



WOMEN AND THE WELFARE STATE

Address to mark the 75th Anniversary of the Social Security Act 1938
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Tēnā koutou,

What a wonderful legacy those of us brought up in the post-war period enjoyed thanks to the vision of Michael Joseph Savage.

But what would he make of today? Would he feel we have spent the last 75 years advancing the principle of 'enough of the best for all of us'? I suspect he would be dismayed. What would he advise the new Labour party leaders as they prepare their media campaigns for the 2014 election following the most protracted slump since the Great Depression?

The Social Security Act of 1938 was a bold collective decision to share the costs that fall unevenly and unexpectedly in times of misfortune or when bringing up children.

It began the slow progress to what Margaret McClure's definitive book¹ calls 'the civilised society' in which the contributions of women to the social fabric on which society so utterly depends are properly valued and respected. It has been a story of breakthroughs for women, temporary flourishing, a time of stalemating and then reversals.

¹ McClure, M. (1998). A civilised community: a history of Social Security in New Zealand 1898-1998. Auckland, Auckland University Press.

The 1938 Act was a momentous breakthrough.

The pre 1938 period had been one of huge shame and stigma for the deserted wife, the illegitimate child, the single mother. There was a wide-spread reliance in the Depression on charity that was seen as demeaning and hated.

Michael Savage began the journey of acceptance of the important role women play, irrespective of whether they had married well. But it was a grudging acceptance with the tensions between the need to provide for families and the desire not to encourage bad behaviour. Thus, would supporting deserted wives just encourage their husbands to escape their responsibilities? Interesting to note how today it is less now about his behaviour and more about hers: does the DPB give her the means to leave him and encourage family breakup? Do child payments encourage her to 'breed for money' as was so charmingly put by a certain eminent politician?

We mustn't romanticise the 1938 Act, as the underlying philosophy was still that women should be dependent on the male earner. Even if they had been working, they would not be eligible for an unemployment or sickness benefit if they were married. Single women with children still had a very hard time but the way had been opened for a more inclusive approach.

The 1938 Act extended the child-related benefits paid to the mother but they were still means-tested. That could mean losing family benefits when extra war effort required overtime and so the test was made less onerous and eventually the Family Benefit was paid as a universal benefit in 1946. The Minister of the time said "We have to create such enthusiasm for the service the mother renders, that it will be lifted to the highest pinnacles of service in the nation." Sadly, today, there is no such parallel talk in high places of the work of giving care, nurturing and child rearing. Except, of course if done by strangers for money

Bolstered by social security, recovery in the post war period saw a return to a much more egalitarian society, a critical factor in the post-war economic success. But not everyone was in raptures. My father recalls his strongly Tory grandparents and parents were horrified by Mickey Savage and what followed. My father's family did not understand risk sharing or the concept of security for all. Nor did they have a clue about the underlying Keynesian principle of ensuring sufficient demand by putting money in the pockets of the working class. I am pleased to say Dad eventually broke away from this limited thinking.

I grew up in the optimistic post-war era, a period of the flourishing of the welfare state. The doctor came and visited, healthcare was fully accessible. I remember a small part charge (but contrast that to visit to an afterhours clinic on Saturday afternoon with my 6-year old grandson that cost \$83 for weekend consultation and

medicine.) The emphasis was on basic but healthy living; warm clothes; milk in schools; fast food was just a very occasional fish and chips; church on Sundays.

Women had full post-natal care and education about their newborn, my mother had two weeks in hospital with her births and a Karitane nurse when she got home. There were health camps for children who needed extra help. Foodbanks were unheard of. Yes the economy helped. There was plenty of unskilled or semi-skilled employment, or apprenticeships and university students were highly subsidised and able to work in a buoyant labour market to aid their studies. Rather than student debt, I was paid to go to Teachers College in the 1960s and had the pick of jobs in a tight labour market.

New Zealand was probably never that wonderful egalitarian utopia some of us think we remember, but poverty was something that happened in other countries. We agonised in the church over third world poverty, spent weekends collecting for Corso, but most of us did not see it or hear about it on a daily basis in New Zealand.

