

Productivity Commission

Submission by Phillip Gregory Coghini. Any questions happy to discuss. The subject matter is prescient concerning “persistent disadvantage”, and I have to admit this holistic Māori framework stepped in Te Ao Māori is extremely enlightened, sophisticated and multi-dimensional. This framework is open and flexible and takes advantage from many types and level of knowledge, and therefore allows the incorporation of many different viewpoints, world-views that take advantage of a multidisciplinary approach to understanding inequality and persistent disadvantage. Some of these disciplines include (although not exhaustive): Cultural studies, Colonisation studies, Te Ao Māori, Te Tiriti o Waitangi, Philosophy, economics (Keynesian, post-Keynesian, Marxist, environmental and natural resource economics, macroeconomics, monetary theory, classical economics¹, MMT, and even behavioural economics), history, economic history, business history, management, finance, international relations, politics, law, Human Rights, morals and ethics, democracy, Justice, statistics, computer science, religion/spirit, accounting, science, cultural anthropology, sociology, and feminist studies to name a few.

- A fair chance for all
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The Government has asked the Productivity Commission to prepare the Terms of Reference for a new inquiry into the drivers of persistent disadvantage within **people's lifetimes** and **across generations**.

Have your say - call for public input and submissions

The Commission is encouraging public input to help develop the Terms of Reference. This is an opportunity for anyone with expertise or an interest in reducing persistent disadvantage to answer the questions below or make a submission by 27 August 2021 to help guide this work. An Easy Read version is available here.

¹ However the framework does not lend itself too well to neoliberal or neoclassical economic ways of seeing the world – neoliberalism is an anathema to Te Ao Māori – Iwi, whanau, and hapu /family and is not suited particularly to neoliberal solutions or such a limited way of seeing the world.

The inquiry

People facing persistent disadvantage see their opportunities shrink and can end up trapped in a vicious cycle. When people are trapped in disadvantage, it is not only bad for them, but all of society loses out.

For example, New Zealand has some of the largest gaps in the educational performance between children growing up in disadvantaged households and the rest in the world. The OECD has indicated many times that the low skills of that group is an issue holding back the whole of New Zealand. Lower skills lead to lower productivity, lower taxation revenues, higher welfare costs and lower wellbeing for everyone.

This inquiry is about finding effective ways to mitigate and eventually break the cycle of long-term disadvantage to help ensure that all Kiwis get a fair chance in life. There are three main purposes to

this inquiry:

creating a clear, coherent and accessible summary of the trends in economic inclusion and social mobility in New Zealand, including the links between reducing persistent disadvantage and higher productivity, economic performance and wellbeing;

undertaking significant research to generate new insights about people facing persistent disadvantage in New Zealand; and assessing what works and developing policy recommendations for breaking the cycle of that disadvantage.

For further information, read our consultation paper.

What's next?

The Commission will consider all feedback and submissions, and engage with the public to develop a Terms of Reference (ToR) which will define the scope and focus of this inquiry. For example, before settling on the ToR we want to hear from people about what inclusion or success looks like to them? What outcomes are crucial for the wellbeing of Aotearoa's tamariki, whānau and communities?

The ToR will be presented to Cabinet in November 2021. Subject to Cabinet approval, the Commission will then have 12 months to conduct the inquiry and present its findings and recommendations to Government.

A fair chance for all: Breaking the disadvantage cycle

1 About this inquiry

Purpose of this paper

The Government has asked the New Zealand Productivity Commission to prepare the Terms of Reference (ToR) for a new inquiry into breaking the cycle of persistent disadvantage.

We at the Productivity Commission recognise that persistent disadvantage is a big problem. A lot of people are working hard on finding solutions, both in government and Communities. We want our inquiry to add value, and not duplicate existing efforts. That is why we want your feedback on where we should focus this inquiry.

This is where I start with the public submission...

Firstly, breaking the cycle of persistent disadvantage has a wide and broad brief that encompasses a multitude of disciplines, areas of expertise, people's experiences, and narratives.

Some of these disciplines touch on: Democratic institutions and democracy itself, and justice; information science; education and meritocracy; nature of work; welfare², health, access, and mental health; anthropology, social/sociological, political-legal, history/economic history, language and culture (and impact of colonisation), economics and behavioural economics, finance/accounting, understanding inequality; natural resources and the environment; debt (and rising financialization) and living costs – particularly housing.

² Sandel (2010) states: "...we often equate welfare with economic prosperity, though welfare is a broader concept that can include noneconomic aspects of social well-being." (p. 6).

This extends to the harmful impact of unfretted neoliberalism; taxation³ and extends to Reserve Bank's monetary policy; lack of enforcement of anti-competition laws and extending the laws to include oligopolies (not just monopolies or duopolies).

Productivity in simple terms is the relationship between the output of goods and services and the inputs of resources or the factors of production used to produce them. In my submission to the PC, I will argue that this definition is somewhat limited and excludes the steps and processes to improving long-term productivity.

However, the more enlightening statement or whakatauki is: He aha tea mea nui te ao? He Tangata, He Tangata, He Tangatata! What is the most important thing? It is people! People! People! There is no need to study economics, scarcity, and choice, when there are no people. Similarly, productivity means little, if the majority of the population are unemployed, or underemployed, or not even included in the unemployment statistics for definitional reasons; or not earning liveable incomes. Or, if with respect to Climate Change and natural resource use: natural resources are depleted at a faster rate than replaced or regenerated, and natural biodiversity is destroyed that starts to impact on human life. Moreover, demographic growth means that animal, plant/tree/ocean ecosystems are intensified and more concentrated, this can accelerate the conditions ripe for epidemics and even global pandemics.

Also, with natural disasters and pandemics, you realise how quickly productivity can be significantly reduced by lockdowns, power outages, water shortages or contamination, or even poverty riots sparked by rising costs in electricity, rents, transport, and food prices. That is, productivity is strongly influenced by access to resources such as water and electricity, and the impact of financial crisis and pandemics, eco-social-cultural-legal and environmental issues. We all know what happens when we have water shortages and power outages, and the impact of pandemic lockdowns and the nasty threat of deadly variants. Anti-competitive behaviour allows disfunction in markets, and hurts the poor disproportionately compared to the rich and wealthy, this applies to our food, affordable housing, electricity and building material markets to name a few.

³ We don't have a wealth, land, and estate and gift duty taxes.

The whole nation suffers when the discourse of poverty, inequality and disadvantage pervades. It impacts on productivity and economic and community resilience, mental, social, and economic well-being of its citizens, whānau, hapū and Iwi.

Human Rights an enduring battle:

“All that’s necessary for the forces of evil to win in the world is for enough good men to do nothing.” Edmund Burke.

Or to quote Voltaire: “So long as the people do not care to exercise their freedom, those who wish to tyrannize will do so; for tyrants are active and ardent, and will devote themselves in the name of any number of gods, religious and otherwise, to put shackles upon sleeping men.”

The abolition of slavery in 1834, the Abolition of Slavery Act, which made the purchase or owning of slaves’ illegal in parts of the British Empire, took effect in Britain. This did not mean that all the enslaved African men, women and children were free after it was introduced, however. Many were kept for further years as ‘apprentices’ or were forced to fight in the Army, Navy and Royal Marines.

These significant changes eventually lead to the rewriting of the American Constitution with the 13th amendment passed by Congress and ratified in 1865. The 13th amendment abolished slavery in the United States and provides that "Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.". However, inequality still exists in the United States, and this gap is widening and is best described by Case & Deaton (2020), Stiglitz (2015; 2013), Foroohar (2016), Piketty (2020; 2014), Wolff (2020) and Scheidel (2018) amongst many other luminary academics and commentators.

Where would we be if the Women’s Suffragette movement were not successful in fighting for: “Votes for Women”, the right to participate and vote at general elections. Which was granted first in New Zealand in 1893, but then took 26 years to let them stand for parliament and still fighting for equal pay.

New Zealand's own, former politician, Marilyn Waring, now academic is an innovator and leading light on feminist economics and human rights issues. Her seminal works are ground-breaking (Waring, 1999 & 2018) and still pushing forward the value of women's work, and the limitations of GDP statistics and the move towards wellbeing.

Dalziel & Saunders (2014) have expounded wellbeing economics and illuminates the widening disparities in income distribution over near three decades from 1984 to 2012. Where the percentage of the population living on less than 50% of the median income (after housing costs) was 6% in 1984 to 11% by 1992, and 13% in 2012. (p. 13). These numbers are much worst for 2020. This picture is even more bleak if you look at these numbers broken down by Māori or Pasifika ethnicities.

Stiglitz, Sen, & Fitoussi (2010) provides a blueprint on "Why GDP Doesn't Add Up" particularly its limitations and introduce new prescriptions of social wellbeing measures and new concepts, such as: sustainable measures of economic wealth, savings and wealth, and "green GDP".

The Productivity Commission's (PCs) Terms of Reference of reducing disadvantage in terms of pursuing greater equality fits perfectly with improving wellbeing, welfare and lifting capabilities. And with Sen's (1999) sentiments whereby it is the citizens choice to define for themselves on societies goals⁴, and invariably economic growth is a means to an end, however, it is not the end goal. The end goal is ultimately something higher and for its citizens to decide. He refers to increasing freedoms, liberty, and the removal of unfreedoms, and improving capabilities, and cognisant of "unintended consequences".

Better democracy

The Ministry of Justice (MoJ) needs to look at ways to improve our democracy and make it less susceptible to wealthy lobby groups and look for meaningful ways to increase voter turnout and voter participation at general and local elections. I would suggest that we make it compulsory to be on the electoral roll, and to vote at the general elections and/or local elections unless you have good reasons not to.

Currently, it is only compulsory to be on the electoral roll in New Zealand, but it is not compulsory to vote at either the general or local elections. Whereas, in Australia, it is

⁴ Hence the importance of public consultation and improving democracy.

not compulsory to be on the electoral roll, but if you are, then its compulsory to vote at the general elections. Perhaps for NZ we could look at making voting at general elections compulsory as well⁵ (and consider making voting at local elections compulsory as well). This is the way the ancient Greeks intended democracy to function – participation is paramount and its part of citizenship. If you didn't pull your weight and participate in your civic duties, then you could be ostracized. This is an important lesson from the ancient Greeks that we have neglected to our detriment.

Also, given each citizen is only entitled to two votes at the general election (one for the political party and one for the electorate), I would not allow corporates or non-individual NZ citizens to put in public submissions. If a NZ corporate wishes to put in a public submission, then this will have to be done under the name of its CEO or a senior director if the CEO is not a NZ citizen⁶.

We must be careful with improving the rights of corporates, trusts, partnerships, and limited liabilities that may extend more rights to them, than to NZ citizens⁷. Ethically, it becomes dangerous when fictitious entities and legal constructs have more legal rights than real individual citizens and their whanau. There is a good reason why we don't allow corporates to vote at our general elections. This stops or helps prevent our elections been brought by major shareholders or big business. Democracy is not for sale – although looking at the United States, you would think differently, Michael Sandel makes a brilliant augment for moral and ethical limits to markets and opening up the debate on what is the “good life”⁸. He exposes the good, the bad, and ugly of a system where nearly everything is for sale, or about to.⁹ (2013, pp. 13-28).

As well as being on the Electoral role – we won't have to change this, since this is already compulsory.

