

Talking Cents

July 2020

Talking Cents is an ecumenical group charged by the Auckland Anglican Diocesan Council to promote an alternative to current economic and political thought, and to encourage debate within the church. Ministry units are encouraged to distribute these articles. This article is contributed by Reverend Ann BaAen, Anglican Priest and former Member of Parliament.

Notes from the Recovery Room - Negatives and Positives

At the time of writing we are at Level 1, and as we analyse what we have been through as a nation, Covid-19 disclosed many systemic weaknesses. Now there is a reckoning. In a rapidly-evolving situation the following statistics may no longer be accurate. But they reveal some existing problems and inadequacies. In this swiftly changing milieu, future trends are becoming evident. Some economists even suggest major world-wide economic transformation, including a modern day Jubilee. Every fifty years, according to the Book of Leviticus, Chapter 25, Hebrew slaves and prisoners would be freed, and debts forgiven. Land was to be rested and returned to its original owners.

THE NEGATIVES

Job losses: During lock-down, a 45% percent loss of jobs was recorded with a second wave inevitable owing to businesses running out of cash. Shamubeel Eaqub has warned that the real recession is still to come.¹ An announcement has since been made that we are now in a depression, with GDP (Gross Domestic Product) down 1.6% percent and economists predicting a fall in GDP of between seventeen and nineteen percent.²

Internationally, **central banks** are printing trillions of dollars to lower interest rates and make asset owners feel richer so they will spend more. However, that strategy hasn't unleashed economic growth for over a decade. Our Reserve Bank has borrowed \$50 billion. Debts are spiralling higher as households, companies and countries scramble to borrow money in the aftermath of Covid-19 shutdowns.³

A shortage of apprentices continues.

Rental property: An already existing problem of rental-housing affordability and shortages was further highlighted during lockdown.

Women, in general, were adversely affected. Cleaning contractors, typically on low pay and poor conditions, were shown to be on the minimum wage rather than the 'Living Wage'. Moreover, during lockdown women were more in danger of domestic violence than usual if they lived with a violent partner.

Migrant workers were revealed as a new underclass. Covid-19 revealed their already vulnerable situations. These essential workers, some of whom have been in New Zealand 10 years and paid taxes, have been unable to access benefits as of right. Employment has been difficult to find as employers are afraid to commit to employing them for the year ahead given the uncertainty of Covid-19.⁴

Children: Charities reported the worsened situations of children living in damp conditions without proper bedding, leading to respiratory problems and hospitalisations. Oranga Tamariki (Ministry for Children), reported children were witnessing and receiving more family violence.

Health services: Already under-funded health services were exposed. Early in lockdown, nurses were ignored when they spoke out about the lack of personal protective equipment which District Health Boards (DHBs) had rationed. David Williams reported that front-line workers and hospital staff were subjected to washing disposable masks and finding decades-old masks crumbling in their hands.⁵ Complaints were made about the accessibility of protective visors, swab tests,

¹ Economist Shamubeel Eaqub of the NZ Institute of Economic Research Breakfast Interview, TV1 June 16, 2020

² "What we have learned from the Covid crisis", Weekend Herald Editorial, June 8, 2020

³ "The case for a modern debt jubilee" Bernard Hickey, <https://www.newsroom.co.nz/1240584/the-case-for-a-modern-debt-jubilee>

⁴ "'Go home' is not a solution" David Williams, <https://www.newsroom.co.nz/1233296/go-home-is-not-a-solution>

⁵ "Health Board's PPE squeeze revealed" David Williams, <https://www.newsroom.co.nz/1235749/health-boards-ppe-squeeze-revealed>

goggles, gloves and disinfectant. Tragic deaths in rest homes exposed problems at the intersection of public/private health system relationships.

Institutionalised racism: Covid-19 has exposed that Māori and Pacific Island patients have been disadvantaged in accessing treatment in our hospital system. We also saw government failure to trust Māori with the handling of tangi and road blockades.

