



Do Justice

"Do justice, love kindness and walk humbly with your God." Micah 6:8

A Newsletter on Social Justice Issues

Welcome to the March Do Justice. Do Justice continues to discuss issues of social justice from a Christian perspective in the tradition of the prophet Micah and St Francis.

Is equality unattainable?

St Paul, writing to the Colossians and the Galatians makes it very clear that all are our equal in the sight of God (Col 3:11 Gal 3:28) so why is there so much inequality in the world, particularly in those countries that appear to be Christian?

Ever since we moved from hunter/gatherers to being growers and grazers, there has been some inequality. A man declared that a patch of land was his and his alone, land ownership was established, but not everyone acquired land. Those who owned land were 'rich' and those who did not were 'poor'. Land began to have a monetary value as did the flocks that some farmers owned. The concept of individual or family wealth slowly developed through the centuries and with wealth came power. By the time Jesus was born the accepted way for society to be ordered was for one man to be the king or emperor, with the support of the wealthy families of the areas they reigned over. Hence Jesus was born into a society ruled by the Roman emperor and his cohorts. Any concept of equality was non-existent, the rich ruled and that was the way of the world.

Even within the tribes of Israel there was a clear hierarchy. The temple priests were in command and in Jesus' time collaborated closely with the Roman authorities; so closely that they were able to convince Pilate, the Roman governor, that Jesus should be crucified because Jesus made it clear that all were equal in the sight of God.

This was the most revolutionary part of Jesus' teaching. His teaching about God and God's relationship with human beings, while unorthodox as far as the priests were concerned, did not appear to undermine the priests' position and control of the people, but saying everyone is equal in the sight of God went too far. So why, when Emperor Constantine made Christianity the state religion throughout the Roman Empire, did inequality continue? And why does it continue to this day?

Inequality goes far beyond income and wealth. Gender and ethnic inequality have been around seemingly for ever, and it

has only been in the last few decades that some parts of society have started to address these inequalities. There was a significant closing of the income and wealth inequality gap in the developed world in the first part of the 20th century mainly as a result of the development of socialism, including Christian socialism, and two world wars. Thomas Piketty documents the closing of the gap between rich and poor in his book *Capitalism and Ideology*.¹ Interestingly, he attributes at least some of the change to the rise of communism and the cold war when Western leaders were fearful that if the gap became too wide, then the poor would revolt.

As we have discussed regularly in Do Justice, the trend towards equality was reversed in the 1980s, led by President Ronald Reagan in the USA and Prime Minister Margaret Thatcher in the UK, quickly followed in New Zealand by Rogernomics. Income and wealth inequality is now as great, if not greater, than it was at the end of the 19th century.

A number of academics have for some years been warning us of the societal impact of inequality. Wilkinson and Pickett explored the link between health and inequality in their book *The Spirit Level* back in 2010, and Max Rashbrooke has written extensively on New Zealand's inequality. We have regularly quoted the French economist Thomas Piketty and the English economist Kate Raworth has challenged us with 'doughnut economics'. Regrettably there appear to be few, if any, theologians who have been willing to explore financial inequality from a Christian perspective, although much has been written about gender and ethnic inequality. This does seem strange as Jesus spoke often about financial inequality.

Over the centuries there are many examples of what happens when the gap between rich and poor becomes too great. The Peasants' Revolt in 14th century England, The French Revolution at the end of the 18th century and the Russian Revolution at the end of World War I are all examples. When we look at the degree of inequality that initiated these violent reactions we have to ask, "Is our present inequality getting close to the level that initiated these revolts?"

One advantage (which is also a disadvantage) is that, compared with a hundred years ago when the Russian Revolution happened, world communications have expanded and quickened. In 1917 we in New Zealand would have

¹ Thomas Piketty, *Capital and Ideology*, The Belknap Press of Harvard University Press, 2020.

received news about what was happening in St Petersburg from our local newspapers which would have relied on the telegraph for news from Russia. Today there are multiple international news channels that broadcast 24 hours a day with on-the-spot reporters plus interviews with the 'experts' on a particular situation. News is almost instantaneous but is it reliable?

There has always been an element of filtering of news. Space limitations mean editors have to decide what news to cover and what to ignore, but the advent of the internet has meant that access to an audience is much easier, and this has led to a worrying amount of misinformation.