⁶ If the CEO and senior directors are not NZ citizens then they cannot submit a public submission,

⁷ This is consistency with the importance of satire, and arts as used by the ancient Greeks, so as to bring high-up officials and the elite down to size, “like the rest of us” and “part of us – not separate from us”.

⁸ I'm sure Amartya Sen would share his sentiments on opening up the discourse on “Good Life” for all citizens to participate – rich and poor.

⁹ If you can afford it, in some states you can upgrade to a better jail cell; pay extra and you can jump the queue, fast track or line-cutting at airlines, and amusement parks, freeways (lexus lanes) essentially selling the right to jump the queue, and even pay people to wait in line at either big or important events (this can be problematic if you wish to exercise you right to attend congressional hearings – you may be blocked out by a rich lobbyist who can afford to pay people/s to wait in queue for long periods of time).

Moreover, we need to be careful of global media taking over the news and media in Aotearoa New Zealand – this puts at risk our local news. We have already seen how this has played out in the United States, in 1984, there were fifty major news outlets, nowadays this has been reduced to four^{10 11}.

Google, Amazon, and Facebook to name a few, have accelerated their “Big Data” AI use and analytics and repackaged this data, and selling our own data back to us as news feeds. Bearing in mind, almost all government agencies in NZ report their press releases on their Facebook pages. The biggest danger from these digital global giants is the customizing of prices¹² for everyone. The movie “Minority Report” with customized advertising for everyone is not in some far distant future – the future is already here. For example, Amazon, with their powerful use of cookies, means they target and customized advertisements based on recent purchases and/or viewing behaviour, and follow you on other websites. Not to be alarmist, Big Data, if not regulated and monitored can become the biggest threat to democracy and national security. These all adversely impact disproportionately on the poor, working poor and now extends to the middle classes as well.

It is important that MoJ realizes the importance of the issues raised by Shoshana Zuboff’s in her seminal book, “The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power”. Her work has implications for our democracy, free speech, and the importance of our 4th estate. This also has ramifications for several agencies and organisations, such as: The Commerce Commission, Overseas Investment Office, NZX, MoH, DHBs, Transpower, PC, to name a few.

A rhetorical question: Why is freedom and democracy so important? Acemoglu & Robinson (2013) responds by arguing for more “inclusive institutions”, that allows its citizens to prosper, which sets the conditions to create “...virtuous circles of innovation, economic expansion and more widely-held wealth”. (p. ???).

¹⁰ According to Wikipedia, those four are: Comcast, ViacomCBS (controlled by National Amusements through super voting shares), The Walt Disney Company, & Discovery, Inc. refer to: https://en.wikipedia.org/wiki/Media_conglomerate, accessed on 26 August 2021.

¹¹ Because there are fewer independent media, there is less diversity in news and entertainment and therefore less competition. This can result in the reduction of different points of view as well as vocalization about different issues. There is also a lack of ethnic and gender diversity as a majority of those in media are white, middle-class men. There is a concern that their views are being shared disproportionately more than other groups, such as women and ethnic minorities. Women and minorities also have less ownership of media.

¹² Or not giving discounts, or only giving discounts on books you have already purchased.

Sandel (2013) points out that in the United States that corporate lobbyists are keen to attend congressional committee hearings on proposed legislation, "...they reserve some seats for the press and make others available to the general public on a first-come, first-served basis. But lobbyists are loath to spend hours in line to assure themselves a seat in order to chat up lawmakers during hearing breaks and keep track of legislation affecting their industries. Their solution: pay thousands of dollars to professional line-standing companies that hire people to queue up for them." (p. 22).

We need laws in place to protect our democracy from lobbyists who resort to subduing our legislative systems and inhibit public participation. We don't want the situation whereby lobbyists staked out all the available seats in the hearing room, Sandel (2013) mentions they prevented environmentalist attending a Climate Change hearing. (p. 24). Implicit is that some voices in society - who are influential and wealthy - have more rights to be heard than the poor and working poor. This is a travesty of justice and infringes our democracy and shows-up the fragility of our democracy if not addressed.

Māori seats are generally much bigger in land area and population than non-Māori seats, therefore they should be adequately compensated for the larger area they cover and remunerated for additional time, transport, and office costs.

Historically, the ancient Greeks, the original inventors of democracy, stated the importance of its citizens¹³ to participate at voting on important issues affecting the state. Also, the public have the "right" to see the legislative process in action – as the law must also be seen to be done.

John Locke, the English philosopher in 1689 published the: Two Treatises of Government which laid the groundwork of modern liberalism. He argued that political societies exist to defend the lives, liberties, and properties of their citizens. And no government has any authority except by the **consent of the people**. When rulers become tyrants and act against the **common good**, then the people have the right of

¹³ Excluding slaves at the time, women (or non-noble women except for Spartan women), and foreigners were excluded from voting, otherwise, it was considered an important part of civic duty and being a citizen of the state. If you didn't participate, it may be grounds for expulsion or to use the Greek word – ostracize – to leave and not return for a period of two to five years.

revolution against them. Stiglitz (2013), is emphatic about the importance of the common good, he states the underinvestment in the common good, for example, public education, has resulted in the decline of economic mobility, growth, efficiency [productivity], and diminish equality of opportunity. Moreover, Scheidel (2018) would no doubt agree with Locke's sentiment in that the people have the right of revolution against tyrannical governments. Particularly those who do not adhere to calling for the consent of the people and achieve the common good. He has shown that violence from the stone age to the twenty-first century has been a great level[l]er in reducing inequality. However, he noticed that violence has diminished nowadays, and this causes doubt for a more equal future.

The public and the fourth estate, have the right to make Official Information Act requests, and expect that it will be answered within a month (and possibly extended to two). Also, individual citizens should not be charged for this information even for cost recovery purposes. This allows particularly the poor and working poor an opportunity to participate in the democratic process (part of the common good), and not restricted by simply not having the money to afford the information.

All public funded research¹⁴ that results in publications, should be made available within a month (or two) and released on their websites, after the final report is submitted (with good reasons for delays in the "final" report). Delays effectively reduce the efficacy and transparency of our democracy and prevents our fourth estate from exposing issues of national interest. A classic example, as stated by Dyer (1999), is a government commissioned report in February 2015, *Data on Residential Weathertightness Failures*, this report was never released in the public domain. Yet the leaky housing syndrome was conservatively estimated to cost tax and rate payers \$47 billion. (p. 13). On a subject as important as housing and how it adversely impacts on the disadvantaged, and the fact that the government has announced a national housing and rental crisis. It's reprehensible, especially on a subject of national importance¹⁵ that such vital information is withheld or delayed for indefinitely long-periods, and yet the taxpayer has paid for it.

¹⁴ Perhaps except for military, and new technologies that are still in the IP stage, and govt/local govt contract bidding.

¹⁵ We have a rental and housing crisis.

Lack of inequality data

I have noticed that the PCs use of Stats NZ's Sophie dataset is commendable, however this dataset has low sample size for Māori¹⁶ therefore an extremely high sampling error where the results are indeterminate for this group. It is difficult if not impossible to address disparities if you have insufficient information on inequality, and particularly robust and useful information.

I would plea that the Productivity Commission petition Stats NZ to permanently increase the Māori sample size in the Sophie survey so that the sampling error is reduced from 50% to 15% or less. If additional funding is required, then this is found in Stats NZ's existing baseline budget, or else Treasury approves budget expansion or MMT is used to fund it. This is part of the common good, and therefore it is abhorrent that Stats NZ would try and seek additional funding from other agencies to fund increases in sample sizes.

I would argue that Stats NZ should have a permanent increase in their funding by additional 20 percent to their base line budget (irrespective if it's a census year or not). Democracy is dependent on good quality information, robust, and timely statistics, doing otherwise is corrosive to social justice, addressing inequality, the common good and with-it democracy itself.

This would also apply to the following surveys: General Social Survey, Longitudinal Business Frame (and include Māori businesses), Business Operation surveys, and Time-use Surveys to name a few. It is irresponsible for government to talk about the importance of having a strong evidence base to support robust policy advice, but not adequately fund it¹⁷.

I would strongly argue that for every dollar spent on having robust and timely statistics saves tax payers \$5 to \$7 in bad, inaccurate advice or having to pay private contractors to provide guestimate advice based on a load of assumptions and uncertainties.

¹⁶ Probably non-existent for Pasifika. Unrepresentative data means it is difficult to report accurately on disadvantage.

¹⁷ Or constantly threaten to cut budgets or deliberately underfund it – doing so without good reason could be deemed as pollical interference and withholding vital information of national interest and importance.

Covid-19 has exposed the need for good quality and timely information on inequality, deprivation, and an ability to drill down by income, age, gender and ethnicity levels at least at a regional level (or better yet local area council).

Deprivation and inequality statistics are essential in a climate of cyclical pandemics, financial crises, and natural disasters. As mentioned earlier, Covid-19 has brought to light some of the issues of deprivation, disadvantaged and inequality, poor and mouldy housing, overcrowding and homelessness. Covid-19 is a respecter of no one, irrespective if rich or poor, although the rich and wealthy are better resourced to isolate for longer periods of time in comfort. However, as they say, “When it rains, it rains on both the rich and the poor”.

Having the right data

I would go one step further and argue that some of the data that Stats NZ capture in National Accounts and Balance of Payments tells us little about the returns from non-productive investment such as property and the increasing but detrimental role of financialisation and speculation¹⁸. That is, making money purely from money without creating anything productive, i.e., results in real goods and services.

There are an elite group in society that are making money from speculation, and non-productive property and land investments – rentier capitalism, i.e., rent seeking reminiscent of feudalism of by-gone days. The brilliant economist, Michael Hudson¹⁹, would call this the rebirth of feudalism as neo-feudalism, or feudalism on neoliberal steroids.

Moreover, Mazzucato (2019) goes into detail on how to fix our National Account statistics on analysing unproductive activities in the economy, although admits it won't be enough. (pp. 75-100).

She cites the school of economic thought – The Physiocrats – particularly Francois Quesnay and his seminal work “Tableau Economique” published in 1758, as a

¹⁸ No doubt determined by the reporting standards set out by IMF, OECD, ILO, United Nations and the World Bank and other organisations.

¹⁹ In my humble opinion: Michael Hudson, Mark Blyth, Michael Sandel, Steve Keen, Mariana Mazzucato, Jeffrey Sachs and Richard Wolff should be the main contenders for the Noble prize in Economics – some may be a bit left of centre, nevertheless they are brilliant, innovative and making economics, natural resource and environmental economics, economic history and, political economy cool again with original ideas. It is important they can express their ideas in words first and foremost, rather than exclude audiences with higher level mathematics. The mathematics is useful for thesis submissions for brevity and supporting reasons, but the ideas, clarity and narrative of expression are paramount.

forerunner for the compilation of National Accounts (GDP) we have today. However, the Physiocrats were interested in production and productivity especially of the soil, they saw the importance of farmers and were abhorrent to high taxes of productive agricultural activity, and "...high rents imposed by the noble landlords to fund their lavish lifestyles..." (pp. 28-33).

To understand this better for contextual reasons, this was the prelude to the French Revolution which was a climate of landlord and noble classes elitism and excess, where everyone else was in abject poverty, inequality, and disadvantage ran rife with the populace.

