosy' in particular, that it encourages them to hold out for too high a wage. The conclusion inferred by some is that the benefit should be reduced to shorten search durations.

The simple theory of the relationship between unemployment benefit and unemployment duration considers decisions to take up or reject employment opportunities to be related to a single ratio: the income out of employment relative to income derived from employment. Aspects of a job other than the wage the location, working conditions etc.—are left aside.

The ratio of income in work to income out of work is called the 'replacement ratio' as it measures the extent to which income lost due to unemployment is replaced by the benefit system. To show a connection between replacement ratios and unemployment duration it is necessary to show how benefit entitlement affects a person's reservation wage (the minimum wage they will work for), and how the reservation wage affects the chance that they will be offered a job.

To get a true picture of how well-off people are financially, in and out of work, it is necessary to establish their benefit entitlement and also to adjust their gross earnings for tax and work expenses. Net income gained from entering employment may be reduced by high work expenses, such as transport, special clothing or childcare costs. Note that this means that a country, or area, with subsidised childcare or transport systems will tend to have lower replacement ratios (more incentives to enter employment) than one without.

Where free access to medical care, school meals etc. is available to claimants but not to employed people, such 'passported' benefits should be included in the benefit entitlement, although their value

may vary sharply from one claimant to another. Note that a shift from universal to meanstested provision of state services will tend to raise replacement ratios, although this effect will be mitigated if eligibility for free services is extended to low income workers.

The way in which children and other dependents are catered for in the social security system will also affect replacement ratios. An entitlement to claim benefit for dependents as well as in one's own right will raise replacement ratios. The highest replacement ratios are found among those with dependents, such as the 'head of household with wife and two children' found in many hypothetical examples.

If a benefit is payable in respect of dependents to those in work as well as those unemployed (for example, a universal child benefit), then the replacement ratios of those with dependents are reduced, although not as low as for a single person:

- 1 Replacement ratio when benefit payable in respect of dependents when unemployed only:

(Own benefit + dependents' benefit) / Earnings

$$(B + B_d) / E$$

- 2 Replacement ratio when benefit payable for dependents when employed and unemployed:

$$(B + B_d) / (E + B_d)$$

Compared with single person's replacement ratio:

$$B / E$$

It is useful to make a distinction between forward-looking and backward-looking replacement ratios. The backward-looking ratio compares income when unemployed with that previously received in employment. It is useful in ascertaining the adequacy of income replacement, and may be thought to influence decisions to quit a job voluntarily, although most studies of the effect of unemployment benefits attach little importance to voluntary quitting. The forwardlooking ratio, comparing income when unemployed with the income that might be obtained in some future employment, is generally the best measure for detecting any work disincentive effects of unemployment benefit.

Differences between backward-looking and forward-looking ratios arise because of the following factors:

- (a) When the individual experiences a loss of earnings power, due for instance to redundancy of his or her skill. In such a situation the person may have a low replacement ratio on a

backwardlooking measure (suggesting inadequate income replacement) but a high forward ratio because of low expected future earnings. In such a situation the individual experiences a loss of welfare due to loss of earning power, which the benefit system does not disguise.

(b) Stand-downs. Stand-down periods clearly mean that replacement ratios may be zero for short periods of unemployment, and a calculation of the backward replacement ratio for a period of unemployment will also be affected by stand-downs. Stand-downs reduce the level of income replacement, and reduce any incentive to enter unemployment. However the 'forward-looking' calculation of the incentive to leave unemployment is unaffected by stand-downs. Thus one can say that stand-downs deter voluntary quitting and reduce the adequacy of income replacement for the short-term unemployed, but do nothing to prevent long-term unemployment once a person becomes unemployed.

(c) Short-term and long-term benefits. A system which provides a higher benefit to the short-term unemployed than to the long-term unemployed may help to overcome the conflict between achieving an adequate level of income replacement to avoid hardship to the unemployed, and preventing a disincentive to re-enter employment. This is because the forward-looking replacement ratio will be lower than the average replacement ratio for the period, and it is the forwardlooking replacement ratio which affects incentives to enter employment. Thus a claimant will know that the benefit will decline at a definite future date and will, if the level is correctly set, seek to re-enter employment before that date. For such a system to operate well, it would be necessary for the Government to decide on what constituted a reasonable time for searching for a new job.

(d) Joint labour supply decisions. Household replacement ratios when one or both partners may be working differ according to whether one or both are leaving or entering employment. They also differ according to whether the benefit is meanstested or not.

If a benefit can be received without meanstesting, the

effect is to give a higher replacement ratio when one partner leaves employment than when the benefit is mean-tested. If there is no benefit entitlement under mean-testing, the ratios will be:

- 1 For nonmean-tested benefit when one adult leaves employment:

$$(B1 + E2) / (E1 + E2)$$

measures the household's income replacement, where $B1$ = benefit of adult no 1, $E2$ = earnings of adult no 2, etc. The 'forward-looking ratio, of benefit foregone if adult 1 re-enters employment is:

$$B1 / E1.$$

- 2 For means-tested benefit (no entitlement):

$$E2 / (E1 + E2)$$

measures the household's income replacement, while the 'forward-looking ratio of benefit foregone if adult 1 re-enters employment is zero.

This seems to imply that the means-tested system gives lower replacement ratios, and less disincentive to re-enter employment. But consider the position of the second earner. If the second adult joins the first in unemployment, the replacement ratio will be:

$$(B1 + B2) / E2$$

If neither is earning, they get the couple's benefit, $B1 + B2$. This is a much higher ratio than if the second adult had also become unemployed under a non-means-tested system, where the replacement ratio would just have been $B2 / E2$. If the second earner has low earnings, $(B1 + B2) / E2$ could be more than one. This means:

- (a) It may not be worth the second earner continuing to work if the first becomes unemployed;
- (b) It may only be worth either adult reentering employment if the other does so also (in which case the 'forward' ratio would be $(B1 + B2) / (E1 + E2)$).

British studies suggest that the largest disincentives or penalties upon entering or remaining in employment are found among 'second earners' that is, the low-earning partner (usually the woman) of someone who is entitled to claim benefit in respect of both parties. In particular, it has been observed that the wives of unemployed men have lower labour force participation rates than the wives of employed men (Cutler *et al*, 1986, pp. 8990).

It can be seen that the structure of the benefit system the extent of stand-downs, the difference (if any) between short and long-term benefit, and whether the benefit is means-tested or not, make a substantial difference to the replacement ratios that people experience. In the New Zealand system, it can be observed that:

- 1 Stand-downs are substantial, while benefit when paid is paid at the same rate indefinitely. This means that forward-looking replacement ratios are higher than backward-looking ratios;
- 2 The benefit is meanstested, so that when one spouse becomes unemployed and the other is working, there is usually no benefit entitlement. One would expect to find, as in Britain, significant deterrents to the wives of unemployed men taking up employment.
- 3 Universal provision for dependents is of low value compared with the supplements payable to beneficiaries in respect of dependents. This tends to suggest that replacement ratios will be high among those with dependents, although to some extent this is offset by the availability of family support in employment.
- 4 Availability of low-cost childcare is very limited, so the work expenses of some parents seeking to enter the labour market are very high. This factor probably has more impact on Domestic Purposes Benefit claimants than unemployment benefit claimants.

It can be shown that some groups of unemployed people have high replacement ratios. However several steps must be taken before it can be inferred that they will experience longer durations of unemployment than if they had low replacement ratios. It is necessary to show how the replacement ratio affects the reservation wage of the jobseeker, and then to show how the chances that a job will be offered are affected by the setting of the reservation wage.

The relation between replacement ratios and the reservation wage: The reservation wage is the minimum wage for which a person is willing to work. In reality, people are likely to have different reservation wages for different jobs, but this is assumed away in the analysis of the effect of replacement ratios, where, as already noted, nonwage aspects of a job are ignored.

It is often assumed that the replacement ratio and the reservation wage are systematically related. For instance, if a person's benefit income is 100 percent of the average wage (replacement ratio =

1), it may be inferred that their reservation wage is higher than the average wage. Similarly, if the replacement ratio calculated using the average wage is only .5, this implies that the reservation wage will be less than the average wage that is, it is worthwhile to work for less than the average wage.

However this procedure involves some simplifications. The relation between the replacement ratio and the reservation wage will depend on a person's preferences regarding employment and leisure (leisure meaning broadly 'production for own consumption'). Someone who values their free time highly and resists the discipline of a working day may prefer unemployment even at a high cost in income foregone. At the other extreme another person may attach a negative value to extra leisure because of boredom, and seek the sense of structure and purpose that arises from gainful employment, even if the income derived from employment is not much greater than the benefit income.

In the first case, the reservation wage would, if expressed in relation to benefit income, yield a ratio considerably less than one, while in the second case the reservation wage could give a ratio approaching one, or even greater than one. This means that it is not necessarily accurate to assume a strong relationship between the replacement ratio and the reservation wage.

This has the following policy implication. Changes in the benefit level will not necessarily result in significant changes in reservation wages. The reservation wage of those with a low work preference may be so high that any reduction does not alter the likelihood of obtaining employment, while those with a high work preference may already have set their reservation wages at realistic levels. To put the issue another way, changes in benefits may have little impact on whether or not a person is motivated by a 'work ethic'.

A further complication is that the determination of the reservation wage may depend on future income prospects as well as the current relationship between unemployment benefit and employment income. A person may be prepared to incur a financial loss in taking up employment in the knowledge that eventually earnings will outstrip benefit entitlement. In other words, a claimant may perceive that the only route out of benefit dependency involves incurring a temporary financial loss.

Reservation wages and the duration of unemployment The key issue in relating the reservation wage to the duration of unemployment is

to establish a connection between the reservation wage and the likelihood of receiving an acceptable job offer. If the number of job possibilities facing a person increases steadily as the acceptable wage declines, it is straightforward to predict that the chance of getting an offer in any given period of time will increase as the reservation wage falls.

The prediction that offers will increase as the reservation wage falls may be based on the theory of labour demand, which suggests that employers will take on more labour, the lower is the wage. However it may be inappropriate to attempt to derive a person's 'offer curve' from employers' labour demand curves. The offer curve will only reflect the labour demand curve if the unemployed person is in a position to bargain with employers over the wage he or she will receive. If the wage is set by workers in employment, the offer curve will have an inverted-U shape, reflecting the existing distribution of wages in employment. Only if the employed workers refrain from negotiating a workplace, firm or industry wage structure (and instead negotiate individually) will the wage of the new recruit be open to bargaining. Even then, it will be subject to minimum wage legislation.

If the wages in possible jobs are set without any bargaining between employers and the unemployed, the 'total' offer curve of all job vacancies will reflect the prevailing wage-employment structure. It will only be an exact reflection if all existing jobs have equal labour turnover, so that the probability of a vacancy arising at any wage depends on the number of jobs in existence at that wage. If labour turnover is higher in lower paid jobs, the total offer curve will be skewed to the left relative to the wage distribution of those already employed.

The offer curve facing any particular unemployed person will differ from the total offer curve according to the personal characteristics of the jobseeker in particular, according to their skills. If the unemployed are predominantly unskilled, it can be assumed that their offer curves will be skewed towards even lower wages than the total offer curve. However the curve will still have an inverted-U shape, with no offers below the minimum wage (if it is enforced) and a median around the going wage for unskilled workers.

If the offer curve has an inverted-U shape rather than being downward-sloping, the following implications can be derived:

- 1 If the reservation wage is near the critical level in the light of the skills of the jobseeker and the existing wage distribution, a change in the reservation wage may affect the duration of unemployment by making the worker more or less willing to accept an offer from a lowpaying employer or in a low grade in an occupation.
- 2 If the reservation wage is not near the critical level, a change in unemployment benefit leading to a change in the reservation wage will make no difference to the duration of unemployment. The only exception may be that a lowering of reservation wages may widen a person's area of search. Whether this happens will depend on the importance of the benefit level relative to factors such as the cost of moving home, the cost or accessibility of suitable training, and the worker's views about whether particular jobs are suitable to his or her age, background, physical capacities, temperament, etc.
- 3 If wages are fixed independently of the reservation wages of the unemployed, changes in replacement ratios and reservation wages will not affect the aggregate level of employment except by reducing vacancies. Since the total number of jobs on offer (labour demand, L_d) is fixed in such conditions, an increased willingness on the part of the unemployed to take up jobs can only increase total employment if it enables firms to fill their vacancies faster (since $\text{Employment} = L_d - \text{vacancies}$).

It is therefore possible that a change in replacement ratios may affect the individual's decision about whether to take up a job without affecting the aggregate level of employment. The point is that if some people voluntarily refuse jobs, then the job will go to someone else. Consider the case where there is one group in the labour market whose decisions about taking up employment are greatly affected by changes in replacement ratios (for example, their reservation wages are at critical levels), and there is another group who are not affected. A lower replacement ratio may shorten durations of unemployment among the first group, but this then increases the competition for jobs facing the second group, lengthening their duration of unemployment. Nickell has pointed out that when benefits are increased, the group whose behaviour is sensitive to replacement ratio changes 'will tend to postpone job acceptance and the extra vacancies made available may be taken up

by those who remain unaffected, thereby shortening their expected durations and reducing the impact of the [benefit] change on aggregate unemployment'. (Quoted in Atkinson and Micklewright, 1985, p. 16)

It can be concluded that reductions in benefits will only increase total employment if one of two things happen:

- (a) lower benefits lead to lower wages, either across-the-board or in areas of high unemployment; or
- (b) lower benefits lead to faster filling of vacancies.

(a) and (b) are in fact rather closely related, because lower benefits will only lead to faster filling of vacancies if the vacancies have the correct characteristics. It must be the low wages payable in the jobs offered that lead to delay in the jobs being filled. Long vacancy durations due to mismatch of skills or location will not be reduced by a policy to reduce reservation wages. It can be concluded that disincentives or penalties to taking up work due to the level of benefits will only be of general and widespread importance if the Government successfully adopts a policy of creating low-paid jobs in an attempt to deal with unemployment. It is possible that reductions in benefits will facilitate the creation of more low-paid jobs, but this is unlikely given the institutional features of the labour market discussed above. It is more likely that policies such as removal of minimum wage protection or weakening of collective bargaining systems would result in the creation of low-paid job vacancies, which will only be filled if benefits are reduced or eligibility curtailed. This is the course of events which has occurred in Britain.

If a policy of creating low-paid jobs is not adopted—for instance if minimum wage legislation exists and is kept up to date, or if a system of collective bargaining determines wages—then disincentives or penalties on entering employment will not arise in any general way. Particular conjunctions of circumstances may still find some people with high replacement ratios, but a targeted policy is called for in such cases, not a general reduction in unemployment benefit.

In New Zealand minimum wage legislation is in force, and many occupations are covered by awards and agreements. Nonetheless, it is widely believed that the level of the unemployment benefit creates disincentives to taking up employment. It seems likely that these disincentives arise mainly with temporary and casual work. The nature of the disincentive is that net earnings from work may be uncertain, and if the duration of the job turns out to

be too short or the number of hours of work offered is too small, the worker may end up worse off in employment than unemployed.

If it is thought that claimants should take up temporary and casual work, there are two routes to providing income security. The unemployment benefit system could be made more flexible, allowing workers to take up jobs for a few hours a week or for a short period without having their registration terminated. The abatement conditions of the benefit are fairly generous (although many claimants appear not to know about them), and people may work several hours in the day or days in the week without exhausting their entitlement to benefit. However the operation of the work test is in conflict with this feature of the benefit system. Technically those on the Department of Labour's register should be available for work. Taking up of work, even for just a few hours or days, means that a worker is not available. The Department of Labour has observed that if it were to strictly enforce its own rules and drop those working from the register, their benefit would cease. The administrative basis for the unemployment benefit system is contradictory, because it has not been designed to handle the results when claimants take up temporary, casual or part-time work.

The other solution is to improve the administration of income support received by people in employment, so as to ensure that people cannot be worse off when they work than when they are unemployed. The lower wages fall, and the more casualised the labour market becomes, the greater the burden put on the income support system. In the United Kingdom the government has made a number of alterations to the income support system in an attempt to ensure that low-income workers are not in a worse position than claimants, but the system is complex and the take-up of state assistance among those on low-earned incomes is rather low. The government's recent White Paper (1988, p. 31) on training for employment reported:

Interviews... have provided clear evidence of the extent to which unemployed people are wholly unaware of the value and even the existence of 'in work' benefits. 1,000 people who had been claiming benefit as unemployed for six months or more and who had failed to take up offers of help at Restart were interviewed. Around half did not know what benefits they might receive if they were in work. Many of those interviewed were seeking levels of pay from a job which were not only unrealistic but unnecessarily inflated because they ignored 'in work' benefits.

Because there is no scope for further reductions in unemployment benefits, the British Government now offers a £20 per week subsidy to long-term unemployed people who take up low-paid jobs.

It is therefore possible to reform the benefit system so as to facilitate intermittent employment, and to use the income support system to improve the in-work incomes of the low-paid. However it must be asked whether a strategy of creating more low-paid jobs and covering the consequences through benefits and income support is truly consistent with a social commitment to full employment. Casual and temporary jobs do not bring the social advantages of regular jobs, such as the ability to plan ahead and enter long-term financial commitments, such as buying a house. It may be very difficult to move from the casual labour market to a regular job, because a history of casual employment may be viewed with suspicion by employers, or because casual work reduces time for searching and may take workers away from locations where regular jobs are available.

Social judgments as to what constitutes a reasonable job offer are reflected in the administrative practices of the benefit system. Benefits are only intended to be paid to those genuinely seeking work, and if a claimant refuses an offer of a job, he or she may be deemed to have failed a 'work test'. The claimant is then classified as voluntarily unemployed.

In Britain, the desire to administer the work test more stringently than in the past is a key motivation behind the formation of the new Employment Service. By calling claimants in regularly for interviews and referring them to vacancies, it is intended to test whether they are genuinely seeking work. Because of the low quality of many of the vacancies (with respect to wages, hours, conditions, security) this aspect of the government's policy is controversial.

The work test is not very actively administered in New Zealand, although claimants are lapsed for failure to report in to the Employment Office. Stricter application of the work test than at present would require the issue of what constitutes a reasonable job offer to be resolved. This issue has more dimensions than the wage payable and the expected duration of the job. Some idea of the questions that arise can be got from looking at the Swedish system, where benefit levels are much higher than in New Zealand but a work test is stringently administered. A registrant with the Swedish service receives benefit for 'normal search time' in his or

her customary occupation. If a job is not found, the person may be offered other 'suitable' employment, training (or retraining) or subsidised employment, depending on their circumstances. Refusal of these options results in termination of benefit.

Guidelines exist to indicate where employment is to be considered suitable. These guidelines cover travel-to-work times, utilisation of skills (within the bounds of labour demand conditions) and wages (which must be at least those specified in the appropriate collective agreement). A job that involves moving house is not necessarily unsuitable, nor a job involving a change of occupation. There is a right of appeal against local office decisions.

Corresponding guidelines do not formally exist in New Zealand. Department of Labour lapsed claimants have a right of appeal to the local office manager and then to the district superintendent, but this right is little exercised. Claimants can appeal against Department of Social Welfare (DSW) decisions to the Social Security Commissioner. However local offices do lapse claimants who they believe are not available for or seeking work. Public pressure led to this power being used against a number of workers in the Gisborne area when it emerged that a local employer could not fill jobs despite the high unemployment in the area. The absence of clear guidelines must give cause for concern over the lapsing procedure. There is for instance potential for local offices to apply criteria on the suitability of jobs in a racially discriminatory fashion.

One advantage of formulating guidelines would be that public debate could occur over what does constitute a suitable offer of work. An obvious area for debate is whether unemployed people should be required to move to other parts of the country to take up work. At present the 'remote areas clause' of the Social Security Act (Section 51 (c)) allows Department of Social Welfare to decline unemployment benefit to people who live in parts of the country where there are no jobs, and this clause is the subject of controversy. Another issue likely to become more important in the future as unemployment rises among older skilled or semiskilled workers concerns the extent of occupational flexibility that should be demanded of workers. At present between a third and a half of surveyed unemployed workers do not specify a particular occupation in which they are seeking work (LFS table 5.2), but this proportion may fall in future as older skilled and semi-skilled workers appear on the register because of redundancies.

When the labour market is segmented, it is possible that a person may be involuntarily unemployed in one sector and voluntarily unemployed in another. They may be prepared to immediately accept an offer of a regular job, while refusing casual work. If benefit administrators disqualify those who refuse casual work, they are in effect forcing unequal opportunities upon the claimant. While the majority of those in employment enjoy the many advantages of regular jobs, a disadvantaged minority is compelled to take jobs which offer significantly worse wages and conditions. This practice may help to reduce registered unemployment, but it substitutes a pale image of full employment, because it does not secure equality of opportunity in the labour market.

Conclusion

A flexible labour market will tend to exhibit a higher level of unemployment than a static labour market, because of frictional unemployment. However much 'flexibility' in the form of job changes is accomplished without generating unemployment. It is doubtful whether a high proportion of New Zealand's unemployment is frictional, because unemployment in New Zealand does not have wide incidence, and while durations of unemployment are short, many of the same people experience repeated spells of unemployment.

In any case, the extent of frictional unemployment is not invariant to labour market policies. In particular a wellresourced placement service can reduce frictional unemployment, while bringing other benefits through reduced inequality in access to information about job opportunities.

It may be imagined that a high level of unemployment can promote labour market adjustment, while at the same time the personal costs of unemployment are mitigated by payment of unemployment benefit. However it is doubtful whether unemployment *per se* does promote labour market adjustment. Furthermore, the prescription is contradictory, as the payment of unemployment benefit is liable to interfere with whatever process of wage adjustment is expected to occur.

Heavy reliance on the benefit system generates problems in administering the test of availability for work. If this test is not actively administered, the benefit system may be undermined by fraudulent claims. However to administer the test, it is necessary to

arrive at guidelines as to what constitutes a suitable offer of work. These guidelines should encompass all aspects of the quality of a job security, working conditions, use of skills, and the wage that is to be paid.

Registered unemployment may be reduced if jobs of low quality are deemed suitable, and unemployment assistance is denied to those who decline such jobs. However the cost of reducing unemployment in this way is to contribute to inequality within the employed workforce. If a society has a genuine commitment to full employment and equality of opportunity in the labour market, this should be reflected in the securing of minimum standards for what constitutes a suitable offer of work.

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REGIONAL POLICY

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For many years economic and social policies in New Zealand have worked in tandem around the maintenance of full employment, defined as the absence of open or registered unemployment. A central feature of labour market policy was the placing of those who registered with the Department of Labour in some form of employment as rapidly as possible. If placements could not be found in the private sector, government organisations such as the Railways Department frequently filled the breach; if they did not offer enough jobs, special employment measures were undertaken.

The government now has as a stated objective the provision of 'worthwhile jobs for all who want them' (1987 Budget, Pt. 1, p. 6). The worthwhileness of a job may be interpreted from the point of view of the worker as meaning that a worthwhile wage should be paid. Nonwage aspects of the job and its suitability to the worker's skills and home life might also be considered in the definition of a worthwhile job. From the point of view of society, the job is worthwhile if it is productive of social benefit. Some of the special work schemes of the past may have failed to meet this criterion: the Minister of Finance implied as much when he said that in the past '... short-term work schemes with limited value disguised underlying unemployment levels and the need for adjustment' (1987 Budget, Pt. 2, p. 23).

The effect of the new policy stance is to substitute open unemployment for concealed unemployment and underemployment. The rationale for this substitution is that it will induce people to make the occupational and geographical adjustments necessary to achieve a transfer of labour into more productive occupations.

However, there are significant obstacles to this process. On the demand side, there is a need to create employment opportunities; on the supply side, the movement of labour is slowed by people's attachment to their accustomed work and their place of residence. This paper examines the issues that arise from regional restructuring of employment.

Regional aspects of the restructuring policy came to the forefront of public attention from 1985 onwards, largely because of the emergence of a significant difference between the unemployment rates of the major urban centres and those of provincial towns and rural areas. The main issue addressed in this paper concerns the implications of regional differences in unemployment. However, it should be noted that unemployment is but one possible symptom of regional economic decline, and other aspects of decline also have important social consequences.

It is possible for employment opportunities in a region to decline without this resulting in open unemployment. The decline may be accommodated by 'natural wastage'—that is, voluntary leaving of the region for individual reasons and retirement from the labour force. The absence of opportunities may be reflected in out-migration among the young, and a low rate of labour force participation among women.

In terms of labour market accounts, the difference between the expected change in a region's labour force over a period and the actual change in employment can be accounted for by either the emergence of unemployment or by out-migration of workers. The first part of this paper examines the possible role of migration in reducing regional unemployment. It discusses the available material on the migration propensities of New Zealanders, and examines policies to encourage migration. The discussion leads on to a critical issue: is it desirable to have substantial net migration flows between regions? What are the costs of encouraging such a development?

If there are limits to the migration that might be expected to occur, or to the desirability of migration, a regional development policy may be called for. The history of regional development policy is not encouraging, either in terms of its potential employment-creation or its impact on the restructuring of the economy. However, some new directions for regional development policy offer more potential.

The final section examines the role of 'market forces'—in particular, wage adjustments—in regional patterns of development. In theory, relative wage reduction in declining areas should operate on both the supply and the demand for labour, by motivating out-migration and attracting additional employment to the area. However, there are some reasons to doubt both the effectiveness and the desirability of this prescription.

