This paper provides a discussion of the extent to which an understanding of the historical development of social policy in New Zealand can contribute to a predictive exercise such as an estimate of a fiscal risk to the Crown over the next four decades. The challenge of predicting the next forty years of New Zealand’s social policy history can be clearly demonstrated simply by exploring the future that was imagined for New Zealand forty years in the past, with the release of the 1972 Royal Commission on Social Security. At that time New Zealand had experienced largely continuous economic growth from the time of the Second World War and had enjoyed what would soon be seen to be unprecedented and unsustainable levels of full employment. The royal commission defined the responsibility of the state as ensuring ‘that everyone is able to enjoy a standard of living much like that of the rest of the community and thus is able to feel a sense of participation and belonging to the community’. In 1972 it was possible to look back on the welfare state’s long history, beginning with the introduction of old age pensions in 1898, and continuing through with the substantive creation of a modern welfare state during the period of the first Labour government and especially with the introduction of the Social Security Act 1938. Although the royal commission recognized that there had been a long hiatus since 1938 and that the welfare state had fallen behind other developed countries, it could look forward with confidence to a new period of redevelopment, with the state taking responsibility for a greater number of areas of social need. Welfare was seen as so integral to social wellbeing that it could be received without stigma, making universal entitlements no longer necessary to break down nineteenth century notions of deserving and undeserving. New Zealand’s model was to be Scandinavia and its institutionalised and more generous welfare state.

In the years immediately following the royal commission’s report, its recommendations on a domestic purposes benefit were introduced, the earlier recommendations of the Woodhouse Commission on workers’ compensation were implemented, greatly expanded to include the non-working population, and two very different forms of National Superannuation were introduced to

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deal with the anomalies and limitations of provision for those in retirement. In addition, a White Paper on health services looked dramatically although prematurely to reform social security in health, which had been the cornerstone of the Labour government’s 1938 welfare state. This confidence in continuing economic growth to provide an expanded and sustainable welfare state was short lived, as we all now know. Little more than a decade later the welfare state was in crisis. New voices called for its dismantlement not its expansion and after that time the fundamental assumption of the early 1970s, that a welfare state could continue to grow to meet newly recognised aspects of need, was intensely debated and in the reforms of 1991 to 1993, twenty years after 1972, the National government of the day attempted to wind back the welfare state to pre-1938 levels.

Developing projections of what a welfare state would look like in 2052 is not simply a mechanical exercise, dependent on providing data on policy settings, population growth and structure, government income and expenditure – and the list will go on. As the difference between the 2009 and 2006 long-term fiscal exercises illustrates, even at this level the future can change radically over a very short period of time. Changing perceptions of need and state responsibility are also going to be important in understanding the Crown’s fiscal risks in the future. How the future changes will also be influenced by what is seen as affordable, necessary, an entitlement, a human right, a social and public health risk, or a need. The purpose of this paper is to show how these definitions have changed over time, particularly as they relate to the state’s understanding of its responsibility for meeting the social needs of the New Zealand population. While these understandings of need are connected to demographic and economic conditions, they also reflect prevailing social and scientific attitudes to the role of individuals and communities and to the very nature of society and its responsibilities. This paper attempts to describe how these views have changed over time. It also uses these past changes to look to the future, by identifying characteristics in New Zealand’s welfare history which appear to be consistent through these different periods of change, and to explore the factors which have changed significantly over time, closing off some possibilities, but opening the way for others.

Some of the most important influences go back to the nineteenth century and the establishment of the colony. Liberalism provided the intellectual and policy underpinnings for the expansion of

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7 While needing update and substantial revision, Louis Hartz’s view on the long standing importance of prevailing political debates at the of time of a colony’s creation has much merit, Louis Hartz, _The liberal tradition in America; an interpretation of American political thought since the Revolution_, 1st ed. (New York,
British capitalism and British constitutional institutions to settled colonies such as New Zealand. Liberalism assumed the autonomy of the individual and provided a justification for *laissez-faire* capitalism. Earlier writers (and to some extent popular mythology today) assumed that New Zealand had from its creation a more progressive approach to providing welfare, in creating a ‘workingman’s paradise’. Evidence for this was found in the New Zealand Company’s guarantee of employment for its assisted labourers and early demands for a 40 hour week. William Pember Reeves depicted New Zealand’s history as conflict between an egalitarian majority and wealthy oligarchs. The depression of the 1880s demonstrated that capitalism could bring the evils of poverty and sweating to New Zealand, but in the backlash the Liberals, with Reeves as navigator, were able to develop a state-managed society in the interests of the egalitarian majority. These Liberal initiatives were then carried forward in a much more comprehensive manner in 1938, when New Zealand again led the world in laying down the first welfare state.

This progressive, Whiggish model of New Zealand’s welfare state has been significantly challenged over the last two decades. Taking their lead from WH Oliver, historians have challenged all aspects of the progressive and nationalist narrative. David Thompson has argued that far from being a radical exponent of state intervention in welfare, the nineteenth century New Zealand state was even more reluctant than Britain to provide formal welfare for its citizens, noting that New Zealand differed from other developed societies in prosecuting adult children for not providing for the support of their parents. The Liberals are also no longer seen as creating the precursors of the welfare state. Margaret Tennant has explored the extent to which nineteenth century notions of deserving and undeserving and an almost pathological fear of state expenditure finding its way to the poor were the major characteristics of the Liberal’s charitable aid system. The welfare state established in the 1930s has been revealed as far less progressive and comprehensive than its self-advertisements indicated. Even the idea that New Zealand ever had a comprehensive welfare state...