In my opinion, the works of Michael Sandel, Mariana Mazzucato, Joseph Stiglitz, David Graeber²⁰, Thomas Piketty, Amartya Sen, Richard Wilkinson, Peter Joseph²¹, Kate Pickett, Steve Keen, Michael Hudson, Marilyn Waring, Susan St. John²², Mason Durie, Kate Raworth, Mark Blyth, Raghuram Rajan, Stephanie Kelton, Rana Foroohar, John Kay, Ha-Joon Chang, Richard Wolff, Paul Dalziel, Caroline Saunders, Atif Mian, Amir Sufi, Robert Shiller, George Akerlof, Abhijit Banerjee, Esther Duflo, Gar Alperovitz and Jeffrey Sach's should be compulsory reading for the staff at the Productivity Commission with regard to this project and accessed with its feedback to government in November 2021.

This list is not intended to be exhaustive nor definitive, however, they are experts in their fields, and have written extensively on wellbeing, human rights, austerity, community resilience, poverty, inequality, debt and disadvantage and offer helpful clues to understand inequality and disadvantage, and offer solutions to remediate it. Stiglitz, Kelton, Pickett, St. John, Joseph, Wilkinson, Pickett, Wolff, Case, Deaton, Alperovitz and Mazzucato amongst others, offers a range of practical ideas, and policy changes needed to augment inequality and disadvantage.

²⁰ Unfortunately, now dead from covid-19 – a brilliant mind and person sadly lost, but through his works and family not forgotten.

²¹ His timely and insightful work not only highlights the importance of human rights for augmenting the major issues of our times (e.g., biodiversity loss, societal & climate destabilization, and economic inequality), and augurs well for rethinking the "common good" or the "good life" as alluded to by Nobel Prize laureates in Economics, Sen & Stiglitz (amongst others). Human Rights, Justice and democracy are subjects often ignored or disregarded when talking about inequality and disadvantage.

²² Particularly her brilliant work as part of the Welfare Advisory Group and its recommendations. And her work for the Retirement Commission and the Poverty Action groups.

Anti-competitive behaviour – action speaks louder than words!

Let your light so shine before men, that they may see your good works and glorify your Father in heaven.

New Testament, Matthew 5: 16.

It is important that our regulators, particularly: Commerce Commission, Energy Market Authority, Financial Market Authority, and the Reserve Bank of New Zealand are more open and transparent in showing how they regulate, monitor, and enforce regulation and review and update of regulation as it impacts on anti-competitive behaviour by monopolies, duopolies, and oligopolies (both government/local government and private sector). Some of these organisations cannot hide behind their “cloak of independence”, as they are still funded by taxpayers and therefore answerable to government and its citizens.

This extends to government monopolies, duopolies, and oligopolies that impact on NZ citizens (e.g., RBNZ’s monopoly on legal tender, monetary policy and extends to the registered banks (oligopolies that are state sanctioned) and their ability to create credit.²³

The Reserve Bank of New Zealand (RBNZ) can help reduce inequality, by using Modern Monetary Theory and Window Guidance Operations as part of its monetary policy toolkit. It needs to move away from neoliberal or classical economic models, or even macro equilibrium models of the economy, these simply do not work. Going on the hopeless track record of the Reserve Bank in forecasting financial crises, it is time to try something that will work, namely Modern Monetary Theory and not just using it for quantitative easing to purchase government securities, but also make strategic investments. Such as, to address areas of national crisis and emergency, i.e., covid-19 response and associated business subsidies whilst under lockdown level 4; and affordable housing²⁴, particularly funding the building of new public or state housing²⁵. And extended to cater to growing the green economy, as a response to the Climate Change emergency.

²³ And extends to credit card and finance coy’s (e.g., Farmers, The Warehouse, Noel Lemming).

²⁴ Include overcrowding, warm and healthy housing.

²⁵ And assist local councils with building more social housing, with addressing tax incentive disparities that are not afforded to local government enterprises, but are allowed by private enterprise/ and limited liabilities.

RBNZ's use of Quantitative easing²⁶ (QE) programme in an attempt to reduce interest rates and inject money into the economy. This means it will buy Government bonds owned by investors. By buying Government bonds, the RBNZ increases demand for these bonds, which in turn reduces their yield interest rates. Because a number of the interest rates in the economy are calculated off the yield interest rates for Government bonds, a move to reduce these rates will enable retail banks to lower their mortgage and business lending rates. Investors (including retail banks/investment/institutional investors) also receive a cash injection when they sell Government bonds to the RBNZ. However, there is nothing to stop the RBNZ to use part of QE to fund directly public/state/emergency housing, climate change emergency, local council debt, and even the purchase of pandemic vaccines.²⁷

By the RBNZ using all its QE monies to buy government debt instruments it is only increasing liquidity in those dealing with government issued financial instruments. A lot of this liquidity monies is recycled and goes back into the property sector and fuels property/land prices²⁸ - especially if it is used to buy existing housing stock instead of building new housing stock. The free market doesn't give a toss about affordable, all it does, is match a willing and able buyer with a willing and able seller – nothing more. Maybe the RBNZ could consider an additional tool to its monetary policy toolkit, to insist that banks, institutional investors, fund managers, and other shadow banking institutions to restrict their investing in the property sector to new housing/apartments

²⁶ QE is essentially an MMT idea, however, it is not necessarily a tool to be entirely focused on the financial sector and buying government securities (to increase liquidity in the financial sector and thereby dampen sharp rises in interest rates), it can also be used to develop the real economy, e.g., public assets, resilience building, environmental climate change augmentation, national emergencies, pandemics, green economy investments and long-term strategic investments. For example, similar to Japan and South Korea, focused on real economy goods and services (which creates jobs and generates tax revenues and develops labours skills), and not necessarily focused the financial economy (which can lead to greater inequality and disparities in wealth, asset price illusion, and lead to rises in land and property prices – and doesn't generate many jobs if any, and little to nothing in tax revenues).

²⁷ Theoretically, Treasury could issue a \$10 billion to \$20 billion bond to the RBNZ, and RBNZ hands over the finance to Treasury to make the necessary investments to resolve the shortages in affordable public housing, modernising our public hospitals and paying our hospital workers more to retain their services in Aotearoa New Zealand, and upgrading dilapidated water & sewage treatment infrastructure. The real advantage of government debt – especially if its inter-government debt it can be forgiven or written-off, whereas this cannot be done for corporate/overseas debt – its an accounting transaction no different when a bank issues deposits or issues mortgages or loans (it doesn't necessarily have to have the monies in their vaults which is the common misconception). Like a magician conquering something up from thin air, credit creation is no different. It's really a digital construct on an excel spreadsheet.

²⁸ Hence the main reason why the RBNZ has been asked to take into account of property and land price inflation and not just the limited CPI.

only, not existing housing²⁹. This combined with LVRs, debt to income ratios would help in creating new housing stock, although it doesn't necessarily mean housing will become affordable.

There are too many rigidities in the housing market, that makes house/land prices difficult to fall significantly and for rents to subside to levels of a decade ago. Some of these rigidities that makes house/land/rents sticky and less likely to fall are: First, oligopoly of building material businesses that collude or simply omit suppliers that don't give them the desired markups and profits, even if quality may be better. This begs the question: Why are NZ citizens paying on average 25% to 30% more than their Australian counterparts for the same building materials, and with less variety?^{30,31}

Second, Local council bureaucracy and red-tape delays associated with sub-division, building and resource consents. I have no idea why building and resource consents are treated separately and not in the same section. This is example of bureaucracy gone mad and duplication of effort – which only leads to miscommunication and unnecessary delays³².

Why can't our councils do the consent approval job in half the time and at half the cost (online forms with auto prompts if information is missing or not provided)?³³ Any

²⁹ Perhaps with tax incentives for investment in **new** social housing and public housing – interest rates, solar panel, health pump (healthy homes deductibility) double glazing, NZ (and/or Australian) wool insulation.

³⁰ After taking into account of exchange rate differences – is this because of higher freight costs, transfer pricing, or anti-competitive behaviour of our oligopolistic building material suppliers (e.g., restricting the supply of those products that don't allow them to make bigger markups and profits), or do they just put an additional 30% to 50% (or more), because you cannot buy it anywhere else.

³¹ Our regulator Commerce Commission have been hopeless in resolving this issue to make any difference for NZ citizens, and have little to no idea, how their inaction and/or lengthy delays is affecting the poor and working poor with affordable housing. In New Zealand, we pay on average 25% to 30% more for our building materials compared to our Australian counterparts, and we have an oligopoly of building material players.

³² For example, such follies include: resource consent section say's to the builder or developer you did not provide the following information...arrh I did, it was included in my application for the building consent. Sorry, you have to provide that information too us, therefore this will delay your application. Arrh can't you get it from your resource consent section next door, aaarh noooo. That's another section and not us. But sounds like a good idea – but sorry.... This is a fictitious example, but is closer to the truth nonetheless. It might seem laughable if it was rare, but it actually happens quite often. The sad part, no one checks or doesn't do anything to streamline the process or makes it easier without compromising the quality of information required. Hence the recommendation to amalgamate resource and building consents into one division (not two separate ones), and look to cutting fees by 50% and shorten approval times by 25%.

³³ This way, they have no excuse for losing the application or not receiving it.

delays then the council will have to reimburse 10% of the application costs, and another 10% for each delay infringement.

To be fair on the local councils, central government should fully fund all new state housing and social housing approvals, and fund random housing quality inspections, and the hook-up costs, such as: water, sewage, and electricity.³⁴ And central government should fund 25% of the local average rates for new state housing to be paid quarterly to the councils – this is better than nothing they get now for state housing. Simply, state housing cost shouldn't be a burden on local council rate payers.

Third, structure of our building industry and ageing of our building workforce. The majority of our builders capacity for building houses/apartments are small, and can only build 2 to 5 houses per year, and we have an insufficient number of large developers (10 to 15³⁵ perhaps) that can build more than 50 houses per year, and at the top end, we have 3 to 4 that can build on a scale of 500 to 1000 units per year. To complicate matters more, these builders are a rapidly ageing occupational class.

Due to the physicality and nature of building work and the fact that a large cohort of builders are nearing retirement age. Albeit, excellent training programmes and a large number of apprentices coming onboard, however this is insufficient to replace those retiring or exiting the industry altogether. Let alone cater to the large increase in housing demand³⁶. The building industry is also changing and becoming increasingly more specialised.

³⁴ This burden should not fall on local council's rate payers, it's bad enough the councils do not get any rates for state housing (this needs to change – central government should pay at least 25% of the average rates for the area to the councils for state housing. This will provide a good incentive for councils to make more land available for state housing, and better yet will not have to fork out the hook-up costs. This is one of the reasons we have rising rents, as we have insufficient **affordable** housing. I'm glad the Human Rights Commission have focused on "affordable" as warm healthy housing is a human-right issue – as this policy buzz word has been in popular parlance over a number of decades, repeated ad infinitum. Yet no government has really been held to account to actually deliver on it for the common good. Yet we have decreed a rental and housing crisis exists, and bipartisan approach will be taken by government. No one has delivered or realized AFFORDABLE housing. We know the free market doesn't deliver AFFORDABLE; however, it does provide housing. Therefore, only government (to a lesser extent not-for-profits, and Iwi can assist with support from the community and govt), and resolve this issue with public housing (state housing). Only government can deliver affordable – where rents can not exceed 25% to 30% of a person's income.

³⁵ Need robust and updated numbers.

³⁶ Prof. Natalie Jackson has done some excellent research into the ageing of certain occupations, for example, nursing, farming and building & construction trades.