The homeless: Covid-19 showed that it is possible to house the homeless. Dr. Karen V. Fernandez, asks how they will be housed in the future.⁶

THE POSITIVES

Enforced isolation gave some of us time to reflect on what is important in life. Many of us concluded that life means more than the economy. Accordingly, there has been a balancing of health and safety alongside economic prosperity although not yet for the environment. Businesses and workers have been supported with wage subsidies.

Fiscal stimulus: The fast-tracking of infrastructure projects is a good start for fiscal stimulus. Currently there are 11 projects being fast tracked yielding 1200 jobs.⁷

Health services: *The Health and Disability System Review* undertaken by Heather Simpson recommends fewer DHBs, creation of a new entity (Health NZ), and the setting up a Māori Health Authority.⁸

Already half the country's DHBs are considering, or have committed to the unprecedented step of prioritising Māori and Pacific patients for some elective surgeries.⁹

Digital acceleration: Isolation saw people engage with a vast number of services online, and the speeding up of digitisation in business organisations. Brett O'Riley of the Employers and Manufacturers Association, believes that Covid-19 "facilitated the final death throes of the industrial age."¹⁰ Meetings via Zoom allow working from

home, flexible working hours, and potentially lower costs to business.

The environment: Greenhouse gases were temporarily down 5.5% percent. Regenerative farming, organic farming and other holistic approaches to land management have been encouraged even more.¹¹

Apprenticeship training received a \$380,000 boost, offering 18,000 businesses \$1600 for each person trained.

Banks played their part by reducing interest rates and the pricing gap between fixed and variable rates. Mortgage holidays have been offered together with the conversion of "loans to interest only" for a period.¹²

Jobless migrants: The Minister of Social Development, Carmel Sepuloni, and the Prime Minister have promised to find more suitable longer term support options for migrants.

Rent freezes give renters some temporary respite.

SO WHAT HAVE WE LEARNT?

We now know that we can't rely on migration, tourism, or a Chinese-led export boom to drive our recovery. We have to make the gains ourselves.¹³ It is a pleasant surprise that a former Reserve Bank economist Steve Keen, thinks we should be considering a modern-day debt Jubilee.¹⁴

Tūhoe leader, Tamati Kruger, sums up his insights from Covid-19: "We now understand our love of walking along the beach, along the river and in the bush, and of listening to nature. We now understand one of the cruellest things that we can do to each other is to separate someone from those places that enrich the soul and the spirit. In isolation we feel the depth of our connection with nature."¹⁵ I would add that we understand the importance of our connection with people. Arising from that connection, a positive dialogue is happening. Hence hope.

⁶ Dr. Karen V. Fernandez, <https://www.newsroom.co.nz/ideasroom/2020/06/11/1226215/nzs-ugly-inequities-laid-bare>

⁷ Paul Blair CEO, of the Infrastructure Body of New Zealand, Interview on TV1 Breakfast Show, June 16, 2020

⁸ "Fewer DHBs may be part of overhaul" Jason Walls, New Zealand Herald, June 17, 2020

⁹ "Revealed: More DHBs consider prioritising Maori and Pacific Island patients for Elective Surgeries" Weekend Herald, June 6 2020

¹⁰ "Lockdown lessons from Kiwi businesses" Rod Oram, <https://www.newsroom.co.nz/1206658/six-lessons-from-corporate-life-in-lockdown>

¹¹ "What's the big idea? 3 proposals for the post-Covid rebuild" Simon Wilson, Weekend Herald, June 13, 2020

¹² "A big call for Kiwis" Steve Jurkovich, Chief Executive, Kiwibank, <https://www.newsroom.co.nz/1233681/oped-steve-jurkovich>

¹³ "GDP focus masks bigger challenges" Weekend Herald Editorial, June 20, 2020

¹⁴ "The case for a modern debt jubilee" Bernard Hickey, <https://www.newsroom.co.nz/1240584/the-case-for-a-modern-debt-jubilee>

¹⁵ "Nature is key to NZ's post-Covid future" Rod Oram, <https://www.newsroom.co.nz/2020/05/31/1205570/nature-is-key-to-nzs-post-covid-future?>