

**MIND THE GAP:  
INEQUALITY, THEOLOGY AND THE QUEST FOR AN INCLUSIVE SOCIETY**

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'Recession takes its toll on wealth of Kiwi rich list' ran a recent headline in the 'Business and Money' section of the *Otago Daily Times*. And while the story would hardly have pulled at readers' heartstrings, it listed how, according to figures compiled by the *National Business Review*, \$5.7 billion was lost from the combined wealth of the 155 entrants on the rich list, down from \$44.4 billion last year to \$38.7 billion for 2009. Even though the sort of money that these families and individuals *lost* in the last twelve months was way beyond what even well-paid Kiwis would expect to earn in their entire lifetime, it was interesting that the *NBR* used the expression 'casualties' – admittedly in inverted commas – to describe those list-members hardest hit. No one, it seems, has managed to escape the ravages of the recession, not even New Zealand's richest person, Graeme Hart, who has lost a cool \$500 million in the last twelve months (though in case you were about to enquire where you could send donations, I am happy to reassure you that he remains well clear of the pack with assets in the region of \$5.5 billion).

My purpose this evening is not to debate the rights and wrongs of individuals or families owning vast amounts of money *per se* – though one could certainly mount an interesting theological critique using images of camels and eyes of needles, sycamore trees and perhaps even Abraham's bosom. And no doubt this

would be a timely challenge to us – as if this present recession were not providing that already – not to lay up treasures on earth. Rather I want to explore what the implications are for a society – in particular, our society – of such extreme levels of wealth existing alongside very serious levels of poverty. Does the rich-poor gap in New Zealand matter? Should it concern us that it is widening year on year? What consequences does it have for the health and wellbeing of our communities? Ought we to look to government, not just to reduce poverty but to tackle inequality? Or is this simply to engage in the politics of envy, to show righteous indignation without achieving anything worthwhile?

After some preliminary ground-clearing I want to look at this question of inequality, first from a theological perspective – because, contrary to what many people might imagine, the Bible has an immense amount to say on the topic; and then at some very recent research in the field of public health into the social implications of ‘unequal’ societies. Finally I want to argue that, in any debate that we have about how the economy should look the other side of this recession, the question of inequality should be central. But first I need to back up my claim that New Zealand has an issue with ‘inequality’ that should concern us.

In their study published in March this year entitled *The Spirit Level: Why More Equal Societies Almost Always Do Better*, UK academics Richard Wilkinson and Kate Pickett produce data showing, for each of 23 developed countries, how much richer the richest 20% of the population is than the poorest 20%. Way out ahead is Singapore, whose top 20% of citizens are nearly ten times richer than its poorest 20%, with the USA second with a figure of just over 8 times. But New

Zealand is tucked in there in sixth place, just behind Australia, the UK and Portugal, with a figure of just under 7. (At the other end are Japan and the four Scandinavian countries with figures hovering around the '4' mark.) So New Zealand is comfortably in the top ten of the most unequal developed countries in the world – and, we might also note, until last year, had shown the greatest growth in income disparity of all OECD countries over the last two decades. While the median income for wage and salary earners in New Zealand is around \$35,000 p.a., the average salaries of our 44 top chief executives is above \$1m (and in 2005 these rose by 23% while average wages rose 3.1%, which is below the inflation rate). There is even more 'inequality' when income for Māori and Pacific peoples is considered: the average weekly income for Māori is around \$200 below that of European/Pākehā, with Pacific people a further \$50 lower. It's a picture that, at the very least, ought to give us pause for thought.

Before looking at what 'theology' might have to say let me define precisely the problem I propose to address – because there are many 'types' of inequality and discussions in this area often get bogged down in arguments over definitions. I want to argue two distinct but not unrelated points. First, that the biblical teaching that all people are of equal value, because they are created in God's image, places certain demands upon communities with respect to their social and economic arrangements – specifically, to ensure that none of their members is unable to meet their basic needs in terms of food, shelter and security. And, second, that there are sound biblical and sociological reasons for governments consciously to pursue policies aimed, not simply at relieving poverty, but at narrowing the differential between 'rich' and 'poor' in society.