The biggest choak hold to land developers are firstly, leverage or debt, secondly, cash flow, and lastly, overcoming bureaucratic compliance and delays with regulations, subdivision, land and resource consent processes (and possibly a few cases going to EPA due to RMA laws & regulations). Approximately 94% to 96% of RMA cases are handled on time and with relatively little fuss. However, the remaining 4% to 6% remain problematic and affects mainly the large-scale developments.

Debt

Keen's (2013; 2017) insights on the importance of debt and the maturity profile of debt in macro-economic modelling cannot be underestimated and should not be ignored. Kelton (2021) explains how modern monetary theory (MMT) can be used by central banks to create funding for essential crisis management, public goods and strategic projects.

This means the government can accomplish its political promises to its citizens without solely relying on fiscal policy funding sources. Finally, it can use two hands (fiscal and monetary), instead of having one hand tied behind its back, that is, monetary policy can work in symbiosis (if done right) with fiscal policy.

Government theoretically can never go bankrupt if it has a monopoly on the issue of its own currency, and we have natural resources and food security. If it needs money, it can simply print more, or issue more government bills and bonds, yes it may be inflationary, but inflation is defined as too much money chasing after too few goods and services. The beauty of government debt is that it can be written off or forgiven. Or take a leaf from ancient times - debt jubilees were more common than first thought.

Isn't MMT inflationary?

Yes, it can be, however no worse than existing Reserve Bank monetary policy with using quantitative easing to inject liquidity into the financial system. I would argue, if done right, it will be less inflationary than using QE solely to purchase government debt instruments from whoever hold them.

QE is mostly used by banks and their investment arms to reinvest into property and not necessarily to make loans to businesses. Thus, helping to fuel the property asset bubble/s. To be done right, MMT can also be used, or part of QE to fund investments

in the real economy instead of just the finance or debt economy. The finance or debt economy fuels increases in financialization, and doesn't create more goods and services, and related job creation in the real economy. Generates little to no tax revenue (PAYE, GST and road user charges). Those real economy investments (not to be confused with finance/debt economy) include (but not limited to):

- Funding covid-19 response and public hospital/DHB modernisation and upgrades and public medical/ora toa centres;
- fund new state/public housing given we have a rental and housing crisis;
- green economy “new deal” investments given with we have a national emergency with respect to Climate Change; and
- ageing, dilapidated water, stop bank, sewage, and sewage treatment (and poor recycling) infrastructure nationwide no doubt exacerbated by many councils holding large portions of debt on their balance sheets nationwide.

Rhetorical Questions

What happens if you have a large reserve of goods and services? What happens if you are investing in capital/public assets that produces more goods and services at a faster rate than the growth in the money supply or credit? How much of a burden is household debt on different income groups of society? And how is the affected by wealth and the accumulation of wealth? What happens if the money is going into public goods³⁷ that build community wellbeing and resilience - is this less or more inflationary (if any)?³⁸ Doesn't public and social goods and community resilience goods, wellbeing, help build societal competitive advantage given that businesses do not necessarily have to pay directly for it? For example, workers are less likely to push for large wage rises, if rents (house and land prices) were truly affordable³⁹.

The governor of the Reserve Bank was right about one thing, asymmetric information, however, this only admits that the Reserve Bank knows nothing, or worst yet, unwilling to find out what is really going on. Or else believes everything it is told. If the Reserve

³⁷ Given the free market is somewhat unlikely to provide it, especially if it doesn't have a markup or profit from it.

³⁸ From the beginning of 1990 hyperinflation has occurred in 28 hyper-inflation countries around the world on a total of 35 different occasions of which 17 occurred in 1992 alone. Currently, only Zimbabwe and Venezuela are plagued by hyperinflation. When inflation exceeds 50% per month and lasts for at least 30 consecutive days it qualifies as hyperinflation. For all the details check out The Hanke-Krus World Hyperinflation Table which contains all 58 episodes of hyperinflation over the past 100 years, including several which had previously gone unreported. The table indicates the start and end dates of each episode, identifies the month of peak hyperinflation, and signifies the currency that was in circulation, as well as the method used to calculate inflation rates.

³⁹ No more than 25% of income.

Bank holds to asymmetric information, then why not put a staff member of the RB on each of the Banks' board of directors (for each of the registered banks), with their directors' salaries to be paid directly by the banks themselves⁴⁰, with conditions that these "staff-directors" can never work in the banking sector once they leave the RBNZ⁴¹. This way, you can be assured that the RB has the same information as the banks themselves – no better and no worse.

Everything for sale⁴²

Moreover, Sandel (2013), makes the case that commodification of everything or everything for sale, "...has sharpened the sting of inequality by making money matter more". He adds that economist mistakenly believe that markets are neutral, ..." that they do not affect the goods they exchange. But this is untrue. Markets leave their mark. Sometimes, market values crowd out nonmarket values worth caring about". (p. 9). In addition, he states: "The problem with our politics is not too much moral argument but too little. Our politics is overheated because it is mostly vacant, empty [or devoid] of moral and spiritual content." (p. 13).⁴³

⁴⁰ This should be part and parcel of the bank's registration process, that they agree to pay a RBNZ staff a director's salary, and s/he is privy to all the banks information and access to all directors' meetings.

⁴¹ Prevent or reduce revolving door politics and maintains the integrity of our democracy. We don't want to corrupt our democracy like the Americans have done in the last 40 years. This may explain in part why NZ citizens are more compliant to government decrees and regulations, as we have greater community resilience, maybe due to not always trying to put a price on everything as stated by Michael Sandel.

⁴² In a sense we know the value of everything but the true value of nothing. For example, we know the value of planting trees in soaking up carbon – carbon sinks, however, this ignores the fact, that some trees are also destructive if planted on mono-basis (e.g., *Pinus radiata*) in reducing biodiversity, soil fertility, natural hydrology, and this impact of changing local climates and promoting increasing droughts, and create the preconditions that allow pandemics to spread and flourish. Mariana Mazzucato goes into greater depth on this subject of value in her amazing and brilliant book, *The Value of Everything: Making and Taking in the Global Economy*. She looks at what creates value and more importantly, who benefits and who doesn't.

⁴³ He points out that: "The moral vacancy of contemporary politics has a number of sources. One is the attempt to banish notions of the good life from public discourse." (p. 13). It is important to note: The Māori model, He Ara Waiora, which is a waiora framework built on te ao Māori knowledge and perspectives of wellbeing used by PC is holistic and open-minded and open to issues of morals and spirituality. This question of value is an age-old question: And how to value something is not resolved by the limited definition of the intersection of supply and demand, and free markets – as there are moral limits to markets. Sandel (2013) points out some of the dangers of moving from a market economy to a market society, and this discourse of debate needs to be opened. Sen (1999) reminds us, that the discourse on the "Good Life" or the "common good" is for its citizens to decide, and not limited to technocrats to decide – although Plato's Republic would argue otherwise.

For example, should I plant more native or pinus radiata forest to address Climate Change issues? Native forests are better for biodiversity and the preservation of native flora and fauna. Also, better for soil hydrology and local eco-systems and local climates and creates less pollen (therefore less allergic and respiratory impacts), has longer root systems and better for land erosion purposes.

The hardwood species of natives, include: Rimu, kauri, tōtara, are brilliant timbers for weather resistant house building in Aotearoa New Zealand as well (during a time when NZ is lacking building materials⁴⁴, and closing timber mills). However, the major commercial drawback is the maturity cycles of these trees compared to the much shorter maturity cycle of pinus radiata at 15 to 25 years.

In short, mono crop Pinus radiata forest destroys the natural eco-systems, and acidify the soil long-term, so the soil becomes near useless. This is a classic example of short-term profits vs. long-term community wellbeing; biodiversity and sustaining life are put at risk.

Anti-competitive behaviour is determined somewhat by the existing market structure of each industry with monopolies, duopolies, and oligopolies at one end of the competition spectrum, to the other side, which is less inelastic supply and more elastic, responsive, and flexible.

We need to be careful of anti-competitive behaviour, particularly: price gauging, land banking, exclusivity contracts, and limiting or restricting supply (or excluding certain suppliers because they have lower markups), “additional fees”⁴⁵ particularly around: food; housing; electricity; banking: debt and insurance services.

If you are serious about reducing inequality and long-term disadvantage, it is important that our regulators and government agencies think long and hard about increasing their costs if it impacts disproportionately on the poor and working poor. Maybe consider heavily discounting their services for those with community services cards, this may apply to passports, drivers’ licences, public transport, and extended to public dental⁴⁶ & eye care.

⁴⁴ No doubt also impacted by logistical matters surrounding covid-19.

⁴⁵ There are many fees that are overpriced given they are algorithmic and electronic in nature, e.g., bank fees, overdraft fees, credit card fees. These costs may not mean much to those who are wealthy or on high incomes. Nevertheless, they can make a big difference for those that are struggling to make ends meet.

⁴⁶ Instead of limited to only emergency dental care.

Leaky Housing Syndrome

Dyer (2019) points out that neoliberal ideology or dogma is destructive, and the deregulation of building codes has resulted in the \$47 billion “Leaky Buildings disaster” – affecting 174,000 NZ homes built from 1985 to 2014. (pp. 12-13).⁴⁷ Deregulation is not always a panacea for allowing competitive markets, rather improving standards that offers higher quality and better priced goods and services, allows more competitive markets.

Having high building standards, signals to the market the minimum standards required, and the market can mass produce those standards with the associated advantages of economies of scale and scope, passing those cost savings (or part of) to customers.

Lack of standards (or anything goes in a deregulated market) have resulted in a \$47 billion leaky home timebomb thanks to neoliberal policies that forgot or ignored the communities that they were meant to represent – especially the poor, working poor, disabled, mentally ill, homeless, and the elderly who are solely reliant on fixed incomes.

Neoliberalism destroys democracy, engenders political polarisation (particularly between the haves and have nots) and perpetuates inequality. Colonization is the biggest evil, but neoliberalism is the gun or new aged weapon of mass destruction in the hands of the colonizer.

Combined Māori and Pasifika ethnicities make up near 30% of NZ's total population, they are much more likely to rent, and 2 to 3 times less likely to own their homes. These communities have a relatively younger age cohort, and face more disadvantage in terms of lower average or median: incomes and wealth. And lower health/mental health, education; together with higher imprisonment and conviction rates.

Austerity does not work

Austerity measures have nowadays proven to be ineffective and makes matters worse. IMF's more recent studies also support this fact. Blyth (2015), has proven that austerity and cutting government expenditure, does nothing to expand output or national income. He dispels the myth that taking the austerity pain now, is only good for us long-term, and means gain later – “No pain no gain”. Moreover, his historical approach of looking at austerity from the early twentieth century to present times, helps us to understand that this idea is extremely dangerous and destructive since it doesn't

⁴⁷ This was reported in a 2015 government funded report which wasn't released. This \$47 billion is a conservative estimated since the brief was limited to residential properties only, and excludes leaking, moulding: schools, hospitals, government buildings, prisons, retirement homes, motels, hotels, [wananga], and other commercial buildings.

ring true with then facts. In other words, "...Austerity continues to harm, not help". He adds a nugget of wisdom, that any rebounding growth is due to central bank interventions in the market with improving liquidity with lowering yields, instead of austerity. (p. 251).

