

# Work and Wellbeing Economics

Presentation by Paul Dalziel to  
U3A Timaru  
West End Park, 3 May 2021



Agribusiness  
& Economics  
Research Unit  
LINCOLN UNIVERSITY



# Mihi

E ngā tāne, e ngā wāhine, e tau nei, tēnā koutou katoa.  
Ka tino nui taku mihi o aroha ki a koutou i tēnei rā.  
Kei te mihi ahau ki ngā taonga katoa o Ngāi Tahu,  
tangata whenua o tēnei rohe.  
Ka iti taku mōhio ki te reo Māori,  
ēngari kei te mihi ahau ki tēnei taonga o ēnei motu.  
Tēnā koutou. Tēnā koutou. Kia ora tātou katoa.

# Introduction to the AERU



- Cabinet founded the Agribusiness and Economics Research Unit in 1962 as part of New Zealand's response to the United Kingdom moving towards the EEC (now the European Union).
- The Founding Director was Professor Bryan Philpott.

# Introduction to the AERU



- The Director for nearly 20 years is Distinguished Professor Caroline Saunders, ONZM, FRSNZ.
- I am the Deputy Director.

The AERU mission is:

To exercise leadership in research  
for sustainable wellbeing.



# Wellbeing Economics



# The Traditional Approach in Economics

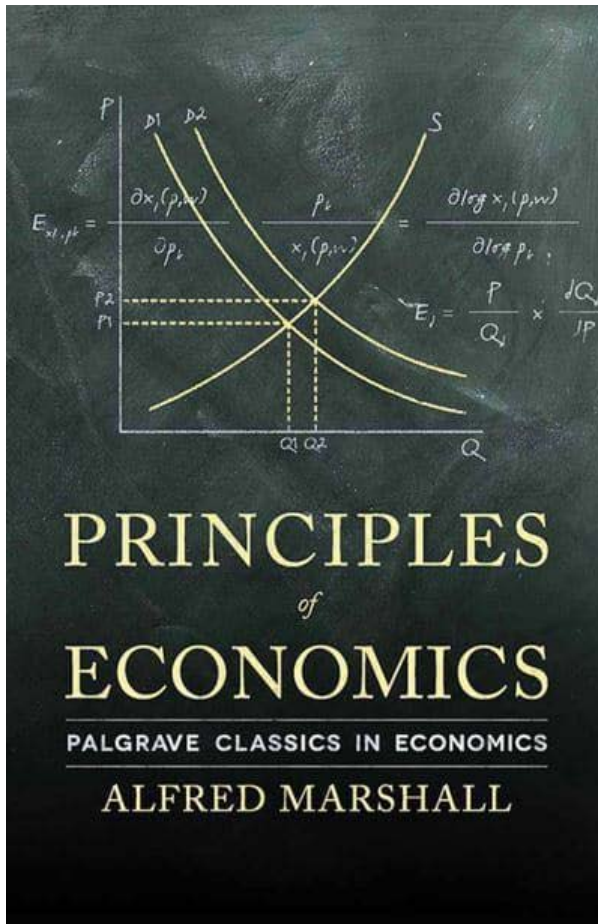
- Alfred Marshall (1842-1924) is one of the leading founders of **neoclassical economics**, which remains the main framework for modern economics.
- His career at Cambridge University began with **Physics**, then **Philosophy**, then **Ethics**, and then **Economics**.

# The Traditional Approach in Economics

“I read Mill’s *Political Economy* and got much excited about it. I had doubts as to the propriety of inequalities of opportunity, rather than of material comfort. Then, in my vacations I visited the poorest quarters of several cities and walked through one street after another, looking at the faces of the poorest people. Next, I resolved to make as thorough a study as I could of Political Economy.”

(Quoted by J. M. Keynes)