Let me also just spend a minute defending theology's 'right' to engage with 'economic' issues, because it might seem an unusual conversation partner at first glance. First, there is the straightforward point that people of faith represent a significant minority in society which, in any democracy, would expect to have their views heard along with everybody else. But more than this, to argue that theology and economics should not engage is to show a serious lapse of memory, for the separation of the two is a relatively recent development – a consequence, mainly, of the development of capitalism in the 18<sup>th</sup> and 19<sup>th</sup> centuries when religion moved, as Tawney puts it, from being 'itself from the master interest of mankind into one department of life.' Until that time economic thought had been understood as part of a hierarchy of values embracing all human interests and activities, of which the apex was religion.

Further, Theology has an important role to play in questioning some of the assumptions currently held about economic science – for example, that is the 'disinterested pursuit of truth for truth's sake' – particularly when it utilises just one account of what it means to be human – *homo economicus* – which holds precisely that a person's life *does* consist in the abundance of things they possess! As this year's Reith Lecturer, Michael Sandel, rightly says, how priorities are allocated for spending on health, education, defence and so on are moral questions as well as economic ones. Markets are about values, and theology has something to say about those. Importantly, markets are also about relationships, and theology has even more to say about those – as it does about some of the terms economics has borrowed from theology like 'credit' and 'trust'.

So theologians should not underestimate the contribution they can make to economic discourse. But what might that be? What resources does it have to add to a debate on economic equality? Let us turn first to the Hebrew scriptures, the books that Christians usually call the Old Testament.

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A core theme in the Creation narratives in Genesis is that people are endowed with an equality of worth and status by virtue of their being created by God. While all are subject to differences in terms of gender, ethnicity, size or physical or intellectual ability – to be ‘equal’ is not to be the ‘same’, and we are to celebrate our differences – all have an inherent equality through creation. We are all ‘a little lower than the angels’ as the Psalmist beautifully puts it, and bear to an equal extent the ‘image of God’.

For the writers of Genesis, because all people are made in the image of God, all should reflect that by enjoying the basic gifts God bestows upon his creation. The land and its fruits are freely given to all to enjoy, with none being apportioned a greater share than any other. The old medieval saw, ‘when Adam delved and Eve span, Who was then the gentleman?’ sums it up perfectly (if you’ll forgive the gender stereotyping). The *inequality* has been such a feature of human existence since the Creation is a consequence of human action, of the Fall, not the outworking of a divine plan: as the 4<sup>th</sup> century writer Pelagius rather tellingly put it, reflecting on ‘natural’ gifts we enjoy such as the sun and the air, ‘we possess equally with others all the things which are not under our control but which we

receive by God's dispensation, and on unjust and unequal terms only the things which are entrusted and subjected to our own rule...'

Affirmations of our inherent equality under God appear throughout the Hebrew scriptures. While disparities of wealth and status are evident and acknowledged – the riches of certain patriarchs and kings are described uncritically or taken as a sign of divine blessing, and the existence of slaves is accepted – a concern that none should be denied their basic needs is constant. For the biblical writers, the fundamental equality of all people before God means that all must have their basic needs met, and many reserve their sharpest invective for those who act unjustly in this respect.

The connection between having riches and acting justly is strong throughout Scripture. All wealth belongs to God and is not there for people to do with as they please: 'The land is mine; with me you are but aliens and tenants', God reminds the people in Leviticus 25; 'all that is in the heavens and in the earth is yours', David affirms to the Lord in I Chronicles 29. Creating wealth is good, but it carries a responsibility to care for the poor. The 'good wife of Proverbs 31 is commended not only for her ability to run a profitable business, but because 'she opens her hand to the poor, and reaches out her hands to the needy'. King Josiah can enjoy his food and drink, but what earns him the favour of the Lord is that he 'did justice and righteousness' and 'judged the cause of the poor and the needy'.

God is also perceived to be against systems that institutionalise the exploitation of the poor. This is most clearly seen with respect to the distribution of that most

basic commodity, land. In Numbers 26, when Moses divides the land among the tribes in proportion to their size, he does it by lot to prevent the most powerful securing for themselves the best. The Jubilee laws stipulated that land was never to be sold in perpetuity, that those who benefited from the poverty of others by buying up their land should not retain it permanently. While these laws did not envisage a fully 'egalitarian' society, they did aim for a degree of equalization through workable redistributive mechanisms. References to the land being divided equally also appear in Ezekiel, while Isaiah, Micah and Zechariah all envisage a time when everyone will enjoy the security that comes from having their own access to the necessities of life. Observing the Sabbath also had an equalising dimension to it, because in so far as it obliged all – rich and poor alike – to abstain temporarily from work it provided a break in those patterns of relationships which sustain inequality.