Migration

In a dynamic economy, stability in the regional distribution of employment may be unattainable and may further be considered undesirable. It may improve everyone's welfare to attract people out of declining areas and into regions where opportunities are expanding. Commenting on the situation in the 1960s and early 1970s, Heenan observed that 'there is a view that unemployment has not been an acute problem in regions of diminishing job opportunity (for instance the West Coast) because surplus labour has moved to find work in other parts of the country' (1979, pp. 62-63).

Available statistics suggest that New Zealanders rank among the more mobile populations on an international comparison. The 1976 census found that 44 percent of New Zealanders had changed address at least once in the previous five years (47.3 percent if immigrants were included). This proportion is similar to that of the United States and Canada, slightly lower than in Australia (48.4 percent) and considerably higher than Great Britain (35.8 percent) (Heenan, 1985, p. 99). The mobility of the population is an asset to labour market policy. Most longdistance migration is for employment reasons—either to take up a prearranged job or to look for work (Roseman and Crothers, 1984, p. 3). Migration flows are a necessary part of a free and flexible labour market. However, the potential for migration to accomplish largescale transfers of population is more limited than the scale of movement around the country might seem to imply. There are several reasons why migration flows can only be expected to have a marginal impact on regional unemployment differences:

- 1 The mobile population is a subset of the total population, and the most mobile workers are not always those most vulnerable to unemployment. This is discussed further

under the heading of migration propensities and vulnerability to unemployment.

- 2 The figures given for numbers of people changing address over the five-year census interval include those moving locally as well as those moving between regions. Most moves are local, and even when a migrant crosses a regional boundary, it is possible to detect significant 'distance decay' in migration. High migration propensities do not necessarily indicate an ability or inclination to move long distances to where jobs are to be found.
- 3 It is important to distinguish between total migrant flows and net movements of population between regions. Even when regional economic conditions diverge widely, the gross migration picture will show significant emigration from advancing regions and immigration into declining regions. The net change in population will be a small proportion of these total flows. The ratios of net to gross movement—the 'effectiveness ratios' for regions of New Zealand ranged from less than 1 percent (inflows balanced outflows) to a maximum of only 17 percent in the 1976–81 period (Department of Statistics, n.d., p. 16).

When regional growth rates diverge, effectiveness ratios must rise if reallocation of population is to counter any tendency for regional differences in unemployment to emerge. Calculations of effectiveness ratios by statistical area show higher effectiveness in 1966–71 than in 1971–76 – the former a period of marked recession especially in rural areas. For instance, Auckland's effectiveness ratio was 26.8 in the first period but only 9.0 in the second; only two areas had ratios above 10 percent in the latter period (East Coast and Southland – both negative) (Heenan, 1985, p. 108). Note that the propensity to migrate and the number of moves made (that is, gross rather than net migration) increased in the latter period.

The issues presented by effective migration are different to those presented by balanced migration. Social conditions which are conducive to high mobility are not necessarily advantageous in dealing with regional decline. Housing provision gives a clear illustration of this. High owner-occupation has probably aided the gross mobility of the New Zealand population by making it easy to obtain secure title to a home in a new area. But where net redistribution of population is occurring, owneroccupation can be an

impediment to mobility. Those in a declining area lose their equity in their homes and cannot afford to move to areas where there are jobs.

Furthermore, a reallocation of population is much easier to achieve in an environment of high overall growth than in a static situation. Members of the labour force tend to move around less when the employment situation worsens. Heenan cites a Canadian study showing an inverse relationship between levels of inter-regional migration and unemployment (1979, p. 63). In New Zealand the propensity to migrate internally declined between 1971-76 and 1976-81, and Roseman and Crothers suggest that economic recession may have been a factor in this decline (1984, p. 9). The absence of employment openings, even in the areas that remain relatively prosperous, dampens internal migration. It may also be the case that a high risk of unemployment heightens the importance of family and community networks of support, which are weakened or broken by migration.

The depressing effect of unemployment on migration is also reflected in the predominance of employed people among those moving between regions. UK studies have found that many movers are not only employed but are not changing their employer—their move is part of their transition through the company's internal labour market (Green *et al*, 1986, p. 57).

The importance of the buoyancy of the labour market in facilitating migration is also reflected in the tendency for substantial gross migration to generate only a small net movement. Green *et al* note 'a strong positive relationship between in-and out-migration, perhaps reflecting the fact that population turnover may be stimulated in a healthy economic environment because the risks attached to job-motivated migrations are relatively low' (*ibid*, p. 58).

In summary, there is not a close relationship between migration and regional unemployment. As noted by Armstrong and Taylor in the UK context: '[T]he *net* movement of people between regions is only a small proportion of the total population of each region and is too small to affect regional unemployment disparities significantly. . . . [N]early as many people move into high unemployment regions as move out. One of the reasons for this is that the vast majority of labour force migrants are moving from one job to another. It is the employed who migrate, not the unemployed.' (1987, pp. 11-12)

When employment opportunities in an area contract, open unemployment is much more likely to result than when a region experiences slow growth. Some of the employed workforce may become unemployed through redundancy, instead of the more gradual processes of natural wastage occurring. The necessary reallocation of labour may encompass not only young mobile people but also older workers who are settled in the area. The costs of migration are higher for such workers and they are less likely to move, as shown below.

Migration Propensities and Vulnerability to Unemployment

Migration propensities vary substantially between different groups, defined by age, sex, occupation and ethnicity. The highest propensities to migrate are not found among those groups in the workforce with the highest incidence of unemployment.

1 Occupational structure Professional people are overrepresented among migrants but have a low rate of unemployment. A heavy representation of professional people among movers is found partly because of the role of residential relocation in following a career path through a large organisation, such as a government department. This pattern is reflected in the role of Wellington as a 'relocator' (as opposed to a sender or receiver) of population—that is, Wellington has both high immigration and high emigration.

The least mobile occupational group is skilled manual workers. By contrast, some unskilled groups such as farm employees exhibit high mobility despite their low wages and educational qualifications (Heenan, 1985, p. 69). Thus migrants are drawn disproportionately from groups with high skill levels and earning potential (professional people) and low skills and earning potential.

Skilled manual workers tend to be overrepresented among the long-term unemployed, as once a skilled worker loses his or her job, it may be difficult to find another without taking a cut in pay and skill levels. The unskilled are more mobile because they have less invested in a particular industry or occupation. This mobility helps to shorten the duration of unemployment experienced by unskilled workers, but this is made up for by high incidence—that is, a high risk of becoming unemployed.

2 *Sex* Unemployment statistics reveal that women have a higher rate of unemployment than men, and migration studies suggest that women encounter greater difficulties than men in responding to a lack of job opportunities by moving. The likelihood that women's migration will be affected by family responsibilities is reflected in the distances that men and women move. While mobility rates for the two sexes are similar, more men than women move interregionally: that is, a higher proportion of women's movement is local (Heenan, 1985, p. 112). This tie to the local area may be one cause of women's higher unemployment and tendency to discouragement from the labour force.

3 *Age and family status* The age-structure of migration also gives some insight into the relationship between migration and avoidance of unemployment. In New Zealand the highest migration propensities are found among men and women in their 20s. While this age group is more vulnerable to unemployment than older people, the highest unemployment rates are found among 15-19 year-olds, and they are not particularly mobile. It should be noted that unemployed people under 20 receive a lower benefit than those over 20. The benefit level clearly assumes some parental support and assistance to the young unemployed. While some families are able to provide cash subsidies, many give this assistance in the form of cheap or free board and lodging. This ties the young unemployed to their parents' place of residence. This may be deliberate—it may be thought undesirable to have young people migrating alone to other centres to seek employment. Given this policy, it appears that migration is not a solution to the problems of the age group with the highest unemployment rate.

Studies of major closedowns show that it is those with families who are most reluctant to migrate to a new place. This is partly because of housing difficulties. People with families are more likely to be owneroccupiers, and so suffer a loss of equity in attempting to move out of a declining region. However, other social ties, established by family members as well as by the redundant worker, also impede migration.

4 *Ethnic origin* The postwar years saw substantial migration into the towns among Maori, despite the associated loss of community support and breaking of social ties. In recent years, some 'perverse' movements of population can be observed, with Maori moving back into rural areas where job prospects are poor. Some commentators have taken this to be evidence of a cultural revival, but it

may also be a response to high unemployment in the towns. While Auckland has a relatively buoyant labour market, it is also very segmented. The ratio of job vacancies to unemployment in Manakau is much worse than in central Auckland and Takapuna. Areas of employment where Maori are concentrated—mainly manufacturing—have declined, while the service sector has grown. This means that Maori outmigration from Auckland is not necessarily a 'perverse' movement in terms of employment prospects. The historical record suggests that Maori are mobile in response to changes in employment opportunities. This is despite the high costs that mobility imposes when employment is insecure and job tenures are short, as is the case for many Maori.

Migration Incentives and Government Policy

The government may affect the amount of migration undertaken through both carrot and stick measures. Incentives include the payment of mobility allowances, while limitations on eligibility for unemployment benefit may operate as a 'push' factor forcing people to migrate. Regional wage differentials combine push and pull factors—people have an incentive to seek higher incomes by moving, but may also feel themselves forced to move by their inability to make a living in their area of present residence. In this section of the paper I argue that there is a justification for paying mobility allowances, but they are likely to have only a marginal impact. Improvements to the provision of information to job-seekers through the placement service could enhance mobility, but again the impact is likely to be slight. Housing provision is the main area where government policy can have a significant impact on migration.

1 *Mobility allowances* It is desirable for both the individual and society for migration to occur when all the benefits expected to accrue over the relevant future (for example, until retirement) outweigh the costs. The costs and benefits of migration include both monetary factors, such as earning potential and housing costs, and nonmonetary factors such as community support and social life.

It is possible for migration to be desirable when a longterm view is taken of the costs and benefits, while simultaneously the immediate or short-term situation is that the costs outweigh the benefits. For instance, migration may involve high short-term housing costs that will eventually be recouped through increased earnings. Such

a situation may present individuals with a liquidity problem, possibly compounded by an unwillingness to go into debt because of uncertainty about the future. If society as a whole is less 'risk averse' than the individual, it will be desirable to offer a subsidy to the migrant. The same is true if society assesses the costs and benefits of migration over a longer time horizon than the individual, and the costs are concentrated in the short-term while benefits accrue in the long-term.

It is unlikely that mobility allowances will 'tip the balance' in favour of migration to a very high degree. Furthermore, because the financial incentives exert little influence on decisions, mobility allowances are likely to have high deadweight that is, they will often be paid to people who would have migrated in any case (Green et al, 1986, p. 34). This means that the allowances should mainly be seen as an equity measure, intended to aid some of those adversely affected by structural change.

2 *The placement service* It has already been noted that nationwide depressed economic conditions are not conducive to mobility because of the high risks attached to moving elsewhere to look for work. It must be expected that many people will not move unless they have a definite job to go to, and obtaining jobs from a distance presents certain problems.

The most obvious problem is that many jobs are not widely advertised. Especially in the case of jobs not requiring specialist skills, employers often use local informal channels for advertising vacancies. Jobs requiring high and clearly-defined and certificated skills are more likely to be advertised nationally, which contributes to the high mobility of professional people but is of little relevance to many unemployed. People high up the qualifications scale are also more likely to find secure and continuing employment, which is important if the costs of moving are high.

Information technology has reduced the costs and increased the viability of providing a national database of vacancies, and New Zealand is developing a national system. If the database is to have a significant impact the number of vacancies notified and included on it will need to be increased. Currently, the level of notified vacancies appears to be rather low on an international comparison (as discussed in the paper on the placement service and the benefit system). It is also necessary to provide supporting information to enable a job-seeker to assess the viability of a move. For instance, the Swedish national vacancy database contains information on the

employing enterprise and particulars of educational opportunities, housing, leisure activities and social services in the area.

3 *Housing* The most important mobility promoting policy utilised by the Swedish government is housing provision. By ensuring that low-cost rental housing is widely available, the problems of equity loss facing owner-occupiers are avoided. The absence of queues for municipal and cooperative housing also ensures that the immobility found among local authority tenants in Britain is not found in Sweden (in Britain, opportunities to move from one council house to another in a different area without going to the end of the queue are very limited).

To conclude, the government can utilise various policies to assist migration. It is unlikely that such policies will have a significant impact on encouraging migration among people who at present do not want to migrate. However, among those who do want to migrate, the availability of housing, job information and cash grants may increase their chances of a successful move.

Barriers to Migration

The previous discussion has shown that different groups in the community have different propensities to migrate. If migration is to be a solution to regional unemployment, it is necessary for migration to occur among groups which have had a low migration propensity in the past. This section examines some of the difficulties that arise in raising migration propensities among people who are settled in a community. It is argued that the social ties of the unemployed present intractable problems that cannot be solved by allocating more resources to encourage migration.

Consider some of the possible social ties of the unemployed worker and potential migrant A. First of all, A may have a spouse or cohabitee who has a job. If A was the primary earner and the spouse's income is small it may be desirable to encourage the spouse to give up work and move with A to an area with better prospects for A. Many people would expect a married woman to give up work if it was necessary to her husband finding a job. However, as married women's labour force participation increases, the merits of this approach become less apparent. Social impact studies suggest that some women respond to the loss of the male earner's job by entering the workforce themselves. This is at considerable cost in household income, as women's jobs are generally

much lower-paid than men's. This response may disguise regional disparities in unemployment, as the man will not be entitled to unemployment benefit and therefore may not bother to register as unemployed.

One may also consider the situation where A's potential earnings are lower than the spouse's – that is, the situation which would usually prevail when A is a married woman. As A will not be entitled to unemployment benefit in New Zealand's present system it has not been necessary for policymakers to consider the implications of her lack of mobility for employment policy. She is likely to join the ranks of the concealed unemployed, her loss of employment contributing to regional differences in household income-levels and labour force participation rates, but not to regional unemployment.

Another situation of relevance for social policy arises when A has some physical or mental affliction or handicap which does not prevent him or her from working but which imposes heavy demands on relatives or friends. In such a situation the community in effect 'shelters' A in employment and A would not be able to hold down a job outside the community.

In proposing that members of the labour force move themselves to where the jobs are, it is essential to remember that the 'active' migrants will be accompanied by a number of 'passive' or dependent movers (Heenan, 1979, p. 71). While the active migrant may experience an improvement in his or her economic and social situation as a result of the move, the dependent migrants may encounter new problems.

Most importantly, it may not be possible to reproduce all the social relationships with which the worker is involved in another area. This is particularly likely if there are important relationships of care and dependency extending beyond the nuclear family. Usually the 'active mover' is thought of as the male breadwinner, and it is assumed that his wife and children will accompany him if he moves. The ideal self-contained nuclear family can migrate en bloc, transplanting its social relationships to a new place.

When the dependants are not the couple's children or, more generally, when the worker's family relationships are non-nuclear, the situation becomes much more difficult. The less self-contained and nuclear the worker's social relationships are, the greater the costs that mobility imposes. Consider the situation where the worker and spouse are partly responsible for an aged relative. The

worker shares this responsibility with siblings or cousins. If the worker moves, the old person could move too but would thereby become the worker's sole responsibility, a responsibility which the worker may not be able to meet. Alternatively the other relatives have to increase the time they spend looking after the old person, which they may not be able to do. Other possible outcomes are that the quality of care of the dependant deteriorates, or that the government steps in with institutional care or home help.

The example of Sweden illustrates the social effects of a labour-market policy which relied on high mobility. The shift of population from the North of the country left behind people retired from the workforce and those at the end of their working lives. This breakdown in family connections called forth a large increase in state-spending on care of the elderly. This was not unforeseen or accidental – it was thought that institutional care was superior to the care provided in poor agricultural households.

New Zealand statistics reveal the old to be relatively immobile (Heenan and Moffat, 1986). In the period 1976-81, just 24.5 percent of New Zealanders aged 65 or over changed residence, compared with 70.6 percent for those aged 20-24 years and 73.6 percent for 25-29 year olds. Furthermore, more of the moves made by old people were local rather than between regions, compared with the younger age groups (Heenan and Moffat, pp. 108-109). While the elderly contributed in a small way to the country's northward drift (a net flow from the South to the North Island of 459), it was also notable that in two regions of slow employment growth, the West Coast and the East Coast, the old were particularly immobile (Heenan and Moffat, pp. 110-112). The population of the South Island, which has experienced outward migration for some years, is significantly older than that of the North Island (Dept of Statistics, Regional Indicators of Population).

Sometimes workers who are tied to a particular community respond to a lack of local employment by undertaking temporary or circular moves, leaving their families behind. In New Zealand some groups of people undertake circular migration to do seasonal work. Because circular migration (that is, moving with the declared intention of returning) does not permanently break social bonds, it may be thought to be a minor issue for social policy. However, circular migration may create social difficulties. For instance the intermittent absence of one adult family member due

to work may mean that one other adult is left in sole charge of the household. The transmission of income from migratory work back to home may be unpredictable and unreliable.

One sign of a mature economy is that the organisation of remunerative work is compatible with the established structures of social organisation. Economic underdevelopment, or economic disadvantage among a particular group, is often associated with disturbance to established patterns of social life for instance where men migrate leaving their families behind. As living standards rise, this type of domination of economic imperatives over social ties is rejected and social and economic conditions become stable and compatible.

The single-breadwinner nuclear family has the advantage of being mobile without breaking immediate family ties. However non-nuclear family relationships and other social ties are frequently broken by migration. Furthermore, recent social changes cast doubt on the compatibility of high mobility with relationships within the nuclear family also. As more women enter the labour market, conflicts arise when one partner but not the other can improve their employment prospects by moving.

Regional Development and Restructuring Policy

The last decade of slow growth has seen important divergences appear in the economic fortunes of the regions. Failure to counteract these divergences would significantly detract from the overall advantages of the policy of restructuring, which should generate benefits that all can share in. However the design of a regional policy compatible with the objective of restructuring presents formidable problems.

The transition of New Zealand's economy from 'protected' to 'open' trading conditions can be expected to have adverse effects on some regions, although it is not easy to predict which regions will be affected. The key point is that economic restructuring is a prerequisite to achieving the gains from freer trade, and this restructuring is likely to have a regional dimension because changes in trade boundaries affect firms' decisions about where to locate their operations. When the European Community was formed, it was recognised that the economic integration of member states was likely to lead to a worsening of regional problems within states. This led the European Community to earmark considerable funds

for regional assistance under Community auspices (Armstrong and Taylor, 1978, p. 155).

Two main aspects of the regional impact of reduced protectionism in New Zealand can be identified. Firstly, freer trade will reduce the number of firms setting up assembly operations in New Zealand in order to circumvent barriers to the importation of finished goods. Secondly, firms may respond to the opportunities presented by freer trade by establishing operations in New Zealand partly in order to export to Australia. The experience of the European Community suggests that closer economic relations with Australia adversely affects regions on the periphery of the trading area to the advantage of those near the centre. A central location in the New Zealand market (say, Wellington or Christchurch) loses desirability vis-a-vis a location more central to the Australia-New Zealand market (Auckland). (Transport infrastructure and transport costs can affect these decisions considerably.)

There are several reasons why it might be thought that a regional development policy would negate the gains to be made from freer trade. Basic resource allocation issues are presented by regional policy:

- 1 It must be asked why resources should be expended in causing firms to alter their location decisions, inducing them to choose what is, from their point of view, a suboptimal location (deadweight arises if the regional development incentive is paid to firms choosing their optimal location).
- 2 When support measures 'featherbed' ailing firms, both labour and capital is tied up in a relatively unproductive use though when there is unemployment and the capital has little scrap value, this argument loses some of its force.
- 3 Regional development measures constitute a claim on public finance and therefore represent a diversion of expenditure from other uses which may be more worthwhile. This objection to regional policy is valid if the cost of the regional policy is greater than the cost of other social policies which would have maintained the same quality of life for the affected population. Whether this is likely to be the case is not only, or even primarily, an empirical question. For example, where paid employment is considered to have welfare dimensions beyond being a

source of income, the value of job preservation in a region is difficult to assess.

Questions can also be raised about the extent to which regional development policies are the most efficient measures to achieve certain social objectives, given problems of deadweight in the design of subsidies, tendency to subsidise capital rather than labour, and lack of transparency in relating expenditure to outcomes.

The Past Record of Regional Development Policy

The traditional style of regional development policy gives subsidies to capital investment in designated areas. The preference for capital subsidies may seem surprising when the objective of regional policy is to create more employment, and some commentators have suggested that the outcome is to generate excessively capital intensive projects that create few jobs at high cost. However, others argue that investment subsidies can constitute an effective proxy for employment creation, and avoid the problems of 'incrementalism' that arise in administering employment subsidies. (It is difficult to design employment subsidies so that only additional or 'incremental' jobs attract the subsidy.) A study of regional development policy in Ireland by Ruane (1980) found that the capital grants given to firms did indeed effectively proxy their employment creation. This is not a surprising result in conditions where wages are not flexible. If wages are fixed, then a certain amount of capital will be needed to generate viable employment. The capital required to employ a person at the going wage can be determined by the grant-giving agency.

Ruane suggested that the desirability of capital grants should be assessed by comparing their cost with the social value of the employment they generate. She used unemployment benefit as a proxy for the value of a job, although there are reasons for using higher values. If unemployment benefit was thought to underestimate the social costs of unemployment, then a higher value should be used. This may be the case in New Zealand, where unemployment benefit levels are determined by income support considerations, and unemployment benefit payments have never been relied on to achieve social equity between the employed and the unemployed.

It should be noted that Ruane's framework is based on a situation where, if regional development policy is not undertaken,

people remain unemployed indefinitely. However, while migration is very costly to some people, it is likely that a high proportion of those affected by regional decline will migrate rather than remain unemployed for long periods. In such cases the appropriate measure to use in judging the benefits of a regional policy involves quantifying the costs of migration. These arise from the disruption to social and community ties noted above (which may impose direct fiscal costs on the government, for example, in care of the aged), and from the costs of providing infrastructure for immigrants in expanding areas while 'writing off' the infrastructure of declining areas.

In Ruane's analysis, the regional development grant was judged worthwhile in social terms if the employment it generated over a future period of t years produces a (discounted) benefit saving greater than the grant cost. It is interesting to note that although Ireland had a very active and expensive regional development policy in the period in question, Ruane found that the projects passed this test. The extremely high capital costs incurred in some of New Zealand's development programmes over the last decade suggest that the outcome of such a test might be different here. Certainly one could say that, if the test was passed for any of the Think Big projects, it would be a fluke, as the assessment of those projects rested heavily on other objectives (which have since been discarded) such as the import substitution capacity of the projects.

While the Irish regional development policy recorded a long period of notable success, it has recently been considerably rethought and revised. Some of the reasons for this revision are distinctive to the Irish situation, such as the high level of repatriation of profits by overseas-owned firms. However others are of more general application, including

- 1 The fiscal cost of grants and tax concessions;
- 2 The weakness of linkages between subsidised projects and the rest of the Irish economy;
- 3 The tendency to 'jobless growth' – the advanced manufacturing sector has increased output, exports and productivity, but employment has been stagnant since 1980 and has fallen since 1983 (OECD Country Studies, Ireland, 1985, pp 43–46).

New Directions for Regional Development Policy

The cessation of growth in manufacturing employment has contributed to increases in costs per job created or maintained by regional development policy. In many countries, the magnitude of subsidies that must be offered to firms to induce them to relocate in a development area has become much greater than the expected saving in infrastructure costs and housing if migration occurs, or the saving in unemployment benefit if it does not. Locational fiscal incentives are only effective when there is a significant volume of new investment occurring in inter-regionally mobile industry. Slow growth has reduced the overall volume of new investment, while many of the expanding sectors of employment are not inter-regionally mobile.

However this does not mean that it is no longer possible to influence the location of economic activity. With the growth in the public sector, the regional impact of public sector expenditure and regional differences in access to services have provided a new focus for regional development strategies.

It has been argued that it is not possible for the government not to have a regional policy, for two reasons:

- (a) Some government expenditures are specifically 'place-oriented' e.g. the provision of transport infrastructure;
- (b) Even when a policy is not place-oriented, government expenditures have an uneven regional impact. Few expenditures are regionally neutral, so any expenditure decision carries with it implications for regional service provision, relative income levels, or employment prospects.

A public sector based regional policy may be constructed around the guideline of equity in social service provision. Richardson has commented:

[A] shift of focus from regional economic development policy to regional social policy might be highly appropriate under slow growth. In many countries, especially developing countries, lagging regions suffer severely from deficiencies in social services (health, education and general social services) and in social infrastructure and public facilities. . .

A policy goal of equalising social services per capita among regions will (in most cases) absorb substantial resources and require these to be transferred from rich to poor regions, but the goal is probably much more palatable to the residents of prosperous regions than a goal of income equalisation. (1984, pp. 283-284)

In Sweden, labour market policy has had to respond to reduced mobility among the working population in the 1970s and 1980s, caused by, among other factors, the increased number of twoearner households. Regional development activity has concentrated on public sector service provision, especially public transport provision and childcare facilities. These policies not only mitigate regional unemployment, but also reduce regional differences in women's labour force participation rates, which reduce regional differences in household incomes.

Small Business Assistance as a Regional Development Policy

Low mobility is often the product of a complex set of social connections which tie an individual to his or her local community. These connections weaken the individual's responsiveness to changes in labour market conditions, but they may also be a resource for the individual. Local economic initiatives may utilise this resource.

At first sight self-employment or small business has obvious potential as a regional policy as it enables people to create their own employment in their preferred locality. Small business formation may respond to deficient local opportunities, with the unemployed becoming 'entrepreneurs of necessity'. However, there is no evidence that this syndrome is, at present, important in New Zealand. The pattern of new firm formation signalled by company registrations data is procyclical, that is, registrations increase in economic upturns (Dwyer *et al*, 1985, p 21). If new firms were formed because of unemployment, registrations would increase in downturns.