has been significantly challenged in international comparison.\textsuperscript{15} New Zealand is now seen along with other English-speaking countries such as the United Kingdom, the Republic of Ireland, Australia and Canada, as a reluctant welfare state, spending far less on its welfare systems than other developed European economies. While this last conclusion has been challenged, with Frank Castles pointing out that Australia and New Zealand used full employment, control of the labour market and immigration to compensate for lower expenditure on welfare in supporting the goal of social equality, the notion that New Zealand has been the world leader in its welfare state provision is no longer viable.\textsuperscript{16}

This paper will concentrate on New Zealand, rather than on international comparisons. This is unfortunate, because the question of whether New Zealand stands distinct from other welfare states is one that will have to be treated superficially. Nineteenth century liberalism was exported from Europe worldwide and its role in the expansion a globalised economy based on capitalism cannot be understated. At the same time, major economic events with their international implications, such as periods of depression or sustained economic growth, had a major impact on New Zealand’s systems of charity and welfare, providing greater or lesser opportunities for government to sustain existing programmes or develop new ones. Ideas also travelled across national boundaries. At a more local level, differences between Australia and New Zealand, once seen as important, may be of only minor significance.\textsuperscript{17}

Undeserving and deserving

New Zealand’s welfare state development can be usefully if loosely divided into a series of periods, each with its own distinct characteristics. The important aspects of each of these different periods of welfare illustrate prevailing social and political perspectives on the role of the state. None of these perspectives have been completely replaced by those emerging to later prominence and some have re-emerged greatly re-invigorated. This is particularly true of nineteenth century ideas about welfare, the role of individuals and their responsibilities, and the place of work in social and individual wellbeing. Nineteenth century ideas about deserving and undeserving, while modified in the present, still provide restraints on present debates about New Zealand’s welfare state, and limit governments in the troublesome task of welfare reform. Some groups, such as superannuants, retain universal entitlements because they are seen as deserving, while those who are unemployed or sole parents are more rigorously means tested and their need for welfare is much more contested.

The nineteenth century has cast a long shadow in providing a distinctly New Zealand pattern of wellbeing, in no small way because it forged relationships between Maori as the indigenous inhabitants of New Zealand and Pakeha as colonisers which have proved remarkably resilient.


Setting a pattern of relationships between Maori and the Crown occurred very early, even before 1840, with a series of options taking shape in the conflict between the New Zealand Company and the missionary societies, who steadfastly opposed New Zealand becoming a British colony. The Church Missionary Society proposed independent Maori sovereignty, under British protection, modern and indigenous. At the other extreme, the New Zealand Company envisaged almost instant assimilation, with Maori chiefs being absorbed into a colonial gentry and everyone else making up a labouring working class. The New Zealand Company’s decision to come to New Zealand without the support of the British government put paid to Maori independence, but the conflict continued into the early years of the crown colony. Governor George Grey struck a fragile compromise, arguing that Maori were rapidly adopting European ways and the goal of amalgamation would be achieved in the very near future. In the meantime, Maori needed support with educational and health programmes that were tailored to their needs. These approaches were overlaid with a smug sense of European superiority, punctuated with terms such as civilisation and savagery, Christian enlightenment and heathen darkness. Despite this, the approaches continue to provide the basis for contemporary debate, albeit with new language: te tino rangatiratanga, self-determination, Maori development, kaupapa Maori, mainstreaming, globalisation and modernity.

State socialism
By the end of the nineteenth century, classical liberal assumptions on the indispensability of the free market and the sacrosanct status of individual choice were being challenged. First, newly enfranchised working class voters were demanding more of the state and secondly, the complexities of an industrialised society required higher levels of education and a stable work force. The long depression of the 1870s and 1880s brought poverty back into the political spotlight, emphasising the failure of the free market to provide for the needs of the urban poor. Finally, ideological challenges to liberalism, particularly from a whole variety of socialist critiques, were undermining the primacy of laissez-faire liberalism. At the end of the nineteenth century, these political shifts had transformed British liberalism itself and under the influence of David Lloyd George and Winston Churchill the Liberal Party accepted the need to use social assistance to ensure that individuals could compete in the marketplace. In some policies, the Liberal and the Labour parties looked remarkably similar and in New Zealand Richard Seddon’s Liberal government was so successful that attempts to establish an electorally successfully Labour Party were frustrated until 1916. Even then, it took until 1935 for Labour to form a government, very late compared with Australia and the United Kingdom.

Revolutionary socialism provided a form of political resistance to the capitalist market place, but it failed to become a viable threat to any of the English speaking democracies. The movement was much more important because of fears of its potential danger to democratic capitalism. Democratic parties, from the right to the left, developed policies to counter the appeal of the revolutionary left or to oppose it. While Marxism or other varieties of revolutionary socialism still had significant influence in New Zealand politics at least until the 1970s, they never provided a rationale for reforming public policy in a way that was embraced by the state. Other forms of socialism were more influential, particularly the gradualist state-centred socialism developed by British Fabians in the nineteenth century and more generally by social democrats in the twentieth. This form of socialism rejected the anti-state prejudices of both classic liberalism and Marxism, and instead embraced the state as a means of providing for a more rational, equal and just society.
In the late nineteenth and early twentieth centuries, the provision of social services was part of the Fabian agenda. But it was not the primary goal of these reformers; far more important was intervening in the market place to provide workers with greater leverage to negotiate with employers. Old age pensions were first introduced, after all, not by middle-class, left wing theorists, but by Otto von Bismarck, an icon of the conservative and nationalist right. They were introduced partly to appease working class opinion, but also as a means of ensuring a rational and stable work force for a rapidly industrialising and united Germany. The Fabian socialists’ greatest achievement in New Zealand was the creation of the Industrial Conciliation and Arbitration system in 1894. Its architect, William Pember Reeves, was a self-confessed Fabian. Conciliation and arbitration were an attempt to prevent the disruption of strikes. Not only had striking proved largely futile for newly re-emerging trade unions in the years before 1894, it was disruptive to the rational working of the economy. Fabians wanted to support the working class, and their ultimate objective was the elimination of capitalism, but they saw providing trade unions with greater clout in their negotiation with employers as a mechanism for ensuring a rational, ordered and efficient society. Socialism, the control of the means of production, distribution and exchange, was inevitable in their eyes, not through industrial actions such as those promoted by syndicalists and the Wobblies (who did make it to New Zealand in some strength) but by the ballot box. A newly enfranchised working class could, it was expected, be relied upon to introduce socialism.