Underpinning the concern that all should have equal access to land is the importance of community: in biblical terms it is fundamental that no one is denied membership of their community on account of their economic circumstances. In the Leviticus 25 passage, material aid is given to the impoverished person to enable them to live alongside their helpers. Community is predicated on an assumption that every person can maintain their own well-being: this seems to be the point of the prophets' depiction of 'all sitting beneath their own vine'. Where even one person becomes dependent upon others the community is deficient, hence the importance of all having access to the land.

The New Testament is also clear that community and fellowship only exist when all members are held to be equal. In I Corinthians, Paul employs the metaphor of the body to describe the relationship between the followers of Christ, stressing that all limbs and organs are of equal value and equally vital to making the body function. As people join the fellowship of Christ, so their social status or standing becomes of no importance. Paul stresses that diversity of gifts and abilities does not mean diversity in terms of worth or status. True fellowship cannot exist where some members are held in higher esteem than others. James also warns against showing favouritism to people attending church on account of their outward appearance.

Another example of equality among the early Christians appears in Acts 4, where the Jerusalem church preferred sharing goods to private ownership. Those who owned lands or houses sold them and the apostles distributed the proceeds to those in need. Again, the requirement that basic needs be met seems to have been fulfilled in that 'there was not a needy person among them' – an echo of the outcome when the people of Israel observed the Jubilee. Equality *between* churches was also important for Paul, as his call to the Corinthians to share their goods with a poorer fellowship suggests (II Cor. 8) This passage has echoes of the provision of manna in the wilderness, where 'those who gathered much had nothing over, and those one who gathered little had no lack'.

Paul also uses the powerful image of Christ's incarnation, his rejection of riches and adoption of poverty, when encouraging giving to ensure the well-being of

others. In speaking of the 'Word becoming flesh' John attests to the equality of all for, in taking flesh, God assumed all human beings into a full filial relation.

The Communion speaks of our equality before God, as Paul's rebuke to those at Corinth who took more than their fair share implies. The practice of allowing some to eat and drink more than others amounted to a denial – perhaps even a parody – of what the Lord's Supper stands for, and Paul tells them as much. In Scripture this supper anticipates the heavenly banquet, when none shall be distinguishable by rank or status. It remembers the One who ate with social outcasts and taught that, while in society people pull rank on one another, 'it shall not be so among you'. 'The last will be first and the first will be last'.

In his own teaching and practice Jesus reflected the tenor of the Scriptures in which he was immersed. At the beginning of Luke's account he affirms his call to proclaim the year of the Jubilee, and a leitmotif of his teaching was that, in the kingdom, the poor and humble are raised up and the rich and important brought down. Mary prefigured her son's mission by speaking of God filling the hungry with good things and sending the rich away empty, and Jesus literally challenged people to sell their possessions and give to the poor. Entry into the kingdom will not be possible without the abandonment of wealth – presumably because there the categories of 'rich' and 'poor' do not exist. Some commentators have also suggested that the 'real' miracle in the story of the feeding of the five thousand was that, by using the example of the small boy with his loaves and fishes, Jesus got the people to share what they had brought.

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In so far as the biblical writers are unequivocal in affirming the fundamental equality of all people before God, the social responsibilities placed upon those with wealth, and the duty of communities to ensure that all members enjoy the basic needs of life, they speak a challenging word to Western societies. Confronting a culture characterised by a spirit of 'autonomy' and lack of communitarian connectedness – one which, as Walter Brueggemann puts it, 'understands the market as a place for self-advancement at the expense of others, who are perceived either as rivals and competitors or as usable commodities' – the Bible offers a radically different model. In Scripture the whole point of economic arrangements is to build up and sustain communities – thus they will incorporate measures to protect the interests of the most vulnerable and marginalized and ensure that they can participate as fully in the community as everybody else. And while it would be a mistake to seek to 'apply' to our own context biblical economic models, there is much value for people of faith in reflecting upon how Scripture can help foster the wellbeing of our own communities today, and discerning how its principles can most helpfully contribute to debates in the public square about the common good.

And I believe this a singularly apposite time to be doing this, faced as we are with a global economic crisis crying out for fresh solutions. I hope very much that we will have a debate here in New Zealand about the sort of economy we want going forward from this recession, involving all sectors of society including government, business, trades unions, the social services, churches and the academies. There cannot be many who believe that nothing fundamental should change, that we should simply have 'more of the same', kept alive with regular substantial

injections of borrowed capital. In my lecture on Wednesday I highlighted some of the issues that I believe such a debate should consider, and here I want to focus on one that we fail to address at our peril – economic inequality.