My mother had time to teach me to sew, knit and cook. She did not have a car, and while life was very limiting for her, we had the advantage of a mother at home. Women of that day valued the family benefit that was theirs alone to spend as they saw fit. Later the value of the tax break given to married men for their children was added to the family benefit and paid to the mother.

Margaret McClure's book has a fascinating account of the universal Family benefit and the fight to make sure it was fully inclusive. Thus despite opposition it was given to 'illegitimate' children, deserted families and to all Maori children. Accounts suggest it was greatly important for the well-being of all children.

As McClure records, 'Channelled to mothers, it transferred money from wallet to purse'. A mother could divert it to the main breadwinner to offset his tax, but that, unsurprisingly, was a very unpopular option. It was not a tax relief, nor was it a tax credit to be demanded back from her at the end of the year because he earned more than expected, as may happen today. It was seen by mothers as a direct, unambiguous cash tribute to their 'working' role at home.

The 1970s built further on the 1938 Act and expanded provisions for sole parents in the form of the now maligned DPB. Women began to see that there were choices, including the choice to be free of domestic violence. The marvellous world leading ACC scheme, in which women could be compensated in their own right was introduced and universal superannuation was made much more generous for men and women as individuals. National Superannuation provided a recognition of the lifetime work of women not in the paid workforce.

We should not underestimate how significant and radical this was on the world stage, where other countries emphasised contributions in the paid workforce to earn entitlement to pensions on retirement with most women treated as dependents of their husbands.

Housing was encouraged by supply side policies rather than subsidies to landlords, and home-ownership could be achieved by people of modest means without excessive debt, assisted by capitalisation of the universal Family Benefit payment.

The time of stalling and then reversal came too soon. As market driven changes took hold with ferocity in the late 1980s, unemployment soared, and a deregulated monetary sector led to an exploding sharemarket that took the dreams of many middle income people with it when it crashed.

50 years after the Social Security Act, a national debate about values led by The Royal Commission on Social Policy in 1988 again reinforced ideals of:

Full participation, fulfilling lives based on certainty and security for all with a special emphasis on children

Certainty and security? Participate in society? Children prioritised? What a set of quaint ideas! By the time the report was delivered it was described as a door-stop by the politicians. The ethical principles inherited from Michael Savage were quickly forgotten.

Then followed the misery of the 1991 budget in which the last vestiges of the welfare state being about preventing poverty, providing security and encouraging the flowering of human potential in all its aspects, were obliterated. Now the political rhetoric was that the welfare state causes poverty and creates dependency. Welfare should be “only for the poor”. “Work is the way out of poverty”. “People need sticks and carrots.” “Low flat tax is best.” So self-reliance; private insurance, private saving, private charity and private providers must replace notions of community interdependence and social security.

I am sure you do not need reminding of what happened in the 1991 “mother of all budgets”. A shocking misnomer of course, as a mother would do no such thing. From the torrent of rediscovered nineteenth century thinking in this budget, two things stand out:

- Benefit cuts and explosion in poverty, especially child poverty. Third world diseases, foodbanks and homelessness.
- The universal family benefit was abolished.

And then, in 1996, the 'deserving and underserving poor' concept re-emerged. In line with market thinking, parents needed an incentive to be independent from the state, so children were to get less when their parents were on benefits.

At the end of the 1990s the fifth Labour Government tried to reverse some of the damage. They raised the top tax and some of the excesses of the Employment Contracts Act were reversed; hardnosed workfare was softened and income-related rents were re-introduced.

But when we think of the noble heritage of Labour in the late 1930s and the understanding of the meaning of the word social security, it is hard to understand how they missed the Mickey Savage moment. Instead, we got the Calvinistic enabling state of the Third Way enshrining the principle that social inclusion is only through paid work. Paid work is the only way out of poverty. When work does not pay because free-markets drive down wages then work must be subsidised to make work pay. 'Any kind of work is good so long as it is paid.'

The Social Security Act was even amended in 2006 to state: "Work in paid employment offers the best opportunity for people to achieve social and economic well-being". Benefits were simply to alleviate hardship.

