

The Human Laboratory

**At the Interface between
Global Trends and Local Voices**

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In the mid 1980's, I was invited by UNESCO to participate in an international panel on economic and social development. The 12 participants who assembled in Paris in November of 1984, were asked to examine a series of (what were described as) national experiments in development. It was an opportunity to appreciate the intense level of activity and creativity achieved by human beings over time and especially the achievements of the past 100 years – a period of history that has provided unprecedented opportunities for human welfare and fulfillment.

As with any celebration, it was also an opportunity to pause and reflect on the consequences of development for those sectors of society who have no say in their future and who suffer today as much from the contradictions of success as from the consequences of failure.

As the celebrated economist Jan Tindbergen observes:

We have today about 2/3rd of humanity living –if it can be called living – on less than 30cents a day. We have today a situation where there are about 1 billion illiterate people around the world, although the world has both the means and technology to spread education. We have nearly 70% of the children in the third world suffering from malnutrition, although the world has the resources to feed them. We have maldistribution of the world's resources on a scale where the industrialised countries are consuming about 20 times more of the resources per capita than the poor countries. We have a situation where in the third world millions of people toil under a broiling sun from morning till dusk for miserable rewards and premature death without ever discovering the reasons why.

My work with UNESCO stemmed largely from a profound experience and opportunity I was given during the 1980's to work as a consultant with a **development institute** in Paris. The Institute was established by a number of Third World countries in the wake of the Marshall Plan and the creation of the G7 – now, the G8. It was formed as a research and education centre for development agents working in Third World Countries – and whilst I worked with the Institute over several years, it was my first assignment that taught me a

number of important lessons regarding ‘development’ – an experience that has stayed with me to the present day.

On my way to the Institute I decided to buy a French overcoat. You know the style – broad shoulders – a flowing $\frac{3}{4}$ length coat with a belt which hung loosely behind. I was wearing this coat in a department store in Paris where Mary my wife was trying on clothes. I don’t know what you do when your partner is trying on clothes but I go walk about. I walked in and out of the clothes racks and as I was walking back to where Mary was trying on clothes I became aware that people were laughing at me (you know when people are laughing at you rather than with you). One man in particular could not contain himself. He said: “Look, I’m very sorry, but that’s one of the funniest things I’ve ever seen”. And when I said: “What do you mean?” He said: “Take a look behind you!” And there attached to the belt of my overcoat was a hanger off one of the clothes racks – and spread out across the floor of the department store was the most wonderful array of women’s lingerie I have ever seen. I had to set to in great embarrassment and return this lingerie to the clothes rack.

Yet the embarrassment of this event was nothing compared with my introduction to the Institute the following week. The Director of the Institute introduced me to the workshop participants as an ‘expert’ in development and for the next two months I deeply regretted that introduction and the classification of expertise.

The 30 development agents participating in the workshop had been drawn from the continents of Africa, Asia and South America and whilst they were extremely gracious and hospitable hosts, the moment that discussions began the roles were reversed. The ‘expert’ became the student and as I listened to these development agents describe the patterns of development within their own countries, I found myself immersed in the historical realities and experiences of indigenous peoples. I was confronted by the breadth of their analyses and by the depth and integrity of their arguments.

One could not help but be moved by the conditions of absolute poverty and destitution they described – conditions of life so characterised by malnutrition, famine and disease, as to be beneath any reasonable definition of human decency. Their life stories emanated from realities that were clearly beyond my experience. We know the figures of course – but bloated and prematurely wizened children – parents dying from malnutrition and disease – relatives tortured and massacred in the name of freedom and democracy – those are the human tragedies that I still find difficult to comprehend.

Under the pseudonym of development, they had seen wells installed but never used – agriculture made more productive, but in the process cash crops owned by multinational companies replaced food for domestic consumption – they saw industry developed but the social fabric of the host society irreparably damaged as a consequence – hospitals being built but patients going elsewhere because the medical model of health was alien to their cultural traditions and practices.