# The Traditional Approach in Economics



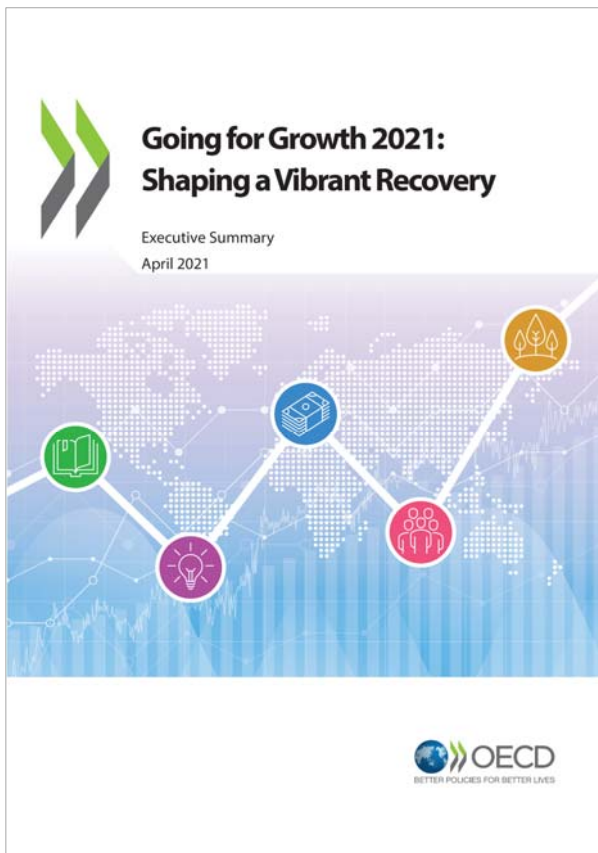
“Political economy or economics is a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being.”

(Opening paragraph of Marshall's famous textbook in its final edition)

***Economics has always been about wellbeing.***

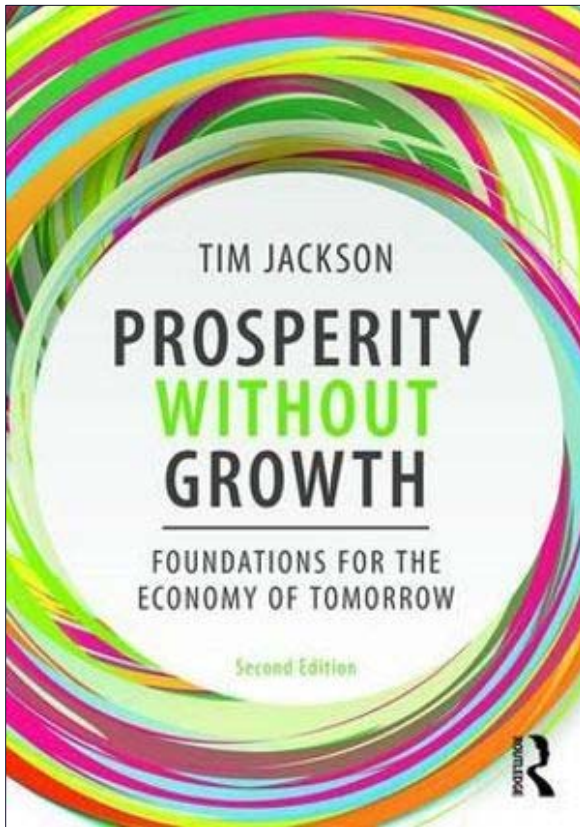


# Focus on GDP Growth



- Following Marshall, if goods and services are **the material requisites of wellbeing**, then an important contribution to human wellbeing is to explain how to expand the quantity of produced goods and services.
- Gross Domestic Product measures the quantity of produced goods and services.
- Hence **GDP Growth** became the primary goal of *economic policy*.

## Two Issues with GDP Growth



1. Our *finite* planet cannot support *infinite* growth in consumption of its natural resources.

Consequently, the human species must learn to respect planetary boundaries, which requires learning how to enjoy prosperity without growth in resource consumption.