I suggested just now that our present crisis is, in part, a consequence of our having lost a sense of the economy working for the common good. I also noted that, among the dynamics behind the crisis, is a spirit of individualism, fed also by – less the ‘self interest’ which Adam Smith saw as the necessary engine of the market – than simple greed. And I don’t just mean the greed of those in our finance institutions who exploited every opportunity to pay themselves bigger salaries and bonuses during the ‘years of plenty’, but of all of us who spent money we didn’t have. So I am firmly with those who believe that, coming out of this crisis, we need to rediscover how the economy can work for all citizens, not just a few, how it can help us enjoy a better quality of life together. Pope Benedict struck the right chord when, in his recent encyclical *Caritas in Veritate*, he called for the language of the ‘common good’ to figure in debates about development in an increasingly globalized society.

Thus as we survey the fall-out from the present recession, and peer into a very uncertain future, our energies must be directed toward discerning, not so much how we can all get richer again, but how to improve the psychological and social wellbeing of our society as a whole. As surveys are continually showing, for those of us in the developed world who have reached the point where our worries for the future no longer centre around finding food, water or shelter, becoming richer increases our quality of life hardly at all: indeed, it can be demonstrated that, as

affluent societies have grown richer, so there have been long-term rises in rates of anxiety, depression and numerous other social problems. Hence I believe it is time to move the debate on from how we continue to achieve economic growth, as it were, for its own sake, to finding a shared vision of a better society.

For whilst New Zealand – like every other country in the developed world – has seen a significant increase in GDP in recent decades, this has not led to a concomitant *decrease* in social problems. Our media bring us news every day of our ‘need’ for more prisons because crime is rising (fuelled increasingly by drug use); of alarming rises in obesity, including among children; of growing alcohol consumption among the young, with a resultant rise in anti-social behaviour; of growing depression and other psychiatric problems; and of how we are rapidly bringing about the demise of our own and other species by our rapacious and unsustainable lifestyle. It is difficult to avoid the conclusion that our society, like many others in the Western world, is becoming increasingly dysfunctional, and that, rather than seeking out and addressing the root causes, all we are doing in response is attempting to treat the symptoms. Surveys show that, as citizens, we are more concerned about the quality of our lives than simply our wealth, yet politicians across almost all the main parties still seem wedded to the notion that the solution to all our ills lies in year on year economic growth, despite warnings from experts that this will lead to further disintegration of our societies and, if left unchecked, the whole human race.

So I want to argue (a) that we need a debate now about how we renew our society and (b) that central to this debate must be the thorny issue of economic

inequality; and I argue this, not just on the basis of the theological case I tried to make earlier, but because we now have to face the extremely convincing claim, drawing upon some thirty years of painstaking research, that one of the key factors – if not *the* key factor – behind dysfunctional societies is their level of economic inequality. In study after study it has been shown that countries with high levels of inequality – like the USA, Portugal, the UK and New Zealand – will imprison a larger proportion of their population, have lower literacy scores, have more obesity, more teenage pregnancies, worse mental health and shorter average life-spans than those countries with much lower levels of income inequality. Richard Wilkinson and Kate Pickett, who have brought this research together in the book to which I alluded earlier, and who spell out their findings with a series of graphs disturbingly similar in appearance, state that ‘across whole populations, rates of mental illness are five times higher in the most unequal compared to the least unequal societies. Similarly in more unequal societies people are five times as likely to be imprisoned, six times as likely to be clinically obese, and murder rates may be many times higher.’ And note that they say, ‘across whole populations’: it is not simply that in more equal societies there will be fewer poor people, that equality only helps those at the bottom: the effects of inequality affect the vast majority of the population.

Inequality, then, has a significant effect on all our lifestyles in wealthier countries. We often talk about being a consumer-oriented society, about how we buy lots of things – and borrow heavily to do it (or used to) – yet end up being *less* happy: and scientific surveys into ‘happiness’ show that this is exactly the case. But the reason we buy things is less because we need them than that growing inequality

has put pressure on us to maintain standards relative to others. Contentment has less to do with *actual* wealth than *relative* wealth, a factor which explains why we continue to pursue economic growth despite its apparent lack of benefits.