The effects of the austerity pain always seem to fall disproportionately on the poor and working poor, whilst it is nothing but a passing trivial or inconsequential event on the wealthy – who are well insulated with fat reserves to weather austerity storms.⁴⁸

I think our policy makers have got to get with the facts and realise that austerity measures are useful for household discussions at the micro or household level but have little to no relevance to improving the macroeconomy, wellbeing, mental wellbeing, and quality of life of its citizens as whole.

This is one idea from the Austrian School of Economics that needs to be discarded and confined to the coffins of history as fallacy as the final verdict is out. Although, Blyth (2015) mentions that policies have a strange habit of making a comeback with supporting defunct ideology [neoliberal] and dogma, irrespective of the facts. (p. 252).

The Terms of Reference scope needs to be broad and wide, given the driving forces of poverty, inequality and disadvantage are multifaceted and multidimensional. Moreover, the terms of reference should make it clear that "disadvantage" cannot be separated from inequality, welfare, poverty, disparities, injustice, lack of freedom, political rights and human rights, neoliberalism, liberty, democracy, and inclusive institutions amongst other prescient factors, e.g., colonisation, as well as Bourdieu's cultural and social capital. This is also consistent with the holistic nature of the He Ara Waiora framework⁴⁹ as selected by the Productivity Commission.

Acemoglu & Robinson (2013) argues that factors such as lack of: "...equality of opportunity, repression and the absence of political rights..."; colonisation and rule by

⁴⁸ Isn't it better and more constructive to look at Robinhood economics – taking from the rich and giving to the poor! In a very real sense giving to the poor, makes the rich and wealthy even richer and less chance of extreme violence breaking out by the improvised populace. Ideas such as wealth, land, and gift duties are a good place to start, rather than cutting benefits, and with-it deregulation, state asset sales, and austerity measures.

⁴⁹ Built on Te Ao Māori knowledge and perspectives of wellbeing.

a narrow elite contribute towards poverty (pp. 2-9). They highlight that: "...countries such as Great Britain and the United States became rich because their citizens overthrew the elites who controlled power and created a society where political rights were much broadly distributed, where the government was accountable and responsive to citizens, and where the great mass of people could take advantage of economic opportunities." (pp. 3-4).

Financial Giants

Nevertheless, I would argue that this is not the case now, for these countries where the elite and their powerful lobby groups have pushed their agendas, invariably at the expense of the 90% to 99%.⁵⁰ Mill (1956; 2000) and Phillips (2018) work exposes the ascendancy of those elites to the global elites⁵¹, and how they are reshaping the global economic system in their desired image. Which impact on democracy, equality and environmental destruction. Phillips (2018) discloses the top 17 global financial giants who "...collectively manage more than \$41.1 trillion in funds and influence Western governments and international global policy bodies to work in their interest and protect the free flow of capital investment and insure debt collection everywhere in the world" (p. 35).

Herein, Graeber (2014), Hudson (2018; 2015; 2014) & Foroohar (2016) provides in-depth and well researched commentary on the history of debt and the destructive role of increasing financialisation. And how the concentration of wealth into fewer hands, is distorting the real economy and exposing the "depths of despair" of the growing have-nots.

Who would have thought that growing inequality is a growth industry when supported by crude neoliberal monetary policy⁵² and regulators of the neoliberal persuasion? For example: Commerce Commission who have been hopeless with respect to enforcing

⁵⁰ . Saez, Emmanuel., & Zucman, Gabriel. (2020). The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay – book goes into more detail. Ok its for USA, however, in NZ we don't have wealth, land, or gift taxes. The richer and more concentrated the wealth into few and fewer hands, means these elite groups can purchase income earning assets (e.g., properties) that the poor and working poor cannot afford, but need, and forced to pay rising rents (otherwise live on streets, become homeless, or live-in overcrowded housing/garages/cars and more susceptible to pandemics, rheumatic fever, and respiratory illnesses). If you want to address long-term disadvantage its time to think seriously about implementing wealth, land and gift taxes (preferably at source) and on all asset classes not just some.

⁵¹ ...concentration of wealth in the hands of a small number of global political elites affects the well-being of humanity and the ultimate sustainability of life on earth.

⁵² Fantastic at building asset prices – particularly property and land – hence the reason to also include land and house price inflation into its reporting remit, instead of the just only consumer price inflation (CPI).

anti-competition and anti-trust type laws. Or introducing anti-oligopoly legislation. The father of economics, Adam Smith⁵³ was adamant that anti-competitive behaviour by some players in the market, will distort the market to their benefit and at the expense of everyone else.

NZ taxpayers have been paying too much for too long, for simple items as: food, electricity and building material costs (to name just a few industries). Thinking that they only have to provide better information and the market will self-correct “hocus-pocus” and like magic will fix itself.

It's time for the Commerce Commission to go to work and start helping its poor and working poor citizens instead of pandering to big businesses and thinking about future career shifts and not upsetting their Minister.⁵⁴

They need to start employing more: historians, Māori and Pacific culture experts, cultural anthropologist, economic historians, Marxist economists, environmental and natural resource economist, post-Keynesian economist and a few behavioural economists with journalist backgrounds with an understanding of competition law who work on the sniff of an oily rag. Smelling blood for the first time to uncover fraud, collusion, and anti-competitive behaviour.

If they say they only need to provide better information and believe free market, neoliberal or trickle down economic⁵⁵ approaches are the most effective, show em the door. To show no ill will, tell them to reapply once they have their blinkers taken off. You have almost employed a brain washed neoliberal ideologue - who believes in fairy tale stories of rational markets, and in pure theory that is not supported by real-world experiences and evidence. Even worse, if they are indifferent, and lack empathy for the needs and plight of the poor and the working poor (and the middle classes) then it will take at least five years or more, to unlearn the mistruths or half-truths they learnt at university (assuming they're indoctrinated in neoliberalism).

⁵³ Really a moral philosopher of political economy – back in the days when politics was combined with economics.

⁵⁴ If I was the Minister of Commerce and Trade, I'd be asking the CEO of ComCom how many of those anti-competitive bastards you are taking to court, how much will it save tax payers, over how long, and particularly poor and working poor, and what are your chances of winning the case and what is holding things up? How does this improve trade, productivity at a region and national level, and reduce inequality? How should coms write-up the press release?

⁵⁵ As we all know the only think that trickles downwards is wee and poo.

Manipulation and Policy carrots

Undue and unrepresentative influence with international trade, Chang (2019) argues, rich nations have used its neoliberal agenda and ideologues to shove this ideology⁵⁶ down the throats of the developing nations, supported by the “Unholy Trinity” of international economic organisations, such as: IMF, World Bank and WTO.⁵⁷

Rich governments dangle the policy carrots of “...aid budgets and access to their markets to induce developing countries to adopt neoliberal policies”. (p. 13). However, he points out that the rich nations have double standards, self-promotion, and contradictions, when it comes to promoting free trade. Their prescribed ethos: “Do as I say, not as I do”; given rich countries used protection and subsidies, while discriminating against foreign investors. This is reinforced by WTO which promote free trade and trading rules that plays to rich countries strengths, but not their weaknesses (e.g., agriculture or textiles). (pp. 13-15).

MFAT and NZTE need to reduce its policy effort in increasing agricultural trade with the United States unless there are true mutual benefits of reciprocity⁵⁸. These efforts to-date have virtually no pay-off. It's not that I'm anti American⁵⁹, it's just after more than 40 years trying at trade negotiations with little success, its time to stop hitting our heads against the wall - besides I don't blame the Americans trying to protect their own farmer's interest.

This is how these organisations can help to reduce disparities and growing inequality in Aotearoa New Zealand. They can adopt Te Ao Māori perspectives inculcated into its mission statements, this includes the support and promotion of green economy businesses (e.g., lithium extraction from geothermal; wind, solar, tidal), biodiversity,

⁵⁶ This encompasses deregulation, privatisation and opening-up international trade and investment. Its best to be pragmatic about these issues, as one-size policies do not fit all, nor are they applicable permanently. However, more detail on underlying causes its best to read: Trade Wars are Class Wars: How Rising Inequality Distorts the Global Economy and Threatens International Peace by Matthew C. Klein & Michael Pettis.

⁵⁷ These three are largely controlled by the United States and are one of their largest financial donors.

⁵⁸ This is consistent with this framework, social and mental wellbeing, and the work of Nobel prize laureate: Elinor Ostrom.

⁵⁹ As I love their divinely inspired constitution and amazing innovation

and conservation, Iwi businesses, and improving natural soil fertility⁶⁰ and strengthening Aotearoa's long-term food security. Building social, economic, and community resiliency is the name of the game in a world of increasing pandemics, financial crises, and Climate Change related disasters (which are largely outside of NZ's control, given the fact that NZ contributes less than 0.4% of total world CO2 emissions).

Violence and the History of Inequality

This concentration of wealth into fewer and fewer hands, expands the inequality divide, and if allowed to expand unimpeded results in inoculating community destruction, resentment, hopelessness, anxiety, civic duty decline, reduced democratic participation, political polarisation, psychological harm, and even pathological and mass violence protest.

Scheidel (2018) mentions the key lesson from history is that mass violence and catastrophes are the primal forces that can mitigate economic inequality. He states that the most powerful levelling or equalisation devices throughout history are due to the "Four different kinds of violent ruptures to flattened inequality: mass mobilization warfare, transformative revolution, state failure, and lethal pandemics." (p. 6).

It's interesting, how covid-19 is forcing us to address issues of inequality and disadvantage as poverty riots⁶¹ and violent revolutions are only a stone's throw from the precipice of execution. It doesn't take much to spark massive poverty riots, in Chile all it took was large public transport costs increases to create violent bedlam⁶².

⁶⁰ Using natural fertilisers, e.g., seaweed, as we move away from oil-based fertilisers. Or growing more native forest. Also using NZ wool as insulation in housing. The added advantage of green economy businesses is they are difficult to outsource offshore, yet the science and knowledge is scalable, portable, and networkable.

⁶¹ Insurance doesn't cover business interruption related to the coronavirus; most policies emphatically do cover riot-related losses.

⁶² Initially peaceful protests in Chile against a 3 percent rise in public transport fares in early October 2000 exploded into violent attacks on public facilities around the country. The first use of the military to restore public order since the return to democracy in 2000 resulted in 27 dead and injured hundreds. That is, a hike in public transport fares boiled into full blown riots, arson and looting, and one million Chileans march in Santiago..

Maybe the main lessons from the current Pandemic covid-19, is that pandemics cannot distinguish between rich and poor.⁶³ Inequality and disadvantage if not addressed can bring to the surface the plight of the poor, homeless, and working poor, and highlight their improvised conditions and rising costs of necessities (e.g., food, housing, and electricity). This can erupt into mass violence. It is important that the government implements fully the recommendations of Welfare Working Group. To date, not one of the recommendations have been fully implemented.

Inequality

The political philosopher, Rousseau, in the 18th century, conceived inequality having two distinct parts, namely: physical and moral or political inequality. The latter is dependent and determined by convention, and is "...established, or at least authorized, by the common consent of mankind. This species of inequality consists in the different privileges, which some men enjoy, to the prejudice of others, such as being richer, more honoured, more powerful, and even that of exacting obedience from them." (2004, p. 1).