Small business policy faces the following problems and limitations:

- 1 Access to markets. The businessperson may have good knowledge of the local market, but if the region is depressed, export to other markets will be necessary to regional development. It is easier to establish successful small businesses in areas where the local economy is buoyant.
- 2 Availability of entrepreneurial skills. Studies in the United Kingdom indicate that small business formation rates are correlated with the number of existing small businesses, as

people gain business experience through employment in an already-established small enterprise (Storey, 1982). In the United Kingdom, this means that small business formation rates are lowest in some of the most depressed parts of the industrial North, where employment has been mainly in large enterprises. In New Zealand this source of regional bias may be less of a problem, but the United Kingdom studies suggest that attempts to respond to closure of a large enterprise by encouraging redundant workers to set up small businesses will encounter the problem of lack of business expertise.

Furthermore, small firms are unlikely to absorb as employees workers who have been discarded by the large firm sector. The types of jobs provided by small firms are often quite different to those in large firms. Small firms in the United Kingdom and the United States appear to obtain a high proportion of their workers from groups with marginal attachment to the labour force, especially women (Storey and Johnson, 1987, pp 30–31). Comparable data are not available for New Zealand, but it is known that Maori and Maori-European people are under-represented in the small business sector (Dwyer *et al*, 1985).

In the United Kingdom, generous assistance is available to people who set up their own businesses, but the regional impact of this policy favours the more prosperous regions due to both superior access to markets and greater availability of entrepreneurial skills. The growth of the service sector has exacerbated the importance of local markets – the OECD observed that regional policy has led to manufacturing being located in assisted areas while service employment has expanded in large growth centres (OECD, 1978). Many new small businesses provide services to the local market and are therefore dependent on local demand.

While it seems unlikely that a general small business policy would have positive regional development effects, there may still be a case for offering business start-up assistance to the unemployed. The fiscal cost of such assistance could be compared with the unemployment benefit otherwise payable. However, such businesses are likely to have a high failure rate unless managerial advice and marketing assistance is also provided. When new small businesses simply crowd into sectors with low barriers to entry (limited capital requirements, low labour skill requirements, low marketing investment), the outcome in terms of labour productivity may be

only marginally superior to unemployment. Furthermore, such businesses may generate the negative effect of making an established and unassisted business unprofitable through competition.

Unemployment related small business assistance in New Zealand has the distinctive feature that aid is only available to groups establishing an enterprise, not to individuals. To some extent this may help to avoid 'crowding' problems, as well as helping to target assistance to the Maori community, who experience the highest rates of unemployment and whose participation in small business formation is relatively low.

Wage Flexibility

It is obvious that economic restructuring has an important regional dimension. Failure to address the regional policy issues that arise could jeopardise the restructuring programme. As the economy expands, regional divergences may result in inflationary pressure in buoyant local economies while unemployment remains elsewhere.

In other papers I have examined the role that policies to promote wage flexibility might play in reducing the level of unemployment in the economy without precipitating inflationary pressure. The conclusion at a national level is that wage flexibility policies are unlikely to bring the economic advantages claimed for them, and may generate significant social costs. This section examines the specifically regional dimensions of the wage flexibility prescription.

Theoretically, a relative lowering of wages in high unemployment areas will encourage firms to locate in such areas. The demand for labour therefore increases. At the same time the supply of labour falls, as some mobile people migrate to higher wage areas and others decide that paid employment is not worthwhile at the wages on offer, and move out of the labour force. The combination of these devices prevents regional differences in unemployment rates from emerging.

It may be noted that wage flexibility substitutes the problem of unemployment with other problems which may be just as serious, such as low incomes and low labour force participation rates.

There are also doubts about the effectiveness of wage differentials in influencing firms' location decisions. Regional development policies which operate by subsidising labour have proved to be of diminishing effectiveness in the 1970s and 1980s (above). Since a

wage subsidy has similar consequences for a firm to a wage reduction, many of the same caveats as affect subsidy policies also apply to wage reduction policies. (Indeed a wage reduction policy may in effect be very similar to a subsidy policy, when the workforce ends up obtaining income support in their wage packets.)

Only certain types of enterprise have scope for varying their location decisions in the face of marginal changes in labour costs. This may be because other costs weigh heavily in production, but may also be because of the nature of the product. Regional development policies have traditionally concentrated on sectors producing exportable products, that is, where sales do not depend upon local demand. 'Production line' operations where the skill requirements of the work are not substantial, have also been favoured in many countries, because of the difficulty of achieving a supply of a broad crosssection of skills in a small local labour market (without undertaking substantial training investment). As the growth areas of the economy are now in services and in sectors with high skill requirements, policies oriented towards production-line industrialisation have become ineffective.

There are also other difficulties with the wage flexibility prescription that are not specific to the regional context, but instead stem from the limited scope for wage flexibility to expand aggregate employment. Certain groups will be much more affected than others by 'competitive' wage flexibility (that is, any tendency for wages to respond to unemployment). Those who would be most affected by regional wage flexibility are those in secondary labour markets who are most immobile. Mobile workers can respond to wage differentials as to unemployment, by seeking better opportunities elsewhere. The previous discussion has established that two of the least mobile groups in regional labour markets are those under 20 and women—the two groups who are already lowest-paid. These two groups experience a high incidence of unemployment (partly because of the obstacles that they face to moving to where the jobs are). At the same time, those women and young people who are in employment crowd into the peripheral jobs, a pattern reflected in their low relative wages.

To some extent, then, regional considerations reinforce the national picture that 'wage flexibility' means lowering already low pay. However not all low-paid workers are geographically immobile, and not all immobile workers are low-paid. Skilled manual workers belong to the latter category. It is possible that this group

might benefit from regional wage flexibility. For instance, one could imagine a situation where a powerful national union representing skilled manual workers made wage claims that were insensitive to the employment prospects of some of their members in regions where industry profitability was low.

In practice, however, there are a number of obstacles to workers protecting their jobs by negotiating a lower wage than the national bargaining unit.

- 1 The employer may not wish to allow relative wages in the firm to fall, because the more mobile workers employed might voluntarily leave. Those who would voluntarily leave may not be those whom the employer would prefer to see leave – say younger workers. By contrast, if wages were maintained, the employer may be able to select the workers to be made redundant, for instance by pushing some into early retirement. This problem will arise whenever workers with different productivities are paid the same wages, and theoretically the employer should differentiate between the different workers, paying each according to their productivity. However there are many obstacles to such a system.
- 2 The workers themselves may not be able to agree on a preferred wage outcome. Those most confident of retaining their jobs in the face of redundancies will favour higher wage claims than those who expect they will be the first to go. The union, if it is representative, has to find a route through these conflicting interests. Workers previously laid off or dismissed (for example, because of a sudden downturn in demand during the term of a wage agreement) will find it particularly difficult to have their voices heard in wage bargaining.
- 3 The workers' bargaining representative also faces a problem of information. The firm may inform the union that a certain number of redundancies will occur if a wage claim is pursued, but the firm may be bluffing. Furthermore, uncertainty about the future prevents firms from making clear forecasts about the level of employment that will accompany any given wage settlement. Firms appear to have a strong preference for not bargaining over employment levels. This fact has come under scrutiny by economists, because it can be shown that in theory, both

employers and workers can achieve better outcomes for themselves if they bargain over employment as well as wages. One explanation is that employers deliberately exclude the level of employment from the bargaining issues so that they can retain the threat of job loss as a way of curtailing union demands (Dowrick, 1985). Certainly it can be said that for bargaining over employment to occur, many firms would have to supply much more information to worker representatives than they do at present.

To summarise this discussion of regional wage flexibility, two major points emerge. The first is that any general move towards regional wage differentials would have its strongest and most adverse effect on those in secondary labour markets. This can be deduced by applying the major conclusions of national studies on wage flexibility in a regional context. The second, more positive, conclusion is that an increase in the responsiveness of wage settlements to industry profitability could have a specifically regional dimension and could possibly help those with much invested in their present place of work to maintain their jobs.

The present direction of reform of the wage bargaining system favours industry bargaining. However it is not certain that this will have a positive effect on employment. While jobs may be saved in industries with low profitability, industry bargaining may also allow wages to accelerate in high-profitability industries. Compared with the outcome under stable wage relativities, potential jobs are lost in highly profitable industries. Industry bargaining only leads to a net gain in jobs if wages are more flexible downwards in the less profitable industries than they are flexible upwards in the more profitable industries.

If this asymmetry does not exist, industry bargaining does not increase the overall level of employment. However, it does maintain a more stable employment structure than a less flexible wage determination system. Fewer new jobs are created, but fewer existing jobs are lost. This may seem to be advantageous from a regional perspective, but a limitation should be noted. Country studies suggest that unemployment has a depressing effect on labour mobility, including geographical mobility. An overall expansion of employment will reduce regional unemployment by enhancing mobility. Insofar as a lack of employment opportunities is curtailing migration into the more prosperous regions at present, the prescription of regional wage flexibility via industry bargaining

will generate increased regional inequality. By contrast, more emphasis on the conditions for an overall increase in employment would mitigate regional inequality.

One major objection to the wage flexibility prescription is that it is unlikely to be effective in reducing regional unemployment. A further fundamental objection is that the emergence of substantial regional wage differentials would negate one of the central objectives of the restructuring policy, which is to shift people from less productive to more productive occupations, and create more 'worthwhile' jobs. Significant differences in regional wages, income levels and labour force participation rates already exist: to increase them further would represent a potentially divisive failure to ensure regional participation in the gains from growth.

Conclusion

The failure of regional labour markets to clear is one aspect of general labour market failure. I have argued elsewhere that active labour market policies are required to deal with the economic and social consequences of labour market failure. To a significant extent, active labour market policies operated on a national level can function as regional policies, as the take-up of programmes will be highest in areas of high unemployment. This was the case for the job creation schemes operated in the 1970s and early 1980s. Regional problems at present reflect the termination of fully-subsidised job creation schemes as well as the more general impact of restructuring policies and economic downturn.

Equity in the provision of public sector services is potentially an important principle in the administration of regional policy. If such a principle was adopted, the impact on employment could be very significant, and could counter some of the tendency for the expansion of service sector employment to be concentrated in the main cities.

This discussion of the regional impact of restructuring has taken as its starting point the observation that there is no 'natural' tendency for the gains from restructuring to be equitably distributed. The central reason is not to be found specifically in the regional dimension of economic change, but instead flows from fundamental features of the operation of the labour market. Different workers, with different qualities and characteristics of skill, age, sex, ethnic origin, work experience and location do not compete freely

with each other for the available jobs. The bargaining position of someone in employment in a job with specific skills and long-expected tenure is fundamentally different to the position of someone in an unskilled short-tenure job and different again from that of someone outside the labour force and seeking to enter.

The task of economic and social policy is to design ways of facilitating transfers from the winners to the losers without impeding the process of growth itself. This paper has suggested that such transfers should have a regional dimension, in the light of the important regional consequences of the restructuring of the economy.

Appendix

Internal and International Migration

In the past, net immigration has been used to achieve some of the required geographical restructuring of the labour force, but this instrument is no longer suitable because of the slowdown in economic growth. The curtailment of labour force growth implies that labour market policy will have to rely more heavily than in the past on the movement of New Zealanders around the labour market. For example, in the 1960s the growth of employment in Auckland was accompanied by a significant northward drift of New Zealanders, but Auckland was also the major destination of immigrants. With lower immigration, Auckland's growth would have required a larger domestic movement of population. In the period 1966-71, one in every four of Auckland's new residents was an immigrant from overseas (Heenan, 1979, p. 75). Immigration could be used to achieve regional redistribution because of the strong growth occurring in employment across the board. The more static conditions of the 1980s have closed off this population redistribution device.

International migration will continue to be an important feature of the New Zealand labour market, but in a rather different way to in the past. It must be expected that pressure for high geographical mobility among the New Zealand population will result in high levels of international migration as well as internal migration. For many potential migrants, Australian and New Zealand destinations are substitutes. This was apparent in the 197681 period, a time of high emigration to Australia but low migration within New Zealand. Because the census only records migrants who ended their journeying in New Zealand on census night, emigration depresses measured internal migration rates compared with a situation where migrants have chosen New Zealand destinations (Heenan and Moffat, 1986, p. 110). In the 1970s 'the social and economic opportunities which stimulate migration and circulatory-type movements were perceived by many New Zealanders to be, in that decade, in Australia rather than in New Zealand.' (Heenan, 1985, p. 98)

The high level of international migration by New Zealanders has the apparent advantage that New Zealanders who might otherwise appear on the unemployment register travel to Australia.

These migrants obey the economic imperative to search out the best opportunities given job loss in their home regions. However, it is also clear that New Zealanders regard any net loss of population to Australia as having social costs. The concern felt about overall population loss is to some extent based on the same factors that lead to concern about regional decline. Young people are the most mobile cohort both regionally and nationally. Migration is accompanied by the breakup of family and other social networks. When the young migrate and older people remain, problems are created for care of the elderly which will cause increasing difficulty as the population ages.

International migration also shares with internal migration the feature that there is a high representation of those with a relatively privileged position in the labour market among the migrating population. Many of those who leave New Zealand during depressed times have a low risk of unemployment in New Zealand. This is apparent from the occupational structure of international migration. The highest propensities to migrate are found among professional people who also experience the lowest unemployment. In much of the public debate, migration to Australia is seen as costly because of the loss of skilled higher-earning people.

In the public debate, great weight is given to the relative earnings of skilled people in explaining migration flows. However there are some difficulties with the analysis. No conclusive statistical evidence is available to support the view that earnings levels are critical (Reserve Bank, 1986). The earnings argument is often formulated in terms of real disposable income comparisons, but rational migrants should compare New Zealand salaries with Australian in the light of the cost of living and the bundle of free goods and services (public sector provision) that they can obtain in the two countries.

Another problem is that the modelling of labour market opportunities for skilled people in terms of relative earnings levels leaves out other factors influencing employment decisions. A high degree of specialisation and specificity of skills is characteristic of the professional occupational group. Jobs may be available in some areas while opportunities are closed in others. This is one reason why high emigration and immigration propensities among people with high skills must be expected at all times in a small labour market like New Zealand's. Furthermore, the existence of shortages of some categories of professional workers within New Zealand does

not refute the possibility that other professionals are migrating for want of employment. Professional people emigrate rather than appearing among the unemployed, because they are able to respond more quickly and effectively to a lack of job opportunities in New Zealand than their less skilled counterparts.

In a closed labour market, without the opportunity for emigration, professional people would have to respond differently to changes in their employment opportunities. If the option of shifting to Australia did not exist, more skilled people would be forced to downvalue their skills and move to other sectors of the labour market in order to avoid unemployment. These moves would depress the average wage. Alternatively, skilled people would resist such downgrading and become unemployed. This implies that the mobility of skilled workers may be one cause of the low rate of skilled unemployment in New Zealand.

The openness of the labour market with Australia can potentially bring high economic benefits at little social cost. The changing requirements of employers in New Zealand mean that one must expect continued high emigration, as job opportunities in some areas are lost in New Zealand. However if the economy is dynamic, there will also be high immigration of skilled workers responding to the new opportunities being created. A static labour market is most likely to generate a net migration outflow, as the experience of the late 1970s shows.

Immigration and emigration flows are interlocked with the migration flows occurring internally. The effect of the linkage is to facilitate labour market adjustments in a setting of strong overall growth, but to create new difficulties in a static environment.

Implications for regional development:

Emigration of skilled people from New Zealand is viewed with special concern because it is widely held that shortages of skilled labour are impeding economic growth and development, and thus preventing the creation of employment opportunities for less skilled workers. In part, this view reflects the inadequacies of the country's training systems, which themselves are partly due to a long history of reliance on immigration to supply skilled labour. A greater capacity for training the unskilled could allow the flows of skilled workers to be viewed with more equanimity.

A further striking feature of the debate on skilled emigration is that arguments seen to be true at the national level are not applied to the regions. Thus, it is accepted that national loss of skills

impedes employment creation without it also being deduced that regional decline will lead more mobile skilled workers to leave the regions and thereby compound regional development problems. Nor is the interrelationship between regional and national skill shortage noted: having decided to leave a declining district, the migrant may readily choose Sydney or Brisbane in preference to Auckland as a destination.

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EVALUATION OF EMPLOYMENT PROGRAMMES

A Background Paper

Geoff Bertram

Evaluation of Employment Programmes

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Introduction

The proposal for this research envisaged a survey of the literature on the evaluation of employment programmes, plus a more detailed consideration of certain specific issues—fiscal impact, full social costs of unemployment, labour-market structure, and hysteresis. This paper reports on the material which could be located and surveyed in the 3 weeks available for the research. Inevitably its coverage is limited, and specific topics are not discussed in as much depth as would be desirable. A feature of the literature is the piecemeal character and patchy quality of the published research on active labour-market policies. Labour markets are daunting in their complexity; there has thus been a tendency for individual authors either to limit themselves to tackling very narrow sets of questions, or to fall back upon general theoretical propositions of untested empirical validity. Especially in New Zealand, there is room for more debate and research into the causes of the present level of unemployment in order to underpin the evaluation of suggested remedies.

The paper is written in 2 parts: first a literature search, and second a more detailed consideration of the 4 specific issues mentioned above.

I The Evaluation Literature

Summary

The evaluation of employment programmes has generated an enormous literature but only limited 'hard' results to date. Labour markets are complex and still poorly understood; this means that it is difficult to specify models which command general professional acceptance, and even more difficult to obtain or generate data which matches the categories specified. A quick review of the literature suggests that there are 3 quite different targets at which 'evaluation' studies may aim, and each of the 3 requires (at the present state of the art) a separate type of approach. The 3 are:

1 *Cost-effectiveness*

Here the question is simply: does a particular labour-market scheme materially assist the identified target group at acceptable cost? In the majority of studies, authors are content merely to ask whether the scheme makes target-group individuals better-off in the sense of raising their post-scheme earnings. In a subset of these studies a control group is used to give a reference-point for the target group's experience; and/or 2 or more simultaneously operating schemes are compared to permit policymakers to identify the most effective options. In a small number of cases there is a further attempt to compare the benefits to the target group with the costs of running the scheme, and a still smaller set try to estimate the net impact on the government's fiscal position (i.e., whether the expenditures on the scheme are clawed back as extra taxes and lower expenditures on unemployment benefit) and use this net fiscal cost as the basis for comparison.

2 *Social Cost-benefit*

Here the question is whether society is made better off by a particular scheme, and the aim is to build up an accounting framework which identifies separately all the various costs and benefits and strikes a final balance. Use of such a framework has heuristic merit (that is, it helps people to think systematically about the effects of a scheme) but in the context of labour-market intervention it has not proved operational in terms of ability to yield reliable quantitative estimates. Several crucial issues are impossible to quantify, and some will remain so. For example, the question of whether jobs

'created' by employment schemes represent net new jobs or reallocation of existing jobs is extremely difficult to answer from the partial-equilibrium perspective of social cost-benefit analysis. The impact of government attitudes and activism on social psychology—hence on worker morale and productivity, business confidence, general expectations about future job opportunities, wages, prices, and so on—is inherently impossible to measure quantitatively, and policymakers will inevitably end up basing their views on judgement and intuition rather than conclusive quantitative research. The pay-off to full cost-benefit evaluation, in other words, is apt to be suspect if such evaluation is carried too far beyond its basic qualitative function of structuring the debate.

3 Macro-econometric Simulation

This approach starts from the other end of the problem. Whereas cost-effectiveness and cost-benefit analyses are built up from micro-economic data, the alternative approach starts from macro-economic aggregates such as the degree of excess supply in labour markets, the state of effective demand, and so on. Here the question asked is: does a programme of labour-market intervention improve the macro-economic performance of the economy, thus delivering more employment, output, and real income? Detailed labour-market interventions are thus ranked alongside more familiar macro-economic instruments such as fiscal, monetary and exchange-rate policies as means of pursuing aggregate objectives. The success of such a research programme hinges on the adequacy of the macro-econometric models available; ideally, there should be several such models based on alternative macro-economic theories, and policies should be tested on all of them. The most useful results come from models which disaggregate the labour market sufficiently to distinguish among possible target groups—e.g., primary and secondary employment, or long-term versus short-term unemployed.

In the New Zealand context, it seems likely that there are good grounds both for putting resources into more thorough cost-effectiveness evaluation of particular programmes (while being careful to keep the evaluation objectives subordinate to the primary aim of improving labour-market performance), and for encouraging more macro-econometric modelling research. Particular issues in the social cost-benefit area are worth pursuing statistically (for example, displacement and replacement ratios, investigations of the

relationship between unemployment and other social indicators) but conclusive quantitative cost-benefit results should not be expected, both because of measurement problems and because of the importance of conjuncture—economic, social, historical, political and psychological—in determining the effect of particular policies.

Definitions

The problem which we immediately encounter is to determine what constitutes an 'employment programme', and what alternative sets of objectives may be pursued by means of 'employment programmes'. One possible definition could include as 'employment programmes' any government policy measures whose ostensible objectives include increasing the numbers of people in jobs, or reducing the numbers of people unemployed, or altering the prevailing composition of employment in the economy. This would leave a very broad field to cover, ranging from macro-economic intervention aimed at achieving full employment, to micro-economic measures, e.g., to de-regulate unionised workplaces.

An alternative, narrower definition would focus on what are sometimes described as 'active labour-market policies'. Wilensky (1985, p. 1) limits the field as follows:

By active labor market policy we mean direct government action to shape the demand for labor by maintaining or creating jobs; to increase the supply of labor via training and rehabilitation, and to encourage labor mobility via placement, counselling, and mobility incentives. It is counterposed to such passive policies as unemployment insurance and public assistance. Excluded by most students are policies that aim merely to redistribute existing work rather than increasing it, such as affirmative action or coercion and bribes to eliminate workers from the labour market (older workers or immigrants). Always excluded are measures that may affect the labour market indirectly: fiscal and monetary policy, regulation or deregulation, incomes policies, or trade and industrial policies. Programs marginal to the definition include worksharing and regional redevelopment, which may or may not increase job or training opportunities . . .

In order to keep the present paper within manageable limits, I shall accept Wilensky's delimitation of the field, and his associated checklist of 21 types of programmes which fit his 'active labour market policy' concept (see Table 1).

TABLE 1: 21 Types of programmes labelled 'Active Labour Market Policies'

Government policies to create or maintain jobs (shape demand for labour)—	
<i>Direct provision of work via—</i>	
1	sheltered workshops and other job creation measures for handicapped workers
2	employment in regular public service
3	public works projects.
<i>Subsidies to private business to—</i>	
4	hire new employees
5	extend seasonal work year-round
6	locate or relocate workplaces in areas of high unemployment and create new jobs.
<i>Laws or subsidies to maintain demand for labour via—</i>	
7	short-time work
8	redundancy payment laws that increase the cost to the employer of work-force reductions.
<i>Government policies to increase the labour supply and/or improve its quality by promoting or regulating—</i>	
9	apprenticeship training
10	on-the-job training and retraining
11	work-study programmes to ease transition from school to work
12	job transition training for workers threatened with layoffs—training while still working for the employer on the threatened job
13	employability training—remedial programmes to improve basic literacy and improve work habits and attitudes
<i>Government programmes to decrease the labour supply by—</i>	
14	lowering the retirement age
15	raising the age for compulsory schooling
16	shortening the working week or reducing overtime
17	reducing immigration of guest workers or encouraging their return (through subsidies or coercion)
<i>Government policies to encourage labour mobility by—</i>	
18	placement services—e.g. labour exchanges
19	vocational counselling in school and during working life
20	mobility allowances and relocation advice for displaced workers; 'starting allowance' if search if necessary
21	relocation assistance via housing allowances or rent supplements

Source: Wilensky (1985) p. 2

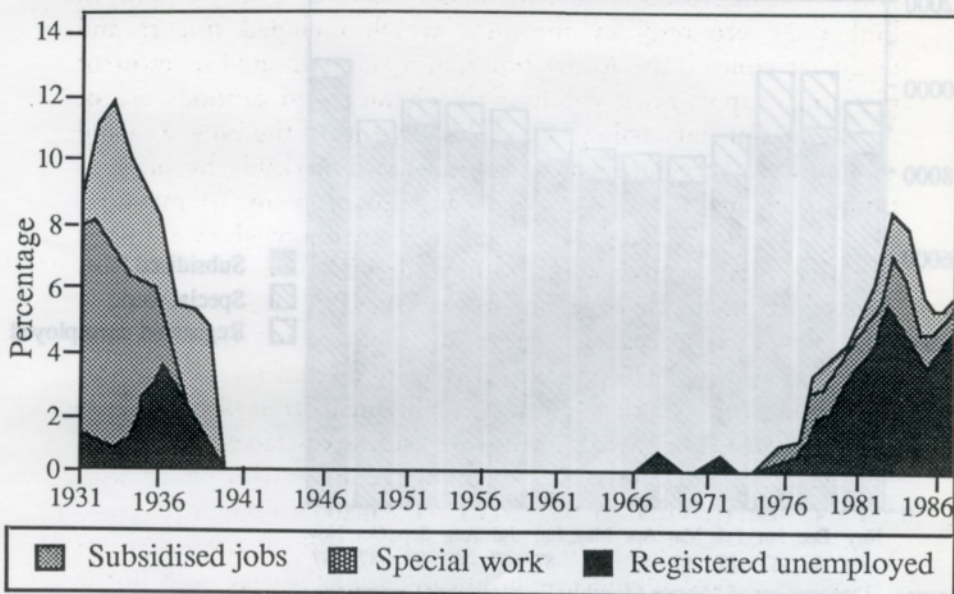
Recent New Zealand Policy

In New Zealand until the 1970s, the main focus of employment policy was macro-economic: the maintenance of a fully-employed high-wage economy by measures which included import and exchange control, the Arbitration Court, some limited investment planning, export-price stabilisation schemes, and cautious use of fiscal and monetary policy. The achievements of the New Zealand economy on the employment front were remarkable by international standards, even given the admitted problems of measurement. (New Zealand statistics of unemployed were less comprehensive in coverage than the figures in some overseas countries which made use of labour-force surveys). Figure 1 shows the two major episodes of mass unemployment this century (1930-1939 and 1976-present) as sharply discontinuous contrasts to the long-run experience of full employment from the 1939 outbreak of war to the impact of the 1975 terms-of-trade slump. During the 1950s and 1960s micro-economic employment policy dealt mainly with (a) the management of assisted immigration programmes to meet labour-market shortages, and (b) the system of award wages that maintained a non-inflationary wage path in the face of a tight labour market.