Inequality was thus a factor behind the current economic crisis, in the sense that, as it increased the pressure on us to consume, we reduced our savings, increased our bank overdrafts and credit card debt, and arranged second mortgages in response! In this connection it is interesting to note that spending on advertising also varies with inequality – in more unequal countries a higher proportion of the Gross Domestic Product is spent on advertising, with the USA and New Zealand spending twice as much as Norway and Denmark.

Reducing inequality is also vital to our effort to help the environment. It is clear that governments' unbridled enthusiasm for consumerism is having a disastrous impact on the planet and that, instead of responding to constant pressure to devour ever more of the earth's resources, we need to focus on how to live *sustainably*. We might note, though, that doing this will not lead to any reduction in our real quality of life as measured in terms of health, happiness and community life. And another interesting finding by Wilkinson and Pickett is that, because more equal countries manifest a greater sense of community spirit, their approach to environmental issues is more enlightened - so Japan and Sweden recycle a significantly higher proportion of their waste than the USA or UK.

As we approach the Copenhagen conference in December we urgently need a debate about how our economy is impacting on the environment. We are all becoming aware that the planet cannot sustain growth at the current rate, that it

will take 2, 3 or even more planets for everybody to enjoy the same level of material prosperity that we enjoy in the West – yet we are doing nothing to cut back on our own consumption, nor taking seriously radical and exciting new ideas like ‘biomimicry’, which posit a third way between zero growth and the hypothetical need for extra planets by exploring ways in which we can change our technology so that our resource use can *replenish* rather than destroy the ecosystem. As Jonathan Porritt points out, the ‘asking price’ to restore the Earth’s basic life-support systems is much more manageable than most of us realize: the missing ingredient is the political will to make it happen.

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So, I have tried to suggest that, going forward from this recession, we need to break out of the spiral of consumption in which we find ourselves trapped, and rediscover ways in which the economy can benefit the whole of society. And I have argued that central to this task must be a commitment to reverse the trend that has seen economic inequality increase inexorably in the past few decades. At the risk of sounding like a religious or political fundamentalist who thinks there is one solution for all ills, I have argued that there is now a mass of evidence to show that across a wide range of social indices – from mental health to educational performance to rates of crime to life expectancy – the more unequal a society, the less well it performs. The argument that we should do something about this is clear – but can we do it, and if so, how?

The key to the kind of change I am advocating is, of course, political will, and there are few signs of that at present, whether in New Zealand or many other

developed countries. Yet democratic politicians can be remarkably responsive when, as Jim Wallis puts it, the 'wind changes' on an issue, and the way forward must be to present the evidence and seek to win hearts and minds across our communities. As I said on Wednesday, there is a spiritual dimension to causes like this, but it is precisely *because* they are at root spiritual that the big movements for change – civil rights in the States, anti-apartheid, women's suffrage, anti-slavery – achieved what they did. And I do believe that when we begin to raise the debate we shall be surprised at what we find: I am unaware of any polls taken to gauge public opinion about inequality in New Zealand – perhaps that would be a very useful first step – but surveys in the UK over the last twenty years have shown that the proportion of people who think that income differences are too big is around 75-80%. Perhaps even more surprising is the 2005 Maxwell Poll on Civic Engagement in the USA which reported that over 80% of the population thought that the extent of inequality was a problem, and that 60% thought that government should try to reduce it – figures which reinforced the findings of various Gallup polls between 1984 and 2003. These figures are even more remarkable given that most respondents underestimated how big the income differences were in their society – though they do also show that people believe more in greater equality and fairness than is usually publicly demonstrated, and are perhaps beginning to be persuaded by the demonstrable links that can be made between equality and the creation of safer, more friendly and more environmentally sustainable societies. And New Zealand would claim to be more inherently egalitarian than the UK and the US.

Experiments have also been conducted to show that we have a natural propensity, when confronted by limited resources, to share rather than seek to benefit at others' expense, and, as Marshall Sahlins pointed out in his 2003 study *Stone Age Economics*, for over 90% of our time on this planet we lived, almost exclusively, in highly egalitarian societies where 'social and economic life was based on systems of gift exchange, food sharing, and on a very high degree of equality' and where 'forms of exchange involving direct expressions of self-interest, such as buying and selling or barter, were usually regarded as socially unacceptable and outlawed.'

