

“Do Justice, Love Kindness and Walk Humbly With Your God”

Micah 6:8

A Newsletter on Social Justice Issues from the Social Justice Group, Anglican Diocese of Auckland

Welcome to the first edition of Do Justice for 2025 as the Social Justice Group continue to discuss issues of social justice from a Christian perspective in the tradition of Micah and St Francis.

Inequality is not just financial

As we start our twelfth year of Do Justice, we make no apologies for returning to one of our main subjects – inequality. We have on many occasions turned to the French economist Thomas Piketty and do so again. In 2022 he published one of his smaller books, *A Brief History of Equality*,¹ but maybe his most significant theses on equality as he covers virtually all the causes of inequality, not just the economic situation which he has carefully and thoroughly documented in his previous books.

Whenever new taxes aimed at the very rich and wealthy are suggested, immediately the argument that such changes (increases) will discourage innovation, productivity and almost everything else. Piketty addresses this directly

*On this subject, let us add that the power of strongly progressive taxation seems in no way to discourage innovation or productivity. In the United States the national income per inhabitant rose at a rate of 1.8 per cent per annum between 1870 and 1910 without income tax and then at 2.1 percent between 1910 and 1950 after its introduction, and at a rate of 2.2 percent between 1950 and 1990 when the top tax rate reached an average of 72 percent. The top rate was then cut in half, with the announced objective of boost growth. But in fact, growth fell by half reaching 1.1 percent per annum between 1990 and 2020. Beyond a certain level of inequality, repeatedly increasing differences in income and wealth has clearly had no positive effect on economic dynamism. In sum, all the data at our disposal today suggest that **virtually confiscatory tax rates have been an immense historical success**. They have made it possible to greatly reduce the divergences of fortunes and incomes, while at the same time improving the situation of the middle and lower classes,*

developing the welfare state, and stimulating better economic and social performance overall. Historically it is the battle for equality and education that has made economic development and human progress, and not the veneration of property, stability and inequality.²

These comments are particularly relevant today when politicians in many countries, including our own, appear to be keener on cutting taxes rather than improving government provided services, in particular, education.

Piketty then goes on to look at the relationships between inequality and other factors including education, health, world trade, and perhaps the most important for our future on this planet, climate change.

Although much of Piketty's examples come from France, the USA, the UK and the rest of Europe, he does not ignore the inequality in our worldwide economy and its causes. We can easily forget the inequality between the nations of the North and the South (both Australia and New Zealand are effectively nations of the North) and how this was generated in the nineteenth and twentieth centuries as European powers in particular searched for and exploited natural resources to drive their own industrialisation. And this is still continuing as a number of rare materials are required to support our tech lifestyle in the “north”. When rare materials are found in the “south” it is not the local people that benefit but the small ruling class adding to the overall global inequality.

It is becoming increasingly clear that climate change and inequality are completely linked and if not successfully addressed will inevitably result in this planet no longer supporting humankind. It may take some hundreds of years before finality but the point of no return, particularly as far as climate change is concerned, could well be in the next thirty or forty years as global temperature rises because of greenhouse gasses increasing, particularly carbon dioxide.

¹ Piketty, T. (2022). *A Brief History of Equality*. Harvard University Press
Belknap Press.

² Page 139

Piketty and others have written extensively about the closing of the inequality gap between the early twentieth century and the 1980s when the need for extensive social welfare was recognised and enacted in many countries mainly in the “north”. At roughly the same time the “Empires” were de-colonised – the number of member nations in the United Nations over doubled between 1945 and 1980.

One of the driving factors behind the closing of the inequality gap was the coming together in the late nineteenth century of workers in the industrialising countries of Europe and North America, as seen by the rapid growth of trade unions and the emergence of political parties on what we now call the “left”. Many of the countries where this was happening responded with various social welfare policies funded by increasingly taxing the wealthy. Imperial Russia was slow to respond and paid the price as the extreme left Marxists took power in 1917. For close to 60 years the world saw both capitalism and communism operating and the development of the social welfare economies of Europe, Australia, New Zealand, Canada and to a lesser extent the USA were the direct result of the contrast between the two economic systems and the impact of the great depression of the 1930s. However, by the late 1970s it became increasingly apparent the Soviet system was in deep trouble, and it was time, in the eyes of some, to address the very high taxation of high income earners and the very wealthy.

The result of neoliberalism and the Reagan-Thatcher years is inequality increasing, and the minimum wage effectively staying the same. Much of the “far-right” movements we are seeing today in a number of countries is because “social welfare” parties have adopted neoliberalism, and the “poor” feel deserted.

As neoliberalism spread in the 1980s it was the time that scientists began to talk about the increase in world temperatures and identified the main cause – the burning of fossil fuels – climate change was with us.

As with inequality, so with climate change, there is a clear “north” “south” divide. The major contributors to climate change are, and continue to be, the “north” and the major impacted countries in the “south”. But it is a bit more complicated. There are now countries that 50 years ago were clearly economically part of the “south” are now increasingly becoming part of the “north”. And the two most populated, China and India, are in this group; both rely very heavily on coal-fired

power stations for their electricity as much of Europe and North America did in the twentieth century.

Perhaps for the first time in history the challenges facing the human race will only be solved by all of us coming together to find the solutions. Climate change and inequality are world-wide issues that can only be addressed with world wide solutions.

Regrettably, world-wide solutions do not appear to be on the horizon despite the 2015 Paris Agreement on Climate Change. This agreement has been followed by annual get-togethers of the “parties” each December – the Council of Parties (the COP). Meetings that do provide information on issues and some progress in some areas but not in the most important area – the extraction and burning of fossil fuels. The COP meetings are not just meetings of representatives of national states but also attract representatives of other groups with interests in climate change, including representatives of the world’s fossil fuel industries who make up by far the largest non-government group. And they have been successful in ensuring that the inevitable demise of fossil fuel extraction does not become an objective for all the COP countries.

Our government has gone even further by reversing the ban on fossil fuel exploration and extraction enacted by the previous government in 2018. Part of the argument advanced for the reversal was that for a few days in 2024, hydro lake levels were low and some coal had to be used at Huntly to ensure we did not have power cuts because of lack of generating capacity. Ignored was the fact that any coal, oil or gas found would take at least 10 years to become available for generation purposes, by which time solar, wind and geo-thermal power would mean all our electricity was generated from renewable sources.

Perhaps the most depressing event of 2024 as far as both inequality and climate change are concerned was the election of Donald Trump as the next president of the USA. Not only has he promised to extend the large tax cuts for the rich passed when he was previously president but his attitude to climate change can best be summed up in his own words “we will drill baby drill”.

Gerard Toal in his book *Oceans Rise Empires Fall*³, which is available from the Auckland Public Libraries, looks at the relationship between geopolitics and climate change and inequality. He finishes the book with the following: “*The current world order has proven itself painfully slow to respond to the climate*

³ Toal, G. (2024). *Oceans Rise Empires Fall*. Oxford University Press.

threat. Resistance is entrenched. The UN Secretary-General António Guterres puts the matter starkly “collective action or collective suicide”. Yet this may be human centric hubris. The new climate regime and its interaction with Earth system processes will ultimately determine our fate. Oceans are rising. And empires may fall sooner than we expect. A great dislocation is coming. Can we find a just course through it?”