Under the conditions of the late 1970s and early 1980s, the traditional tools of economic policy proved unable in New Zealand, as elsewhere, to secure continued full employment. It remains an open question whether those tools, as deployed by the Muldoon administration, may nevertheless have contained unemployment in New Zealand below the levels which might otherwise have prevailed. Heavy overseas borrowing and a government-led investment drive in major infrastructural and industrial projects have historically been a familiar New Zealand policy response to faltering export-led growth, and some short-run boost to employment would be expected from such measures despite the well-known failures of planning associated with 'Think Big' projects.

It is of some interest to note the far greater proportion of registered unemployed in the current recession, as compared to the 1930s Depression experience. In the 1930s the Forbes-Coates government placed heavy reliance on special work schemes to support the unemployed, and registered unemployed never rose to 4 percent of the labour force, even after the first Labour government cut back the special work schemes and put unemployed men on the

FIGURE 1: Official unemployment figures, 1931-1987: percentages of total labour force

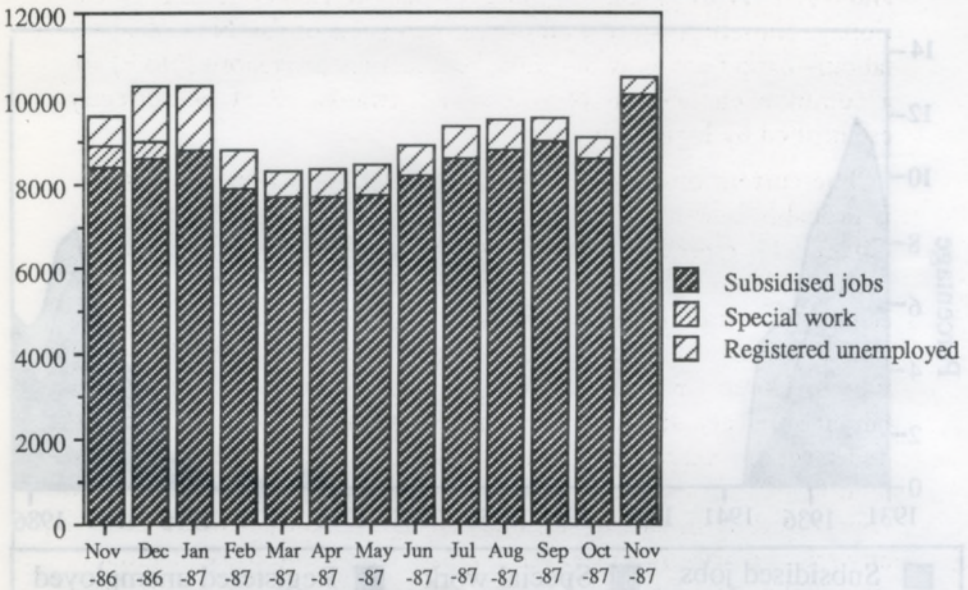


Source: Official Yearbooks and Department of Labour

dole instead. In the second half of the 1970s, the rapid expansion of unemployment in 1977-78 was initially split fairly evenly between registered unemployed and subsidised work schemes (Forer 1980, p. 33), but the subsequent increase fell almost entirely on the registered unemployed. The 1986-87 increase in unemployment has been accompanied by a phasing-out of special work and a cutback in subsidised private-sector jobs, leaving the graph now dominated by the registered unemployed (see Figure 2 below for the recent monthly figures). (In the current jargon, 'special work' means 100 percent subsidised work, largely with local authorities, while 'subsidised jobs' means partly subsidised work, largely in the private sector.)

In the face of rising unemployment, a number of 'active labour-market policy' measures have been tried in the period since 1975, particularly subsidised work schemes and job training programmes. The change of government in 1984 was accompanied by a sharp change of focus in the design of such schemes, from a concern mainly to keep people in jobs, to a desire to restructure the labour market and improve the level of vocational training. The shift

FIGURE 2: Unemployment by Category, November 1986-November 1987



Source: Department of Labour Monthly Employment Operations

from PEP (Project Employment Programme) to ACCESS epitomised the shift on goals.

‘Active labour-market policies’ as defined above have thus been a development of the past decade or so, and have often been designed by imitating schemes in other parts of the world. Running an eye down Wilensky’s checklist (Table 1) at least 9 of his 21 policies are easily identifiable in New Zealand since 1973. Nos 2 and 3—government employment and public works—were important until 1984 but have been abandoned as serious options since. No 4—subsidised private-sector work (in which we should probably include local-authority employment)—was epitomised in the Temporary Employment and PEP schemes of the 1970s and early 1980s, and remains in the form of the Job Opportunities programme. No 6—regional development—was pursued by the third Labour government of 1973–75. No 13—remedial training—is currently in vogue in the form of the ACCESS scheme. No 14—lowering the retirement age—was approximated in 1976 by making National Superannuation eligibility start at age 60. No 17—repatriation/emigration—has been implemented directly by expulsion of Pacific Island ‘guest-workers’ in 1975–76, and indirectly by

tacit governmental acceptance of (and even support for?) mass emigration to Australia in periods of labour-market slack such as 1979 and 1987. Nos 18 and 19, finally—labour exchanges and vocational counselling—are well established parts of the New Zealand labour-market scene. In addition, redundancy provisions (No 8) are a common element in New Zealand awards, albeit not directly established by legislation.

The current official stance on active labour-market intervention is probably best described as non-committal. The Treasury (1984 Chapter 11, especially pp. 245–247) mounted a sweeping attack on such policies, on familiar neoclassical/new classical grounds, conceding their usefulness only in redistributing jobs in favour of particularly disadvantaged workers. The Treasury identified 3 goals at which labour market programmes could aim: increasing the labour-intensity of production, increasing aggregate employment, and targeting assistance to disadvantaged workers in finding jobs. The first of these, the Treasury claimed, had been vitiated by the countervailing impact of subsidies on capital costs, which removed any relative price incentives to increase labour intensity of production. (The Treasury did not go on to consider whether this goal might be successfully pursued in a more consistent policy framework.)

The second goal—additional jobs—the Treasury claimed to be unattainable because of displacement of unsubsidised workers by subsidised ones. The Treasury pointed to Labour Department research on the Private Sector Additional Jobs Programme which showed that only 35 percent of the subsidised jobs would not have existed without the subsidy, asserted that since ‘this estimate is based only on first round effects’ it was ‘likely to overstate overall employment gains’, and concluded that ‘the primary effect of the programmes was to redistribute employment opportunities.’ (1984, p. 245). As with many aspects of the 1984 Treasury critique of existing policies, this view of labour market policies was very model-dependent—that is, it flowed more from the Treasury’s adherence to a particular set of *a priori* theoretical beliefs, than from a careful scrutiny of empirical evidence. Earlier in Chapter 11 the Treasury had committed itself to the view that unemployment was to be understood as an adjustment problem originating on the supply side of the labour market, and exacerbated by ‘rigidities’ such as occupationally based union coverage and award wages. It had suggested (p. 237) that unemployment had an inherent tendency to

fall back towards some natural rate, and had asserted (p. 241) that 'in the present circumstances it is clear that the unemployment problem cannot be addressed by engineering an expansion of demand'. It was only natural, therefore, for the Treasury to take it for granted that the second-round effects of wage subsidies must be negative rather than positive for economy-wide employment, and to focus on a zero-sum view of labour-market expenditure (Treasury 1984, p. 245):

Firms and public agencies using subsidised labour will produce goods and services which compete with other producers in the field and reduce the latter's employment opportunities. ... [E]ven though there may be some positive short-term employment response, the expansion of labour market programmes must eventually involve a reduction in other government expenditure, or increased taxation or borrowing from the private sector. Each of these displaces production and employment elsewhere in the economy. Alternatively, if the expansion of programmes is financed by accommodating monetary policies, the resulting domestic inflation will reduce New Zealand's competitiveness and employment in sectors exposed to international competition.

The third goal—targeting employment assistance to the disadvantaged—e.g., the long-term unemployed—emerged as the only policy approach the legitimacy of which the Treasury conceded. The criteria for evaluation followed naturally enough (p. 246): labour market programmes should be tightly targeted to clearly-deserving individuals, should be 'cost-efficient in reintegrating these people into the workforce', and should be 'consistent with flexibility in labour markets'.

The Treasury view does not seem to have been much criticised by other government departments such as the Department of Labour; indeed, the latter department's own economists seem to have shared the Treasury's view that the deadweight effects of subsidy programmes are so high as to make such policies unattractive. This presumably accounts for the virtual phasing-out of marginal wage subsidies in the past year, and the placing of very heavy emphasis on the ACCESS training programme. The Treasury view that government intervention merely shuffles people's places in the queue, and that the necessary and sufficient condition for a return to full employment is a fall in the real wage (Treasury 1984, pp. 239, 241–242, 246–247), seems to have won the day in government circles. (The strength of support in the overseas evaluation literature for the US residential-training Job Corps programme may also have influenced the switch to ACCESS.)

In early 1988, as unemployment continues to mount and as the overseas literature reveals supply-side explanations of mass unemployment in retreat, the New Zealand Government is thus rather ill prepared for any activist frontal assault on unemployment, despite growing political pressure over the issue. In this context, a re-reading of the existing literature on employment programmes, and a commitment to thorough empirical research on the New Zealand labour market, may be timely.

Preliminary Classification of Employment Programmes

Robertson (1986) has identified 4 'models of labour-market policy in advanced industrial democracies' in the matrix reproduced in Figure 3. He suggests that policy packages can usefully be classified in terms of underlying principles and degree of governmental activism. Robertson's 'principles' (1986, p. 278):

distinguish between 'liberal' strategy that explicitly aims to maintain or improve free market conditions, and a 'social democratic' strategy that aims at protection and equity for wage earners. Strategies premised on social democratic principles emphasize the importance of income and job security over the free market. Neo-liberal principles, by contrast, subordinate individual security and emphasize the values of free enterprise. Viewed another way, neo-liberal strategies embrace the free market and unregulated capitalism, while social democratic strategies manifest demands for protection from the effects of capitalism . . .

His 'means' category distinguishes on an ad hoc basis between governments which devote little, and those which devote much, effort and resources to their labour-market interventions. Robertson's two indicators of activism are, first, government expenditure on labour-market measures as a percentage of GDP (Gross Domestic Product); and second, the ratio of expenditure on 'active' measures (employment and training services) to 'passive' measures (transfer payments). As a rough rule of thumb, Robertson suggests that 'active' policy involves expenditure of more than 0.5 percent of GDP on active measures, together with a rising ratio of active to passive expenditures.

Obviously, the main rationale for the matrix was to provide a framework for discussing the strategic switch which took place in Britain with the election of the Thatcher government in 1979. In the 1970s, Robertson considers Britain to have pursued a 'guardian'

FIGURE 3: Robertson’s policy matrix

		Principles	
		Social-Democratic	Neo-Liberal
Means	Passive	Guardian (Britain, 1970s)	Business-centred (USA)
	Active	Egalitarian (Sweden)	Market-centred (Britain, 1980s)

Source: Robertson (1986) p. 278

strategy—one which ‘seeks to insure a job or surrogate income as a right of citizenship’ (1986, p. 278). In the 1980s the focus switched to a ‘market-centred’ model which:

combines neo-liberal goals with the active use of state power to remake the labour market. . . . A market-centred policy is indicated by policies that weaken existing protections for unions and wages, that reduce the availability and attractiveness of universal income maintenance programs and increase the attractiveness of work under any circumstances, and that increase business proprietorship of jobs programs. (Robertson 1986, pp. 279–280.)

As Robertson goes on to note (1986, p. 281):

Thatcherism in practice required a shift and not a reduction in the boundaries of the state. . . . The creation of free markets in late twentieth-century Britain required no small measure of active effort and state-enforced discipline.

Is Programme Evaluation Really a Good Idea?

While simple, Robertson’s matrix already identifies a problem in evaluating the costs and benefits of employment programmes. Any evaluation premised on his ‘social-democratic principles’ is apt to score ‘neo-liberal’ programmes low, and vice versa. In order to avoid getting lost in merely ideological confrontations, it may

therefore be helpful to take the evaluation in 2 steps: first to consider the effectiveness of particular programmes as means to the immediate ends being pursued; and secondly to consider the relationship of these immediate ends to the wider goals of human betterment. The first of these proves tractable; the second less so.

Wilensky (1985) directly draws attention to possible drawbacks of using cost-benefit evaluation techniques on employment programmes. By making the (often concentrated) costs transparent in a situation where benefits are diffuse, such evaluations may render even successful programmes politically vulnerable. Wilensky (1985, p. 3) notes that in the United States 'the Job Corps is among several programs whose budgets declined while evidence of their success piled up', and he accounts for this by 'Wilensky's Law' (1985, p. 9): 'the more evaluation, the less program development; the more demonstration projects, the less follow-through'. With evident approval, he recounts that 'an early head of the Swedish Labor Market Board said, when confronted with the suggestion that he undertake extensive program evaluation, 'No, let's get something done instead' (Wilensky 1985, p. 14).

A second point made by Wilensky follows closely from the first: project evaluation techniques are by their very nature piecemeal, taking the particular project in isolation from its wider political context, even when sophisticated attempts are then made to account for various 'social' costs and benefits. He notes (1985, p. 8) that:

Haveeman and Saks are struck with the contrast between the American penchant for careful evaluation research and the European habit of acting on many fronts without much systematic assessment of outcomes. . . . 'Good evaluation research can save good programs as well as destroy bad ones', they say. . . . Agreed. But that formulation is a bit over-rationalistic. In my view, the character of evaluation research and its effect on labor market policy (or public policy generally) depend upon the context in which it is financed and used: fragmented and decentralised political economies such as the United States foster isolated, single-issue research, typically focussed on short-run effects and used for political ammunition rather than policy planning; more 'corporatist' systems such as those of Sweden, Norway, Austria, and perhaps Germany foster dialogue between researchers, bureaucrats, and politicians in which a wider range of issues are connected, longer-range effects are more often considered, and research findings are more often used for policy planning and implementation as well as budget justification. Larger contexts for bargaining—especially among labor, management, and government —

mean larger contexts for policy analysis, with or without rigorous evaluation research.

The point is well made, and echoes comments in a somewhat different context by Sinfield, who, having pointed out the difficulty of actually measuring the social costs of unemployment, goes on to note that the impact of unemployment on the unemployed 'is very much influenced by the way in which the rest of society responds to the problem'. (Sinfield 1984, p. 39.) He goes on to note that (1984, p. 39):

The response of government does much to create the public climate in which the problems of the unemployed are viewed. What priority it gives to preventing any increase in the numbers out of work and what measures it brings in or expands to help those already unemployed and the others suffering from the impact of the recession are clearly extremely important. The adoption of policies to promote demand or respond to technological change encourages a very different perception of the causation of unemployment, and so the merits and needs of the unemployed, from policies aiming to reduce public expenditure, or contain it, and bring down real wages by reinforcing the incentive to seek work.

A government wishing to gain support for the first strategy may emphasize the social costs of unemployment and the need to help people out of work through no fault of their own. The second strategy is more likely to link reductions in benefit and tighter controls on its receipt with tacit or even explicit support for the view that much unemployment is voluntary or self-induced . . .

In this setting, a preoccupation with detailed programme evaluation may go hand-in-hand with 'supply-side' explanations for the existence of unemployment, which in turn create a climate in which the costs of unemployment are greater than they would otherwise have been (and the potential benefits from employment programmes consequently greater also) but in which the probability of success for such programmes may be less. Preoccupation with detailed costs and benefits of particular programmes follows naturally from the view that society (or at least, taxpayers) are being forced to divert scarce resources from alternative uses, in order to make up for the failure of the unemployed properly to prepare themselves to participate successfully in the job search process. The onus of proof is placed on any proposed programme and its sponsors.

Governments which adhere to a different conception of the origins of unemployment, and/or accept a duty to ensure for all citizens the right to work (or at least participate fully in economic

life), are less likely to undertake detailed evaluation of particular programmes: first, because those individual programmes are usually part of a complex and integrated package including macro as well as micro policy elements (which undercuts the partial-equilibrium assumptions on which most cost-benefit techniques rely); and second, because the commitment to active labour-market policies is undertaken as a social duty, not on the basis of a purely economic calculus. In such a context, a large part of the perceived pay-off from labour-market activism is political and ideological—the maintenance and reinforcement of a climate of opinion which protects the unemployed from relegation to second-class citizen status, and which affirms the community's continuing concern for their welfare and participation in economic life. This creation of a political environment is quite intractable for the cost-benefit practitioner.

As Henning and Richardson (1984, pp. 4–5) have remarked:

... one might argue that the unemployment problem particularly demands placebo policies because it is especially difficult to solve in reality. ...

The same point is made in Moon and Richardson (1985, p. 182):

The direct responses to unemployment are rather like placebos, possibly having no long-term curative properties but performing the essential function of enabling the patient to come to terms with what could turn out to be an incurable disease.

Whether or not the national government conveys a sense of powerlessness in the face of unemployment will obviously affect public attitudes and morale. (Sweden, for example, appears to have done a good deal to maintain morale and commitment to social-democratic ideals by 'carrying' its unemployed in public-sector jobs or on forms of support that are not identified as unemployment benefit.)

In the hands of those who see unemployment as a Keynesian rather than a supply-side phenomenon, cost-benefit ideas tend to be deployed (if at all) in a way somewhat different from the detailed evaluations criticised by Wilensky (above). Rather than evaluating the impact of employment programmes *per se*, the approach is to estimate the costs of unemployment, and thus make a compelling case for committing substantial resources to ameliorating it, whether by macro management, 'passive' income transfers, or 'active labour-market policies'. In the United States this line of argument was associated with the Joint Economic Committee of Congress, especially in the 1970s and early 1980s (see below). In

the context of the Organisation for Economic Co-operation and Development (OECD) the argument is epitomised by Sørensen (1984) and is assailed in the same OECD symposium (on the grounds of the assumptions about the actual causes of unemployment) by Byatt (1984), who reasonably enough points out that the costs of unemployment *per se* are relevant only insofar as they are avoidable—that is, insofar as we can be confident that effective policies to reduce unemployment exist.

The most recent round in the ongoing debate in the United States over the usefulness of cost-benefit evaluation of employment programmes has brought to light the remarkable case of the Youth Employment and Demonstration Projects Act 1978 (YEDPA). Under this Act some \$8 billion was spent from 1977 to 1981, of which no less than \$500 million was earmarked for research into the effectiveness of the scheme (Briggs 1987, p. 138). This, the largest research undertaking ever attempted by the United States Department of Labor, resulted in the completion of 428 separate studies, many by independent consultants hired for the purpose. Of these studies, only 28 exhibited sufficient 'scientific merit' to be included in the extensive post-mortem report by Hollister, *et al.* (National Research Council 1985; Hollister 1987, p. 143), which in the end reached agnostic conclusions on the key question of whether the scheme's expenditures had achieved anything.

Criticising this exercise, Briggs comments (1987, p. 137):

Over its brief life . . . YEDPA served both as a massive delivery system for new programs and as an extensive social laboratory for social experimentation. As such, an assessment of its activities and accomplishments must inevitably become intertwined with the suspicions that exist between those primarily interested in meeting needs and those largely concerned with evaluating the effectiveness of these ventures. These two groups have been cast into the same arena as the result of the congressional tendency to link public funding for social experiments with the requirement that they be evaluated to see if promises are consistent with performance.

If it were simply a matter of implementing programs and then attempting to assess their results, there would be little room for disagreement. But, increasingly, the credo is developing that the design of the programs must be such that it facilitates the evaluation process. In a phrase, the tail is attempting to wag the dog . . . Unlike all other major industrial nations, which have been content to initiate labor market interventions and be satisfied with the intuitive belief that what seems logical to do must be so, the United States has taken the opposite tack. Policy interventions must prove themselves before they can be deemed worthy.

Public policy makers have been mesmerized by the claims of many social scientists that they actually know how to assess the effectiveness of policy interventions if only given the opportunity . . . Congress has bitten at the bait and a political corollary has evolved that any hesitancy in endorsing efforts to evaluate a program implies somehow that someone has something to fear.

Hollister, in reply, claimed that 'what seems logical to do' is not always productive in fact, and cited the familiar claim that additional resources devoted to education have not been shown to produce results in terms of improved education status (Hollister 1987, p. 141; on the education literature see Hamishek 1986). (Whether education is a useful parallel to the labour market is unclear, and Hollister does not attempt to establish this.) Many other writers (e.g., Casey and Bruche 1985, p. 55) have agreed that evaluation research has been the rule in the United States but the exception in other countries, and have pointed to the risks as well as benefits of relying upon political judgement rather than systematically-designed social research. Haveman and Saks (1985, p. 36) concluded that:

In lurching from one direction to another, the United States has developed some high-quality programs and many low-quality programs. It has also assembled a fair set of careful evaluation results. European policy has been more stable, less experimental, more professional. However, the outcomes have not been evaluated and the overall appraisal is less conclusive. What is needed now is a merger of these approaches.

The above discussion, then, points to a continuing role for cost-effectiveness and (to a lesser extent) cost-benefit analysis as a useful tool to guide policymakers, especially when choices can be made among alternative specific courses of action directed to the chosen goal. The point is, though, that too much should not be expected of such analysis. The assumptions and procedures which are needed to render cost-benefit analysis operational are potentially subversive of the social-democratic frame of mind, and potentially supportive of the neo-liberal frame. The first of these sees single projects as organic parts in a larger whole, the success or failure of which is to be judged ultimately by the general state of the world attained. The second regards particular projects as individual entities, each of which must pass a success-or-failure test in order to qualify for inclusion in the overall policy stance, which itself is no more than an aggregation of 'successful' programmes.

Cost-benefit analysis of employment programmes undertaken from a social-democrat perspective, in particular, tends to include a

much wider variety of non-quantifiable elements, with the result that no conclusive numerical answer is likely to be attainable. The technique may render policy choices more transparent, but ultimately it cannot substitute for the exercise of political judgement.

Some Recent Overseas Programme Evaluation Results

As has already been noted, the bulk of the programme evaluation literature relates to experience in the United States, where there has been a great range of employment programmes and plenty of research funding for would-be evaluators. The findings are far from uniform, leading to the rather unhelpful result that some programmes yield net benefits for their target groups and some programmes do not. There are, however, some pointers. The Job Corps, for example, is generally agreed to have passed the cost-benefit test with flying colours (see, e.g., Long, *et al.*, 1981; Wilensky 1985, pp. 12–13; Committee on Government Operations 1985; Mallar, *et al.*, 1982; Hollister 1986, pp. 42–47). Hollister comments (1987, p. 143):

Ever since its inception in the 1960s, the Job Corps has continuously been under attack as a very expensive training program for disadvantaged youth. ('We could send a kid to Harvard for that amount.') Each Congress has had to deal with attempts of various parties to terminate this program, but these efforts have been regularly turned back in part because supporters of the Job Corps were able to point to well-substantiated findings from evaluation efforts that indicated that the social benefits from the program considerably outweighed the costs.

In contrast, the YEDSA evaluations described earlier yielded inconclusive findings, neither endorsing nor condemning the scheme (National Research Council 1985).

Dickinson, *et al.*, (1987) asked whether programmes under the Comprehensive Employment and Training Act 1973 (CETA) had raised or lowered the long-run earnings of programme participants. A series of previous evaluations of CETA had concluded that there were positive benefits for women but uncertain effects for men, on the basis mainly of Social Security Administration data which showed the level of money earnings but not the number of weeks worked per year or the stability of employment found by participants after leaving their programme. By using interview techniques and matching their sample with a control group, Dickinson, *et al.*, confirmed the previous finding that women benefited from

CETA (mainly through securing more, and more stable, work), but came up with significant negative effects for men. Men who had passed through CETA programmes were less successful in obtaining stable employment at good wages than similar men who had not been through CETA. No clear explanation emerged; Dickinson, *et al.*, speculate that CETA may have interrupted other more effective male strategies for career development. One obvious point is the similarity between the CETA evaluation results and the well established stylised fact that 'female labor supply . . . is considerably more wage and property income elastic than male labor supply' (Killingsworth 1983, p. 432), and the common explanation of this observation in terms of the rising participation rate of women in recent decades. A group (women) which is engaged in colonizing new niches in the labour market may well be able to make more constructive use of CETA-type programmes than a group (men) which has stable or falling participation rates.