The most impressive aspect of these accounts was the way in which the internal dynamics of national life were related to global forces and to factors such as trade, aid and indebtedness. Famine (which is the face of the Third World frequently exported to the industrialized countries) was viewed as a short term phenomenon, inescapably linked to persistent long term poverty and when these development workers described the processes that produced poverty they referred to two sets of factors. At the local level they identified ownership and exchange as the factors that governed access to assets such as water rights as well as being determinants of income and wealth. Cutting across these ownership patterns were tribal and administration systems that differed from country to country, but which were important in supplementing income and in ensuring the provision of food.

At the global level they referred to the relationship between development and ecological systems. They described how investment policies had seen commercial crops for export replace subsistence farming – thereby pushing many farmers on to poor land while denying them the opportunity of participating in their nation's economic production. Cultivators who once cut forests and grew crops in a sustainable pattern were denied both land and time, thereby circumventing the replanting of forests. These investment and agricultural policies lay at the root of land, water and forest degradation. As forests were destroyed, soil erosion accelerated, and the viability of farming declined. In Third World countries, these ecological imbalances are intimately linked with survival.

What these development agents described in very simple terms was the unequal and uneven distribution of power and resources involving more than 3 centuries of 'development' in the global laboratory. Despite the tragic circumstances they described – despite the daily realities of destitution and oppression that permeated their lives – these development agents understood that the crises they confronted were the result of human policies and priorities promulgated by national governments in both the First and Third World's. The experiments in which they participated were rooted primarily in economic and social structures and in behaviour within and between countries. The outcome of these experiments resulted in

increasing the power and wealth of the affluent nations whilst at the same time maintaining the relative deprivation of the poor. These global trends largely bi-passed local communities – they silenced local voices – they treated indigenous populations as passive receptacles of development

It was this thinking, based on these realities, which lay behind the drive to establish a New International Economic Order. In personal terms it led to a series of research and development projects in which I became involved in the late 1980's with the focus shifting from the 'developing' to the so-called 'developed world'. I joined an international team of social scientists in a comparative study aimed at examining the social effects of policy outcomes within the Anglophone countries – Canada, the USA, the United Kingdom, Australia and New Zealand. In the course of this project we became acutely aware of the **paradox of development** – the way in which poverty and destitution seemed to infect rich and poor countries alike. The disparities between rich and poor – the persistence of poverty and long term unemployment – homelessness – violence – suicide, especially among teenagers – and the scale of child abuse and neglect – it was evident that these conditions were endemic within the affluent countries of the industrialised world.

Despite the policy achievements of the Anglophone countries in the wake of the 1930s depression, material deprivation and destitution in parts of New York and London had come to rival conditions in the third world. We saw this in the re-emergence of tuberculosis and other poverty related diseases in countries such as the United Kingdom and New Zealand – in the death rate of young black males in Harlem which was higher than that recorded in Bangladesh – in the widening gap between rich and poor as exemplified by the United States (the most affluent country in the world) in which 20% of its children were living in poverty – in the chain of food-banks which became symbols of the new Canadian order - and in the callous, and brutal exploitation of children as revealed in the Australian enquiry into paedophilia – these outcomes revealed a social deficit within the so-called 'developed' world, the scale of which would condition development options well into the 21st century.

At a personal level, the social deficit revealed a degree of human tragedy and waste, traditionally associated with the developing nations of the third world. In social terms, it gave substance to what Australian commentator Eva Cox referred to in her 1995 Boyer Lectures as an 'increasingly uncivil society'.

Although the focus of the international study was centred on the social implications of policies being pursued across the Anglo-American nations, the research team became increasingly interested in the **policies** that had contributed to these ‘uncivil societies’. In each of the five countries which were examined, governments of one persuasion or another conducted an experiment based on an antiquated version of laissez-faire economics. These experiments were alternatively referred to as economic rationalisation, economic liberalisation, or the policies of the New Right – in reality there was nothing new or liberal in these prescriptions.

