Review Essay: Inequality and the Living Wage

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Introduction

Living wage campaigns are situated within a broader context of increasing inequalities of wealth and income. Arguments for a living wage and for reducing inequality both point to the negative social consequences of high levels of inequality, and both appeal to fundamental principles of fairness, power and participation. Economic inequality is a broad and complex social issue, and it has developed into a similarly broad and complex field of academic inquiry.

Inequality: A New Zealand Crisis (Rashbrooke, 2013), hereafter, simply 'the book' is not designed to offer conceptual or empirical innovations in the field. Rather, it sets out to bring together many of the various aspects of inequality in New Zealand. The book succeeds admirably in this synthesising role. In its wide-ranging coverage (including two chapters dealing explicitly with the relationship between inequality and work), the book is designed to appeal to a wide readership. Chapters are short and engaging, and interspersed with short (two-three page) viewpoints from a range of non-academic voices, including workers, business-owners, and students.

The book, then, represents an important distillation of knowledge about inequality in New Zealand. It also serves as a more or less direct political intervention. From its polemical title to its concluding sections, the book presents current levels of inequality as a pressing social problem. "The contributors", write Rashbrooke and Jonathon Boston, "share a common concern" about the consequences of inequality, and a "desire for the issue and policy options to be properly debated" (2013: xi). This desire has been supported by a series of debates at Te Papa in 2012, well-attended book launches this year in Auckland and Wellington, a speaking tour and media appearances by contributing author Robert Wade, a day-long symposium in Wellington and the website 'Inequality: A New Zealand Conversation' (www.inequality.org.nz).

Overview

The book is structured in four sections. The first ('Introduction') contains two chapters by Rashbrooke. In the first, he defends the book's contention that inequality is, indeed, a national crisis. There is an emphasis here on the range of negative social consequences said to be associated with high levels of inequality, and an engagement with some prominent ways in which it might be denied that inequality is actually a problem. Then, in the following chapter, Rashbrooke summarises a vast amount of data on the increasing extent of wealth and income concentration in New Zealand.

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Part Two ('Issues and Debates') contains strikingly different chapters by Robert Wade, Ganesh Nana and Jonathon Boston. Wade's focus is on the share of income gains going to those at the top. His account focusses on the disproportionate ability of wealthy individuals and groups to influence the policy-making process to their own advantage (see also Hacker & Pierson, 2010). Nana's contribution frames inequality, in its erosion of the ability of all to contribute to economic growth, as an instance of market failure. He offers good reasons for an economics profession that, he complains, has "given way to narrow financial analysis" to take inequality as a central concern (Nana, 2013: 56). Boston's chapter is different again: a sober philosophical analysis of exactly *what* ought to be equalised, *why*, to *what extent*, and by *whom*, noting the particular appeal and the specific dangers of pursuing various kinds of equality.

The three middle chapters in Part Three ('Consequences') – on inequality and housing (by Philippa Howden-Chapman, Sarah Bierre and Chris Cunningham); inequality and imprisonment (Kim Workman and Tracey McIntosh), and inequality and education (Cathy Wylie) – work as a sort of triptych: they illustrate the ways in which inequality is simultaneously cause and effect of a variety of social outcomes, *and also* how these various social outcomes act as cause and effect on each other. Poor housing outcomes (including poor insulation and high levels of housing transience) are associated, for example, with educational disadvantage. In turn, poor housing and educational outcomes are associated with crime and imprisonment figures. Taken together, these chapters explicate some of the mechanisms by which inequalities become entrenched and self-reinforcing. These three chapters are bookended by important contributions on inequality and Pasifika peoples (Karlo Mila), and on inequality and Maori (Evan Poata-Smith).

Having established the extent and the complexity of the problem, the fourth and final section ('Looking Ahead') canvasses some responses (although the demarcation is somewhat arbitrary, with many of the previous contributors having already posited possible responses. These earlier prescriptions include investing properly and regulating smartly in areas, such as housing and education, and controlling the funding of political parties). In this last section, Paul Barber and Mike O'Brien make sound and sensible suggestions (around remaking social bonds of empathy and compassion and around designing a fairer welfare system, respectively) which might, perhaps, have wrestled more deeply with the difficulties likely to beset these proposals. Issues related to employment relations are addressed by Paul Dalziel (on the theme of ensuring that training and work systems reduce inequality, and in which some readers may well be left wanting more discussion of how official figures on skills shortages can be reconciled with current levels of unemployment); and Nigel Haworth (on making workplaces more democratic, utilising principles of empowerment, ownership and voice). These two chapters make a common call for institutional arrangements that give labour organisations a seat at decision-making tables. The book finishes with a chapter by Linda Tuhiwai Smith that takes a more radical view on the way forward, invoking Audre Lorde's dictum that "the master' s tools will never dismantle the master' s house" (p.231).