Casey and Bruche (1985), in a wide-ranging survey of European and United States programmes, reached conclusions which seem to be the present conventional wisdom on supply-side labour market activism. Job-maintenance schemes (such as work-sharing, reduced working weeks, early retirement or repatriation) make sense, they claim, only as short-run buffers in the face of crises which are expected to pass quickly. From a longer-run perspective such programmes may hinder needed structural changes, and may lead to heavy future losses of potential production if the prematurely retired or repatriated workers withdraw permanently from productive activity (Casey and Bruche 1985, p. 56).

Marginal wage-subsidy programmes, while theoretically attractive, are widely considered to have generated large 'windfalls' for employers as the counterpart of relatively modest expansion in actual employment offered. Casey and Bruche (1985, pp. 42-43) cite a number of studies from the late 1970s and early 1980s as showing that in both the United States and Europe, only about 10 percent of subsidised jobs were actually attributable to the existence of the subsidies. The highest estimate they find is 25 percent for the German job-subsidy scheme of 1974-75, which figure they compare to 'the approximately 45 percent 'net employment effect' estimated to have been necessary for that particular program to have been fiscally neutral' (Casey and Bruche 1985, p. 43). Similarly, youth employment programmes involving subsidies 'have tended to displace traditional 'entry' jobs, thereby substantially

reducing their net employment effect' (Casey and Bruche 1985, p. 48). The major problem with this part of Casey and Bruche's survey is that they were either lazy, or selective, in their gathering of research results on windfall effects. While it is certainly possible to locate studies of schemes which generated only 1 genuinely new job for every 10 subsidised, there are other case studies with figures as high as 70 percent, and a wide-ranging survey of OECD government schemes was available in OECD (1982) (which Casey and Bruche seem to have overlooked, despite its inclusion in their bibliography).

Casey and Bruche therefore came to a general view in favour of job training schemes rather than wage subsidies, combined with measures to smooth the transition from school to work (Casey and Bruche 1985, p. 57). They note (p. 55) the onset of a new 'realism' in OECD commentaries regarding the likely achievements of active labour market policies, but they concede (p. 56) that:

active labor market policy also serves symbolic purposes, enabling governments to demonstrate a response to politically unacceptable levels of joblessness.

Burtless (1985) reports on one of the few systematic controlled experiments undertaken to date on an employment programme. The experiment was conducted by the United States Department of Labor, in association with the consultancy firm Mathematica Policy Research, in Dayton, Ohio, in 1980–81. The expense of this programme (a common feature of experiment-type evaluations) led to its premature cancellation by the Reagan administration in mid-1981, so that its findings were incomplete, and the work experience of scheme participants was not not traced through time as had been intended. The experiment nevertheless produced 1 striking result on the viability of voucher-based subsidised-job programmes in the climate of early-1980s United States. The issue was the effectiveness of Federal marginal-wage-subsidy programmes in creating jobs. The finding was that 'workers known to be eligible for targeted wage subsidies were significantly less likely to find jobs than were otherwise identical workers whose eligibility for subsidies was not advertised.' (Burtless 1985, p. 106). The subsidies on offer were substantial—50 percent of the wage bill in the first year and 25 percent in the second year, payable either as a tax credit or as a cash rebate.

Burtless describes the significance of this result as follows (1985, pp. 112–113):

An implication is that employers used the vouchers to discriminate against target-group workers . . . This result is consistent with the hypothesis that employers used vouchers primarily as a labor market signal indicating potentially poor job performance . . . The same document that described the government's offer to pay up to one-half of the applicant's first-year wages and one-quarter of his or her second-year wages also informed employers that the applicant was a welfare recipient. Although the vouchered worker was offered at a steep discount, employers appeared to interpret the voucher as implying 'damaged goods'. . . [S]ome participants in the experimental voucher plans reportedly refused to use their vouchers out of fear the vouchers would have a stigmatizing effect. The results imply that this fear was justified.

Burtless notes that in addition to the low acceptability of vouchered workers, only a small proportion of the vouchers accepted by employers were actually cashed. He points to previous evidence of low take-up rates of targeted wage subsidies such as the JOBS (Job Opportunities in the Business Sector), WIN (Work Incentive Program) and TJTC (Targeted Jobs Tax Credit) schemes of c., 1970, 1971, and 1978 respectively. He remarks that (1985, p. 106):

Faith in wage subsidies is based on the belief that employers must find the offer of subsidised workers irresistible. This faith is difficult to reconcile with the low take-up rates that have historically plagued targeted subsidy programs. Only a small fraction of potentially subsidized job seekers typically finds employment under these programs; in fact, many more job seekers find work with employers who do not bother to file for subsidy payments

The apparent unpopularity of subsidies among employers is often attributed to ignorance of the programs, high costs of participation, or fear of paperwork burden.

Woodbury and Spiegelman (1987) similarly found low levels of uptake by both employers and workers, even for a scheme which successfully reduced the net cost of unemployment insurance payouts by offering financial inducements, to both unemployed individuals and employers, for the latter to hire the former.

The Dayton experiment, however, draws attention to the obvious point that job applicants are not a homogeneous group, and that employers are likely to be more interested in securing reliable and productive workers, than in receiving monetary assistance in meeting their wage bill. From this it probably follows that marginal wage subsidies need to be tied to jobs, or to general categories of worker, rather than to individual workers, if they are to be effective in expanding employment. It is 'stock-subsidy' programmes of

this 'untied' variety that have been the subject of the macro-econometric debate in Britain (Layard and Nickell 1980, 1983; Whitley and Wilson 1983; Turner, *et al.*, 1987).

Haveman and Saks (1985) argue in favour of marginal job subsidies (in contrast to Casey and Bruche's paper in the same symposium) but otherwise strike much the same themes (p. 35):

Lessons regarding the effective design of employment and training programs have come from both sides of the Atlantic. These lessons are complex, reflecting the fact that good policy requires appropriate matches of programs and problems and the creation of effective institutions to deliver such programs. . . .

Are any generalizations possible? First, it appears that both good evaluations and good institutions form necessary elements of the best employment and training policies, though we rarely see their confluence. Second, intensive residential training for distressed youth seems to be an effective strategy. Third, general and vocational training and job search assistance for poor women entering or re-entering the labor market as adults also seem effective. Fourth, no set of programs works well for seriously disadvantaged adult males, but those that might have been effective have not been well-evaluated. Fifth, marginal employment subsidies with simple structures, outreach efforts, and minimal interference appear to be a cost-effective active labor market policy to reduce counter-cyclical unemployment. Sixth, all interventions increase their effectiveness if accompanied by strong growth in effective demand in the economy. Seventh, in a period of long-term labor market slack, intensive programs combined with targeted reductions in labor supply and measures to increase labor market mobility appear to have substantial potential. Eighth, careful program coordination with full participation in policy decisions by unions, employees [sic] and government policymakers forms a desirable institutional arrangement if it can be achieved. Ninth, explicit work-sharing arrangements appear to have substantial adjustment costs and tend to be difficult to revise when once put into place. Tenth, if programs are to be targeted on industries, they will be better and there will be less chance of money being wasted on them if the industrial beneficiaries ultimately have to pay for them.

Stretton (1984) presents an analysis of survey data on 1,500 participants in youth employment and training programs in Australia in 1981. Five programmes were covered. Four of these involved on-the-job training, organised either by hiring long-term unemployed youth into Commonwealth jobs, or by subsidising employers to hire unemployed youth and 'train the young person up to the standard required by the vacancy' (1984, p. 77). The remaining programme, EPUY (Education Program for Unemployed Youth),

involved course training followed by job search. There was no control group in the survey; consequently the multiple-regression analysis was used mainly to test the relative effectiveness of the five programmes. The job-based programmes turned out to be more successful than the course-based programme in raising the probability of an individual's being in full-time employment 6 months after completing the programme. The main reason appeared to be the advantages conferred on individuals seeking jobs from a situation where they were already in employment, both because of the chance of being retained by the trainer-employer after the subsidy was withdrawn, and because of the general observation that already employed job seekers tend to have a better success rate than unemployed ones. This appears to provide a strong argument for marginal employment subsidies. On the other hand, the content and quality of the actual training provided appeared to be higher in the course-based programme, illustrating a lack of fit between the specific skills possessed by job seekers and their probability of securing a job.

The study did not address the issue of whether the improved employment prospects of scheme participants were secured at the expense of other, competing job seekers, or represented a net gain to aggregate employment.

A recent alternative style of evaluation of employment programmes relies on simulations using macro-econometric models. In the past five years a series of studies of this kind have been conducted for the United Kingdom economy, and have been related to proposals such as that of Layard (1986) for the careful targeting of employment-creating programmes. An example of this work is Turner *et al.* (1987), which used the British Treasury and London Business School models to simulate the comparative effects of a general increase in government spending and targeted employment measures. The simulation results support the view that employment measures targeted at the long-term unemployed have lower impacts on inflation, real wages, and the government's deficit (Public Sector Borrowing Requirement (PBSR)) for each job created than does an increase in general government expenditure. These results are, however, obtained by imposing on the models assumptions about several key relationships—for example, the view that measures targeted at the long-term unemployed will leave the economy-wide real wage unaffected. The models disagree on the issue of whether targeted employment measures are fiscally

self-financing—the London Business School model showed a net reduction in the PSBR starting in the fourth year after introduction of targeted employment measures, while the Treasury model showed an increase in the PSBR for all packages tested over the full 5-year period of the runs.

Recent New Zealand Evaluations

There has been a limited amount of evaluation done of New Zealand employment programmes. The most systematic set of studies to date appears to be the 7 prepared by or for the Department of Labour in 1984–85 (Employment Promotion Conference 1985). All of these were in effect cost-effectiveness studies; as the 'Introduction' noted:

. . . each study was undertaken to examine specific issues of current interest to policy makers. . . . [N]one of the studies intended to be a comprehensive evaluation of any particular programme.

The first of the 7, on the Project Employment Programme (Gray and Neale 1984) reported on a sequence of cross-section interview surveys of a sample of scheme participants and employers, with interviews conducted early in the PEP placement, then at the end of the placement, and finally 3 months after the end of placement. There was no control group, and the study's conclusions were agnostic: 'Overall we are left with an unclear picture of what the PEP scheme achieves for its participants' (Gray and Neale 1984, p. 84). The main contribution of the survey results was descriptive—identifying which types of individuals participated in the scheme, and tracking the determinants of relative success in finding permanent jobs after scheme participation. Participants and employers were supportive of the scheme, mainly on the short-run grounds of giving otherwise-unemployed individuals something to do, and getting jobs done that would otherwise not have been done, respectively.

In terms of wider evaluation issues, 2 significant points which did emerge from this study were signs of a low 'deadweight' or 'windfall' ratio, and some evidence that temporary job placement could prevent the qualitative transition of individuals from short-term to long-term unemployed. On the first of these, Gray and Neale reported (1984, p. 55) that:

Half [of the employers interviewed] could not have got the job done any other way; this was true for 7 out of 10 Wellington employers. A quarter

were getting extra work done and 1 in 8 would have managed some of the work some other way.

In comparison with the European 'deadweight' estimates of over 75 percent cited by Casey and Bruche (above) and even the 60 percent ratio found by Layard (1979) for the Small Firms Employment Subsidy in the United Kingdom (see below), the implied 30-50 percent deadweight element in the Wellington area PEP scheme shows up very favourably (similar figures do occur in some overseas studies). Undoubtedly the restricted (and generally marginal) nature of the work made available under the scheme contributed to this result, and would have meant low displacement of unsubsidised workers. (Forer (1980) makes similar comments on the 1970s Temporary Employment Scheme.)

The second finding, that 'those who had been unemployed a shorter period of time were more likely to find permanent work, suggesting that intervention at an early stage to maintain work habits and job skills does pay off' (Gray and Neale 1984, p. 85), cannot be given much statistical weight in the absence of a control group, but does point to an important possible line of defence for PEP-type programmes (see below for a discussion of the 'hysteresis' issue).

Thus, while PEP does not seem to have done much for the longer-run employment prospects or work orientation of participants, it probably yielded net benefits for employers and workers. Gray and Neale make no attempt to assess the ratio between these benefits and the cost of the scheme to taxpayers in general.

The second scheme covered by the 1984 studies was the Work Skill Development Programme (Training Policy Division 1984). The aim was to 'assess the effectiveness of the programme in meeting its prime objective of providing training and work experience to assist participants to move into employment' (Training Policy Division 1984, p. 92). The sample was confined to scheme participants (there was no control group) and relied on participants' ability to assess for themselves the effectiveness of the scheme. The response rate was low and the sample was not random. The value of the information was therefore really descriptive, and the study became in effect an efficiency audit of the training process itself, and not an evaluation of its effects. The main point to emerge about effectiveness seems to have been a conflict of views between staff and trainees on the ideal length of training (p. 104). Staff argued for longer training periods, whereas trainees found much of

the subject material unhelpful and 15 percent left the scheme 'because they had been there too long or their time was up' (p. 102).

The third of the 1984 studies covered the STEPS (School-leavers' Training and Employment Preparation Scheme) (Training Policy Division 1985a). For this study, a sample of 392 current participants and 413 ex-participants was drawn, and over 90 percent responded. There was no control group 'because of the undesirability of denying people access to a training programme' (p. 143), and the focus of the questionnaire was on participants' own perceptions of the benefits of the scheme. Generally the responses were supportive, but provided no quantification of either the costs or the benefits of the scheme. In effect this survey amounted to a vote of confidence rather than a cost-effectiveness evaluation.

Much the same comment applies to the companion study of the Young Persons Training Programme (YPTP) (Training Policy Division 1985b), although this survey made a slightly more serious attempt to determine whether participation in the scheme raised the probability of finding a permanent job. The approach was impressionistic, however: trainees, employers and vocational guidance counsellors were asked whether they felt the scheme improved employment prospects. Employers and counsellors generally felt that ex-trainees were more job-ready (p. 157) and the study claimed that 'the job placement rate of ex-trainees . . . was higher than expected from previous statistics on job placement of YPTP trainees' (p. 148). Similarly, 81 percent of trainees felt that the scheme had helped them get a job (though only 57 percent thought the training itself was useful) (p. 156).

More systematic and tightly focused was the review of subsidised private-sector employment schemes (Employment Policy Division 1984a), which clearly based its design on overseas (particularly OECD) findings on displacement and deadweight effects. Data was obtained from files on scheme participants, and from a sample survey of employers. Only anecdotal material on displacement was obtained, and the key finding of the survey was therefore in the area of 'additionality' (i.e., the extent of deadweight or windfall effects). Thirty-five percent of the employers surveyed indicated that a new job had been created as a result of the subsidy, and a further 6 percent stated that a new job was created initially but later withdrawn. Roughly 60 percent of the subsidies were therefore

windfalls to employers. There was also strong evidence (p. 175) that the availability of subsidies led employers to bring forward their recruitment of extra workers. The study commented that (p. 175):

The ratio of 'true' jobs created . . . is generally in line with overseas research findings. Reference 'OECD—Marginal Employment Subsidies 1982.'

The OECD survey is discussed, and its data on windfall ratios summarised, below. A 41 percent ratio of initial job creation and a 35 percent rate of sustained job creation are indeed roughly median figures in relation to the OECD findings—but it should be noted that the spread of the OECD estimates of net incremental job creation from subsidies was extremely wide—from under 10 percent to over 70 percent—which makes it difficult to speak of any 'typical' overseas research result. The impression from the OECD data is that the only firm conclusion is that subsidies do have some effect on total employment. How much seems to depend critically on scheme design and the local economic environment.

Indirect displacement and other economy-wide effects were not tackled by the Employment Policy Division study, and cost-effectiveness was addressed only in the form of a question asking employers whether the level of subsidy was too high, too low, or 'about right'. (Most employers thought it about right.)

The Employment Policy Division also conducted studies of public sector employers of PEP workers (1985) and of the long-term unemployed (1984b). The first study was based on a small (13 percent) sample of PEP workers in September 1984 and was merely an exploratory exercise to determine what types of work were being offered under PEP.

The second was a major exercise comparing statistical characteristics of a sample of the registered long-term unemployed with data for the population as a whole. Data came both from registration cards and from interviews with a sub-sample of long-term unemployed. The central findings were that the 3 key characteristics predisposing individuals towards becoming long-term unemployed were low skill, low educational qualifications, and being aged 30–59 (in contrast to the unemployed in general, 58 percent of whom were under 24) (p. 225). The fact of being long-term unemployed clearly lowered the probability of re-employment, and the study concluded (p. 228) that 'Unemployment appears to be progressive in its effect on the individual—the longer a person is

unemployed, the less the likelihood of leaving the register' due to loss of confidence and skills.

Design of Evaluation Studies

'Evaluation' means different things to different people, and this is reflected in the variety of questions asked in the evaluation literature. Some studies have sought to determine whether employment programmes such as training or job creation have benefited the individuals participating in the programmes—e.g., by raising their average earnings, or improving the quality or stability of work they are able to secure. Others have been concerned with the question of 'fiscal neutrality'—whether the gains to the government's budget from reduced unemployment benefits, and lower expenditures in other areas indirectly affected by alleviation of unemployment, suffice to outweigh the direct financial costs of running the programmes. Others have sought a balance of social costs and benefits, widely defined. Still others have been concerned with the macro-economic issue of whether there is a 'natural rate of unemployment' or 'NAIRU' (non-accelerating-inflation-rate of unemployment) which is impervious to labour-market intervention.

The 1982 OECD survey of marginal employment subsidy programmes commented (OECD 1982, p. 9):

There are basically two employment objectives at which marginal employment subsidies can be aimed: a counter-cyclical one of increasing or protecting aggregate employment during a recession, and a structural one of promoting more equal access to employment opportunities and improving the functioning of the labour market. The great majority of countries have adopted subsidy schemes which represent a mixture of anticyclical and structural elements. This double policy objective has considerably complicated and blurred the discussion on the possible and actual impact of these schemes and their evaluation. For the sake of clarity . . . it is useful to make a distinction between the two objectives and to discuss the potential employment impact of anticyclical and structural subsidy schemes separately.

The OECD then goes on to describe the design and impact of marginal subsidies aimed at the aggregate employment target in terms very similar to the discussion of Layard and Nickell (1980), emphasizing the superiority of marginal 'stock' subsidies to expanding firms (that is, subsidies paid on increases in the number of employees, without specifying exactly which individuals are employed) over redundancy-deferring schemes to retain employment in declining sectors.

For the pursuit of structural objectives, the OECD favoured a 'targeted recruitment subsidy' (1982, p. 11) which is targeted to particular workers rather than to jobs as such. Possible problems—displacement of non-subsidised workers and 'churning' (turnover of subsidised workers as their subsidies expire)—are recognised but considered not to be critical.

This neat distinction between clearly specified alternative objectives would be appropriate in circumstances where governments faced either a purely macro-economic unemployment problem with no structural difficulties, or purely structural unemployment with no macro-economic demand deficiency. In most real-world cases, the objectives of employment problems are multiple because aggregate and structural problems present themselves in tandem rather than separately. Indeed, the rationale for using marginal stock subsidies to lower unemployment in an economy with no structural constraints in the labour market is hard to establish, since such an economy would be relatively easy to reflate with, say, tax cuts, rather than an active employment policy. (Cf. the debate amongst Layard and Nickell 1980, 1983; Whitley, *et al.*, 1983; Turner, *et al.*, 1987.) Indeed, in the same OECD volume from which the above quotation was drawn, Haveman (1982, pp. 26–29) quickly returns to discussing aggregate employment and structural problems as a joint issue.

The proposition that policies are best designed to mount simultaneous, rather than separate, assaults on macro-economic and structural fronts has recently been stated forcefully by Layard (1986) in a book which argues for a package comprising targeted marginal subsidies, training programmes aimed at labour-market bottlenecks, incomes policy using penal taxes targeted at above-award wage settlements, and management of the exchange rate to avoid inflationary pressures from import prices. This package is designed explicitly to act as a substitute for general fiscal/monetary reflation in a setting where untargeted expansionary policies are considered to carry an unacceptably high inflation risk. Layard's view is that carefully targeted subsidies and training may be able to mop up the long-term unemployed without producing the sort of labour-market 'tightness' associated with inflationary wage claims.

The relevance of the above points for evaluation design lies in the fact that any supposedly 'structural' measures which succeed on a large enough scale to make a visible dent in the unemployment

problem must be expected to have some macro-economic consequences, which should not be ignored by evaluators. Similarly, aggregate policies which succeed are likely to have structural effects. The neat matching of 'instruments' and 'targets' for which the OECD (1982) seemed to be searching is therefore especially difficult, and quite possibly misguided, in the labour-market context.

At all levels of analysis, there is perennial and inescapable tension between purely quantitative analysis (which is of necessity restricted to those costs and benefits which can be measured in terms of financial equivalents) and qualitative or descriptive analysis, which gives weight to intangible but important matters such as the general climate of opinion, expectations, business confidence, individual morale, and the like. Many studies have commented on the probability that unemployment has higher costs for individuals in periods of severe recession than in periods of relative prosperity, because of the general weakening of support networks and lessening of social tolerance during recessions. However, it is precisely in severe recessions that policymakers are most likely to doubt the effectiveness of employment programmes, and that fiscal stringency is most likely to cut their budgets.

A number of works appeared during the early 1970s on the application of cost-benefit and other economic techniques to the evaluation of labour-market intervention. Typical examples are Hardin and Borus (1971), Hamermesh (1971), and Barsby (1972).

Hardin and Borus (1971) report on an ambitious research programme conducted in Michigan during the 1960s on the effects of the Manpower Development and Training Act (MDTA) of 1962. The procedure was a sample interview survey of programme participants and a matching control group. The 3 'criteria of economic success' were:

... the effects of training on (1) national product, (2) disposable income of trainees, and (3) government outlays and receipts . . .

Hardin and Borus 1971, p. 11

And they sought also 'to estimate the variations in impact associated with various course, trainee and labor market characteristics' (1971, p. 12). They found that participation in training programmes was effective in raising participants' average earnings, but that the gain from training decreased with the length of the course (i.e., short courses had a bigger pay-off for participants than longer ones) (Hardin and Borus 1971, Chapter 4). Taking into account

the reductions in unemployment benefit, welfare payments, net earnings foregone during the course, and allowances paid to trainees, they found that during the course period trainees enjoyed higher disposable incomes but unemployment and welfare benefits were reduced. (Chapters 5–8). Taking account further of the costs of running the courses (Chapters 9 and 10) and of increased tax revenues from higher incomes of trainees (Chapter 11), Hardin and Borus were able to estimate the private net benefit from participating in a training programme (\$889 per participant—1971, p. 160) and the impact of the programmes on the government budget (negative for longer courses, since initial outlays on the training were not recouped from later gains in net revenue; positive for short courses—1971, pp. 182–184). Not surprisingly, Hardin and Borus concluded that the programme should be redesigned away from long-duration training, and toward short courses, albeit they recognised the need for more research into the reasons for their correlations on the effects of course length.

This leaves, of course, their first issue of the effects on national product. Here Hardin and Borus record a situation which has remained little changed in the subsequent two decades of research (1971, p. 18):

... we were unable to devise a research design which permitted us to measure directly the annual national product gained after training or the trainee output lost during training. Instead, the national product effects were assessed by inference from the estimated effects of training upon trainee earnings.

That is, if trainees were made better-off, it was assumed that the nation as a whole was made better-off. Hardin and Borus recognised that this raised a host of issues relating to the displacement of other workers, relaxation or tightening of specific labour-market bottlenecks, changes in productivity, allowance for unemployment disequilibrium, and wider effects on crime and health. Their brief discussion of these matters concludes (1971, p. 19):

These external economic benefits and costs may be very important, but they are also very difficult to measure. We reluctantly disregarded them in our analysis.

A companion study by Hamermesh (1971), also dealing with MDTA, took up this problem where Hardin and Borus left off. Hamermesh began from the proposition that (1971, p. xv):

Manpower policy seems to be aimed increasingly toward providing direct help for disadvantaged workers, a purpose which, I feel, can only

in the long run be wasteful, increase social conflict, and hurt the disadvantaged themselves. In the area of research the large majority of work has been performed using institutional analysis rather than the framework of standard economic analysis. I feel that economic theory has a substantial role to play in both the definition of what manpower policy should be and evaluation of existing policy.

While recognising the usefulness of specific 'cost-benefit' studies, Hamermesh was more concerned to identify wider principles from economic theory on the issue of 'what constitutes appropriate and efficient government intervention' (1971, p. 4). In particular he noted the important indirect effects that manpower programmes could have on general labour-market efficiency, monetary and fiscal policy, international competitiveness, and the balance of payments. Where Hardin and Borus were deterred by lack of hard data, Hamermesh adopted an alternative research strategy (1971, pp. 7-8):

Because there is a lack of data on the effects of training on the supply of labor for specific jobs, and because it is impossible to measure the costs of training, most of our analysis uses pure theory and simulation studies rather than direct empirical work. Each of the four studies is designed either to show possible efficient ways of achieving each goal or to illustrate a particular economic problem that might arise out of attempts to use manpower training to achieve the goal in question.

Each of the 4 exercises conducted by Hamermesh involves construction of an *a priori* neoclassical model, the use of available empirical data to guess plausible parameters, and then the simulation of the effects of manpower programmes using the model. He begins with the issue of 'displacement' of non-subsidized workers by subsidized workers, noting that programmes that 'reshuffle' a given set of jobs from one group of workers to another will yield no net gain. Several initial assumptions are made at the outset (1971, pp. 17-18). These are:

- 1 Displacement occurs only at the margin of a firm's hiring behaviour—i.e., a subsidised unemployed worker will be hired in preference to an unsubsidised one but would not be hired in order to enable the firm to lay off already-employed but unsubsidised labour.
- 2 The subsidy affects all firms equally—there is no 'composition-of-output' effect leading labour intensive firms to expand at the expense of capital intensive ones.
- 3 There is no effect on aggregate demand, and hence on demand for the output of target sectors.