Social biology
Underpinning these institutional approaches to what became known as New Zealand’s state socialist society was a strong vein of social biology. The pre-eminence of evolution in critical thinking of the late nineteenth century challenged the importance of radical revolutionary change, socially as well as biologically. Fabian socialists were often avid readers of Darwin. From this reading, human biology became a metaphor for human society, and the laws of society were determined by the broader laws governing all of biological evolution. In such an environment, the need to ensure a healthy functioning society meant making sure that all parts of the society were able to contribute to the common good. Using such metaphors, strikes, unemployment and poverty were diseases on the body politic. A rational state centred society could cure these diseases in the interests of all parts of society.

Fabian socialism was a left wing interpretation of these biological perspectives, but it had a much broader political influence. By the late nineteenth century biological views, particularly of race, were influencing both left and right. Concerns about the virility and sustainability of nations, or of the white race, became commonplace in debates about the role of the state. Under the laws of classic liberalism, intervention risked dependency even in meeting the needs of the most deserving. Generosity always ran the risk of being self-defeating. Paying pensions or benefits encouraged individuals to avoid their responsibility to look after their own happiness. In contrast biological nationalists often required the state to intervene to influence behaviour. Populations needed to be bribed or punished to ensure the survival of the fittest nation or race. These groups feared that biological degeneration or national sterility could lead to national or racial extinction.

At one level this involved organisations such as Plunket, established to protect the health of women and children while at another it involved the eugenic, exterminating the “unfit”, beginning with Nazi treatment of its intellectually and physically disabled populations and ending with the holocaust. Moves towards compulsory sterilisation were another part of this trend. These biological views of race provide the first significant impetus for the state to develop comprehensive social policies aimed at subsidising what were seen as positive social behaviours, particularly to promote raising birth rates and parenting skills. From the beginning of the twentieth century the state used regulation to try to protect infants, to counter a declining birth rate and to promote the health of children. In 1912, the state introduced the medical inspection of school children. In 1921, it was dental clinics, aimed to counter the very prevalent poor teeth of those volunteering or conscripted during the Great War. Health camps were established at the same time. And then in 1926 the state introduced family allowances, aimed to promote larger families, particularly among the low-income. Although this policy was also tied into providing some compensation to workers for rising costs, it is noteworthy as the first benefit given to promote an approved form of social behaviour – having children.

This race-based approach to welfare, with its biological underpinnings, stressed the importance of inheritance. Race was an inherited characteristic. Genetics, so the eugenicists argued, indicated that we are where we have come from. Disability and criminality were pre-determined by inheritance as were intelligence and respectability. While these eugenic ideas on inheritance were very important in the development of mental health policy, they never completely predominated. Frederic Truby King could both be a eugenicist and a promoter of improving the health of women and children through education and encouraging good parental practices. The New Zealand government never based its policies entirely on the assumption of inheritance. Despite these new biological views of social policy, the old ideas of deserving and undeserving and suspicion of state funding of those who were unemployed remained.

Expansion of entitlement
Meanwhile, a series of pensions was developed that followed the Old Age Pension of 1898. Other groups were able to exploit the idea of being deserving and to persuade the state to provide some income support for them. In 1911 it was widows, and then followed victims of the influenza epidemic, miners suffering from phthisis and the blind. World War I had an extraordinary impact on the benefit system, creating a very large number of deserving individuals for whom the state had to provide both medical and rehabilitation support and disability pensions. While ex-servicemen had always been seen as worthy of at least some support, particularly where their injuries had been the result of service to Crown and country, the sheer scale of post-war rehabilitation and pensions was unprecedented. The bureaucratic and experience of administering such a regime would provide much of the civil service infrastructure for a post 1938 welfare state.

The family based welfare state
The impact of the depression on the idea of the deserving and undeserving poor was dramatic and was largely sustained until the 1980s. Those arguing that unemployment and its resulting poverty
flowed from individual failings, poor choices and laziness had to confront the international nature of the Slump. Not only were very high levels of unemployment endemic across the developed and developing economies, such as Japan, during the slump there were goods aplenty, just not enough money to pay for them. When the Labour government was elected in 1935, it could claim that its management of the economy and its social security system were needed not because individuals had failed to live up to their responsibilities to be independent, but because social security was a key aspect of national security, protecting New Zealanders from the cruel and dysfunctional, international marketplace.

The most significant aspect of Labour’s new welfare state was not its social security system, which to some extent merely consolidated existing benefits with added provision for unemployment and health care and old age, it was the introduction of economic stabilisation in 1938. This measure created a highly protected economy aiming to promote and then preserve full employment.

Although the introduction of stabilisation was prompted by the demands of the British government and British financiers to tone down Labour’s social experiments, its impact reinforced the long tradition in New Zealand’s social policy, of placing employment above pensions. Once introduced, protection would be retained until the 1980s. Even those determined to re-establish an open economy found it politically and economically impossible to do so, until the National government’s free trade agreement with Australia and deregulation following the election of the fourth Labour government in 1984.