Labour's ambivalence to people on benefits is reflected in the design of Working for Families. Beneficiaries could not be trusted not to just sink into the hammock of welfare, even though benefits were at a rock bottom level. Thus the growing poverty of the children of beneficiaries could be dismissed as caused by the problem of their parent's lack of incentive to engage in paid work.

Instead of the universal family benefits my mother enjoyed, weekly Working for Families payments for children brought in 2005-2007 were doubly targeted, first by income and then by work status of the parents. Thus today 230,000 children in benefit households do not get the full Working for Families other low income children get. We should not be so surprised that child poverty is such a problem when caregivers in families on benefits are denied a very significant payment for children of at least \$60 per week per family.

The thinking harks back to the time when widowed families were worthy but deserted families were not. By implication there are now two classes of children again.

Labour was saved by the buoyancy of the economic times. People were moving off benefits into work, not because of sticks and carrots but because in general people will want to work if suitable work is there.

But the 'work is the way out of poverty' mantra paved the way for National in 2008 to complete the circle back to the 1930s just as the economy was tanking.

Benefits were left to fall further behind wages. 'Welfare reform' forces people to look for non-existent work. People must shuffle between Work & Income, foodbanks, budgeting services, their government-appointed private employment agency provider and job interviews, all to establish eligibility for ongoing minimal income support.

Under the Official Information Act Child Poverty Action Group (CPAG) has found that increasingly significant numbers of people on benefits with dependent children including some with children under 5 are having their benefits cut by up to 50% for not meeting their obligations.

Where are the details of the oversight of the sanctions? Who asks, who feeds the children? Who is accountable? What are the appeal processes if any? What are the mental health consequences of this system? Where is the proof this does any good at all?

When a mother faces impossible hurdles of transport costs, childcare access, illness, it may be perfectly rational to decline that temporary job at minimum pay on the other side of town, or an unsafe job cold calling or worse. In a twilight labyrinth of welfare-speak rules she must be reformed and sanctioned and corralled in work and demonised for any indiscretion.

Last week the Auckland Action Against Poverty held a 3 day event outside the New Lynn WINZ office to help beneficiaries. Sue Bradford reports how seasoned beneficiary advocates were shocked at the sheer numbers of families they saw in dire poverty.

Dire poverty? Surely Michael J Savage would be turning in his grave.

To rediscover his vision we must remember the values we have lost.

- the equal worth of all citizens;
- the equal right to meet basic needs;
- wide opportunities for all to participate and belong, especially access to education;
- elimination of unjustified discrimination
- moderation of income and wealth inequalities
- the right to decent work.
- the value of unpaid work especially care and child-rearing.

NZ is a signatory to the United Nations Convention on the Rights of the Child (UNCROC). This says:

“State parties recognise the right of every child to a standard of living adequate for child’s physical, mental, spiritual, moral and social development.”

If we have lost the vision of Michael Savage can we call for help from our Human Rights legislation perhaps? Will the Courts protect our children?

Two weeks ago the Court of Appeal found the part of Working for Families paid to the mother in a so called ‘working’ family was discriminatory and caused material harm to the beneficiary families who were excluded.

This means significant harm to 230,000 children who are already New Zealand’s most disadvantaged, and disproportionately affects Maori and Pacifica children.

But the Court decided that the possibility that some tiny numbers of sole mothers might be incentivised to do at least 20 hours paid work, justified this harm.

What would Michael J Savage make of that?

Bryan Bruce’s documentaries show just how much our country has changed. We rate below average in all key indicators for child wellbeing, where once we would have been well above average. Our children are dying from poverty related diseases. Those that live may endure life-long physical, mental and emotional damage, and grow up to endure poverty as adults.

The elimination of poverty and the misery of the depression years was fundamental to Michael Joseph Savage’s way of thinking, along with the recognition of women’s care-giving work and the value of all children.

We need to rediscover some of the outrage that Michael Savage felt when he saw the impact of the depression. I finish with a challenge to the Labour movement:

This is a Mickey Savage moment please don’t give us a Mickey Mouse response.

References

McClure, M. (1998). A civilised community: a history of Social Security in New Zealand 1898-1998. Auckland, Auckland University Press.