So what measures might be adopted to reduce inequality in our society? It could be argued that it is not the business of 'theology' to offer concrete economic policies: it might inspire action, or even – as I attempted to show earlier with my brief biblical overview – enunciate broad principles and paint visions of the 'just society', but does it have the resources to offer specific ways of making them reality? And does it *need* to: as history shows, if a government has sufficient *will* to tackle an issue it will always find ways to achieve it, so theology's role might simply be to inform and influence. But then it is also rather a cop-out simply to critique a situation and say it should be improved without offering any alternatives. So let me, in this final section, outline possible issues to engage with if the business of tackling economic inequality is to be addressed. And these are simply 'issues' not solutions: my main concern is to get the debate going and in so doing offer one or two pointers as to what might be on the agenda.

One issue we might as well confront head-on is the role of the state. When R H Tawney, arguably the most influential Christian advocate of economic equality in the 20<sup>th</sup> century, considered how the principle of equality that he discerned in Scripture could be reflected in social and economic structures, he assumed that the state would play a powerful role. For Tawney, the state had a duty to operate in the public interest and to use the levers of taxation and social security to ensure that differences of wealth and income were gradually narrowed – an assumption many of his readers in the 1920s and 30s would have shared. Indeed, another great architect of the welfare state, Archbishop William Temple, argued that the state had a *duty* to ensure that all families had an adequate income, good housing and access to education, and the post-War Labour Government in Britain enjoyed widespread public support when it nationalised key utilities and centrally administered a raft of services including education, health and housing.

Today the issue is less clear-cut. While some still see the state as pivotal in the quest for equality, and taxation as a vital lever in the project, others argue that the greater freedom given to the market since the 1980s has raised living standards across the board and made the very notion of ‘inequality’ seem outdated. While government control of the ‘commanding heights’ of the economy in the public interest may have been welcomed by a people shattered by the ravages of war, today the idea that bureaucrats and politicians know best about providing services is seen as hopelessly outdated. It is true that Tawney – and for that matter his contemporary Beveridge – did not see the state as the *only* agency with the power to promote equality, arguing that local authorities, individual

citizens and what we would now call the ‘third sector’ (voluntary bodies and community groups) also had a crucial role; now, however, the received wisdom on both the ‘left’ and ‘right’ is that the era of the ‘big state’ and government welfare as the ‘institutional expression of altruism’ has long passed, replaced by concepts like ‘stakeholder welfare’ and an emphasis on individual responsibility and the role of the voluntary sector. Yet attractive though these ideas are – and they have much to commend them from a theological perspective – the case for pressing toward greater equality, and for this to be a consciously shared project under government direction, still seems compelling.

Take the idea, which I have argued is strongly scriptural, that everyone should receive an income sufficient to live on – an ideal also reflected in the 1948 Universal Declaration of Human Rights. While we will heed St Paul’s injunction that anyone who will not work should not eat – noting that it says *will* not work, not *cannot* work – the mark of a ‘godly’ society must be its commitment to see that everyone receives sufficient to enable them to meet their basic needs. (And on this point, I believe we must challenge the ‘distinction’ we often too readily draw between the so-called ‘deserving’ and ‘undeserving’ poor). The question then raised is, how is ‘a society’ to fulfil this function unless through some centrally administered apparatus?

Unlike ‘relieving poverty’, the business of ensuring that every person or family has the basic necessities for survival must involve some central co-ordination. To argue this is not to advocate a return to the heavily bureaucratic ‘command economy’ models of the old Soviet bloc, nor to rule out a vital role for the

voluntary or business sectors or for local authorities or other agencies. But it is to rule *in* a 'managing' or 'co-ordinating' role for the state, rooted in a conscious commitment to achieve basic equality. While the historical argument for a 'direct' role for the state in providing for basic needs still has force, it is possible to conceive of government maintaining a 'mixed' approach to service provision, reflecting modern, progressive attitudes to the state, within a well-defined framework for tackling inequality. One of the key lessons of history (we might take the latter half of the nineteenth century as a prime example) is that, for all its merits, spontaneous voluntary charitable provision cannot *guarantee* a standard of living adequate for the health and well-being of all, and therefore some degree of government intervention will be required if this is to be achieved. The challenge for politicians is to set the balance between direct central provision and state supported voluntary provision.