Labour’s definition of wellbeing involved work, every bit as much as did that of nineteenth century laissez-faire liberalism in New Zealand. Work was based on gendered divisions of labour. Despite calls from women within the Labour party for equal pay, Labour promoted social policies which assumed that women would be mothers and carers and that men would have a take home pay packet sufficient, with the assistance of the conciliation and arbitration and taxation system, to look after these dependants. Men’s wellbeing was provided by work in a contrived labour market: women’s wellbeing was supported by welfare. Labour’s welfare system was devoted to the idealised needs of women: state houses to help women to look after children in safe environments, social security of medicine to ensure their family’s access to doctors and hospitals, subsidised food and secondary education, to promote the needs of their children and finally, a universal child allowance which acted as a woman’s wage. While Labour provided for unemployed men and put aside the loathed system of work for relief, it was far more interested in creating work than paying unemployment benefits.

Labour’s policies can be seen as still trying to respond to the declining birth rate, which had been the primary focus for the race based policies which preceded them. Ironically, a these polices would only come into their own in the post-war and baby boom environment. Five years of war had their own negative impact on the birth rate, although it was already beginning to rise just prior to the war.

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The durability of Labour’s social policies rested not so much on their own qualities, but on their appropriateness for post-war New Zealand society, with its rising birth rate and its families of young immigrants, both Europeans and Pacific peoples from outside the country and Maori migrating into the cities and the declining proportion of women who remained unmarried and childless. Full employment was an economic rather than a welfare policy, but its success, at whatever cost to other parts of the economy, gave New Zealand a distinctive welfare state.

The citizenship welfare state
Labour’s 1930s welfare state remained largely unchanged for the next three decades. During the long period of barely interrupted National Party administration from 1949 to 1972, government was content to maintain rather than expand social security provisions and protection and there was little public demand for reform. Sustained economic growth, full employment and the ability of the economy and the existing welfare system to meet the needs of the baby boom generation stifled all but the most radical and marginal demands for change. It was not until the 1960s that public debate over New Zealand’s welfare state re-emerged. By that time later post-war models of welfare states were demonstrating higher levels of provision and anomalies in the welfare envisaged in 1938 were becoming more obvious. At the same time the common demographic pattern of relatively large (for the twentieth century) family size was changing. Increasing levels of solo parent families and a more complex age structure were creating new social profiles and redefining need. Prosperity and full employment were also creating new consumer demands. Welfare was moving from being needs-based to desire-based. Changes in the family and greater participation in the workforce by women were also undermining the view that it was the state’s responsibility to provide security for the nuclear, single-wage earner family. The gendered prescription of the baby boom welfare state was also being challenged in the less complacent and more troubled decades of the 1960s and 1970s.

Moves to reform, however, assumed continuing prosperity and that there would be sufficient new wealth generated to fund a more generous welfare state. Until this time, the cost of the welfare state had been largely disguised through its reliance on protection to ensure full employment. Full employment reduced demand for benefits and shifted the cost of welfare from direct taxation to indirect taxation and higher prices for manufactured and imported goods. Subsidies, tax deductions for dependants and progressive taxation meant that the burden of paying for the welfare state did not fall on a very large proportion of the population. By the late 1960s there was a new climate of change, based largely on the failure to develop and extend the measures introduced before 1945. Workers’ compensation was over 60 years old and in need of a substantial re-jig. The compromise between a limited universal pension in 1938 and a more substantial means tested old age pension needed to be revisited. The needs of single parent families had not been envisaged at all in the 1930s.

Reforms were driven by three major commissions of inquiry. The first move towards a citizenship based welfare state can be seen in the 1960 Hunn report, which aimed to break down any remaining

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25 Belgrave, "Needs and the State."
26 Pool, Dharmalingam, and Sceats, The New Zealand family from 1840: a demographic history.
27 Bronwyn Labrum, "Family needs and family desires: discretionary state welfare in New Zealand, 1920-1970" (PhD, Victoria University, 2000).
policy and legal distinctions between Maori and non-Maori.\(^{28}\) Then followed the Woodhouse Commission on Workers’ Compensation in 1967 and the Royal Commission on Social Security in 1972.\(^{29}\) The emergence of ACC, with its universal coverage, was driven by the need to provide adequate compensation for the elimination of the right to sue. Because of this constraint, the ACC system did not envisage equal outcomes, but compensation based on income, giving far greater levels of compensation to higher income earners. By the time of the Royal Commission on Social Security report in 1972, the chief objective of the welfare state was defined as allowing universal participation in society. The idea of participation crossed over any distinctions of race and gender, but even in 1972, it raised significant questions about what participation in society involved. The welfare state’s earlier objective of providing for the basic needs of families, food, shelter, education and access to healthcare, all to be delivered with dignity, still aimed at providing commonly recognisable and universal outcomes. By 1972 New Zealand’s society was facing new levels of diversity. Recognition of cultural difference, of Maori resurgence and simply a wider range of different forms of family made it difficult to identify common needs, when these needs were becoming more connected with individual choices.

Crisis: The emergence of the consumer welfare state

Despite the economic crises of the 1970s, it took much longer for governments and the electorate to accept that sustained economic growth could no longer be assumed in the future. The third Labour government’s major initiative was a contributory and compulsory superannuation scheme, one that departed from Labour’s 1930s aspirations. National’s expensive pay as you go superannuation scheme, based on a reduction of the age of entitlement from 65 to 60, recognised the growing electoral power of an aging, baby-boom population, but also harked back to Labour’s unachieved 1930s objective of generous universal provision. At the same time, as the welfare state was moving towards a more citizenship based, individual entitlement model, looking to Scandinavia as its mentor, the second pillar of Labour’s welfare state, protection, was coming under sustained attack. The New Zealand economy was no longer comfortably isolated from the world and international pressures for free trade were increasingly undermining New Zealand’s regime of protection at the same time as Britain’s entry into the European Economic Community meant that for the first time New Zealand faced very substantial trade barriers to its major primary exports.