At the ground level, issues around access to photo ids on driver licences and passports can prevent disadvantaged people from accessing cheaper debt. If you don't have a photo id (no car or passport) than you are stuck with paying higher interest rates than the alternative. Maybe the better option is allow those with community services cards to only pay 10% to 20% of the normal costs for a passport, or alternatively, change the rules, so you don't have to provide a photo id to access lower interest loans & fees.

I would argue this is an example of state institutions, ignorance, or plain discrimination of the poor and the disadvantaged.

One-size fits all policies might be easy to administer, but forgets the fact, that state institutions are there to serve their communities first and foremost (even the poor and disadvantaged ones too). They are not to profit at the expense of its communities. I am sure this is an important lesson ACC had to face several years ago, as it thought it

⁶³ On a global scale, according to Jeffrey Sach's, the rich nations must get together and fund vaccinations for all the developing nations, otherwise border controls and lockdowns will become norm with mutating and more deadly strains of covid-19 iterations.

was meant to make profits. I am glad our courts had to remind ACC of their obligations and who they ultimately serve.⁶⁴

Wilkinson & Pickett (2020; 2019) highlight with a wide range of data, that from nearly every indicator of wellbeing from life expectancy to mental illness, violence to illiteracy is caused from society being less equal, and less affected by the wealth of society. They explain that bigger gaps between the rich and poor [and disadvantaged] are worse for everyone – including the well-off.

Similarly, they reveal that more equal societies, reduce stress, improve mental health, restore sanity, and improve everyone's well-being. Adding the "...strength of social hierarchy and the importance of status serve as indicators of how far a society departs from equality. The further the departure from mutuality, reciprocity and sharing, the stronger the basic message that we will each have to fend for ourselves. We are pushed towards more antisocial forms, becoming more concerned with status and self-advancement, while community life, trust and our willingness to help each other all decline". (2019; p. 262).

Boushey (2021), argues that inequality undermines growth in three ways. It obstructs the supply of talent, ideas, and capital as wealthy families monopolise the best educational, social, and economic opportunities. It also subverts private competition and public investment which ultimately reduces economic growth and productivity. So, understanding and addressing inequality and disadvantage is the salient issue for our times.

The issues are complex and wide ranging, and include the following: injustice (taxation, progressive taxes and wealth issues⁶⁵, etc), contracts⁶⁶, property rights, accounting standards⁶⁷, lack of competition⁶⁸, institutional racism, neoliberal policies

⁶⁴ Bearing in mind this is not an attack on ACC.

⁶⁵ We don't have wealth, land and gift taxes – our tax system is not as progressive as we'd like to think.

⁶⁶ For example: Exclusivity contracts, transfer pricing, and how this can undermine trade and competitive behaviour

⁶⁷ For example, property businesses/investor were able to include the interest they pay on mortgages as legitimate expense deductions, whereas private individuals cannot do the same (this has changed)

⁶⁸ Our regulators such as the Commerce Commission are hopeless in monitoring, regulating, and enforcing anti-competition laws to regulate monopolies, duopolies and oligopolies in Aotearoa New Zealand that affect our: food,

and ideologies that have passed their use-by date⁶⁹ with no supporting evidence; moral limits to markets, lack of inequality data, governmental bureaucratic red tape⁷⁰ or excessive costs⁷¹; need for inclusive institutions to name a few. Ideally, I would suggest that the Productivity Commission does not limit the scope of its research on understanding inequality and disadvantage, as it limits the quality of its advice to the reporting minister/s and undermines the importance of productivity for our nation.

Interestingly, Philippon (2020) conducts cutting edge research for the United States and Europe, that shows undeniably growing industry concentration in the US and Europe, and how lobbying⁷² and campaign contributions have defanged antitrust regulators with ramifications for free trade, technology, innovation, and productivity. He concludes that government needs to return to what it once did best: keeping the playing field level for competition.

His data shows sector after economic sector is more concentrated than it was twenty years ago, dominated by fewer and bigger players who lobby politicians aggressively

electricity, and building material sectors. They are slow to react and even slower to enforce. However, they are brilliant at surveys, research and delay tactics that don't result in effective prosecutions and reducing anti-competitive behaviour. All in all, the poor and working poor are left to suffer the indignation of paying unnecessarily higher prices. Essentially, we have government bureaucrat regulators who don't do their jobs effectively and do little to nothing to help the poor, working poor, middle, to upper middle classes. With one exception, when they changed the laws on maximum interest rates to be charged by loan sharks.

⁶⁹ Classic examples are rational markets and need for austerity measures to justify budget cuts, balance the books, balance budget, and cut deficits. We now know that austerity doesn't work but does make things worst long-term. The reality is taking the pain now, only results in bigger pain later (not less). Truth be told, the pain is not evenly distributed, and the pain is disproportionately felt by those least able to take it. Besides,

⁷⁰ I'm not necessary against the RMA, however, I have noticed that local councils separate building consents from resource consents applications (two separate offices in the same building (as if one dept is better than the other) when in fact many overlap in their duties and functions, it would be more efficient and less bureaucratic for tax and rate payers if the process was amalgamated into one process instead of two separate ones. This should also reduce approval times (with applications forms to be completed online with automatic built in error checks or immediately alert the applicant of missing information (and restart the approval process back to day 1), and mean houses/apartments can be built quicker and with less time delays. This has long-term ramifications for increasing housing supply and rents.

⁷¹ For example, we could provide free or heavily discounted government services for those with a community services card: drivers licences, driving lessons, passports, dental and eye care at public hospitals, etc. Having a driver's licence is important for many jobs – although in future may be less needed in a world moving towards driverless cars.

⁷² Sandel (2013) has a lot to say about the moral limits of markets, but also the dangers of rich and powerful lobby groups. (p. 22-24).

to protect and expand their profit margins. Across the country, this drives up prices while driving down investment, productivity, growth, and wages, resulting in more inequality and persistent disadvantage. Meanwhile, Europe-long dismissed for competitive sclerosis and weak antitrust is beating America at its own game. (pp. 6-16).

His work has extensive ramifications on the following government regulators: Commerce Commission, Overseas Investment Office, Reserve Bank, Financial Review Authority, and the Electricity Authority⁷³, if they include inequality and disadvantage eradication into their policy objectives and mission statements. By ensuring more inclusiveness, diversity, transparency, human rights and freedom, democracy, Te Ao Māori & Te Titiri o Waitangi, and reducing anti-competitive behaviour they will find they are better equipped to face a dynamic and uncertain future with success.

Worker directed co-operatives

Alperovitz (2011), Wolff (2015), and Greenhouse (2020) make the case for worker's directed: collectives or co-operatives, as a way to augment the decades-long decline: in worker power, and anaemic wage growth in the United States. They argue that this organisational type can help reduce income inequality, declining social mobility, and the concentration of political power in the hands of the wealthy few.

Probably, one of the largest and most successful model of worker co-operatives is the Mondragon Corporation is a corporation and federation of worker cooperatives based in the Basque region of Spain. According to Wikipedia, it is the seventh-largest Spanish company in terms of asset turnover and the leading business group in the Basque Country. At the end of 2016, it employed 74,117 people in 257 companies and organizations in four areas of activity: finance, industry, retail and knowledge. By 2019, 81,507 people were employed. Mondragon cooperatives operate in accordance with the Statement on the Co-operative Identity maintained by the International Co-operative Alliance.

In Aotearoa New Zealand, probably the largest co-operative dairy business is Fonterra which is a dairy collective of near 10,000 farms. In terms of sales, it is in the world top

⁷³ And even Transpower.

five, at number four.⁷⁴ However, it is not a worker directed cooperative. I wouldn't be surprised if it became a worker directed cooperative it could elevate its sales position to the number 2 or 3 within a couple of years, increasing valued added production and global supply chain reach.

The brilliant and renowned Marxian economist Richard Wolff has advocated for worker directed cooperatives for a long-time and its difficult, if not impossible to refute his logic, compelling arguments and supporting research.⁷⁵ Alperovitz (2011) has numerous studies to support the efficacy of worker directed cooperative.

⁷⁴ Top 10 Dairy Companies in World (2019): (1) Nestlé, (2) Lactails, (3) Danone, (4) Frontera, (5) Frieslandcampina, (6) Dairy Farmers of America. (7) Arla Foods, (8) Yili, (9) Saputo Inc., (10) Mengniu.

⁷⁵ I'm not anti-capitalist, but I have to admit that Marxian thinking is difficult to refute when Karl Marx talks about the problems with the capitalistic system, especially when it comes to sharing the spoils of surplus value with workers. When you compare the growth of CEO incomes compared to their workers in the United States, the evidence reveal and attest to Marx's insights with precision.

This paper aims to get your feedback to help shape the ToR. It is not the inquiry itself. The consultative process of developing the ToR signals a significant innovation in how Commission is

approaching this inquiry, compared to its previous inquiries.

The paper briefly maps out what we mean by persistent disadvantage and what we currently know about the topic in New Zealand. It does not aim to be a comprehensive or detailed summary of the evidence.

My response

This could be problematic and could imply “extreme selectivity⁷⁶” and thereby omit important and relevant evidence and ignore the holistic nature of the Māori framework selected which helps to provide more enduring & robust solutions.

We have definitions of productivity, but we are only learning now what can lead to increases in a nation’s productivity. It is a lot more complicated than first thought. For example: The Japanese economic miracle post WW2 and the rise of South Korea, are really the result of government interventions, subsidies and policies, not rising productivity per se. Not directly anyway.

The Japanese central bank (Bank of Tokyo) engaged in Window Guidance Operations (similar to QE⁷⁷ and printing money) and invested in strengthening and expanding its car manufacturing industries as part of its long-term strategy for Japan’s economic growth. This manufacturing direction was seen as important for engaging in new technologies and the creation of skilled labour opportunities. South Korea’s government policy interventions also supported certain strategic industries, e.g., Samsung and LG. Taiwan, also implemented strategic investments into semi-conductor technologies where it is a significant player (if not a world leader) in silicon

⁷⁶ Who’s defining what is relevant and what is not.

⁷⁷ Instead of solely using quantitative easing to purchase securities and debt instruments, and can also be used to fund strategic assets and/or areas of national emergency such as: Rental & Housing crisis to fund the purchase of 50,000 to 120,000 state/public housing, and addressing Climate Change via the Green Economy initiatives. This way, we are not working with one arm tied behind our backs, as we will be co-ordinating monetary and fiscal policy to work in tandem and cohesively. Bearing in mind the free market only builds housing, not necessarily “affordable” housing. Only the state and perhaps to a lesser extent, not-for-profits and Iwi businesses can build at cost or substantial cost savings, provided they have access & funding for land.

chip technologies. The Taiwanese semiconductor industry, including IC manufacturing, design, and packing, forms a major part of Taiwan's IT industry. Due to its strong capabilities in OEM wafer manufacturing and a complete industry supply chain, Taiwan has been able to distinguish itself from its competitors and dominate the global marketplace. Taiwan is the unmatched leader of the global semiconductor industry. Chip technology is practically in every smart device from electric kettles, cell phones, laptops, fridges, washing machines, heat pumps, cars, EV cars, drones even in guidance systems⁷⁸ in nuclear missiles.

MMT to fight inequality and improve resiliency

Kelton (2021) provides a lucid and compelling reason to use Modern Monetary Theory (MMT) and dispels the myth that "...government deficits don't force financial burdens forward onto future populations. Increasing the deficit doesn't make future generations poorer, and reducing deficits won't make them any richer." (pp. 9-11).