4 There are no bottlenecks which are relaxed by training.

The effect is to focus the analysis on a particular issue where neo-classical economic theory can be brought to bear, at the expense of most of the interesting structural detail of real-world labour markets. A sophisticated use of neoclassical production-function theory then leads, not surprisingly, to simulations which give very high displacement ratios—near enough to 100 percent. The conclusion Hamermesh draws (1971, p. 39) is that subsidies have to be targeted to be effective; in particular, subsidies should go to labour intensive firms or sectors such as manufacturing and government services, in order to increase the economy's aggregate labour absorption by shifting the composition of output towards labour intensive goods. His political conclusion is that displacement effects are potentially explosive because of the resentment they cause among workers displaced.

Hamermesh then turns (Chapter 3) to a chapter ostensibly on depressed areas, but which is really a comparison of the relative merits of training subsidies versus wage subsidies in a market with homogeneous labour and neoclassical firms. His conclusion is that training subsidies improve long-run employment prospects more than wage subsidies, but give firms an incentive to unload their training costs onto the government. If the aim is to force firms to carry a larger share of their own training costs, then a wage subsidy is preferable but does not provide a basis for long-run employment. The chapter adds only a few minor points relating to depressed areas *per se*, and again many of the key issues—such as labour mobility between regions—are taken out by assumption.

The third issue tackled is that of shifting the short-run Phillips Curve by manpower training. Whatever the shape of the long-run Phillips Curve, Hamermesh assumes the existence of a short-run trade-off due to labour-market bottlenecks (1971, p. 63). If these can be reduced by government helping workers to shift from declining to expanding occupations, the inflation-unemployment tradeoff should be improved. A 2-sector macro-model is constructed and simulated which suggests that the cost of shifting the Phillips Curve is likely to be extremely high in terms of government expenditure on training programmes, and that such an expanded programme of expenditure cannot be properly targeted without a lot more econometric work on labour supply elasticities and the location of bottlenecks (if any). Hamermesh concludes (largely on political economy grounds) that upgrading existing

employees is a more efficient way to target subsidies than provision of entry level jobs.

Finally Hamermesh turns to the issue of using manpower programmes to deal with 'urban problems', but this section (Chapter 5) yields only the insight that not enough is known about ghetto residents' response to training.

Overall, Hamermesh's book is disappointingly narrow in its theoretical scope, and ultimately runs into the same data constraints that had stumped Hardin and Borus. Its insights are really micro-economic, and the promised excursions into macro simulation are not forthcoming. Its main interest lies in its methodology, which pointed the way forward to 2 subsequent research programmes. One of these, the purely *a priori* approach, settles for the conclusions available from pure theory models resting on strong initial assumptions; these conclusions are then used to shape policy recommendations without much (or any) reference to real-world data. The other line of attack pursues the simulation approach, first building a plausible model (embodying real-world insights where possible) with parameters drawn from econometric work; and then using the model to simulate the effect of policy packages. The most interesting recent work along these lines has involved the use of macro-econometric models in the United Kingdom (see above).

A third example of work from the early 1970s is Barsby (1972), whose book is mainly concerned with surveying and comparing a number of studies of United States training programmes of the 1960s (all of which showed positive benefit-cost ratios). In his concluding chapter, Barsby drew attention to what he saw as the assymetric nature of the problems with cost-benefit analysis of manpower programmes (1972, p. 154):

Complaints revolving around cost errors tend more to be methodological (such as poor accounting data) whereas those relating to benefits are more conceptual. In fact, most complaints center, in one way or another, on the use of earnings as the measure of benefits.

Without mentioning any of the macro-economic issues, Barsby lists 10 types of hard-to-measure benefits, ranging from crime reduction to the 'benefit to society of improved citizenship' (Barsby 1972, p. 154). He goes on to assert that most of these unmeasured benefits are of second-order magnitude, so that they do not seriously affect the results of cost-benefit work. Crime, health, intergenerational gains, improved income distribution, non-wage job benefits, increased productivity and wider options all fall under

this heading. Barsby draws the conclusion that cost-benefit studies which ignore unmeasurables will probably produce the right sort of answers, and that if we are seriously worried about unmeasurables we can restrict the use of cost-benefit techniques to choosing among competing programmes. (Barsby 1972, pp. 156–157).

This conclusion, however, turns out on inspection to be suspect. Barsby's study simply brushes aside several of the crucial cost-side problems such as the displacement ratio, and limits the applicability of cost-benefit techniques to policies which are small enough relative to the total economy to have no measurable macro impact on aggregate demand, wage levels, balance of payments or other macro-scale variable. At the level of partial analysis he shows that cost-benefit studies can deliver 'hard' answers in choosing among individual small programmes—but he also implicitly admits that they cannot establish whether labour-market interventions are effective in improving the overall labour-market outcome.

Ziderman (1978, Chapter 6) provides a useful introduction to the design of evaluation studies, and a survey of the most significant pieces of research conducted to that date on the impact of government training programmes. The great bulk of actual evaluation studies, particularly in the United States, he identifies as having been concerned simply with the impact of training programmes on the fortunes of individual participants—that is, the implicit question has been whether programmes are effective in providing benefits to the narrowly defined target group. Ziderman distinguishes (1978, pp. 61–63) between cross-sectional and longitudinal studies of the net direct benefits for participants in training programmes, and notes key problems with each approach.

In cross-section studies there is great difficulty in establishing a satisfactory control group, and snapshots fail to identify changes through time which may be all important (see Figure 4, which reproduces Ziderman's 4 alternative hypotheses regarding the post-training path of earnings for programme participants relative to the control group). Longitudinal studies of earnings and employment history are more satisfactory means of establishing the direct effects of a programme, but face severe limitations of data, and are usually conducted retrospectively. Ideally, what is required is for each programme to be set up as a controlled experiment and monitored over a long period of time. Crucial problems with this are, first, the very high cost of experimental studies compared to retrospective

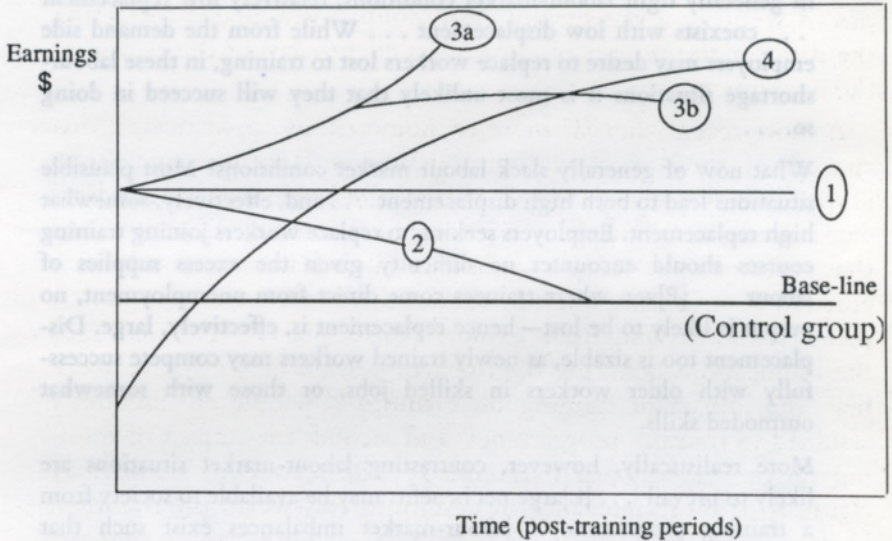
time-series analysis (cf. Ashenfelter 1975); second the ethical issues raised by excluding from participation in a training programme a control group of otherwise qualified individuals (cf. the uneasy footnote on ethics in Burtless 1985); and third, the usual difficulties of securing a statistically clean control group and correcting the data for the impact of exogenous events during the period of the experiment.

A more recent, and far more econometrically sophisticated, discussion of these methodological issues is Heckman and Robb (1986), which concludes (p. 238) that 'the benefits of longitudinal data have been overstated in the recent econometric literature' and that repeated cross-section studies are more feasible and at least as efficient in answering questions about the direct impact on participants. Heckman and Robb explore (1986, pp. 175–183 and 233) the implications of asking the impact question in alternative ways: first 'the impact of training on earnings if people are randomly assigned to training programmes' and second 'the impact of training on the earnings of the trained'. The second of these, they claim, is of more relevance in designing real-world programmes, because in practice enrolment of individuals into training schemes will be non-random.

Turning to the wider issues of the social (as distinct from private) costs and benefits, Ziderman (1978, pp. 68–76) identifies 3 indirect effects which are likely to flow from employment programmes in the context of an economy with some slack in at least part of its labour market. The 3 externalities are induced output, replacement, and displacement.

Induced output is to be distinguished from the mere operation of an aggregate Keynesian multiplier, the use of which by Borus (1964) is rejected by Ziderman, on the ground that the initiating expenditure injection which triggers the multiplier process need not be related in any way to employment programmes *per se*. Induced-output effects which flow from a training scheme occur when scarcity of individuals with the appropriate skills constitutes a bottleneck in the labour market, so that raising the supply of trained individuals makes possible the employment of a number of unskilled individuals who would not otherwise have been hired. Quantification, obviously, is difficult; and assumptions of inelastic demand and low substitutability of types of labour are required to render the story plausible. Ziderman (1978, p. 69) largely discounts these effects.

FIGURE 4: Hypothetical possible paths of post-training earnings for programme participants



Source: after Ziderman 1978 p. 66

'Replacement' and 'displacement' are often mentioned but seldom, Ziderman claims, incorporated into formal evaluation analysis (1978, p. 70):

Replacement occurs when the jobs that would have been held by trainees, had they not joined the training course, are now filled either directly by the unemployed or are taken by other employed workers whose vacated jobs create in turn a chain reaction through the labour market, leading, eventually, to the employment of hitherto-unemployed workers. Put another way, full replacement implies that the net contribution that trainees would have made to output, had they not joined a course, is made instead by other workers who would have remained unemployed otherwise. . . . The effect of replacement is to raise benefits and lower costs.

. . . [T]o the extent that on completing their courses trainees are placed in jobs that would have been filled by others in the absence of training, then a displacement effect occurs, resulting in lower aggregate benefits from training. Full displacement has the implication that training, rather than resulting in an increase in output, leads simply to a change of faces at the unemployment exchanges.

... Since these two effects work in opposite directions, some difficulty may arise in interpreting the over-all influence of these externality effects on the societal profitability of training, when similar labour-market conditions prevail in both the relevant unskilled and skilled labour markets. In generally tight labour-market conditions, relatively low replacement ... coexists with low displacement ... While from the demand side employers may desire to replace workers lost to training, in these labour-shortage situations it is most unlikely that they will succeed in doing so. ...

What now of generally slack labour market conditions? Most plausible situations lead to both high displacement ... and, effectively, somewhat high replacement. Employers seeking to replace workers joining training courses should encounter no difficulty given the excess supplies of labour ... [E]ven where trainees come direct from unemployment, no output is likely to be lost—hence replacement is, effectively, large. Displacement too is sizable, as newly trained workers may compete successfully with older workers in skilled jobs, or those with somewhat outmoded skills.

More realistically, however, contrasting labour-market situations are likely to prevail ... [L]arge net benefits may be available to society from a training programme if labour-market imbalances exist such that unskilled unemployment coexists with a marked shortage of workers with particular skills. Then, by concentrating training on these scarce-skill occupations, not only is production foregone during training low (because of high replacement), but also the benefits are large (as displacement is minimal)—and, possibly, induced output effects are also present. ...

Recent simulation studies on the effect of different replacement and displacement rates show societal net benefit of training to be extremely sensitive to the actual level of replacement and displacement assumed ... However, no empirical studies measuring the size of replacement and displacement in various labour-market situations have as yet been carried out, indicating the existence of both a considerable gap in the literature and an important research priority in the field.

Ziderman 1978, pp. 70–73.

Ziderman goes on to point out that in 'flexible' labour markets, replacement and displacement effects would wash out quickly, rendering them merely short-run phenomena. But 'flexible' labour markets in this sense would equally yield rapid adjustment to full-employment equilibrium. Thus insofar as unemployment itself is a persistent problem in the real world, so too will replacement and displacement effects be persistent rather than merely transitional. (The issue is discussed in Blaug 1975.)

Because of the extreme difficulty of measurement, and the uncertain effects of programme expansion on programme 'profitability', Ziderman concludes that the need is for evaluation based on continuous monitoring, not 'occasional ad hoc studies' (Ziderman 1978, p. 74).

One of the most systematic attempts to push the cost-benefit approach into 'the slough that lies between macro- and micro-economics' (Layard 1979, p. 187) is Layard's analysis of special employment and training measures in the United Kingdom in the late 1970s. Layard starts with the assumption that the key problem is high unemployment, and that the choice faced by government is whether to engage in general macro-economic reflation, or to use selective labour-market measures. If selective measures are preferred, then there are further choices to be made: between the supply side and the demand side of the labour market; and on the demand side, between public-sector and private-sector job creation. This starting-point gives Layard's work a very different flavour from the United States literature of the 1970s (with its tight focus on the use of manpower policies to improve the position of target groups of disadvantaged workers, or to improve the functioning of labour markets as allocative devices). The different aims also mean different research design: Layard does not resort to the micro-economists' research tool of interview surveys of programme participants and a control group. Instead, he works (like Hamermesh) from an economist's model of the working of the economy, with real-world values inserted where possible. Layard's model is, of course, rather different from Hamermesh's United States neoclassicism. His instincts are towards neo-Keynesian macro, and he starts from the view that despite the familiar inflationary problems with reflationary demand-management as a solution to unemployment, it is possible to achieve lasting real effects with devices such as general tax cuts.

Selective labour-market interventions are therefore to be ranked against a credible alternative of generalised use of fiscal and monetary policy. Their advantage, if any, arises from their ability to 'flatten' the short-run Phillips Curve—that is, to gain a reduction in unemployment at less cost in terms of extra inflation than if the government used general reflationary policies. To obtain a simple framework for his analysis, Layard identifies the marginal costs of employment policies as the increase in inflationary pressure which they generate per unit fall in unemployment achieved, and the

marginal benefits as the increase in real income (adjusted for equality) per unit fall in unemployment. (Layard 1979, p. 188).

The first of these ratios depends upon the impact of the particular programme on the government's budget surplus and the economy's balance-of-payments surplus since budgetary deficits are assumed to be inflationary via their impact on the money supply, while balance-of-payments deficits are inflationary via the domestic-price effect of exchange-rate depreciation (if the currency is floating). There is also a third transmission mechanism from reduced unemployment to increased wage pressure in the labour market. On the benefit side, the key issues are the increase in output per unit fall in unemployment, and the increase in equality per unit fall in unemployment.

TABLE 2: Layard's view of the effects of selective labour market measures on 4 key variables, relative to the effect of tax cuts generating the same fall in unemployment.

Measure	Budget surplus	Relative Effect of Measure On:		
		Balance of payments	Net output	Equality
Marginal wage subsidy ..	+	+	-	+
Selective Public Employment	+	+	-	+
Training ..	+	+	?	+
Supply-side measures:				
Replacement rate = 1 ..	+	+	-	0
Replacement rate low:				
Increased hours ..	+	+	+	-
Increased productivity ..	-	?	+	0

Source: Layard (1979) p. 189

On the basis of his analysis of United Kingdom policies between 1975 and 1978, Layard constructs the table reproduced as Table 2 above, ranking 4 types of labour-market intervention against general tax cuts in terms of his benefit/cost ratio as defined above. By thus specifying his costs and benefits in terms of measurable macro-economic variables rather than trying to build them up from micro-level accounting procedures, Layard manages to get a grip on issues which elude the more conventional cost-benefit approach. By asking his questions in relation to a particular macro-

economic model, he is able to bring to bear econometric findings on various relationships such as demand elasticities, elasticities of substitution, real-wage resistance, functional income distribution, and so on. And by presenting his findings in terms of ordinal comparisons amongst alternative policies, rather than numerical estimates of the impact of individual policies, he manages to produce hard policy recommendations, which he then buttresses with numerical estimates when possible, but which do not depend upon those estimates. The rankings shown in Table 2 are obtained on the basis of empirical data wherever it is available, but on the basis of model-guided judgement where data do not exist.

In the case of marginal employment subsidies, for example, the rankings shown in Table 2 are obtained entirely by *a priori* reasoning. Being targeted, the subsidies should give a better budgetary payback than general fiscal stimulus. Because their main effect in an open economy is to render traded-goods producers more internationally competitive, they should strengthen the balance of payments. Because subsidised workers will be employed in jobs with marginal product below the prevailing real wage, the extra jobs will add less to output than jobs created at full wage cost by general reflation. And provided the subsidies are flat-rate they should give greatest benefit to low-wage workers, hence improving equality (Layard 1979, p. 190). The macro model and analysis underpinning these claims are set out in more detail in Layard and Nickell (1980).

Department of Employment survey data on 2 British schemes—the Temporary Employment Subsidy (TES) and the Small Firms Employment Subsidy (SFES)—are then used to show that Layard's intuitive results are plausible. The TES, for example, turned out to have a large percentage (51 percent) of its total take-up in 2 sectors, textiles and clothing, and footwear, characterised by relatively low wage levels, relatively high demand elasticities for their products in international markets, high labour share in total cost, and high supply elasticities for non-labour inputs. Most of the output of subsidised workers was reported to be for final sales rather than stockbuilding, and employers claimed to be increasing their sales at competitors' expense. Layard concludes (p. 191) that this programme successfully exported British unemployment by boosting the competitive performance of labour intensive sectors.

The TES, however, was an attempt to reduce redundancies in sunset industries, whereas Layard's main recommendations relate

to boosting employment in growth industries. The Small Firms Employment Subsidy was an experiment in this direction beginning in 1977, which was evaluated by the Department of Employment using both sample interview surveys with a control group, and direct interviews with employers. The evaluations suggested that roughly 40 percent of the jobs subsidised were attributable to the subsidy, while 60 percent of the jobs would have been provided in any case (Layard 1979, p. 193). (This 40 percent figure is substantially above the 25 percent cited in Casey and Bruche (1985) p. 43, as the highest estimate they could find for net job creation by subsidy in European studies in the late 1970s—see above.) Net budgetary cost was estimated to be low, and most subsidised workers were at the low-wage end of the income distribution.

Displacement rates and multiplier effects could in principle be estimated econometrically, but Layard contents himself with pointing this out (1979, Appendix II) rather than actually carrying out the exercise.

A third marginal subsidy scheme discussed by Layard is the Youth Employment Subsidy (YES), paid to employers who hired people under 20 years of age. This scheme, Layard points out (1979, p. 195) involved subsidies on the flow of hiring decisions rather than the stock of jobs provided, and not surprisingly encountered heavier deadweight losses than the other two schemes (TES and SFES). Roughly three-quarters of the firms claiming the YES subsidy indicated that they were substituting young people for other workers at the margin, rather than creating new jobs in response to the subsidy.

Layard's treatment of the other programmes he discusses can be summarised more briefly. Selective temporary public-sector employment programmes such as Britain's Job Creation Programme and Special Temporary Employment Programme (and New Zealand's imitative Project Employment Programme and Temporary Employment Programme) are cost-effective in a budgetary sense but tend to generate output of dubious value and do not lead on to sustained employment via retention and on-the-job training. Publicly funded training schemes have similar budgetary and balance-of-payments implications (1979, p. 197) but more uncertain distributive implications. If operated counter-cyclically their inflationary cost should be minimised, and they can compensate (in human-capital terms) for the fall in physical investment during recessions, thus boosting productive capacity in the

longer run. The actual output effects of training schemes, however, are extremely difficult to measure. Finally, measures to reduce labour supply raise serious questions about replacement rates; if employers use the schemes to secure costless redundancies, and then opt not to replace the departing workers, the net budgetary cost per unit reduction in registered unemployment may turn out very high. In general, supply-reducing measures aim to transform hours of unemployment into leisure (by persuading people to leave the labour force) rather than into output (which is the aim of job subsidies and training schemes).

Layard's clear conclusion from his style of evaluation work is his advocacy of marginal stock subsidies on jobs provided—the theme of Layard and Nickell (1980) and (1983). Taking the German reflationary 'Papen Plan' of 1932 as their model, Layard and Nickell (1980) argue that a marginal employment subsidy is the best means of minimising the inflationary effects of employment expansion. Their proposal sparked off a series of experiments using macro-econometric models of the British economy to simulate the relative performance of various employment programmes (Whitley, *et al.*, 1983; Turner, *et al.*, 1987) but the alleged advantages of the marginal-subsidy approach relative to non-marginal packages remains in dispute, because of problems with the design of the existing models (none of which were originally constructed for this particular purpose) (cf. Layard and Nickell 1983).

In 1982 the OECD surveyed the operation of marginal employment subsidies in member countries, and identified 28 schemes in operation during the 1970s (OECD 1982, Annex, pp. 88–97). Looking at the available scheme evaluations, the OECD found the following distribution:

Survey	..	..	..	..	12
Judgemental	..	..	..	..	9
Survey + econometric work	..	..	..	..	5
No evaluation available	..	..	..	..	4
Total	..	..	..	..	<u>28</u>

Of the 28 schemes, thus, 21 had been evaluated either by surveys of participants/employers, or by qualitative assessment by officials. Thorough quantitative assessments which tried to go beyond survey data were a small minority, and none of the evaluations is reported as having produced a full cost-effectiveness analysis, let

alone a social cost-benefit conclusion. Of the 2 important 'problems' with subsidy programmes (displacement and windfalls) displacement did not appear to have been quantitatively estimated by any of the evaluations covered, but several had attempted 'wind-fall' estimates, resulting in the following ratios of net incremental employment to the total number of jobs subsidised:

	Percentage
Canada (Employment Tax Credit)	60
France (Social Security contributions exemption)	7-30
Ireland (Premium Employment Programme) ..	17-54
Sweden (Employment Premium to Industrial Enterprises)	'low'
Sweden (Temporary Recruitment Grant) ..	20-30
UK (Small Firms Employment Subsidy)	40
UK (Temporary Employment Subsidy)	70

This is actually an extremely wide range of findings, which represents a 'consensus' only in agreeing that the windfall rate is less than 100 percent. There is clearly a great deal of room for scheme design and implementation to affect the amount of leverage gained on aggregate employment. It is noticeable that the highest figure (70 percent) relates to a programme which was primarily concerned to prevent redundancies in declining industries rather than to expand employment in growing industries; hence it presumably reflects 'net jobs not axed' rather than 'net jobs created' (cf. discussion of SFES and TES in Layard 1979, pp. 190-196).

Recently, evaluation in the United Kingdom of the Young Workers Scheme (YWS) (Bushell 1986, p. 149) has come up with evidence of a falling time trend for the deadweight ratio. In 1982 during the scheme's first few months, survey data suggested that only 6 percent of subsidised jobs were additional, with 94 percent deadweight or 'substitution' (young workers hired ahead of non-subsidised workers). The 1983 survey showed the deadweight/substitution ratio down to 76-82 percent, and by 1985 it had fallen to 73 percent (63 percent deadweight and 10 percent substitution). Bushell comments that this trend points to 'the creation of more jobs for young people as the scheme matures' (1986, pp. 149-151). While the figures reported for YWS are towards the high end of the deadweight spectrum, the tendency for the scheme to exert growing leverage on job creation over time raises clearly the question of the stage at which other schemes such as those

reported in OECD (1982) were evaluated. It may well be the case that particularly unfavourable results for deadweight and substitution effects reflect premature evaluation, and could hence be a poor guide. At the very least, Bushell's result shows the advantages of maintaining a scheme in place for a reasonable period, without too much chopping and changing.

One other recent United Kingdom evaluation (Sako and Dore 1986) has produced the lowest deadweight/substitution ratio located in this literature survey—17 percent for the Youth Training Scheme in late 1984, when the scheme had been running for just over a year. On the face of it, thus, 83 percent of subsidised positions under this scheme were additional.

Of all the evaluation studies conducted to date, the one which seems to receive most universal professional acclaim is the 'cost-benefit' assessment of the Job Corps programme in the United States by Mathematica Policy Research (Long, *et al.*, 1981; Mallar, *et al.*, 1982). The core of this study was a sample survey of 2,800 scheme participants and a control group of 1,100 non-participants, with follow-up interviews continuing for 4 years after participation in the scheme.

The survey results were supplemented by an attempt to take full account of the full social costs and benefits of the programme in terms of an accounting matrix (Long *et al.*, pp. 60 and 70–71) which gave qualitative weight to non-quantifiable benefits such as changes in attitudes towards work and utility gained from reduced drug dependence. The analytical framework aimed to test for a Pareto improvement resulting from the Job Corps: that is, the researchers itemised separately the net benefits to Corps-members, to society-at-large, and to non-Corps members ('taxpayers'). Their general conclusion was that society-at-large and Corps-members were better off at minimal (if any) net cost to 'taxpayers'. This result rested rather heavily on the benefit to 'taxpayers' of suffering less criminal assault and robbery from disadvantaged youth.