Thatcherism, Reganomics (or the New Zealand equivalent Rogernomics) were simply misleading abbreviations for a form of ‘economic reductionism’ which was reminiscent of the reluctant state policies of the 19th century. Although these policies varied from one context to another, the pattern was clearly established. Jobs were cut – incomes were reduced – state services were withdrawn – and the increasing costs of health, education, housing and community care were transferred to families in general and to women in particular.

The outcome of this experiment in the New Zealand context is one that is familiar to us all. A generation ago our economy was controlled by producers- since the mid 1980s it has been dominated by money-lenders and dealers. Buying and selling companies became more important than selling products. Economic theologians freed markets where they were controlled by government and they constructed markets where they did not exist, as in the case of electricity. In other areas such as health they simulated markets where markets could not be constructed. Instead of selling products we sold companies and debt and with these assets we sold the income that went with them. (Jesson, 1999). We also discarded some of those intangible assets that build trust and social solidarity – fundamental attributes for the security of households and the formation of viable communities.

Much of the work in which we became involved during the 1980’s and 90’s centred on building research and development programs which could explain **two central concerns** arising from these experiments.

The first focussed on the changing dynamics of economic and social development – it is a project I am leading involving 16 research teams across the major cities of Asia and the Pacific – a major undertaking designed to shape our understanding as to how societies change from one form of development to another. A snapshot of policy debates, such as the

media fascination with tax cuts or the daily litany and homage paid to share-market fluctuations, are merely sideshows which have little to do with economic and social development. Our focus has been on building an in-depth understanding of development patterns over time which not only explain how we got to where we are today but also provide a platform for future policy development and for future generations.

The second area of work which has proceeded in tandem with the focus on development patterns, concerns those policy frameworks and priorities that become the drivers of economic and social development. Let me explain this second area of work by focussing on the role of the New Zealand Treasury in driving the economic experiment of the 1980's and 90's.

Treasury's influence became most apparent when its briefing papers for the incoming Governments of 1984 and 1987 were published. These documents, which have since become blueprints for the economic policies of the new right were not a dispassionate analysis of various options open to the new labour administration, but rather a set of ideological statements based on the antiquated ideas of the Chicago school. While the policies advocated in economic management were in tune with a deeper historical transformation taking place in New Zealand's political economy, Treasury was in the vanguard of this movement and its coherent and systematic ideological position contrasted strongly with the confused policies of the incoming Government.

Treasury argued that the most efficient economy was one in which market forces were allowed to operate free of state intervention and thus they recommended policy reforms such as deregulation, the abolition of controls on interest rates, user pays and the phasing out of industrial and agricultural subsidies. The philosophy in practice meant a market determined exchange rate, the freeing up of interest rates, fiscal constraint and monetary control.

Although Treasury papers concentrated on 'the economy' its underlying philosophy was aimed at attacking the assumptions as well as the mechanisms on which the post-war consensus had been built. Social factors were separated out from economic policy with the State reduced to a residual role, facilitating the process of restructuring and targeting assistance to individuals in exceptional circumstances.

Society was portrayed as a collection of individuals without any social or cultural identity. Paraphrasing Margaret Thatcher's penetrating intellectual discovery that 'there is no such thing as society', Treasury concluded: +

Families or tribes are not organic entities with morality, rationality and senses - they cannot feel pleasure and pain...the self interested individual is the basis of social policy and the determinant of what is good (vol.1, 410-434).

Human groups, institutions and collectivities of one sort or another were reduced to a world of rational individual beings seeking to maximise their productive capacities. Even concepts such as justice and fairness were prescribed by individual rights and responsibilities with major social policy domains such as health and education reduced to a range of commodities which could be purchased by individuals for their own enhancement and wellbeing. In Treasury's terminology, the purpose or function of education was 'to prepare the individual for his or her economic role' (vol.2, 24). Education we were told, was a 'private commodity' not a 'public good' (vol. 2, 32).