By 1984, when the fourth Labour government came to office, moves to wind back welfare states were well under way elsewhere, as welfare states were being condemned for being unsustainable, too expensive and economically and socially debilitating. This trend was particularly evident in English speaking welfare states such as the United Kingdom, the United States and Australia. Neo liberal criticisms of high levels of state intervention, protection, and entitlements to welfare and state controls of the economy had become far more politically acceptable and were starting to have an influence on the direction of government policy. By this time, a decade of economic crisis was being blamed on the inappropriate expansion of the state. Whereas the 1930s welfare state was created on the assumption of market failure, the reformers of the 1980s believed that the primary cause of the current economic crisis was the failure of the state. As a matter of principle, re-starting


\(^{29}\) Royal Commission of Inquiry, *Compensation For Personal Injury in New Zealand*. 
economic growth would depend on winding back the welfare state, reducing the state’s size in the economy and giving the market its head.

Reform had three major aspects: the first was the elimination of protection, opening the New Zealand economy to the international market place and allowing prices to be determined by international competition rather than by state regulation. The second objective was to reduce the size of the state, restraining the growth of the welfare state and from 1991 to 1993, substantially reducing its size. The creation of state owned enterprises and privatisation reduced economic activities better located in the market place. Finally, the state was to be reformed by making those remaining state activities subject to market pressures. These were not new objectives; the 1928 election had been fought on the slogan of more business in government and less government in business. But decades after the economic and welfare reforms of 1938, the reforms of the period 1984 – 1993 were a dramatic reversal of half a century of policy making.

Opening up the New Zealand economy to international competition was largely achieved by the fourth Labour government, first by floating the dollar and then through dramatic reductions of protection. The impact was to make the New Zealand labour market subject to international competition, with dramatically rising unemployment at a time of economic stagnation. The rise in unemployment was unprecedented since the Depression. Making the labour market subject to the international economy necessitated dramatic taxation reforms. Reduction in taxes for high income earners undermined the rationale for universal provision of services. The Labour government avoided areas of social policy reform. Finding decisions on social policy too politically difficult, they referred social policy to a new royal commission, which did not issue its report in 1988. By this time the dramatic economic reforms that had been imposed by Labour had imposed significant constraints on any new expansion of the welfare state.

There was a tendency for some commentators to see these reforms as being a revolution, imposed top down on a community too stunned by the rapidity of change to object. However, the Labour and National government reformers were able to draw on a widespread disillusion with the role of the state. Even before the Labour government’s policy objectives were fully understood in October 1984, Maori at Hui Taumata demanded devolution of state responsibility to hapu and iwi. They saw the state as responsible for the underdevelopment of Maori communities and their persistent economic marginalisation. Returning resources and responsibility for social wellbeing to Maori was presented as a means of countering an ineffective and institutionally racist state. While much of the dramatic reforms of the state were introduced with little consultation and a high degree of urgency, both the Children Young Persons and Their Families Act 1989 and the Resource Management Act 1991 were unusual in that they followed extensive consultation. However, they still reflected widespread suspicion of the State and of the professionals working for it, and emphasised community and family empowerment. Puao-te-ata-tu accused the state of institutional racism and


touched a deeply felt nerve in Maori communities about the Department of Social Welfare’s dealing with whanau and did so with the approval of the department itself.  

It is not surprising that the first Labour government was forced to negotiate a hard-fought battle with the medical profession over social security in health. The medical profession was at the height of its authority and providing ordinary New Zealanders with access to the latest scientific knowledge and medicine was crucial to Labour’s sense of wellbeing. Scientific authority and medicine had their parallels in scientific management of the economy and of social wellbeing, but by the 1970s this authority was being significantly challenged. And in the 1980s, relationships between patients and doctors become much more problematic as typified by the sustained attack on what was seen as medical arrogance in the controversy over experiments at National Women’s Hospital and the subsequent Cartwright enquiry.

Consumers were now through television and air travel intimately connected to a burgeoning array of consumer products and wanted greater choice and cheaper manufactured products. They also wanted greater choice in almost everything. Even the left had in the 1970s developed extensive critiques of the welfare state, seeing it not so much as the saviour of the poor, but as an instrument of capital accumulation. When Labour set to dismantle what it saw as dependence on the state, there were few to defend it. Maori challenges to fisheries and the state-owned enterprises reforms were the most notable and successful forms of resistance to the fourth Labour government’s reforming agenda, however this litigation was not motivated by the need to defend the state, but by the nature of its devolution. Although in its second term the Labour government became more politically moribund and divided amongst itself, the pace of structural reform increased with the Reserve Bank Act, the State Sector Act, the Bill of Rights Act, and the reform of local government and education laid down a structural basis for managing the welfare state which was aimed at containing and controlling government expenditure.

Labour’s economic reforms had pulled away one of the two major pillars of New Zealand’s welfare state, and probably the one that was most important in maintaining a broadly egalitarian society with comparatively low levels of social inequality. The demolition of trade protection and the public tolerance of high and permanent levels of unemployment were more significant than the tinkering undertaken by the government with welfare before 1990. Breaking down protection only

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33 Hanson, The Politics of Social Security. The 1938 Act and Some Later Developments.


increased the demand for and dependence on direct forms of income support, with the significant potential to increase rather than reduce the cost of welfare. Structural reforms of the state, however, indicated that while the Labour government continued to be committed to high levels of individual and community support, this was increasingly to be delivered by the community itself rather than by state sector employees from within government departments. Moves towards contracting and devolution of services were typified by MACCESS and MANA programmes created to provide training by Maori for the unemployed and encourage Maori small business. Using Maori providers led to the recognition of a very large number of tribal authorities to deliver services. Deinstitutionalisation was embraced by mental health and child welfare, justified by the twin, all-persuasive arguments of the reform period: people were better off being looked after in the community and it would reduce the cost to the state.