It is worth noting that societies with the greatest equality have followed different paths to that position: for example, while Sweden does it through redistributive taxes and benefits and a large welfare state, Japan has a greater equality of market incomes, of earnings *before* taxes and benefits. As a proportion of national income, public social expenditure in Japan is among the lowest of the major developed countries. How might we approach things here in New Zealand?

One focus might be the minimum wage and welfare and pension levels and the methods used to set these levels. Should we consider the merits of a living wage, and welfare rates and pensions which take into account research into minimum income standards? Should incomes – especially those of people on the minimum

wage – rise in line with average earnings (noting that an unemployed person currently receives less than 30 per cent of net average wages): this would act as a brake on inequality and ensure the lowest earners do not get left even further behind? How about a return to a system of universal child support, since there is strong evidence to show this contributes to reducing inequality, is efficient (in terms of resources not being wasted by the logistics of targeting) and is not affected by changes in the economic climate? Do people know to what they are entitled and how to get it? Can we make the benefit system more transparent – and less complex? Should we think outside the box on certain questions, for example, the value of a ‘universal’ approach to benefits and pensions? Is ‘Working for Families’ the best solution for everybody – for example, single parents? ‘Working for Families’ has been excellent in almost halving child poverty in the last seven years, and leading to the first reduction in inequality for 20 years – but is it time for new initiatives focused on those with the lowest incomes?

A particular challenge we face, noted recently by the New Zealand Council for Christian Social Services, is that our fastest growing population groups are also those with least wealth and lowest incomes, namely Pacific people and, to a slightly lesser, extent Māori. By 2026 – less than 20 years’ time – approximately half of New Zealand’s children will be growing up in our least wealthy households, which implies an entrenching of multi-generational poverty unless we start to address this. And what about the other end of the scale: would caps or restrictions on upper salary levels lead to any more of our best brains going offshore? Clearly New Zealand must remain an attractive place to work and do business, but inequality is a factor to be included in that equation. Can we have

measures to make housing more affordable – to make more houses ‘homes’ instead of investment opportunities – like tax measures on capital gains on property and on rental property (perhaps balanced by tax incentives in other areas)? Can we make low-cost mortgages more available without fuelling speculation? Some of these ideas are deeply unpopular in political circles, of course, but, as the Maxim Institute and others point out, in seeking to encourage fresh thinking it does depend how the debate is framed and where it starts from. Perhaps bringing all this together, how about a ‘commission on inequality’ to focus specifically on the economic dimension of inequality, examine the costs and impacts of growing wealth inequality and identify remedies that would attract broad public support?

So, while we might think of measures to increase people’s income, a related question is whether the extra revenue needed to ensure a decent standard of living for all should be raised through taxation – particularly taxation, at a higher level than at present, of the highest incomes. This could be one way of meeting the twin biblical imperatives of getting the rich to ‘share’ their wealth with the poor and achieving a greater level of economic equality within society. However, increasing taxation is now perceived to be deeply unpopular with voters and seldom advocated by mainstream parties. While in an opinion poll last year a majority of New Zealanders said that they did not want personal tax cuts at the expense of basic social services, tax is still seen largely in *negative* terms, as something punitive and freedom-restricting rather than serving a positive function – so is there scope for a fresh debate about its purpose? This could involve re-examining its potential as a contributor to the promotion of ‘social justice’ and greater equality, and therefore to the wellbeing of the whole of society. As

Wellington-based commentator Melanie Downer has argued, 'this is perhaps an argument that requires more explicit development in Christian circles: that the system of redistribution in the form of welfare benefits and Working for Families subsidies in New Zealand, constitutes a contemporary parallel to the jubilee ethic. In this matter, the task of Christians is to ensure that this mechanism – aimed at restoring the poor among us to a state in which they are able to participate in economic life – operates in a life-giving and sustaining way.' Perhaps even the language is important here for, as Downer says, the Jubilee system was not strictly 'redistributive' but 'restorative'. It will be interesting to monitor the work of the Tax Working Group recently established by the Government to help it consider the key tax policy challenges facing the country. I am glad that it has a wide remit because, given that the tax cuts implemented on 1 April this year actually increased the gap between the highest and lowest earners because they were proportional – and even had a *negative* effect for those at the lower end, as they earned more in consequence and had their family tax credit reduced accordingly – some radically fresh thinking is necessary.