I had firsthand experience of Treasury's reductionist ideology in my capacity as a **consultant** to the budget taskforce that introduced the first round of reforms. When I received a copy of the draft report from the taskforce I wrote a series of critical comments questioning the fact that the fundamental assumptions had no evidential base. The Minister of Finance was not amused – he 'invited' the consultants to Wellington to meet with the taskforce and the author of the report (a Treasury official) was asked to brief us. We were told to treat the report as an objective document because the questions relating to income tax reform and social security were factual – the report made no assumptions – it was devoid of value imputations or beliefs.

When this declaration was challenged, the Treasury officer eventually conceded that the principles enunciated in the draft document had been lifted from the final report of the 1972 Royal Commission on social security. What the official did not know, was that the principles defined by that Royal Commission had been written by a member of the Department of Social Security in the 1960s. (It was material I knew well because I had interviewed this particular public servant for a research project on social indicators that I was working on at the time.) In preparing background papers for the Commission, the man from social security searched for material which supported his own individualistic values and beliefs opposed as he was to the concept of the public interest or the common good. He

found the information he wanted in a North American text on psychology and he promptly paraphrased the material to write a document called *Social Goals for all New Zealanders*. Despite its deficiencies, this document was then used to define the principles articulated by the Royal Commission in its final report. Whereas the author of the original report made a conscious choice based on a clearly defined political philosophy, the Treasury official who selectively used the same document two decades later, failed to understand (let alone appreciate) its social and political significance.

Perhaps the most fundamental deficiency in the theology of those who drove the new right experiment, was the failure to appreciate an earlier experiment in which New Zealand was singled out (in complementary terms) as a laboratory for the world. It began with the introduction of the industrial conciliation and arbitration act in 1894 and it was expanded and nurtured by the policy provisions in the first labour government in the 1930s and 40s. In contrast to the west European and Scandinavian countries which based their welfare states on extensive systems of income maintenance and social insurance, the organising principles of the New Zealand approach to social policy centred around the industrial court which arbitrated between employer and employee and established wage rates which would give the worker a decent living according to the colonial standard. The wage structure, and in particular the concept of a fair wage enabled a man to maintain a wife and 2 or 3 children in a fair and reasonable standard of comfort. It was this concept of a family wage which was at the centre of New Zealand's post-war development and its international reputation as a social laboratory for the world.

The family wage not only established a minimum income for the majority of households, but it protected wage rates and conditions and it included provisions for sickness leave and overtime. As these provisions were extended by the first Labour Government in the wake of the 1930s depression, the family wage was supplemented by the state through the provision of free primary and secondary education, a community based preventative health scheme, a salaried medical service, a free public hospital system and a state housing programme for those who could not afford a home of their own.

If the regulation of wages was the cornerstone of New Zealand's distinctive social policy arrangements, then full employment was the fulcrum of the welfare state in ensuring that everyone was able to participate and enjoy a standard of living much like the rest of the community. It was the culmination of a family wage and full employment which distinguished and dominated the development of social policy for almost 50 years.

New Zealand's achievements astounded commentators in other countries. When I referred to these achievements at an international conference in the 1990's, Walter Korpi (the head of the Swedish Institute) endorsed my account of New Zealand's post-war achievements. He described how he was comparing unemployment ratios across the OECD countries during the 1960s and 1970s. Unemployment is usually expressed as a percentage of the available workforce, with most countries at the time being in the range of 4 – 14%. When he came to New Zealand the figure he was given was 13 (which he thought was extremely high) until he realised that the New Zealanders were in fact talking about 13 people not 13% of the labour force. The indicator I often use is the number of unemployed beneficiaries recorded for 31 March 1956. At that time only 5 unemployment benefits were being paid and thus there were some substance to the claims of politicians that they 'knew the unemployed by name'.