# The Intergovernmental Panel of Climate Change

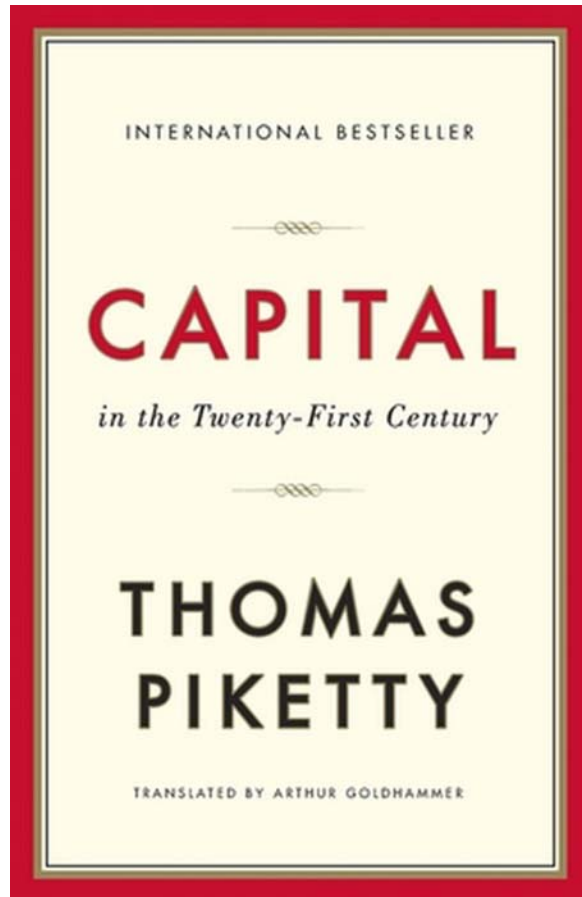
## Headline Statements

### Observed Changes and their Causes

Human influence on the climate system is clear, and recent anthropogenic emissions of greenhouse gases are the highest in history. Recent climate changes have had widespread impacts on human and natural systems.

<https://www.ipcc.ch/report/ar5/syr/>

## Two Issues with GDP Growth



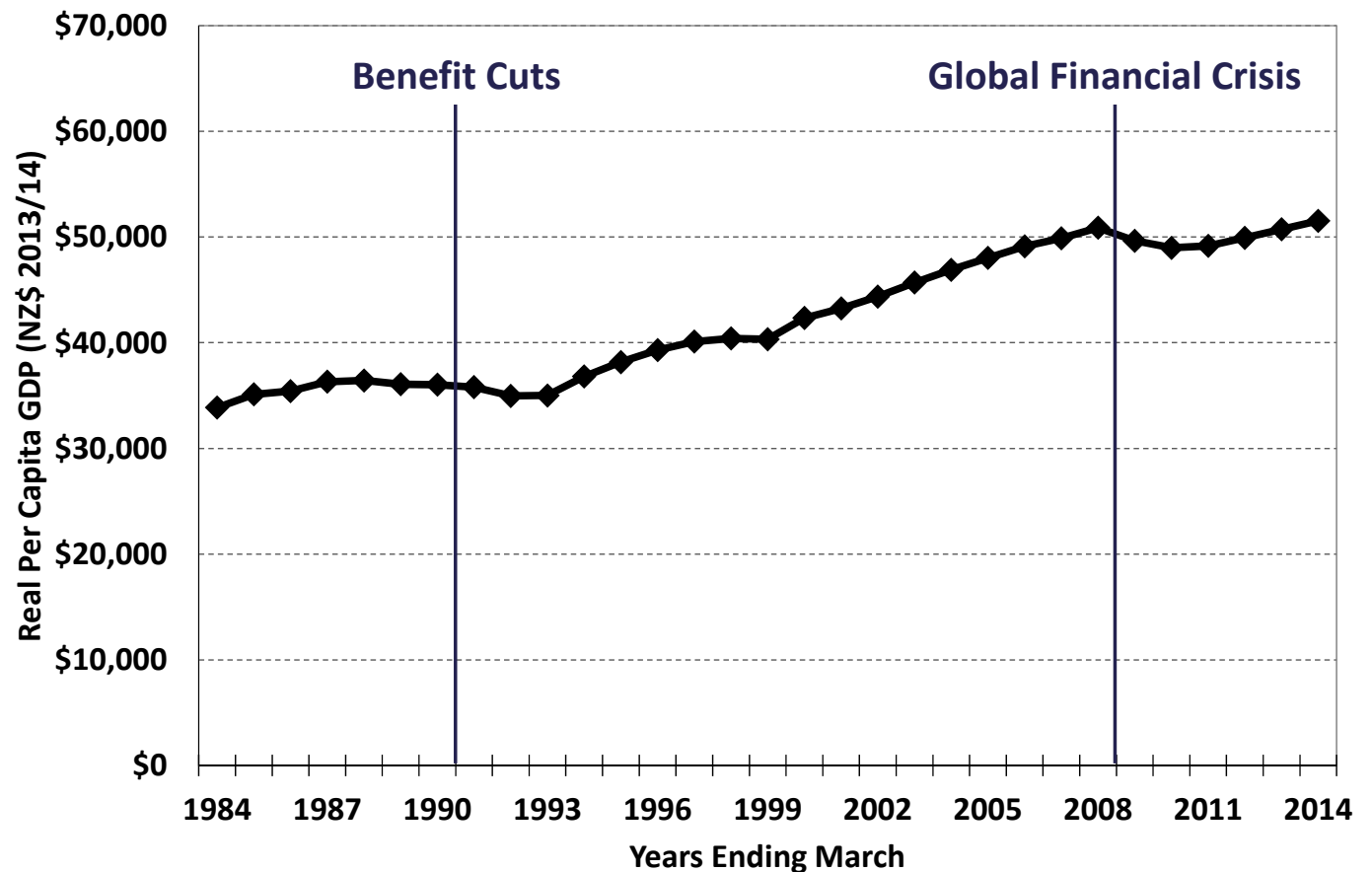
2. Recent economic growth has come with greater wealth inequality, leaving many indicators of wellbeing unchanged.