Review

The book is lucid, thorough, and strong, and it will stand as an important contribution to local debates. Some readers may find grounds for quibbles here and there in the details. For instance, the Gini coefficient is offered as ranging between 0 and 100 rather than between 0 and 1, and page 98 sees some confusion as to which deciles represent which end of the wealth distribution. More substantively, it is never quite clear why the book focusses (see page 3) on inequalities of income rather than of wealth, given the role of wealth in allowing individuals and families to plan for the

future and ride out tough times (Orton & Rowlingson, 2007), and given that wealth is “yet more unevenly distributed than income” (p. 154). On page 13, a much-debated aspect of *The Spirit Level* thesis (the claim that inequality makes everyone – including the wealthy – worse off) is accepted and repeated where a certain amount of qualification might have been in order. Given its scope and range, however, the book is relatively free of such question marks.

A great strength of the book lies precisely in this wide scope and range. Incorporating 15 chapters and 17 different authors (plus those who contribute the shorter viewpoints), it brings together many of the important aspects of inequality that are often viewed in isolation. Doing so allows salient themes to emerge organically. New Zealand’s political predilection for light-handed regulation is a key theme in the chapters on, for instance, housing policy, education policy, skills development and workplace organisation. All of these chapters (and many others besides) can be heard together as a chorus calling for a rethinking of how policy is made: a rejection of laissez-faire approaches and an embrace of a coordinated approach aimed at sustainable, widespread benefit.

There were times, however, where the book might itself have benefited from a touch more coordination. Given its range of authors and issues, a certain degree of divergence between the various contributions is inevitable (and healthy). It is useful, for instance, to read a nuanced but broadly positive account of the work of Maori tribal organisations by Anake Goodall (formerly the CEO of Te Runanga o Ngai Tahu) directly after Poata-Smith’s discussion of the growing inequality between tribal elites and Maori communities. It is also interesting to note Smith’s scepticism of evidence-based policy-making after the housing and education chapters’ call for policy to reflect evidence and best practice. To restate: these – and a few other – areas of tension are inevitable and healthy. I did wonder, however, whether future editions of this book might employ some editorial device (a brief introduction to each of the book’s four parts perhaps, or a separate conclusion chapter) that might engage them directly to turn the diversity of perspectives into a more conscious and productive dialogue.

Something similar might also be said where insights offered in one chapter might have shed important light on issues raised elsewhere, had they been linked more explicitly. For example, Michael Walzer’s notion of complex equality (raised in Boston’s chapter, pages 82-3) might have been deployed elsewhere as a standard against which to judge the realities of housing and educational outcomes, or the inequalities in political influence discussed by Wade.

In seeking to establish that inequality truly is “a crisis that affects us all” (back cover), the book focusses heavily on the range of negative social consequences associated with high levels of inequality. This is a sound move, aligning the book with a burgeoning international literature (see Wilkinson & Pickett, 2009; Stiglitz, 2012; and Lansley; 2011) and with the wide range of groups (including institutions not normally associated with the political left, such as the World Economic Forum, the IMF, the OECD, *Financial Times*, and the *Economist*), who have acknowledged inequality as a pressing social problem. While consequentialism is an important moral approach, I did wonder, at times, whether this focus sometimes left little room for other normative approaches to be developed.

More specifically (and at the risk of producing a slightly denser book), I wondered whether here might have been room for a fuller development of Michael Sandel’s communitarianism (discussed on page 15 and reflected in Barber’s chapter), or for a thorough-going neo-pluralist analysis (implicitly present in Wade’s argument) of the disproportionate political influence of wealthy and powerful groups. Or – especially – for a fuller examination of the constitutive power of elite discourse, which is not really covered until Smith’s closing chapter. These questions of power,

hegemony and public opinion seem – to me, at least – important, in light of the recent accounts of inequality (see especially Hacker & Pierson, 2010, and Stiglitz, 2012) that stress the extent to which those comfortable with the status quo have been able to influence the policy process.

In sum, the book is highly readable, and it succeeds admirably in bringing together a wide range of important aspects of contemporary inequality. It offers a clear defence of its central thesis and a range of proposals to reduce current levels of inequality. If, as an edited collection, it does not leave the reader with a clear and compelling conclusion, it remains an important marker in a crucial and on-going New Zealand conversation about inequality.

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