Mark Blyth in his (2015) seminal book "Austerity: The History of a Dangerous Idea", reminds us, "If state spending is cut, the effects of doing so are, quite simply, unfairly and unsustainably distributed". (p. 13). More poignantly, he states that: "In the United States, for example, the top 1 percent of the US income distribution now has a quarter of the country's income. Or, to put it more dramatically, the richest 400 Americans own more assets than the bottom 150 million, while 46 million Americans, some 15 percent of the population, live in a family of four earning less than \$22,314 per annum". He adds, austerity or budget cuts are about saving the banks, and getting Joe and Jane taxpayers to pay for it. (p. 13).

Amy Goldstein in her brilliant (2017) book: "Janesville" highlights what happens to middle America when jobs are offshored and relative wage growth for the working class are allowed to stagnate for decades.

The paper then moves to what we don't know, distinguishing between areas of possible research and areas where there simply aren't the data to analyse. It finishes with questions about where the Commission's work could most usefully focus in this inquiry.

⁷⁸ Japan is a major player in this field too.

Cabinet will consider the proposed ToR around November 2021. Subject to receiving Cabinet approval in November, the Commission will spend 12 months on the inquiry and report back to Government with findings and recommendations by November 2022.

How you can provide your feedback

The Commission is seeking views on the proposed scope and focus of the inquiry, to inform the development of the ToR. We welcome responses to the questions in Section 5 of this paper by 27 August 2021. You can respond to the questions directly via the form on our website

(www.productivity.govt.nz/inquiries/a-fair-start-for-all) or by uploading a document (www.productivity.govt.nz/have-your-say/make-a-submission). The Commission is also looking to

meet with a range of stakeholder groups.

A summary of feedback received through this process will be published on our website after the ToR is approved. There will be further opportunities to engage once the inquiry commences.

How the Commission can best add value

The Commission believes it can add value through undertaking this inquiry in several ways:

the capability and mandate to undertake systems-level analysis of policy options – looking

across policy silos to assess the effectiveness of current policy settings;

quantitative and qualitative research to generate new insights;

linking wellbeing and productivity – exploring how reducing persistent disadvantage translates into better economic performance as well as direct increases in wellbeing; and

□ informing the public debate – bringing a clear and accessible narrative about what we already know and what we’ve learnt through the inquiry.

2 What do we mean by persistent disadvantage?

This section sets out how the Commission is proposing to define persistent disadvantage. In developed societies not all aspects of disadvantage are absolute, some are relative. This means that in some ways, disadvantage is linked to the concept of inequality. Society cannot guarantee

equality of outcomes for people, as these are partly dependent on people’s choices and innate characteristics (eg, personality). Instead, the goal is equality of opportunity, by helping people access the resources and capabilities they need to thrive.

What is “disadvantage?”

Disadvantage is complex and multi-dimensional. Different frameworks exist for thinking about and defining persistent disadvantage. An alternative approach is to apply a framework that describes an end state of wellbeing. Comparing this to the current state allows us to identify the size and nature of the shift that must be achieved. For this inquiry, we propose drawing on He Ara Waiora, which is a waiora framework built on te ao Māori knowledge and perspectives of wellbeing. While it is a Māori framework, it is based on evidence about wellbeing that applies to everyone. I applaud the Productivity Commission to adopting He Ara Waiora framework. However, this framework is not suited to neoliberal economic policies. Yes, the individual is important, but the individual is part and parcel of the family/whanau, collective (Iwi, and hapu), group or community. The individual cannot be separated from whanau or extended family. Whanau can not be separated from wairua (spirit), mauri (life force), whenua (land and connection to the land liken to the umbilical cord & the placenta), whakapapa (ancestry) and ngā rawa ā-Māori (natural resources), etc. There is no I in

we: at an existential level, this resonates with sustainability, intergenerational wellbeing and democracy⁷⁹.

He Ara Waiora presents a holistic, intergenerational approach to wellbeing. It centres on the key concept of Wairua (spirit) as the foundation or source of wellbeing. We suggest that non-Māori can also relate to the idea that an individual or group of people have an overall and essential sense of their wellbeing, which is affected by life events and other factors.

When framing a discussion about persistent disadvantage, and the pathway out of it, it is useful to focus on the Te Ira Tangata (the human domain) which sets out the four mana that people (tangata) and collectives² (kainga) need to thrive.

One of the key concepts here is that people and collectives have mana (power, authority or agency). People thrive when they have the resources they need, are empowered to grow and develop, and can connect with others. Individuals are shaped by their social experiences and circumstances, and their culture.

He Ara Waiora includes four aspects of mana. In our view, each of these is relevant in helping people to thrive.

1. A strong sense of identity and belonging (mana tuku iho). This factor is essential, particularly for children to develop good mental health, resilience and emotional intelligence (so-called “soft”⁸⁰ skills) which are in turn integral to wellbeing throughout life.
2. People’s participation and connection within their communities, including fulfilment of their rights and obligations (mana tautuutu). This includes both social and economic participation, such as paid or unpaid employment, and membership of clubs and societies. The strength of relationships and personal safety/absence of crime is fundamental to wellbeing for people and collectives. Lack of participation and

⁷⁹ The words of Abraham Lincoln to honour the soldiers that sacrificed their lives in order "that government **of** the people, **by** the people, **for** the people, shall not perish from the earth" were spoken at Gettysburg, The famous whakataukī (Māori proverbial saying): He aha te mea nui o te ao? He tangata, he tangata, he tangata. What is the most important thing in the world? It is the people, it is the people, it is the people.

⁸⁰ These so called soft-skills are not really soft they are life-long skills.

connection leads to social exclusion. People can feel excluded if they cannot participate in the same activities as those around them (so is a relative concept).

3. The capability to decide on their aspirations and realise them in the context of their own circumstances (mana āheinga) – this is closely related to Amartya Sen’s concept of

“freedom”. Having the basic resources that are essential to create opportunities is known as material wellbeing. It includes resources like quality housing, transport, electricity/warmth, healthy water, healthcare and education. A lack of these basic resources for an acceptable standard of living is known as material hardship. This is an absolute measure, although even here what is considered “essential” in contemporary Aotearoa is relative (for example, digital inclusion was not an issue in the 1980s, but is today). Some people may need more resources than others to realise their aspirations, because they have different abilities to convert those resources into opportunities (e.g., those with disabilities). Also, we need to be cognisant of meritocracy and its destabilising impact on reducing opportunity for many. Meritocracy is about exclusion rather than inclusion. This is in opposition to democracy and democratic institutions. If we take a lesson from Gladwell (2009), success breeds success, and that success is super accelerated if it starts from a young age⁸¹. This success is accumulative, amplifying and accelerates the next multiplier rounds of success. We also have research that shows that children have a higher chance of entering university, if one of their parents entered or graduated from university⁸². To increase opportunity, and reduce meritocracy, we need to open the doors to university and wananga education (levels 6/7 or above) to the unemployed and working poor. One idea is for the state/government to fully fund one to two papers per term (instead of the “normal” 3 or 4 papers per term⁸³, with no need for entrance qualifications, although would be desirable, particularly English/Māori and Maths), and cover broadband, transport (attend lectures and/or labs), and textbook & laptop costs.⁸⁴

⁸¹ Gladwell show how success can be dependent on your “birthdate” amongst other factors.

⁸² I think it is also important to include Wananga since, Māori educational success is really a story of the birth and growth of Wananga, this is not to dismiss the value and importance of university education, nor does it imply that university education is of higher value.

⁸³ The workload is too heavy and daunting to those who are making a start in their academic journey of life-time learning, and who are starting from a point of disadvantage. Its best to start slow and ease into it, this requires catching up on grammar and punctuation and learning the habitus and the necessary cultural capital to succeed in completing successfully academic studies.

⁸⁴ This may mean that Universities and/or Wananga may have to make more courses available over two instead of one semester and allow some courses to be available in the evening and over weekends, with possible free childcare facilities on site/campus. Universities/Wananga may have to employ extra staff to help these students with additional support. So, the government should allow an additional \$150 to \$300 per paper for the first 10 papers for each student that is

4. The power to grow sustainable, intergenerational prosperity (mana whanake) – this includes but is not restricted to financial resources including income and wealth. A lack of financial resources is poverty, although most measures focus on income poverty. There are a variety of definitions of income poverty, but in developed societies all these definitions are relative to the average level of incomes.

These four factors are fundamental to people or collectives having the opportunity to thrive at every other level, giving them the best chance to feel included in the economy and society. If any one of these factors is missing, people or collectives can experience damage to their wairua.

This is similar to the western concept of disadvantage; people not having access to what is needed to achieve their aspirations. It is important to note that this is a holistic approach and there are other ways to enhance or damage wairua including means (how we live) and Te Taiao (the natural world).

The impacts of disadvantage can have complex, dynamic and interactive effects. People and collectives trapped in persistent disadvantage often experience multiple, inter-related challenges.

2 Collectives include families, whānau, hapū, iwi and communities.

(e.g., unemployment, insecure and poor-quality housing, chronic illness, family violence, drug, or alcohol dependence), which have a cumulative impact on their life opportunities, and overall wellbeing. The cumulative impact of multiple disadvantages makes it even harder to overcome these challenges. The Commission is proposing that the inquiry focuses on deep disadvantage – where people or collectives are experiencing multiple facets of disadvantage across one or more mana. This focus has benefits, but nevertheless still limited. As it ignores that disadvantage is also caused by neoliberal ideology⁸⁵ and the concentration of wealth into fewer hands; and increasing financialization and the growth of FIRE⁸⁶ industries. I would strongly

unemployed or working poor (these students will no doubt need additional support in the first year or two of their studies). It will take longer no doubt for these students to complete their degrees, however, slow and steady (perseverance) wins the race. This is an investment in human capital to unleash potential and break the intergenerational poverty cycle. Wananga or Universities will not have to report course completion stats for these students but will be able to report qualification completion stats (it would be a good idea for these academic institutions to have pathway diplomas for each year (equivalent) completed, so students can make use of their qualifications even “if not fully completed”. Use the modern technology of Zoom and WhatsApp (for example) to provide additional support services to these students.

⁸⁵ For example: privatisation and deregulation, austerity, the free market is always best, and government is bad.

⁸⁶ Hudson (2015), p. XV – “...Financial, Insurance and Real Estate sector.

argue that neoliberal ideology and concentration of wealth⁸⁷ into fewer hands, supported by Reserve Bank's monetary policy, hurts democracy and Aotearoa New Zealand's long-term productivity.

What is the problem with Monetary Policy? Why does it engineer inequality, and fosters greater financialization? And leads to stagnate growth and reduced long-term productivity; and jeopardizes democracy.

Monetary policy is mainly designed to control r (interest rates), the theory states that lower r , helps to lower the cost of debt, and leads to greater investment and helps to lower inflation. Implicit is that banks and the banking sector are only intermediaries and do not create wealth in themselves. That is, they are in simple terms the conduit between government and business. The majority⁸⁸ of businesses require loans and working capital. However, with the growth of investment banks or investment side of banking operations, banks are really in the business of lending for property (safer bet, given a high proportion of businesses close within the first five years of starting up), and not so much for businesses. Banks annual reports and disclosure statements to the Reserve Bank should report how much of the bank's assets are tied to mortgages, and mortgaged backed securities, relative to the rest of its lending activities. The four Australian owned banks⁸⁹ in Aotearoa New Zealand, already account for over 85% of total mortgage lending in this country.