The Job Corps unequivocally succeeded in improving the long-term employment prospects for participants: three-and-a-half years after completing their training, Job Corps participants had 13 percent more working hours per year and 28 percent higher earnings than the non-participant control group. Educational and health status were higher for ex-participants, and criminal activity was lower. The net present value of benefits to the individual participant (in 1977 dollars) was \$2,485, while the net social benefit was

estimated as \$2,271 per enrollee (a 'net social profit' of 45 cents on each dollar spent) (Long, *et al.*, 1981, p. 71). Of this net social benefit, nearly \$2,000 was attributable to the estimates of reduction in the crime rate, which must be open to some doubt (particularly in the light of subsequent work on the relationship between unemployment and crime). (It is not obvious that the reduced criminal activity reported by former Job Corps participants represented a net reduction in the total crime rate for the economy as a whole.) Even without the crime-related figures, however, the programme still came out in the black.

Inspection of the list of costs and benefits itemised by Mathematica shows that they repeated the assumption already noted in the discussion of Hardin and Borus (1971) above, that gains for Corps-members were net gains for society. No displacement effect was assumed, and the research programme made no attempt to determine this and other economy-wide effects. The evaluation was based on the partial-equilibrium assumption that the Job Corps had no measurable economy-wide implications (expressed obliquely in the statement 'in general, unmeasured costs appear to be less important than unmeasured benefits'—Long, *et al.*, 1981, p. 73). The researchers thus used a *ceteris paribus* assumption, that nothing else changed while the Corps-members gained their higher incomes and more stable employment, to secure their finding of a Pareto gain.

From the point of view of policymakers, this was a highly useful evaluation, since the quantifiable elements of the programme turned out positive, and the non-quantifiable aspects (reduced drug dependence, psychological gains, provision by Job Corps members of role models for deprived youth) were generally agreed to be positive. It is perhaps unfortunate that Mathematica Policy, who seem to have been an extremely competent group of evaluators, did not have to tackle the cost-benefit analysis of a programme with less clear quantifiable net benefits; their Job Corps study has probably had the effect of creating unrealistic expectations about what cost-benefit techniques can achieve in general in the direction of providing 'hard' numbers for policy-makers to work from.

A special table prepared by Craig Thornton (of Mathematica) for the Committee on Government Operations (1985, p. 13) presented the 'fiscal clawback' implications of the Mathematica study. These calculations indicated that the federal fiscal benefits of the Job Corps were 36 percent of the federal fiscal costs, so that a

\$1 cut in the programme's budget would reduce the federal government deficit by only 63 cents. At first sight this seems a low ratio, until it is realised that there are very substantial net fiscal gains to state governments, which pick up 40 percent of the additional tax revenue on Corps members' earnings, and accrue most of the health and criminal justice savings. A consolidated fiscal balance sheet for state plus federal budgets was not prepared, but inspection of the table of costs and benefits in Long, *et al.*, (1981) indicates that the overall fiscal impact was estimated to be positive, if estimated savings for the criminal justice system were included.

Where To From Here?

It is surprisingly difficult to locate comprehensive social evaluation studies in the published literature. Most researchers have evidently concluded that at the present state of the art, the best return on research effort is to be obtained by focusing on specific areas. A 1984 OECD symposium on unemployment benefits recognised 'formidable theoretical and empirical problems' in assessing the economy-wide implications of unemployment and policies to alleviate it, and reached the view that (OECD 1984, p. 4):

the cost/benefit sides of the various labour market programmes were not sufficiently explored and results not yet firmly established. . . . [A]part from clarifying the questions involved, it was obvious that because of the state of the art, the meeting could not yet produce the answers policy-makers would need for more effectively and efficiently integrating income and active labour market policies.

Perfect evaluation of employment programmes thus is not attainable. Second-best, and feasible, is a 'rigorously eclectic' approach to scheme design and monitoring which marries together judgement, survey data, and econometric evidence and model simulations where available. New Zealand work to date has generally failed to integrate these 3 strands, although a few economists (for example, Easton 1987a and 1987b) have ranged across the available evidence. Such research is likely to be of greatest value in identifying the relative effectiveness of alternative schemes in relation to specific goals, and in throwing up issues suited to detailed econometric research—for example, the issue of labour 'displacement', or the search for correlations between scheme participation and outcomes for individuals.

The international literature displays an extremely wide range of findings on issues such as the relative merits of subsidies and training, the extent of windfall and displacement effects, and the responsiveness of labour demand by individual employers to subsidies on wage/training costs. Any *a priori* view of the expected impact of particular types of schemes can readily be 'confirmed' or 'refuted' by suitable selection from the available case-study literature. Methodologically, refutations carry more weight than corroborative evidence, indicating as they do that theoretical models with strong predictions may be unreliable bases for policy design. There is clearly a case for more rigorous and systematic inductive work on the structure and workings of the New Zealand labour market, and for the use of models which are 'open-ended' in their predictions, so that locally plausible parameter estimates can be used to simulate policy proposals.

There is clearly scope also for more systematic work on the deadweight, substitution and displacement effects of employment subsidies, given the importance that numerical estimates of these have assumed in policy debate. The deadweight/substitution concept provides one of the few numerical indicators of net employment impact which can be easily obtained from survey data, and there is a temptation for policy economists to seize on a selection of such numbers to give plausibility to their prior beliefs. The view that the great bulk of employment subsidies end up as windfalls rather than creating net extra jobs has become part of the conventional wisdom in New Zealand discussion, and has contributed to official coolness towards job creation programmes. That view, however, rests heavily upon selective quotation of worst-case numbers from the international research, combined with rather unsophisticated interpretation of the implications of windfalls. The fact that an employer has told an interviewer that a subsidised job would have existed anyway, even without the subsidy, does not suffice to tell us whether the subsidy payment is therefore unproductive. Windfall receipts enhance profitability, or competitiveness, or both, for the receiving firm. Where all local firms are eligible, and where the output is tradeable, subsidies may create additional local jobs by strengthening the trade balance (the Layard effect) (Layard and Nickell 1980). At the very least, some proportion of any windfall will be clawed back through taxation of company profits, so that the use of the raw deadweight ratio in most

commentaries on the issue will tend to overstate the net loss to taxpayers.

Displacement effects within the local economy pose both theoretical and empirical challenges for research, but are not altogether intractable. A recent Australian survey of this and related issues (Lewis and Ryan 1985, pp. 26–27) calls for a full-scale research effort to estimate labour demand functions for the Australian economy and to integrate these into input-output models to generate estimates of economy-wide employment effects. Work along these lines in Australia would be of obvious interest to New Zealand policymakers.

However, even with more empirical work, the economy-wide payoff to active labour market policies is likely to remain controversial because of the continuing rift in the economics profession over the choice of an appropriate macro-economic theory. Monetarist and new-classical research programmes tend to see virtue in active policies only insofar as they transform the labour market into something more closely approximating the free competitive market of neoclassical theory. New-Keynesian theories more readily accommodate proposals for using subsidies, training programmes, incomes policies, and so on, in pursuit of the full-employment goal within the existing institutional/structural framework or something like it.

Much therefore depends on which model of the world the government believe to be 'the true model'. More widely still, it is not easy to separate the impact of specific programmes of employment promotion from the more general stance of the government on social policy. Programmes are most likely to succeed when the environment in which they are implemented is supportive. A programme which is in tune with the government's general philosophy, and with the general tenor of public opinion, is more likely to be implemented with enthusiasm by officials and accepted willingly by target groups than is a programme which is motivated by political tokenism or which runs against the grain of official philosophy.

II Four Specific Issues

Introduction

Part I of this paper presented the results of a literature search related to the evaluation of active labour-market policies. This

second part of the paper turns to 4 issues which were identified in the original research proposal as deserving of special attention. These were:

- 1 The calculation of the net fiscal impact of employment programmes.
- 2 The wider social costs of unemployment.
- 3 The relevance of labour market structure for the design of policy.
- 4 The question of 'hysteresis'.

Time constraints have ruled out any attempt at comprehensive discussion of these 4 issues. What follows is more in the nature of notes.

The Social and Fiscal 'Costs of Unemployment'

The quotation marks in the heading reflect the fact that although it is common to find a range of costs *attributed to* unemployment, in fact most of the evidence and discussion in the literature relates to costs *associated with* unemployment. Gordus and McAlinden (1984, pp. 81–83) provide a four-fold classification of such costs on the basis of two distinctions: first, between private and public costs, and second, between 'economic' (i.e., marketed or financial costs) and 'non-economic' costs. They set out their schema as follows:

Private economic losses refer to those exclusive economic costs specifically suffered by individuals and business firms in the community as a result of economic change. An example of the private economic loss brought about by an increase in unemployment would be the loss of after-tax income experienced by the unemployed themselves, or its reverse, the loss of the output of goods and services to consumers that could have been produced by the unemployed. . . .

Private non-economic losses refer to those exclusive non-economic costs suffered by individuals and their families as a result of economic change. It is this subcategory of costs that contains much of what is referred to as social costs, including the mental and physical illness personally experienced by individuals and their families as the direct or indirect result of economic change. Included also is the possible ultimate cost of mortality, whether due to suicide, homicide, accident or chronic disease. There is a strong interconnection between private non-economic loss and additional private economic loss.

Public economic losses refer to those non-exclusive economic costs, brought on by economic change, mutually suffered by all members of society, and borne by either the societal entity as a whole or allocated according to some distribution scheme. Examples of public economic

losses associated with unemployment include lost income taxes, the cost of unemployment compensation, and the cost of providing social, mental health, and medical services to the unemployed and their families. The first two costs are results of the existence of, and alleviation for, the occurrence of private economic loss due to increased unemployment . . . The latter category of public economic losses is directly connected to the occurrence of private non-economic loss, and represents the actual public economic cost of pathologies which are usually referred to as the social cost of economic changes.

Finally, public non-economic loss refers to those non-exclusive, non-economic costs, as a result of economic change, mutually suffered by all members of society. Examples of such costs may include the long-run disorganization of society as a result of long-term economic stagnation. More specifically, such disorganization could bring about the loss of economic and political morale, the destruction of much of the informal support structure in local communities, and perhaps an increasing disregard for public law and order.

Unemployment has, it should be added, one obvious social benefit associated with it, namely the incentive which the threat of becoming unemployed provides for workers to raise productivity and reduce their real-wage aspirations. This is not likely to be perceived as a 'benefit' by the workers concerned or their union representatives, but the existence of some unemployment/inflation tradeoff appears to be an inescapable feature of modern capitalist economies, and the ability of mass unemployment to break 'inflationary expectations' seems real enough, however (a) unpalatable and (b) qualified by reference to labour-market structure (see below).

The first two of Gordus and McAlinden's categories of losses will not be treated at length here. The 'private economic' cost of reduced social product is easily measured if we have a benchmark estimate of 'potential GDP' and are prepared to attribute all shortfalls to unemployment. This begs, however, tricky questions about what causes what. Unemployment and foregone output are two faces of stagnation or recession, but to describe one of them as a 'cost' of the other is to beg the question of the origins of recession. Nevertheless, there is a long tradition of using 'Okun's Law' to estimate the amount of foregone output associated with a particular level of unemployment (for a New Zealand example see Silverstone 1979). If the association between unemployment and output loss is robust, then any policies which are successful in reducing unemployment should simultaneously be successful in

eliminating the private direct economic costs identified as associated with it.

The second category—the private non-economic costs suffered by the unemployed themselves—has been documented extensively by psychologists and sociologists as well as by novelists and filmmakers. These costs are subjectively experienced, and are mostly not susceptible of hard measurement—and especially not of aggregation over individuals. It is, however, possible to consider policy changes which might change the degree of misery of the unemployed at a given volume of total unemployment. The severity of deprivation depends on both the identity and characteristics of the individuals who comprise the pool of unemployed labour, and the prevailing social climate of opinion about unemployment and the unemployed. Governments and societies which stigmatise their unemployed and blame them for their own situation obviously tend to generate more misery for the unemployed than do governments and societies which are supportive and non-condemnatory. It is an open question whether the former type of societies also tend to have less unemployment (because of the stronger pressures on workers to find, or hold onto, jobs). (This issue is taken up in the discussion of fiscal costs below.)

In addition to the direct costs, Gordus and McAlinden's third and fourth categories identify a range of possible externalities associated with unemployment. If the psychological stress of being unemployed, or the fall in consumption resulting from lowered real income due to unemployment, leads to a deterioration of health and/or resort to increased levels of criminal activity by the unemployed, there will be additional costs loaded onto society at large in addition to the loss of potential output. The costs of hospitalization for the ill, and policing and prison services for the criminal, will be increased. The claim that such externalities exist, and that the costs thereby imposed on society are high and avoidable, is frequently encountered in day-to-day debate. A recent editorial in the *Guardian*, for example, states:

Every policy-maker needs to be constantly reminded of the devastating effects of unemployment both at the individual level (hugely disproportionate increases in mental illness and family break-up) and at a community level (increased crime and a growing underclass).

(*The Guardian Weekly*, February 28 1988, p. 12)

This issue of the 'external' costs of unemployment, has generated a rapidly growing literature, initially in the United States in the

1970s and early 1980s, and since 1979 in the United Kingdom. (See, e.g., Sinfield 1981, Showler and Sinfield 1981, Kelvin and Jarrett 1985, Fineman 1987; for surveys of the very limited New Zealand work in this area see Shirley 1979, Macky and Haines 1982.)

The major research programme surveyed in the research for this paper was that of Dr M. H. Brenner of Johns Hopkins University, beginning with his 1971 studies of the relationship between economic conditions and medical statistics, and leading on through a series of published papers and commissioned work for committees of the United States Congress to his major report for the Joint Economic Committee of Congress in 1984. Brenner's work is characterised both by greater econometric sophistication than the parallel European studies, and by greater self-confidence in the usefulness of his findings for policy purposes. However, both his results and his methodology have come under heavy fire from academic critics, and Brenner's previously frequent appearances before congressional hearings seem to have ceased since 1985. (This probably reflects a change in the political composition and outlook of the United States Congress rather than the undeniable shortcomings in Brenner's work.)

Brenner's Work

Brenner's econometric approach involves time-series correlation analysis of economic indicators such as income and employment against social indicators of crime and health. He claims to have obtained statistically robust relationships over long periods of time for the United States economy, from which he estimates the relevant elasticities of suicide, homicide, heart disease deaths, alcohol-related deaths, and so on, to changes in the unemployment rate and similar economic factors.

In his major 1984 study for the US Congress Joint Economic Committee, which updated and superseded a similar 1976 study commissioned by the same committee, Brenner correlated 9 indicators of social stress against four indicators of the state of the economy. The social-stress indicators were:

- Total mortality rates (an indicator of changing average life-spans)
- Cardiovascular-renal disease mortality rates
- Cirrhosis of the liver mortality rates

- Mental hospital admissions
- Suicide rates
- Homicide rates
- State prison admission rates
- Total arrest rates
- Incidence of major crimes reported to the police.

The main economic indicators were:

- Per-capita real income
- Unemployment rates
- Labour force participation rates
- Business failure rates.

The 1976 study had used data for the period 1935-1973. The 1984 study is based on the period 1950-1980.

Brenner summarises the numerical significance of his findings as follows (1984, p. 3):

Between 1973 and 1974, the unemployment rate rose 14.3 percent, the real per capita income declined 3.0 percent, and the annual change in [sic] business failure rate increased 200 percent.

The increased unemployment rate during 1973-74 is associated with the following: a 2.3 percent increase in the total mortality rate, or 45,936 deaths, from all causes; a mortality rate increase of 2.8 percent, or 28,510 deaths, from cardiovascular disease; a mortality rate increase of 1.4 percent, or 430 deaths, from cirrhosis; a mental hospital admission rate increase of 6.0 percent, or 8,416 persons hospitalized; an arrest rate increase of 6.0 percent, or 577,477 persons arrested; an assault rate increase of 1.1 percent, or 7,035 assaults reported to the police; and a suicide rate increase of 1.0 percent, or 270 known suicides.

The decline in the trend in real per capita income during 1973-74 is related to the following: an increase in the total mortality rate of 3.0 percent, or 59,996 deaths, from all causes; a mortality rate increase of 4.4 percent, or 45,189 deaths, from cardiovascular disease; a mortality rate increase of 2.7 percent, or 806 deaths, from cirrhosis; and a suicide rate increase of 1.11 percent, or 320 known suicides. In addition, the increase in annual changes in the business failure rate is associated with a 9 percent increase in the cardiovascular mortality rate, or 95,680 cardiovascular deaths.

... The 1973-74 increase in the unemployment rate, decrease in real per capita incomes, and increase in the annual change in the business failure rate are related to more than \$24 billion in costs . . . These costs include income lost because of illness and mortality and costs of supporting mental hospitals and the criminal justice system.

Brenner's rationale for using aggregate data to demonstrate the relations between economic and social phenomena is that, at the

level of nationwide unemployment and income changes, we are dealing with matters which are outside the control of any individual, which both strengthens the validity of the regressions and permits tentative statements to be made about the direction of causality, from economic to social phenomena.

Methodologically, however, his approach suffers from 3 serious defects. First, it is not clear that his results are free of 'simultaneity'—that is, although he may have shown that, e.g., unemployment and suicide rates move together over time, he has not eliminated the possibility that both are linked to some third, causal factor. Second, he does not present a fully developed *theoretical* basis for his statistical relationships; the plausible 'stories' which relate unemployment to, e.g., heart attacks and mental breakdowns, are told at the micro, individual level, while Brenner's correlations use aggregate data. (Thus, for example, it is not necessarily the case that it is unemployed people who suffer the additional heart attacks.) The status of his conclusions is therefore uncertain in scientific terms, however politically congenial or otherwise they may have been to United States politicians. Third, and potentially most problematic of all, other researchers using the same methods and data as Brenner claim to have been unable to replicate some of his results with respect to several key relationships between economic indicators and rates of criminal offending (Cook and Zarkin 1985; Wilson and Cook 1985). This has cast some doubt on the quality of Brenner's statistical analysis.

Brenner's work aroused widespread academic controversy in the United States; the debate is surveyed, and a wide range of econometric results compared, in Gordus and McAlinden (1984). They find (and a burgeoning literature on the economics of crime confirms—cf. Long and Witte 1981, Freeman 1983, Corman, *et al.*, 1987) that alleged correlations between unemployment and crime rates are decidedly suspect, that only certain specific types of crime show an apparent relationship with unemployment, and that the measures usually used as indicators of 'crime'—namely rates of imprisonment and of crimes reported to police—may show not so much the volume of crime as the extent of social tolerance for deviation. There is considerable evidence to suggest that in hard times societies display less tolerance, so that imprisonment rates tend to rise regardless of whether crime has increased.

Precisely the same problem arises with the use of numbers of mental hospital admissions as an indicator of the incidence of

mental illness. In good times, families and employers are likely to be more willing to 'carry' mentally handicapped or disturbed people than is the case in recession, when there is an incentive for employers to be more ruthlessly selective in their hiring practices and when the families of mentally ill persons come under increased stress from other sources.

There are thus at least 2 competing theoretical models to 'explain' why unemployment should be associated with rising imprisonment and hospitalization rates. One is the 'social causation' argument espoused by Brenner, which attributes the increased costs of institutionalization to increases in social pathologies caused by the stress of unemployment. The other is the 'uncovering' hypothesis which suggests that unemployment is associated with increased economic hardship and reduced social tolerance, thus increasing society's propensity to institutionalize its 'problem' individuals. The first of these sits easily with the claim that policies which reduce unemployment have beneficial external effects for society. The second is more problematic: it suggests that policies which succeed in reducing unemployment will contribute to making crime and mental illness disappear from view again, rather than actually reducing their incidence.

Gordus and McAlinden, having surveyed some 50 major studies, come down on the side of social causation theories (1984, p. 84) but admit that there is as yet no conclusive evidence that can discriminate satisfactorily between the alternative positions.

This leaves Brenner's correlations between unemployment and mortality, whether from heart and liver disease, or from suicide. These correlations appear to be relatively robust and widely replicated, although there has been some concern about the lag structures used by Brenner (some of his effects take 2 years or more to appear following a rise in unemployment).

The potential fiscal significance of Brenner-type results is summarised by Gordus and McAlinden as follows (1984, p. 83):

Brenner (1979a) has estimated the economic cost of a sustained rise of 1.4 percent in the unemployment rate for the period 1970-1975. Included in Brenner's cost calculations is the income loss suffered due to either increased mortality or institutionalization and actual public outlays connected to incarceration or hospitalization. In 1981 dollars these costs amount to about \$11.8 billion. Not included in Brenner's cost of pathology total are costs incurred for outpatient treatment for the unemployed, the cost of increased police deterrence, and costs suffered by victims through increased crime. Brenner then adds an estimated cost for

increased compensation to the unemployed included in the sustained 1.4 percentage point increase in the rate of unemployment, raising the total cost over the five year period to about \$35 billion in 1981 dollars. Not included in this final total is the value of lost output of those unemployed who were not institutionalized or who did not suffer mortality. The inclusion of these additional alternative costs would substantially raise the overall economic cost of the sustained rise in unemployment.

Evidence now supplied by Brenner and others that a sustained increase in unemployment is responsible for a related and significant increase in public expenditure makes it more likely that government programs designed to reduce the rate of unemployment will help pay for themselves in reduced public expenditures over the long run. The immediate costs of such programs, of course, will continue to remain expensive in terms of both public and private costs. However, the potential benefits of countercyclical policy can now be seen as far greater than previously realized in terms of avoiding the public and private costs of economic change. . . .

The United States, being a large country, tends to throw up numbers that seem large at first sight. The Chairman of the Subcommittee on Economic Goals and Intergovernmental Policy, however, in his 1984 letter of transmittal of Brenner's 1984 report to the Joint Economic Committee, put Brenner's latest results in context by summarising the various types of costs incurred in recessions such as that of 1982 in the United States (Brenner 1984, pp. iii-iv):

Since 1980, the United States has endured back-to-back recessions and the worst levels of unemployment since the 1930s. Currently 8.5 million Americans are jobless. The national unemployment rate exceeded 10 percent for 10 months. At the worst point of the recession nearly 12 million people, or 10.7 percent of the workforce, were unemployed. In two years, unemployment has risen by more than 40 percent and directly touched at least one-fourth of all persons in the work force. Among families with one or more members in the labor force, 29 percent had at least one person unemployed in 1981 and 33 percent had someone unemployed in 1982.

Economists have taken stock of some of the economic costs of recession. Because of idle labor and plant capacity, output of goods and services has run between \$250 billion and \$300 billion a year below the economy's potential in recent years.

Moreover, recessions can have harmful effects on productivity long after they have technically ended. Investments in both physical and human resources which could add to our productivity in the future are undertaken less frequently in periods of excess capacity. Other productivity losses occur as the skills of idled workers obsolesce.

There may also be long-term damage to the labor market prospects of those out of work—especially persons unemployed for six months or more. Besides experiencing greater trouble finding new jobs, such workers are most likely to take jobs with lower wages and benefits than they had previously. Studies of past recessions suggest that young people in the process of establishing their careers are most seriously impeded by lengthy spells of unemployment. Some of them never catch up. . . .

Much of the burden of unemployment is sustained by the jobless themselves. Typically, workers' losses of income are only partially replaced by unemployment compensation and other transfer payments. The financial hardship is frequently compounded by the loss of critical benefits, like health insurance, which were tied to the job.

Joblessness may also subject family relationships to considerable strain. The psychological pressures on individuals are intensified by feelings of failure, guilt over the inability to support their families, and loss of self-esteem. Greater stress may affect the entire household, not just those out of work. The longer this situation endures, the more likely it becomes that frustrations will be vented on the family—or on the rest of society.

Although many transfer programs and social services for the unemployed have been reduced in scope in this recession, the steep increases in joblessness continued to push public expenditures up. At the same time, high unemployment has reduced tax revenues available to all levels of government. At the Federal level, the combined effect on the deficit from those so-called 'automatic' tax and spending changes is in the range of \$30 billion to \$35 billion for each one percentage point rise in the national unemployment rate.

Other costs to society are harder to quantify. This study, in looking at how particular social indicators vary in accordance with changes in aggregate economic performance, makes a valuable contribution to this process of estimation.

Even allowing for inflation, it seems clear that Brenner's key number in his 1984 report—\$26–30 billion of 'social pathology' costs from a 14.3 percent increase in unemployment (equivalent to the 1.4 percentage points mentioned in the Gordus/McAlinden quote above) (Brenner 1984, p. 17)—pales to virtual insignificance when compared to the aggregate output losses from recession, in the hundreds of billions of dollars annually. The relatively small size of the social-loss estimates resulting from the research programme is probably the most significant feature of the results.

Net Fiscal Impact

The question of whether labour-market interventions 'pay for themselves' via fiscal clawback is extremely difficult to answer,

because of the difficulty of establishing the elasticity of aggregate unemployment with respect to expenditure on policy interventions. Many of the simple calculations encountered in the literature simply duck this issue. For example, Showler (1981, pp. 48–53) offers a ‘far from exhaustive account of the economic costs of unemployment’ (1981, p. 53) which attempts to identify the net impact on the government’s budget of the increase in United Kingdom unemployment between 1973 and 1978. The items in his calculation are as follows:

	1973	1978
Unemployment rate	2.7 percent	6.1 percent
	£ million	
Government transfer payments to the unemployed, and related administrative expenses ..	£704	£2,7898
Foregone income tax revenues and National Insurance contributions		£1,170
Foregone consumption tax revenues		£160
Total direct budgetary cost of unemployment		£4,128

Showler comments (1981, p. 52):

It is not, of course, suggested that the whole of this figure could be saved directly by a return to full employment, as clearly some unemployment would remain. [However] . . . the level of unemployment prevailing in 1978 could be more than halved, yielding public expenditure savings of at least £2,000m. Higher levels of employment would also increase activity rates as well as reducing registered unemployment, thereby yielding savings in transfer payments (e.g., pensions) and higher tax and national insurance contributions not included in the above calculations. . . .