Critics of wealth redistribution to achieve social good claim that it stifles ambition and represents a loss of freedom, yet the relatively small reduction in the range of choices open to the richest 10 per cent of the population when subjected to, say, a higher level of personal taxation, compared to the enormous increase in 'freedoms' the redistribution of that wealth would mean for the very poor, makes that argument not wholly convincing. If, in the course of building an economy that serves all and not just the few, the choices open to the richest few diminish slightly, the 'freedom' enjoyed by society as a whole actually *increases* as that society becomes more cohesive and the hitherto poor and disempowered have

more chance to realise their God-given potential. It is often overlooked that 'freedom' has to encompass freedom *from* (poverty, powerlessness and dependency) as well as freedom *to* (spend one's resources as one chooses), and the ability to exercise freedom should be available to all, not just a minority. In New Zealand, while people rich enough to buy investment properties enjoy the freedom to do so, those hit hardest by the consequent rise in house prices find their 'freedom' chronically reduced.

Another creative approach to tackling inequality would be to stimulate a public debate around the values of generosity and giving. New Zealand does have a tradition of philanthropy – my new post at Otago is living proof of that – but we're still some way behind countries such as the USA in developing a 'giving culture', a sense of putting something back into the community. No society can legislate to make people generous, but there is value in highlighting the moral issues involved and seeking to change the culture. Encouraging (perhaps by tax breaks) wealthy individuals (who don't need to be in the Gates or Winfrey league) and institutions to be more publicly linked with poverty reduction, including through corporate social responsibility programmes, could well meet with a ready response at a time when these bodies are increasingly perceived to be 'part of the problem' on account of the high profits and bonuses attending their activities.

Another approach – one suggested by Wilkinson and Pickett themselves – could be for the government to encourage, through tax concessions, democratic employee-ownership. When combined with participative management this can enable a business to become more obviously a 'working community', while also

bringing the fixing of earning differentials ultimately under democratic control. It can also involve a substantial redistribution of wealth from external shareholders to employees and a simultaneous redistribution of the income from that wealth.

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So to conclude, does it matter that some in New Zealand earn more in a month than most 'average' workers will see in a lifetime? In one sense no, for a degree of inequality of income will always exist in society. The Bible acknowledges that some will enjoy greater wealth than others, and nowhere does it advocate economic equality – what we might now define as 'equalized after-tax real income' – even if that were practically and politically possible. Yet where conspicuous wealth exists alongside material poverty the Bible *does* have much to say, both about the fact of that poverty and the structures that allow such gross inequality to exist. And much of the empirical data available to us today confirms the continuing relevance and applicability of its concerns. So I would argue that, in our own society, where even without this recession – which is hitting the poorest hardest – thousands of people struggle to keep warm, pay their bills, feed themselves and their families, cope with debt and ill health, and be heard in their interactions with government agencies – we need action to bring about a greater 'levelling' of income and ensure the basic needs of all are met. And this action, as well as bringing about a more economically just society, will reap benefits across society in terms of greater cohesion, higher levels of trust and a better quality of life.

Much of what I've been arguing is not new: back in 1993 the *Social Justice Statement* issued by the New Zealand churches called for 'fairness in the distribution of incomes, wealth and power in our society; fairness in the social, economic and political structures we have created; [and] fairness in the operation of those structures so that they enable all citizens to be active and productive participants in the life of society.' Their calls were not heeded – but this is a different time. Can we begin to work as a society – politicians, business, trades unions, faith communities – to tackle inequality? I hope I have shown that this has nothing to do with the 'politics of envy', but about recognizing that the quality of our social relations is related to the material foundations of our society, that the scale of our income differences has a powerful effect on how we relate to each other, and that we need a society which materially acknowledges that all of us are made in God's image and should live in a way which reflects that status.

We don't talk much about a 'vision' for society – politics seems much more 'managerial' these days. And while what I have been sharing this evening is a vision it is not, I contend, a utopian one, for even small decreases in inequality, such as may be observed in some developed countries, make an important difference to quality of life across society. As Wilkinson and Pickett themselves say, 'there is a better society to be won: a more equal society in which people are less divided by status and hierarchy... in which we regain a sense of community, in which we overcome the threat of global warming, in which we own and control our work democratically as part of a community of colleagues, and share in the benefits of a growing non-monetised sector of the economy.' I hope that, as a result of the publication of their research, of the work done by the New Zealand

Council of Christian Social Services and others, and perhaps even events like this, we can begin to generate a new debate about our economy. If you would like to help convert some of these concerns into action then please correspond with me so that we can develop the conversation and discuss options. This really is too important an issue to ignore.