It may be time for FMA and Reserve Bank of New Zealand to recommend the set-up of more public banks, or that registered banks are to separate their investment arms from its normal operations⁹⁰. Also, I have noticed that the government has provided \$57

⁸⁷ We need wealth, land, and gift duty taxes imposed. Wherever possible do it at source, so it is much harder to evade, and this is more open and transparent and easier and fairer to implement.

⁸⁸ Even cash rich businesses are using debt (with relative interest rates so low) to fund share buybacks to inflate its share/stock prices and increase the remuneration bonuses of its CEOs.

⁸⁹ ANZ, Westpac, NAB, and BNZ.

⁹⁰ Hudson (2012; 2014) has stated: "Some 80 percent of bank loans in the United States and Britain are mortgages, and consequently they account for 70 percent of the economy's interest payments". Adding this has: "...reverse the major thrust of classical economic reform seeking to tax land rent, "de-privatizing" it from the old, landed aristocracies. As recently as the Progressive Era at the turn of the 20th century, the most immediate threat seemed to be that economies would pay a rising share of income to these absentee landlords (and monopolist) as economic rent. Land prices would rise because the growing population would raise the man/land ratio (with little new land area being supplied, and because of rising prosperity in general [except for the poor and working poor relatively speaking]. This would enable landowners

billion to the banking sector, to help businesses over Covid-19 lockdown's, however, with very little accountability attached (if anything to report), on how much of these monies went to NZ businesses in terms of zero to low interest loans, and which businesses got this money.

There was no need for this \$57 billion bailout by NZ tax payers. I'm sure \$15 billion of this money, could be better used in building more state houses and fixing our rental and housing crisis. A further \$9 billion could be used in paying off local council debt; and another \$9 billion used in building more solar and wind farms, giant batteries, and geothermal/lithium hubs⁹¹. And, \$12 billion into our water, sewage, and sewage treatment, stop banks, and recycling infrastructure; and \$6 billion in upgrading our public hospital and medical centres infrastructures; and \$2 billion protecting our conservation estate and biodiversity.⁹² The final \$10 billion can be spent on reinstating the Ministry of Works (MoW) or public/community works so we can build and train at cost (instead of paying market rates), and keep projects within budget, weather permitting and hard/fast lockdowns – fingers crossed. MoW will enable economies of scale and scope; help to keep projects on time (within reason) and reduce the likelihood of budget blowouts and maintaining quality of work (instead of looking for cost savings that invariably leads to short cuts and quality reductions and more rework.

Banks don't need the money, given they received massive liquidity injections from the Reserve Bank via its quantitative easing. If any bank wants to pull out of NZ let them go⁹³, after they pay back the money, they got from the \$57 billion free package deal courtesy of NZ taxpayer.

and infrastructure monopolist (especially the railroads) to concentrate society's rising wealth in their own hands, enjoying the "unearned increment' of rising land prices." (p. XV).

⁹¹ Help to lower our electricity costs and prepare for increases in electricity use with the growth in EVs.

⁹² Protecting our native trees, flora and fauna, and biodiversity will help protect us somewhat, against pandemics, but it is essential to protecting our environment not only for current generations but also future generations as well. DOC: Conservation estate can contract Iwi and Iwi businesses for pest eradication, planting native forest, and river quality and biodiversity teams abiding by Te Ao Maori and

⁹³ They would have to sell their shares at a discount and write down the value of some of their overvalued mortgage assets. Good luck!

This lack of accountability reeks of taxpayer funded bailout of the banks, and worse yet, I wouldn't be surprised if a large chunk of this monies went to the investment arms of these banks and used to invest in property and property linked derivatives (helping to fuel the rise in property/land prices).

The government has failed the democratic process, it did not consult with its NZ citizens on how this \$57 billion could have been spent without accountabilities. This amount is no small sum. Not to mention, it did not fully implement all the recommendations of its own Welfare Advisory Group⁹⁴.

Which have implications for intensifying the disadvantages faced by the poor and the working poor (and even impacts on the upper middle classes). Rents are now 50% or more of many NZ's incomes, some are paying 75% or more on rent alone. I would argue you shouldn't pay more than 25% of your income on rent alone.

There are Human Right's issues tied up to affordable housing. We have a succession of governments who have talked incessantly about affordable housing for over 3 to 4 decades⁹⁵, without really defining or even checking what affordable means to the majority of New Zealanders. Nor have policy makers bothered to check how affordability housing has changed over time - is it more affordable or less. How affordable is it to rent or even buy – with numbers broken down by ethnicity, income level, and region? How affordable is it to rent or buy, by income ranges and family size? How affordable is housing to rent for those reliant solely on fixed incomes (such as national superannuation), further broken down by local council areas and region? How many bedrooms and children in housing, numbers split by ethnicity and region (looking at issues of overcrowding and potential health risks). How well insulated and ventilated is affordable housing⁹⁶? When we talk about affordable housing – affordable to whom?

⁹⁴ The working group was headed by Prof. Susan St. John one of Aotearoa New Zealand's pre-eminent economist.

⁹⁵ In their policy statements, without realising that the free market doesn't do affordable. The market is only about a willing buyer meeting up with a willing seller, nothing more and nothing less, unfortunately the price point is out of reach of the majority of New Zealanders. This means government (lesser extent local government) or not-for-profits can intervene and build affordable housing (where you don't pay more than 25% or 30% of your income on rent).

⁹⁶ Through health research we know that a normal house should have an average 18–20-degree Celsius room temperature of 16 degrees or higher, a healthy warm home has an internal temperature of 18 to 20 degrees. An older age band may require internal temperatures of 20 to 25 degree Celsius. We know that warm and dry homes significantly reduce the incidence of respiratory infections and prevents many other respiratory and heart related infections (e.g., Rheumatic fever). Māori and Pasifika have higher incidences of respiratory related infections relative to non-Māori and

The name of the game should be lifting standards not lowering deregulating them; improving standards improves sustainability and productivity long-term. Besides we don't want another leaky housing syndrome – conservatively estimated at \$47 billion⁹⁷. When the house catches cold (or already cold), we suffer health-wise and financially.

If you need a model of building standards, insulation and strength of construction look to Germany and Japan⁹⁸ amongst others.

Housing standards:

All new housing should be:

- (1) Well insulated⁹⁹, warm and also well ventilated. Ideally you should not need to put on the heat pump in a well-insulated home, unless you have a cold snap.
- (2) Installed with heat pump/s and/or wet-back options;
- (3) Doubled glazed as a minimum standard;
- (4) Enlarged shower space and allowing seating options and movable shower head.¹⁰⁰
- (5) Ramps instead of steps wherever possible.¹⁰¹
- (6) All housing with stairways to have supporting handrails.

non-Pasifika populations. Mason Durie has done in-depth research into Māori health disparities amongst many other indicators.

⁹⁷ Refer to Peter Dyers (2019) book entitled Rottenomics: The Story of New Zealand's Building Disaster, pp. 12-13.

⁹⁸ Japan is also prone to frequent earthquakes like Aotearoa New Zealand; Japan has more stringent building strength construction standards to both residential and commercial buildings.

⁹⁹ Should be mandatory to use NZ wool, however, if supply is insufficient to use Australian wool.

¹⁰⁰ This future proofs against an ageing population and saves future renovation costs.

¹⁰¹ 5) & 6) are connected to the fact that we have an ageing population, so its time to build for it now.

- (7) Wherever possible have solar power and solar heating installed, with power storage and ability to hook-up to the national grid with excess capacity.
- (8) Eaves should be longer to make our houses more weather resistant.

My argument is this, if government made these resilient building and wellbeing investments, it would have saved taxpayers \$5 for every \$1 dollar invested¹⁰². This way, we are better situated to weather the on-coming cyclical storms of Climate Change, pandemics, financial crises, and natural disasters. These storms are becoming more intense, and the cycles are narrowing.

To take a cue from the health sector: prevention is invariably cheaper and better than a cure. This saying is not limited to the health sector. Sweden's famous car manufacturer, Volvo has taken safety and prevention to the next level and made it a selling point. Once it was a big deal to have safety belts in cars due to its inhibitive costs to car manufacturers at the time. Nowadays it's an expectation that helps to save lives which is a classic example of brilliant policy making and agencies collaborating and working together supported by the evidence. Nobody would buy a car without seat belts unless it was for junk or "scrape metal and spare-part" purposes.

In terms of job creation opportunities and associated tax revenues (GST, PAYE, and Business tax, and even petrol taxes), fix the rental and housing crisis¹⁰³, rate payers

¹⁰² Not bad return: \$285 billion for \$57 billion spent. All those jobs it creates, and non-stop income generation via the multiplier, and building community wellbeing, biodiversity regeneration, higher quality inclusive democracy for all. Resilience building – to help weather future pandemics, financial crises, and natural disasters. Lower electricity prices with increasing capacity via solar, wind, bigger batteries, and geothermal, and lowering rents with increasing supply of state housing. Making Aotearoa New Zealand more competitive as a safe and relatively healthy place to do business. Last but not least: Protecting the environment and planting native forest and pest eradication to improve biodiversity and thereby help reduce the spread of epidemics and pandemics.

¹⁰³ Given most Western economies haven't been able to do this (if they are still sticking to neoliberal economic models). The following countries have an affordable housing issue: NZ, Australia, Canada, United States, Germany, Netherlands, United Kingdom to name a few.

will be better off, and health and wellbeing of the nation is better off. Renters and electricity users would be better off, given the shortage in affordable housing is addressed, and more electricity to the grid should lower electricity prices and ensure greater stability of supply.

Further, I would argue, that increasing the nation's wellbeing and economic resiliency: With shock absorbers¹⁰⁴ to help the poor, homeless and working poor, helps us to remain competitive. To coin, Michael Porter's terminology: "Competitive Advantage"¹⁰⁵ at a national level. For example, many American businesses have taken up the opportunity to move operations or relocate offshore, either to nations with lower wage costs, but other costs as well¹⁰⁶, and having access to highly skilled workers.

Also, it would have been good if the Productivity Commission made available its extended document as a word document for download instead of just only a pdf. This prevented me from given a more detailed response to the subject matter question given the use of holistic Māori framework. I have also provided a detailed bibliography hopefully this will add to your already extensive research.

¹⁰⁴ Similar to what they have in the Nordic nations (e.g., Sweden, Denmark, and Norway)

¹⁰⁵ Probably used in a context not necessarily intended by its author – Michael Porter.

¹⁰⁶ Some of these other costs are indirectly funded by the state, and not necessarily paid by businesses (excluding ACC levies), for example, public hospitals and public medical healthcare services and public education. For example, this may be considered a competitive advantage, but having a strong public health system for every NZ citizen, irrespective if they are poor or rich (and better community social capital and compliance), may explain in part, why New Zealand is better suited to coping with Pandemics than many other nations. Pandemics do not distinguish between rich and poor, only the rich and wealthy have better chances since they can isolate and work from home. I'd coin the phrase: "Resilience economics" and building community social capital and wellbeing better suited to coping with Pandemics, financial crises, natural disasters, wars, resource pressures, and Climate Change. The central banker and economist, Raghuram Rajan has written extensively on the importance of community in his book entitled: The Third Pillar: How Markets and the State leave the Community behind. Rajan's thinking is probably compatible and complementary to He Ara Waiora model.

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