In the same vein Moon (1984, p. 15) records that:

In 1982 it was calculated that each extra person unemployed cost £5,000 per year—or £96 per week—in social security benefits and lost tax revenues. The annual cost to the country of 3 million unemployed, on these two indicators alone, is about £15,000 million. . . . (*The Times*, 18 February 1982).

The intended implication of these estimates seems to be that a policy package which achieved full employment at a total gross expenditure of £15 billion or less should be self-financing. Whether such a policy package existed was a question not tackled by Showler or Moon. Byatt (whose own 1981 estimate of £3,400

per person unemployed had been, he claimed, misused in this way by politicians and the media), strongly suggests that zero-net-cost employment creation is unlikely because if there are deadweight and/or displacement effects, the employees in the new jobs created would have to accept wages that were less (in after-tax terms) than the benefits they received as unemployed. (This, however, depends on Byatt's apparent belief that there are no aggregate multiplier effects from direct job creation—his analysis is based on redirecting the existing government expenditure from unemployment benefit, etc., to public-sector jobs or private-sector wage subsidies. Constant government expenditure then means no Keynesian multiplier expansion of aggregate demand, incomes, and hence revenues.) (Byatt 1984, pp. 67–69)

Byatt and other authors have pointed out that even if feasible self-financing employment-expanding policies are available, and even if government is as ferociously bent on achieving a budgetary surplus as was the Thatcher regime, the government will normally have other macro-economic objectives besides merely the reduction of unemployment. As Byatt (1984, p. 68) puts it:

In a world where inflationary tendencies still pose major problems for output and employment, it is misleading to argue that a reduction in unemployment is an over-riding priority and therefore simple-minded to document the costs of unemployment as if the establishment of such costs was a sufficient reason for action.

Henning and Richardson (1985, pp. 8–9) expand on this:

... [T]here are some positive benefits as well as costs to other policy sectors in allowing unemployment to rise to rather high levels. For example, it may induce wage moderation more effectively than statutory incomes policies can; it may induce changed attitudes to productivity, innovation, and flexible working practices; ... A large pool of unemployed may be necessary to facilitate ... fundamental economic and technical restructuring ...

Acceptance, by government, of high levels of unemployment as a 'policy' response is ... accompanied by sophisticated welfare policies ... [which] impose costs on the public purse. Such costs might be considered bearable as a means of facilitating the achievement of other policy goals—such as increasing the competitiveness of certain industries and raising levels of productivity. This was clearly the strategy of Mrs Thatcher in Britain. Her critics could not see why the £17 billion being spent on welfare payments to the unemployed could not be spent on keeping people in jobs. But the government had other economic objectives, and chose to take the political risks of high unemployment and to bear the increased public expenditure that resulted from high unemployment (notwithstanding the fact that it also wanted to reduce public

expenditure). Thus governments can and do order objectives in their own special way. . . .

The issue of whether any policy is fiscally self-financing is generally a red herring. It is relevant only if either (a) there is a binding budget constraint on government which removes all freedom of manoeuvre, and there are no other programmes which could be cut to make way for the proposed policy; or (b) the aim is not so much to assess costs and benefits as to persuade politicians. In political-economy terms it may well be the case that politicians can be seduced into approving measures which they would not otherwise endorse by the idea that there would be no impact on the government's budget deficit.

In the first case it is the design of government financial management, rather than the finances of the policy proposal, that need scrutiny. In the second case, there is always the suspicion that politicians use budgetary constraints as an excuse, rather than a fundamental reason, for blocking certain programmes. Numbers relating to net fiscal impact are then needed to forestall irrelevant criticism rather than to establish the actual desirability of a programme.

At the heart of the difficulty with net-fiscal-impact calculations is the uneasy overlap between micro- and macro-economic issues that characterises all labour market discussions. Partial-equilibrium analyses which hold everything else constant, while inspecting the detailed financial flows associated with an employment policy measure, will necessarily become inadequate as soon as the policy achieves a significant measure of impact, for then there must be system-wide repercussions of some sort, which must in turn affect the government's budgetary out-turn. Even an ultimate worsening of the government deficit, however, would not rule out the initial policy, if the economy-wide effects were felt to be beneficial. (To take a familiar and relatively non-controversial example, the army and police force are not generally expected to give a positive fiscal return. Nor is Parliament.)

Sørensen (1984) recognises these points in his itemised discussion of the 'impact of unemployment on government budgets'. In the abstract, his cost-benefit framework is impeccable: the decision rule is to implement a particular measure or package if its fiscal costs, net of the fiscal savings from any consequent reduction in unemployment, are less than the broad and diffuse set of non-fiscal benefits resulting from the reduction in unemployment. As he demonstrates, the minimum change in the government deficit

associated with a given rise in total unemployment is relatively straightforward to estimate: assuming that aggregate *ex ante* expenditure has not moved, the *ex post* deficit will be increased by (at least) the amount of increased unemployment benefit payments and lost tax revenues. (This effect, often described as an 'automatic stabiliser' in Keynesian macro-economics textbooks, is itself expected to mitigate the rise in unemployed by supporting aggregate demand.) The actual effect is likely to be greater to the extent that there are Brenner-type external effects of unemployment on the budget. The *ex ante* fiscal cost of proposed policies is also possible to estimate with some degree of accuracy.

If, then, we knew the relationship between the employment policy and the unemployment rate, we could calculate an *upper-bound* figure for the overall worsening of the deficit likely to result from the policy intervention. (That is, we would be taking the actual costs of implementing the policy, minus a *minimum* estimate of the fiscal savings from the reduction in unemployment). We would then have a maximum-net-fiscal-cost estimate to set against the widespread measurable and non-measurable social benefits of a reduction in unemployment. Policy-makers could then make a (subjective) decision whether to approve the policy proposal on the basis of as much information as possible.

Here, however, Sørensen's story abruptly stops, leaving us with 2 key (but unstated) points. The first is that the budget out-turn, however accurately we manage to estimate it, is relevant only as the most easily measured component in a far wider-ranging estimation of economy-wide gains and losses. His decision criterion does not in fact hinge on the budget out-turn.

The second point is that in order to carry out the calculation proposed by Sørensen, we need to know the elasticity of the unemployment rate with respect to the proposed policy expenditures. How many extra jobs, and how many fewer unemployed (not the same number, incidentally) will result from, say, \$1 million of additional expenditure on employment policies—or, for that matter, on *any* government programmes, since government spending is expected to be expansionary if anything? This is precisely the point at which there is at present no non-controversial procedure to follow, because we cannot estimate the impact of government spending on unemployment unless we have a prior model of what causes unemployment. The Keynesian tradition of macro-economic modelling, which attributes a large part of the present unemployment

in the OECD to aggregate demand deficiency, anticipates a positive relationship between government expenditure and aggregate employment. That is, expansionary policies have real effects, even though it is admitted that part of any demand expansion is liable to blow out in higher inflation. The 'split between price and quantity' is expected to be determined partly by the scale of unemployment, if high unemployment leads to low inflationary expectations and high factor supply elasticities. With the inflation costs of the expansionary policy added into Sørensen's list of off-budget costs and benefits, his overall calculation of budgetary outcome can be carried out for any *given* price/quantity split, and his decision criterion is then operational. In an 'ideal Keynesian' world where there is no inflationary penalty to fiscal expansion, the decision to adopt a full-employment policy stance will be especially easy for politicians to adopt.

The 'New Classical' tradition in macro-economics, in contrast, tends toward (and often asserts directly) the view that there are no sustained effects of fiscal policy on employment or unemployment, both of which fluctuate around 'natural' rates determined by underlying real forces in the economy, particularly on the supply side. Fiscal expansion over any but the very short term then carries a high inflation penalty for no lasting real effect. With no transmission mechanism connecting government spending to the unemployment rate, there is not much interest to Sørensen's type of calculation. Additional spending will simply worsen the deficit until 'inflation taxes' have clawed back the full amount.

There is really no way around this problem by *a priori* reasoning. The issue is which macro-economic theory best captures real-world economic processes, and this is an empirical matter. Hence the relevance of macro-econometric modelling work. In the absence of clear professional agreement among economists as to which model is 'true', policymakers must choose their preferred model either on their assessment of the weight of empirical evidence, or by subjective preferences (ideological leanings). The political identification of the 'Right' with new-classical ideas, and of the 'Left' with Keynesianism, has confused the issue rather than clarified it, since these identifications both rest on political convenience rather than any academic commitment to the quest for truth. In the long run in a democracy, one would hope that adherence to the 'true' model should pay off, if there is one. It may be, however, that one model is 'true' today and a different one

tomorrow (as, for example, appears to have been the case with the so-called 'collapse of the Phillips Curve' in the 1970s).

Labour Market Structure

There are a number of issues of a structural nature which are relevant to any discussion of the costs and benefits of employment programmes. In simple neoclassical-type models with homogeneous labour, perfect competition, and 'well-behaved' supply and demand relationships, the issues of 'displacement' and 'deadweight effects' arise as soon as government intervention by subsidy is suggested. To estimate the probable size of such effects requires estimation of elasticities of substitution and the product-wage elasticity of demand for labour. In more sophisticated neoclassical models of the multi-sector general-equilibrium type, a large number of structural parameters become relevant—especially the elasticities of substitution among various types of labour, in addition to the elasticity of substitution between labour and capital—and intersectoral input-output linkages also become important in determining net overall employment effects of particular types of intervention. General-equilibrium models of the type developed by the Project on Economic Planning at Victoria University are suited to the exploration of issues of this kind, particularly now that these models incorporate so-called 'CRESH' (constant ratios of elasticity of substitution/homothetic) production functions (Stroombergen 1983; Philpott and Stroombergen 1986).

The sort of analysis made possible by these multi-sectoral models is hinted at by Easton's (1987a) discussion of the possible gains from a wage-tax tradeoff in New Zealand. His argument is for tax cuts which reduce the real cost of hiring labour, while leaving workers with the same real take-home pay as before, and keeping the government budget deficit unchanged. The key to this result is that the increased employment resulting from real-product-wage cuts results in an increase in GDP which is large enough to permit the government to recoup the tax revenues foregone on wage income by raising the tax rate on investment income. In order to achieve the maximum GDP gain, Easton recommends that the tax cuts should be accompanied by a publicly run programme to train up suitable workers (not the disadvantaged, but those most suited to upskilling) to meet shortages of particular types of skilled

labour, which might otherwise cause bottlenecks and choke off the expansion of output.

In the course of developing his argument, Easton makes reference to some experiments on the PEP's Joanna model which calculated, for each of 10 skill groups of workers, the 'own price/wage elasticity of demand' and the 'total employment elasticity'. The first of these provides the percentage of additional jobs for the group resulting from a 1 percent cut in its real wage rate. The second ratio gives the accompanying percentage increase in total economy-wide employment. Of particular interest at first sight are the elasticities for unskilled blue-collar workers (Easton 1987a Appendix I, p. 16), namely 0.2 for the 'group employment elasticity' (that is, the own-price elasticity) and 0.11 for the 'total employment elasticity'. While low, these figures seem to indicate little 'displacement effect' of unskilled wage changes on employment for other skill groups. Most of the expected displacement effects, admittedly, are likely to occur *within* skill groups, and the PEP data and models are not sufficiently disaggregated to tackle that issue.

Most authors writing on 'labour market structure' tend to mean, by the term, some idea of built-in rigidities which hinder or prevent some notional tendency towards market equilibrium. This view is explicit in, e.g., Treasury (1984) Chapter 11. Examples of the sort of structural rigidities commonly appealed to are fixed relativities in wages from sector to sector in an economy where changing production composition requires intersectoral reallocation; the existence of specific 'skill bottlenecks' which prevent employment as a whole from rising in line with increases in effective demand for output; and the geographical immobility of labour which traps workers in declining regions while leaving growth poles short of (certain types of) labour. The solutions often proposed under the portmanteau slogan 'labour market flexibility' relate mainly to a combination of institutional reforms and training programmes. The former often include union-busting measures which are expected to 'free-up' relativities and thus enable wages to reflect market scarcities—and in some of the more forthright expositions, to open the way for reductions in economy-wide real wages. The justification tends to be that any expansion of effective demand in an economy with rigid labour markets will lead disproportionately to inflation rather than output and employment gains unless the labour market is 'freed up'. The detailed mechanisms are

seldom set out with much rigour, but the implicit model seems to be one in which unions and wage awards are exogenous elements impacting on (and distorting) a labour market which would otherwise reveal itself as 'well behaved' in a neoclassical sense.

Both these elements remain open to dispute. First, it is not self-evident that unions and wage awards are exogenous causes rather than endogenous results of labour markets; and it is furthermore not established that these institutional features are dramatically inhibiting to 'adjustment' (cf. the useful debunking of this claim in Easton 1987b). Second, there are a large number of econometric studies which cast doubt upon whether labour supply functions, in particular, are 'well behaved' (Killingsworth 1983), and which raise similar (though generally less severe) difficulties with labour demand. Space and time do not permit exploration of this literature in the present paper. Thus although there are undeniably a range of 'active labour market policies' whose purpose is to break down structural obstacles to adjustment, the evaluation of these proposals is not carried forward here. We move on instead to some very recent developments in theory which have abandoned the fundamental neoclassical idea that the labour market has some inherent tendency to 'bounce back' from unemployment-inducing shocks

Hysteresis

An alternative to models which focus on structural rigidities in labour markets is provided by the new generation of labour-market models based on so-called 'hysteresis' (i.e., permanent effects from temporary shocks). Hysteresis is consistent with labour markets which are entirely free of the commonly mentioned sort of 'rigidities' such as unions, supply bottlenecks and so on. All that is required is abandonment of the neoclassical assumptions of undifferentiated labour and perfect competition, in order to produce the unemployment equilibrium result sought by Keynes. Indeed, the hysteresis concept is really the latest in a long line of attempts to reconstruct Keynes's unemployment-equilibrium idea in the face of the so-called 'neoclassical synthesis' which denied that unemployment above some frictional level could persist in a market economy, unless unions persisted in pricing their members out of work.

Blanchard and Summers, in their major paper introducing the hysteresis theme, explain the concept as follows (Blanchard and Summers 1986, pp. 15–16):

After twenty years of negligible unemployment, most of Western Europe has since the early 1970s suffered a protracted period of high and rising unemployment . . . Few forecasts call for a significant decline in unemployment over the next several years, and none call for its return to levels close to those that prevailed in the 1950s and 1960s.

These events are not easily accounted for by conventional classical or Keynesian macro-economic theories. Rigidities associated with fixed-length contracts, or the costs of adjusting prices or quantities, are unlikely to be large enough to account for rising unemployment over periods of a decade or more. And intertemporal substitution in labor supply is surely not an important aspect of such a protracted downturn. The sustained upturn in European unemployment challenges the premise of most macro-economic theories that there exists some 'natural' or 'non-accelerating inflation' rate of unemployment toward which the economy tends to gravitate and at which the level of inflation remains constant. The European experience compels consideration of alternative theories of 'hysteresis' which contemplate the possibility that increases in unemployment have a direct impact on the 'natural' rate of unemployment.

. . . The essential point is that there is a fundamental asymmetry in the wage-setting process between insiders who are employed and outsiders who want jobs. Outsiders are disenfranchised and wages are set with a view to ensuring the jobs of insiders. Shocks that lead to reduced employment change the number of insiders and thereby change the subsequent equilibrium wage rate, giving rise to hysteresis. Membership considerations can therefore explain the general tendency of the equilibrium unemployment rate to follow the actual unemployment rate.

Hysteresis, thus, is the process whereby temporary shocks have a permanent effect on the level of employment. The term is borrowed from physics, where it has the meaning 'The lagging of magnetic effects behind their causes' (Shorter Oxford English Dictionary).

The Blanchard-Summers explanation for hysteresis is an 'insider-outsider' model of the labour market; alternatives which they recognise (but do not develop) are longer-run effects of reduced physical investment, and erosion of human capital. The insider-outside model hypothesizes that when a negative shock cuts employment, this shakes-out some of the workers who were formerly 'insiders' with jobs in the formal sector of the economy. The remaining, smaller, group of insiders now closes ranks and bargains for a higher real wage which is consistent with the smaller level of employment—but inconsistent with the re-hiring

of former insiders now unemployed. Successive negative shocks thus produce a ratchet effect on equilibrium unemployment. The converse, Blanchard and Summers suggest, is also true: a series of positive shocks will bring outsiders back into the employed insider group, and as the numbers of insiders expands, the target real wage will fall to validate the larger volume of employment. This, they suggest, was the pattern of the recovery from the 1930s Depression, particularly in the United States.

The insider-outsider model has been elaborated by a number of recent papers (Lindbeck and Snower 1985, Gregory 1985) and points the way to a substantial new research programme in macroeconomics. 'Natural-rate' theories appear inconsistent with the OECD evidence of persistence of unemployment, and have a far less elaborated (and less plausible) set of assumptions about the nature of the labour market. Keynesianism, with some substantial revisions, can be made compatible with the new model.

The implications for employment policy are a matter of current debate, with 2 immediately obvious positions being possible. One, which Blanchard and Summers seem to espouse, is that old-fashioned Keynesian fiscal stimulation could restore full employment provided that (a) it was not fully anticipated, and (b) the 'membership rules' dictating who is an insider permitted relatively rapid recruitment of new insiders. Alternatively, any sequence of random favourable shocks (such as the 1986 fall in oil prices) could trigger off the same process. The central theoretical problem with this story (Hall 1986, pp. 87-88) is that if the power of insiders to set the real wage is as great as the model requires, they would be expected to appropriate the gains from favourable shocks as a rise in their real wage rather than an expansion in their numbers. The 'natural rate' hypothesis would then gain a new lease of life, in altered form, in the face of attempted reflation. Blanchard (Blanchard and Summers 1986, p. 89) apparently conceded this point in discussion, and suggested that 'high inflation may have to be accepted for some time as a trade-off for lower unemployment'. This last point, however, is a *non sequitur*, presuming as it does that a trade-off is available under conditions of demand reflation.

The alternative policy response, associated with the work of Layard (1986), involves 'working around' the insiders by providing employers with direct incentives to hire-in outsiders. Blanchard and Summers' model would predict that success with a programme

of marginal stock subsidies over a period sufficient to qualify marginal workers for 'insider' status would lead in time to a decline in the negotiated real wage to levels consistent with the expanded volume of total employment.

One major theoretical advantage of insider-outsider models over 'conventional' classical and Keynesian stories is their different perception of the unemployed. Conventional theories, which postulate an undifferentiated labour force competing for jobs in an open competitive market, have a well known tendency to end up 'blaming' either the unemployed, or labour in general (including the unemployed) for unemployment. Whether through search behaviour, or real-wage-resistance, or preference for leisure validated by unemployment benefits, the unemployed find themselves portrayed as active agents of their own misfortune. This image is so far out of line with everyday knowledge about the real-world unemployed, that it has tended to bring conventional economics into widespread disrepute among other disciplines more closely concerned with detailed empirical research into the unemployed. Insider-outsider models still allocate 'blame' to labour rather than capital for unemployment, but restrict it to *employed* labour, whose possession of a degree of monopoly control over the economy's existing stock of jobs enables them to erect barriers to entry against 'outsiders'.

(The insider-outsider idea, it should be noted, is not at all new. It has a long history of use in development economics; see, for example, Lewis (1956). In the Lewis model, the constraint on total employment originates in the limited stock of reproducible capital, and hence the rationing of high-wage jobs in the 'modern sector'.)

As Blanchard and Summers' discussion the role of unions makes clear, the existence of such barriers to entry against the unemployed does not require conscious, formal organisation of employed workers. Their view is of a real wage determined endogenously for each period on the basis of an equilibrium arrangement for the current inhabitants of the 'insider' economy. A variety of stories are possible about how this wage-formation process operates; what is important is that once set, the real wage in the present period sets the height of the 'entry barrier' against new labour recruitment in the following period. A head-on assault against union structures, privileges, and practices is neither a necessary nor a sufficient condition for tackling the entry barriers, because unions are a *manifestation*, not the cause, of insider market power. If 'labour

market flexibility' is interpreted to mean lower entry barriers against new recruits, then policy needs to be targeted at the source of the problem rather than its symptoms. In Blanchard and Summers' model the required 'favourable shocks' consist not of any attack on institutional structures, but of events which force-feed recruits into employment and thereby irreversibly change the population of 'insiders'.

Obviously enough, active labour market measures such as marginal wage subsidies and training programmes have a potential role to play in such a story, *provided* they are successful in increasing the total number of employed workers in the 'insider' economy (if insider 'membership' lapses immediately upon a worker's becoming unemployed) or the total number of 'insiders' (if workers displaced by subsidised workers retain their insider status thereafter and thus have some influence on the wage-determining process).

The 'hysteresis' argument, however, implies a policy stance on unemployment which is far removed from the spirit in which active labour-market policies have tended to be pursued in New Zealand. Referring back to the Robertson 'policy matrix' reproduced earlier, it is clear that the Swedish model of market activism fits better than the British model (that is, that 'social-democratic' rules rather than 'neo-liberal' ones are appropriate). The design of policy, it is suggested, has to be based on a 'big push' to change the state of the world from one of high unemployment to one of full employment. Once attained for a few periods, the new state of the world is expected to become self-validating. The various employment programmes of the sort discussed in these 2 papers are thus to be conceived of, not as stand-alone policy initiatives or competing alternatives, but as complementary parts of a total package the hallmark of which is a commitment to achieve irreversible change in the prevailing state of the world.

(The last major policy initiative in New Zealand based upon a hysteresis-type concept was the anti-inflationary wage-price freeze of 1982-84, the stated intention of which was to bring down inflationary expectations on a sustainable basis, for which purpose it was believed that a couple of years' experience of low actual inflation might suffice. The policy was heavily criticised at the time from the perspective of conventional economic models of the natural-rate or cycle-about-trend variety, on the grounds that expectations could not be thus autonomously changed by force-feeding the economy with low inflation. Whether these criticisms were

well-aimed or not is impossible to judge, given the immediate abandonment of the freeze following the 1984 change of government, and the upward pressures which then came to bear again on inflation expectations. Adherents of the hysteresis thesis would probably regard the 1984 abandonment of the freeze as a mistake.)

Conclusion

The ground traversed in this paper presents some of the most challenging and vital issues both for modern economic research, and for contemporary New Zealand economic policy. It is unfortunate but necessary to record that the New Zealand research record to date is thin. Labour market policies seem to have been introduced or abandoned in New Zealand largely on the basis of *a priori* beliefs buttressed by selective quotation from inconclusive, and not necessarily transferable, overseas research results.

There has probably been too great an emphasis placed in New Zealand on the neoclassical intuition that in a fully-employed economy, active labour-market policy cannot achieve net gains in employment or output. New Zealand is far from being fully-employed. Concepts such as displacement and deadweight effects are relevant as cautionary points to bear in mind when designing and implementing policy, but there is no firm evidence here or overseas to sustain a 100 percent crowding-out thesis. Prior adherence to a New-Classical world view is required to warrant any general claim that, for example, marginal wage subsidies cannot be effective in the present state of the New Zealand economy.

In fact, given the current state of knowledge and the obvious heterogeneity of the unemployment problem and the unemployed themselves, *any* generalisations are likely to prove dangerous. Well designed and clearly targeted remedies require a correct initial diagnosis of the problem. If diagnosis is wrong, policies risk being ineffective or damaging. In the absence of any clear diagnosis, policy will tend to drift in an *ad hoc* fashion with the tide of events and political opinion. The second of these possible scenarios may in practice be preferable to the first, but it is surely not the best we can do.

For the immediate future, a serious commitment to research into the causes of New Zealand's unemployment seems called for. So

does a serious policy commitment to eliminating mass unemployment. As a number of commentators have remarked (e.g., Richardson and Henning 1985) a declared and credible policy commitment to full employment may in practice turn out to be as important as informed policy design, because of the 'placebo' effect—people can live more easily with unemployment, and treat the unemployed with more consideration, if they *believe* that their government is doing all that can be done to eliminate unemployment. At a more technical and positive level, the hysteresis approach to unemployment offers the proposition that almost any political shock pushing the system towards full employment may, if it succeeds initially in cutting unemployment, establish a new 'state of the world' with lower unemployment.

Employment programmes therefore have more to offer than simply the narrow quantifiable gains in target-group earnings and employment at which most evaluation (cost-effectiveness) studies direct their attention. Such programmes are to be ranked also according to their effects on morale and social cohesion. One overseas observer, envious of New Zealand's full-employment record during the 1960s, remarked to a 1976 conference on the issue of whether unemployment benefit was to blame for rising unemployment in the West that (Helliwell 1978, p. 118):

In explaining the New Zealand experience, at some stage one must note that the society is perceived by those inside and out as one where higher levels of social services and transfer payments are widely accepted. It . . . appears to be part of the perception that . . . widespread and economical provision is only possible if there is a high degree of individual restraint on the demands made on the system . . . We should not be surprised to find that it is possible in 'synergistic' societies where mutual trust is high to have unemployment insurance systems which are at once more generous and less costly than in more competitive societies where each individual maximises his own well-being without regard for the costs that this might impose on society as a whole.

Credibility, consensus, political philosophy and social attitudes form the framework for any employment policy. They must also be accorded a significant place in the evaluation of such policies.

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