The neo-liberal reforms gained momentum because of economic stagnation of the 1970s, also allowing the re-emergence of nineteenth century ideas about dependency, deserving and undeserving and the primacy of the free market in generating social wellbeing. But the circumstances were very different. These ideas were resuscitated at a time when a much more sophisticated international consumer economy was emphasising greater levels of individual choice. Consumer choice, the Human Rights Act 1993, the dramatic reform of immigration and a recognition of cultural difference meant that not only was New Zealand becoming a more culturally and socially diverse society, but individual need and individual choice provided a way of resolving the tensions and demands that diverse groups could make upon the state. The pre-1960s state could respond much more easily to the more commonly understood definitions of individual and social need of the time.

The National government felt no similar constraints in reforming the welfare state when it was elected to office in 1990. Even before Christmas, it had announced major reductions in beneficiaries’ incomes, justifying this measure by the need to reduce state expenditure, but more fundamentally, by the belief that individuals on welfare were drones, undermined competition in the Labour market and were unable to achieve any form of individual wellbeing while dependent upon the state. The 1991 budget foresaw the long-term elimination of all welfare provisions for those on any more than very low incomes. Its model of fairness denied any justification for taxation being used to support the well off. The state would be substantially reduced. Structural reform would prevent the state sector from promoting its own interests and what state activities still existed would be largely contracted to the private or the voluntary sector.

National’s reforms were ideologically driven and aimed to eliminate not just almost all of the welfare measures introduced prior to 1938, but some that even pre-dated the election of the first Labour government. Healthcare would eventually be the responsibility of private insurers. Benefits would be reduced to create greater incentives to move into work. What state activities remained, and many of these were seen as short-term expediens, would be made subject to market discipline. The reforms between 1991 and 1993 were radical and were more important in terms of these long-term objectives. By 1996, however, and particularly with the introduction of MMP, National’s broad policy objectives were under serious political threat, even within the National cabinet itself. In going into

coalition in 1996, National reintroduced universal provision for doctors’ visits for children under six and it had already been forced to walk away from charges for outpatients’ care in hospitals. Superannuation again became universal.

The period from 1996 to the present has not been one of significant social policy reforms. Partly this can be attributed to increasing economic prosperity or, at least the illusion of it, between 1996 and 2008. But also of significant importance is the introduction of MMP. New Zealand’s first past the post constitution allowed radical reforms to be introduced quickly. The Liberal’s major period of reform was from 1892 – 1900, the first Labour government’s from 1936 – 1938, and even the reforms of the fourth Labour government and its National successor were achieved in a relatively short space of time. MMP made radical reforms much more difficult, relying on coalition governments or confidence and supply agreements. The general result was an inability of governments to introduce reforms quickly and a determination to hold on to the political centre by the two major political parties.

The past and the future
There are two aspects of this narrative which can be seen as useful in looking to the future. The first aspect is identifying the extent to which particular policies, the policy objectives and the institutions that deliver them retain aspects from earlier periods, which are constraints in the present. Secondly, we can look at the way that future understanding of needs and the state’s responsibilities in meeting those needs are likely to reflect earlier understandings.

The past
Institutions created at particular times in the development of the welfare state often carry problems into later periods, because assumptions or political compromises which made perfect sense at the time of creation no longer apply or are subject to different priorities. There are many examples of this. New Zealand’s current system for the delivery of publicly funded health services relies very substantially on two pieces of formative legislation, the Hospitals and Charitable Aid Act 1885 and the Social Security Act 1938. Our current system of District Health Boards is at the end of a long line of institutional development that was created to deal with the vacuum created by the abolition of the provinces in 1876. Because in the 1880s, local government was on such a small scale, with numerous tiny boroughs and counties, responsibility for funding and for the direction of policy shifted to central government. At a local level, hospital boards funded and delivered hospital services through a mixture of rates, central government subsidy and charges. At this time hospitals were seen largely as charitable institutions for Maori and the poor and therefore central government had few concerns about their expenditure, relying on the parsimony of local ratepayers.

The number of hospital boards remained substantial and through the twentieth century attempts to amalgamate hospital boards or to change their functions were challenged at every turn by local community interests. Not only did hospital boards supply services to small communities, they also provided employment and contracts for tradespeople. Attempts to reform the structure of New Zealand’s health system by dramatically reducing the number of boards or by expanding their functions to include primary health care and public health responsibilities met with failure. In the 1970s and the 1980s both Labour and National governments attempted to provide systems to reform hospitals with varying success. The organisational aspects of the 1991- 1993 health reforms were also attempts to reform a system whose problems had been embedded for almost a century.
With the elimination of rating and patient contributions to hospital funding, central government ended up paying for everything, and yet local decision making was retained.

Various regimes for reform of this system reflected the new ideological priorities of the period when the reforms were being promoted or implemented. In the 1930s, the health system created in the 1880s was transformed by the Labour government’s determination to provide universal access to health care. In the 1970s, another Labour government promoted a similar if unsuccessful policy which now reflected the citizenship based welfare principles of that period. By the 1990s, reform was market led, determined, with no more success, to dismantle universal access and replace it with consumer-led health care funded by private insurance. Reforms in the primary health system after 1999 were very much linked to third way approaches to health care provision, using both private and public health care delivery to ensure greater access, with services rationed by need rather than on the basis of universal access.

There are other such institutions that we can explore in this way. The workers’ compensation scheme in 1900, one of the most significant of the Liberals’ measures, reflected the male worker state of the early twentieth century. By 1974, when ACC was introduced, it was reformed to reflect universal access and citizenship rights. In the 1970s, however, full employment was taken for granted. There little though that accident victims would not be quickly reintegrated into the workforce. By the 1990s and a two tiered system had emerged for those unable to work; a generous compensation system, justified by the inability to sue on the one hand and an increasingly more residual unemployment, sickness or disability benefit on the other. The domestic purposes benefit also reflected 1970s views of participation in a citizen based welfare state, irrespective of family status. Yet in the 1970s it was still also possible to see women’s roles as primarily those of care givers and the notion that women could or should work while children were at school was largely unacceptable. Two decades later, the domestic purposes benefit still carries the assumption (despite recent reform and always being available to men) that children should be cared for full-time by their mothers. This is no longer true for the working population of women.