Although these are selective stories, there is little doubt that the integrated approach to economic and social policy established one of the most successful welfare states of the post-war period with an unparalleled record of full employment and one of the highest living standards in the industrialised world. I was a member of an international group that spearheaded comparative studies of social policy within the OECD countries for more than a decade and it was New Zealand's distinctive, pragmatic approach to social policy which was consistently identified as a model for the industrialised world. It was an approach which recognized the significance of "global trends and local voices".

Much of the work in which we have been involved over the past 15 years builds on this experience. In philosophical terms it stems from the Socratic concept of citizenship. What does it mean to be a citizen? Socrates described his ideal citizen as a 'persistent annoyance'. A rather apt interpretation of what you have described in this conference as 'local voices'.

In my mind the concept contains two components. First is the element of critique – the posing of critical questions – such as Plato's question, 'What is justice?' That question in The Republic led him into an examination of the fundamentals of social organization, even if his style and approach had authoritarian implications. The Republic is a monument to the kind of analysis that is advanced by calling into question, step by step, increasingly fundamental aspects of society.

The second element stems from the classical meaning of critique and it implies reconstruction, or the framing of alternatives. During the height of economic

rationalization through the 1980's and 90's, right wing theologians frequently commented that "there is no alternative" which of course (in the human laboratory) is nonsense. There are always alternatives – there are always options – and as George Bernard Shaw once suggested, framing these options – making progress – ultimately depends upon the unreasonable citizen – the persistent annoyance.

I find that a very comfortable position. It is what I have attempted to articulate today.

When I was starting out as a young academic, fresh from a very public exchange with the Prime Minister of the day, I was enormously encouraged by Peter Berger's observation that there was something obscene about the scientist who claims that he or she is not responsible for the uses to which science is put. Science, said Berger, was too much linked with the agonising dilemmas of our time to permit its practitioners the luxury of pursuing their theoretical interests in detachment from the struggles of man and woman-kind.

It may be possible for those working in the physical and natural sciences to claim that values obscure facts and thus it is essential to remain detached from the subject matter of the experiment – but for those of us working in the human laboratory it is impossible to distinguish between fact and value in analysing and describing human development. The very categories by which we describe and interpret human behaviour arise out of specific social and political situations, and even where we use a technical language we are fabricating categories which are rooted in values and beliefs.

It is in this respect that we have much to learn from our colleagues in the Third World. In their world, it was not possible to distinguish between politics and art, or between economic and social development. Economics, society, culture and education were seen as aspects of the same reality. As a consequence they had this extraordinary capacity to shift from one level of reality to another – from the political to the psychological – from examination of a single family to a comparative assessment of poverty and wealth – from considerations of an oil industry to studies of contemporary poetry (Mills, 1959). They had the capacity to range from the most remote aspects of economic and social life to the most intimate features of the human self – and to see the relations between the two. They had that certain critical quality that comes from knowing you have a history and a culture and a place to stand tall – they knew the meaning, if not the terminology, of Tu Tangata.

To the development agents in the Third World, the economy was simply a particular limited human answer to the fundamental question about how human beings should relate together with regard to what is produced for survival and development. They did not refer to the economic system as though it was somehow distinct from their daily activities. The economy was merely a patterned set of individual and social relationships.

It followed that the welfare of the people could not be reduced to an economic construct such as the level of inflation or the rate of economic growth. Welfare, in their terminology, was determined by the character and quality of living conditions, by the way in which human beings were able to participate and control their lives, and by social and political determinants of well-being such as work, fellowship and social solidarity.

They knew that development required a partnership with science and technology and with the laws and machinery of economics. They knew that sustainable development meant respecting the limitations of our physical world. Above all, they were aware, that the partnerships they sought would require a new social order, because it implies a redistribution of power and an appreciation as well as a commitment to the public interest and the common good. It requires that man and womankind stand at the centre of development – not as consumers, commodities or units of production – but as social and political beings with a history, a culture and a dignity of their own.