As mentioned above, there was a steady decrease in inequality in many western countries up to about 1980. Since then, there has been a significant reversal and much of the degree of inequality in countries such as New Zealand is a result of government action. In New Zealand taxes on the rich have been decreased and flat taxes such as GST introduced and increased to the detriment of poor and low-income families.

It seems that political parties anywhere are not prepared to make the changes that are necessary to reverse growing inequality. Even parties of the left, who often claim to represent the poor, have done nothing substantial. Since the days of Rogernomics, we have had about 13 years of supposedly centre-left government in New Zealand but still inequality is not addressed. The actions taken have been around the edges – benefit increases, Working for Families tax credits, etc, but still GST remains at 15 percent.

Over the last decade we have seen a much more worrying development. Thomas Piketty describes it as follows: *“For want of a constructive egalitarian and universal political outlet, these tensions have fostered the kinds of nationalist identity cleavages that we see today in practically every part of the world: in the United States and Europe, India and Brazil, China and the Middle East. When people are told that there is no credible alternative to the socioeconomic organisation and class inequality that exists today, it is not surprising that they invest their hopes in defending their borders and identities instead.”*² Examples include the storming of the US Congress on 6 Jan 2020, the farmers revolt in India in 2020/1, the surrounding of the Canadian Parliament in Ottawa by large trucks in February this year and, even in New Zealand, the protests outside the New Zealand Parliament going on at present, and many more around the world. We are living in the most unstable climate since the world wars and cold war of the 20th century.

Politicians, even politicians who say they want to address poverty and particularly child poverty, seem to lack either the courage or will to make the changes necessary. If child poverty is to be addressed, then inequality must be addressed and that means limits must be placed on the very rich. And it is not just very high incomes that need to be addressed but overall family wealth and inheritance. Of the three major components of inequality, only income is taxed in New Zealand and then by one of the least progressive income taxes

Group	Wealth	Cumulative Wealth	Share	Cumulative Share
	Sbn	Sbn	%	%
Wealthiest 1%	274	274	20%	20%
Next 4%	331	605	24%	44%
Next 5%	203	808	15%	39%
Next 40%	536	1344	39%	54%
Poorest 50%	24	1368	2%	41%

The poorest 50 percent of our people only have 2 percent of the wealth, and the top 10 percent have 55 percent. This is grossly inequitable and in direct contradiction to the teaching of Jesus.

This concentration of wealth comes about in three ways: high incomes that allow the purchase of assets, capital gains of those assets and the passing on of assets from one generation to the next.

From 1 April 2021 the marginal income tax rate increased from 33 percent to 39 percent on income over \$180,000. Someone on the Living Wage will be paying 17.5 percent if they work 40 hours per week for the year, however if they earn just \$2,500 in overtime or from other sources, they will have a marginal rate of tax of 30 percent This is not a progressive income tax system. As a minimum, the marginal rates need to be increased for those with incomes over, say, \$300,000, \$500,000, \$750,000 and \$1million. Most OECD countries have a zero-tax rate for the first ten or twenty thousand dollars of income while we must pay 10.5 percent from the very first dollar earned, including term deposit interest. We have a very regressive income tax system.

What about taxes on wealth and inheritance? None. Capital gains tax has been talked about with monotonous regularity for many years, but our politicians do not have the courage to make this happen. New Zealand is one of the few countries in the OECD that does not have a capital gains tax. Even the USA has one and most of the countries we like to compare ourselves with (Australia, UK, Canada, etc) all have capital gains taxes.

Wealth taxes are levied on the net wealth of an individual including owning real estate, stocks and shares, etc. The tax rate is usually low, 1 percent or 2 percent, but paid annually. Canada, France, Spain and Switzerland are examples of countries with wealth taxes.

Finally, Inheritance tax. Yes, we did have an inheritance tax in New Zealand, but it was abolished in 1992³ by the National Government that continued Rogernomics.

The answer to our original question *“Is equality unattainable?”* must be No. In other words, equality is attainable but it is going to be very difficult, and will take many years unless the world is faced with a devastating crisis. The Jubilee Year is still too many years away.

² Thomas Piketty, *Capital and Ideology*, Harvard University Press, 2020, page 966.

³ [Inheritance tax - Wikipedia](#)