Even at a delivery level the assumptions of one era can provide significant problems for another. The introduction of contracting in the 1990s as a means of delivery of social services led to highly fractionated services with major problems of integration and measurement of outcomes. While by the late 1990s government recognised the problems of such fragmentation, the system has been very difficult to reform over the last decade and the attempts to provide wraparound contracts or integrated services have been frustrating for all concerned.

In contrast, constitutional change in 1996 broke one aspect of continuity in policy making. While absolute majorities did not always occur with ‘first past the post’, particularly during the period when the Labour Party provided a third force in New Zealand politics between 1916 and 1935, an absolute majority for a single political party is far less likely in the MMP environment. Given that New Zealand’s policy directions tended to be changed dramatically in short periods of time, it would seem that this is much less likely to occur. The reforms undertaken by the fourth Labour Government and its National successor would appear to be all but impossible under an MMP constitution. To the extent that such generalisations can be made, this may well be the reason why electors voted to introduce MMP and in 2011 to continue with it. Reforming social policy therefore becomes a much more gradual process and one requiring a greater degree of consensus than
necessary in the past. Even when one of the major political parties remains in office for more than one term, the ability to sustain a particular policy direction will be limited by the likelihood that each term has different coalition or confidence in supply agreements with different political parties. Nonetheless, since 1996 MMP has not been challenged by the level of economic or social crisis occurring in the 1930s or again in the late 1970s and early 1980s.

The future
In turning to the future, it is possible to provide some comment on those aspects of New Zealand’s social policy history which are likely to persist into the future and those that are unlikely to be replicated. First and foremost, New Zealand is very unlikely to reintroduce some form of protection – a policy so important to the character of the welfare state in the mid-twentieth century. This eventuality can be largely discounted, short of a calamitous international economic collapse. Secondly, it would seem extremely unlikely that we would have as we did in the mid-twentieth century baby-boom generation such a high level of fertility across different ethnicities and income groups. Thirdly, the level of cultural homogeneity which also underpinned New Zealand’s mid-century welfare system is gone for good. Cultural diversity is the New Zealand reality whether high levels of immigration continue or not. Despite these dramatic structural changes to New Zealand society, some aspects of New Zealand’s social policy history show a degree of resilience and persistence and are therefore likely to play a role in shaping New Zealand’s social policy future. Since some of these characteristics go well back into the nineteenth century, they have also survived high levels of migration in the past.

Looking at the overall development of New Zealand social policy through each of its different permutations, we can be struck with how consistent has been the belief that wellbeing comes through work. New Zealand was after all the “working man’s paradise” and the promotion of a labour market was one of the most significant aspects of nineteenth century New Zealand economic policy, from the bringing in of assisted migrants, including women, to the promotion of small farming and attempts to rid Maori of a “debilitating” dependence on too much land. Speculative activity was until the 1890s a key part of the New Zealand economy, but always morally justified by developing the land so that others could work it. At times speculators did rather well, but often faced their comeuppance in the boom and bust cycle of nineteenth century economic growth. The Liberals’ social policies were predominantly about the labour market with conciliation and arbitration the jewel in their social experimentation crown. But they also created a Department of Labour, passed factory acts, introduced workers’ compensation, established the National Provident Fund and legislated for formal recognition for nurses and midwives. This focus on work went beyond simply men’s work. While the Liberals did provide some initiatives for newly enfranchised women with children at home, such as the widow’s pension, the Liberals’ social policy woman was a working woman.

This emphasis on work carried into the first Labour government, which aimed not to replace the work for the dole schemes, that were so important to conservative responses to the Depression, with unemployment benefits, but to improve the quality of the work and the pay which it earned. The objective of full employment prioritised work over benefit provision and to a large extent the entire economy was geared towards this one objective. The most significant shift between Liberal and Labour policy was the change in the place of women. The role of the working woman was still part of the Labour picture but this role was substantially subordinated to a new domesticity. A
woman worked, but she worked at home. Women’s domestic roles were at least recognised as work and given value. Labour’s woman was bringing up young children and much of the focus of the welfare state dealt with her needs. A universal family allowance from 1946 became something of a woman’s wage. From the 1940s until the late 1970s full employment took the pressure off government providing jobs and job shortages were common, even in areas of unskilled work.

Using deserving and undeserving tests in income transfers to individuals involved a number of moral criteria, but the primary test has been the ability to work. Nineteenth century conceptions of morality did rest heavily on ideals of marriage and legitimacy, sobriety and respectability, making it difficult for many individuals to have access to the charitable aid system. These values were carried over into formal regimes of income transfer after 1898. However, such aspects of public policy being driven by private morality are relatively minor compared with the overarching concern to ensure that all of those who had the ability to work were given no support which could prevent them from earning an income independently. The overarching concern has been whether an individual could claim to be legitimately outside of the workforce. From 1898, the old age pension provided the opportunity for those over 65 to claim that they could legitimately withdraw from the workforce and be supported by the state, even given that the limited amount involved allowed for theoretical rather real withdrawal. Their income may have been small and even their right to achieve it the subject of other forms of morality tests, sobriety and good character, but old age was seen as a legitimate form of exclusion. Over time, this wedge opened the door for further increases in benefits, first on the basis of disability, then on the basis of motherhood. The Depression mantra of ‘no work, no pay’ proved problematic when so many of those enrolled were incapacitated or unfit for work, eventually leading to invalid and sickness benefits.

From the 1930s to the 1970s those legitimately out of the workforce barely included the unemployed, whose numbers were so negligible as to be of little consequence. Since the 1980s, an increasing number of ‘able bodied’ unemployed renewed concerns about the extent that they were deserving of support, at a time when governments were deliberately trying to reduce the costs of welfare. Increasing numbers of sickness, invalid and domestic purposes benefits from the 1970s also raised questions about the legitimacy of these benefits. The problem of welfare dependency, as it has been configured in social and political debate, is focused on this question of individuals’ illegitimately gaining access to sources of support, when they should not need it. It is particularly significant that major state led campaigns to stigmatise those on welfare, as failing to meet their full potential in society, completely ignored the very substantial transfers to those over 65. Nothing illustrates this tension between deserving and undeserving than the campaign in 1990s based on the policy slogan, “From Welfare to Well-being”, to encourage beneficiaries into work, despite very high level of unemployment. With changes to gender roles already described, the ability of women to withdraw from the workforce for substantial periods of time to bring up children has become increasingly seen as undeserving of the state support. As New Zealand’s population ages, it would seem likely that the age of 65 may well appear less of a transition from work to retirement. Even a small change to 67 may undermine the extent that 65 has been since 1898 a major milestone, notwithstanding the Muldoon’s government’s dropping of the age to 60 in 1978.

From the 1970s rising unemployment added the unemployed to the ranks of those excused from work. At first, rising unemployment was seen as a damning political liability for government. Unemployment was not attributed to individual failure, but to the political failure of government.
After 1984, as rates of unemployment increased dramatically, political debate increasingly described unemployment as evidence of social and individual failing, if not in being unemployed in the first place, but as a consequence of being unemployed and on a benefit. There was even a eugenic aspect to this, as multigenerational unemployment and an underclass were being found in the 1980s even among the first generation of New Zealanders to experience unemployment since the Depression. Nineteenth century ideas about the illegitimacy of the able-bodied being unemployed may never have gone away, there were simply too few unemployed in the middle of the twentieth century to attach such a label.

The place of Maori in the future also needs careful consideration. Since the 1970s services for Maori have been increasingly targeted. Targeting both met the state’s requirement to ration resources and increasing Maori demands for Maori control over social, health and educational expenditure. Despite increasing Maori capacity for delivery of state expenditure, outcomes for Maori have declined comparative to non-Maori or remained static since the 1980s and the period of most dramatic social and economic reforms. Maori achieved the most dramatic increases in social and economic well-being during the decades immediately following the Second World War. These were coincided with the protected welfare state and can be attributed to primarily to higher incomes as a result of urbanisation and full employment (although much Maori employment was seasonal). Control of infectious diseases, especially tuberculosis, was also important. In short, some of these improvements were due factors unique to the period.

There are still some lessons from the way that government policy operated, particularly in the 1950s, which could be beneficial in the future, because they touch on the dilemma that has faced all government since 1840. Policies which are not targeted to Maori may if they do meet Maori needs, particularly needs associated with relief of poverty, be effective in improving Maori well-being because they are less likely to suffer a political veto from the non-Maori majority. Yet policies which meet Maori needs also need to be tuned to Maori difference and be run by and for Maori. In the 1950s this balance was achieved by policy being publically aimed at assimilating Maori into the European world, were in practice returning substantial amounts of land to Maori control and building up the Department of Maori Affairs into a state within a state, with wide responsibility for Maori land development, social welfare and housing.\textsuperscript{40} Completely targeted programmes for Maori are not likely to work on their own, as governments are unlikely to be able to fund them adequately. The experience of the Clark government’s “Closing the gaps” policy is testimony to this.\textsuperscript{41} They need to be accompanied by programmes which aim at reducing social and economic inequality, which can be funded more effectively, particularly if they involve programmes which promote employment rather than benefits.

In looking at aspects of New Zealand’s past attitude to social policy and expenditure, it may seem that the race protection environment of the early twentieth century is the one most likely consigned to the past because of its obvious connections with racism and eugenics. However, there are two major reasons to suggest that social biological aspects of social policy could re-emerge with new

\textsuperscript{40} Aroha Harris, "Dancing with the state : Maori creative energy and policies of integration, 1945-1967" (Thesis (PhD, History, University of Auckland, 2007., 2007).
significance. The first of these is the increasing scientific knowledge of genetics and the ability to predict disabilities in the unborn, creating the potential to implement a form of social eugenics undreamed of by the most ambitious eugenicist of the early twentieth century. Secondly, the race protection environment occurred at a time of a plummeting New Zealand birth rate. The impact of declines in the birth rate in recent decades has been mitigated by immigration, often from the countries most feared by early 20th century advocates for racial purity. It is possible that over the next four decades a sense of demographic crisis may well encourage re-emergence of pro-natalist policies, particularly if for any reason sources of immigrants dry up. While these policies may have limited affect, a sense of crisis may ensure that more funding is provided for families and that parent caring for children, outside of the workforce may well be seen as more deserving then is currently the case.

Continued social and cultural diversity, the primacy of individual freedom in the marketplace and limited support for those not actively involved in work, male or female, appear to be stable and persistent features of the present welfare state. Universal provision has survived, particularly in areas where the beneficiaries are seen as deserving and these are largely tied to the needs of an aging society. At the same time, the needs of families with children are treated residually, particularly if they are dependent on the state. It is not a coincidence that a high proportion of these families are socially, economically at the margins and Maori or Pasifica. A much higher level of inequality has not only become politically acceptable, attempts to close social and economic gaps pose clear political risks to government. However, as was the case following the 1972 Royal Commission on Social Security, the ability to project the present into the future does depend heavily on an absence of crisis. A coming crisis could be and is most likely to be economic, but it could also be caused by a catastrophic pandemic which could see the re-emergence of a social biological welfare state, or it could be demographic, a response to an accelerating decline in birthrates, making it impossible to use immigration to sustain a working population.

Bibliography