Consequently, it is not simply the *quantity* of economic activity that matters for wellbeing; *how* we organise production and distribution is also crucial.

# Real Per Capita GDP in NZ grew 1984 to 2014

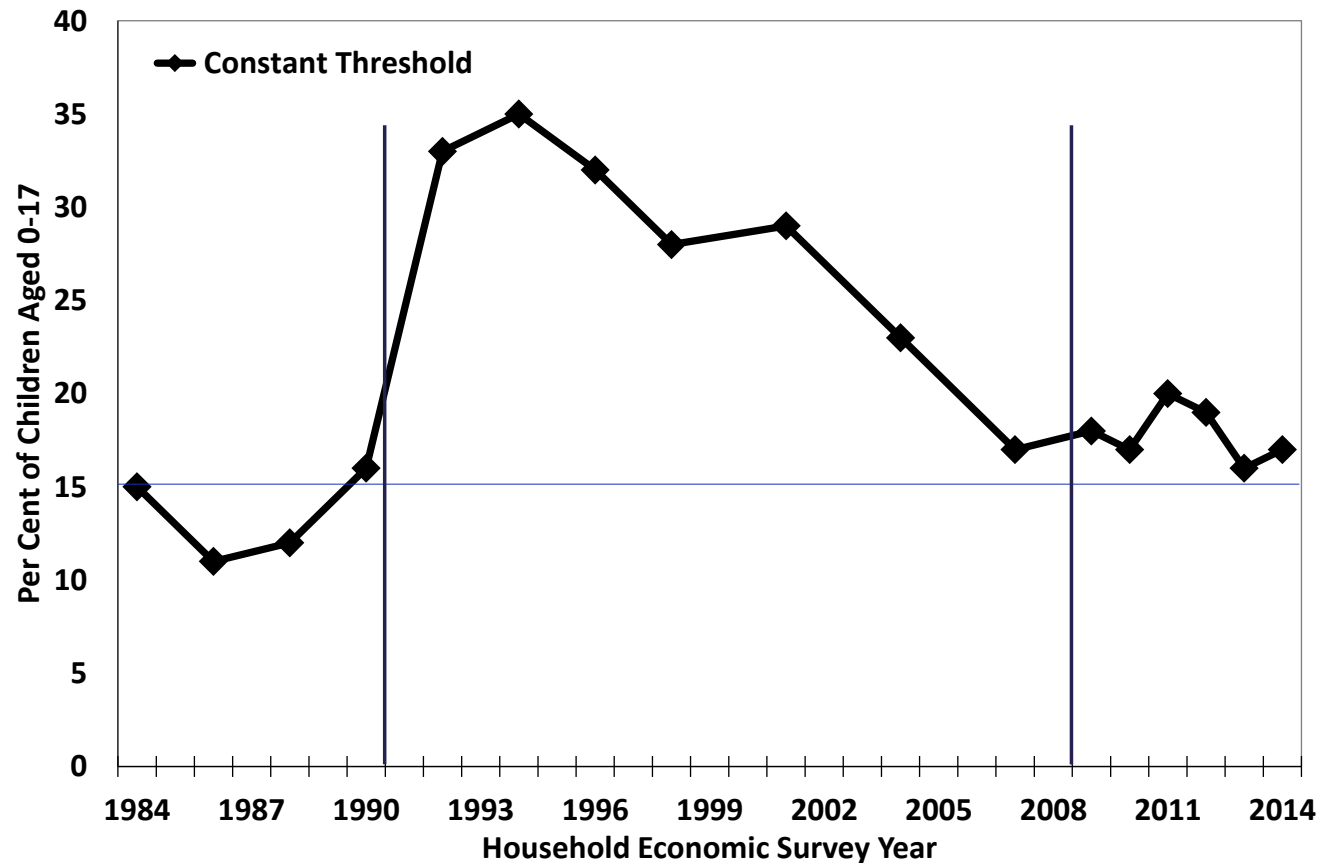
Average incomes in New Zealand grew by about 50 per cent between 1984 and 2014.

What happened to child poverty in that generation?



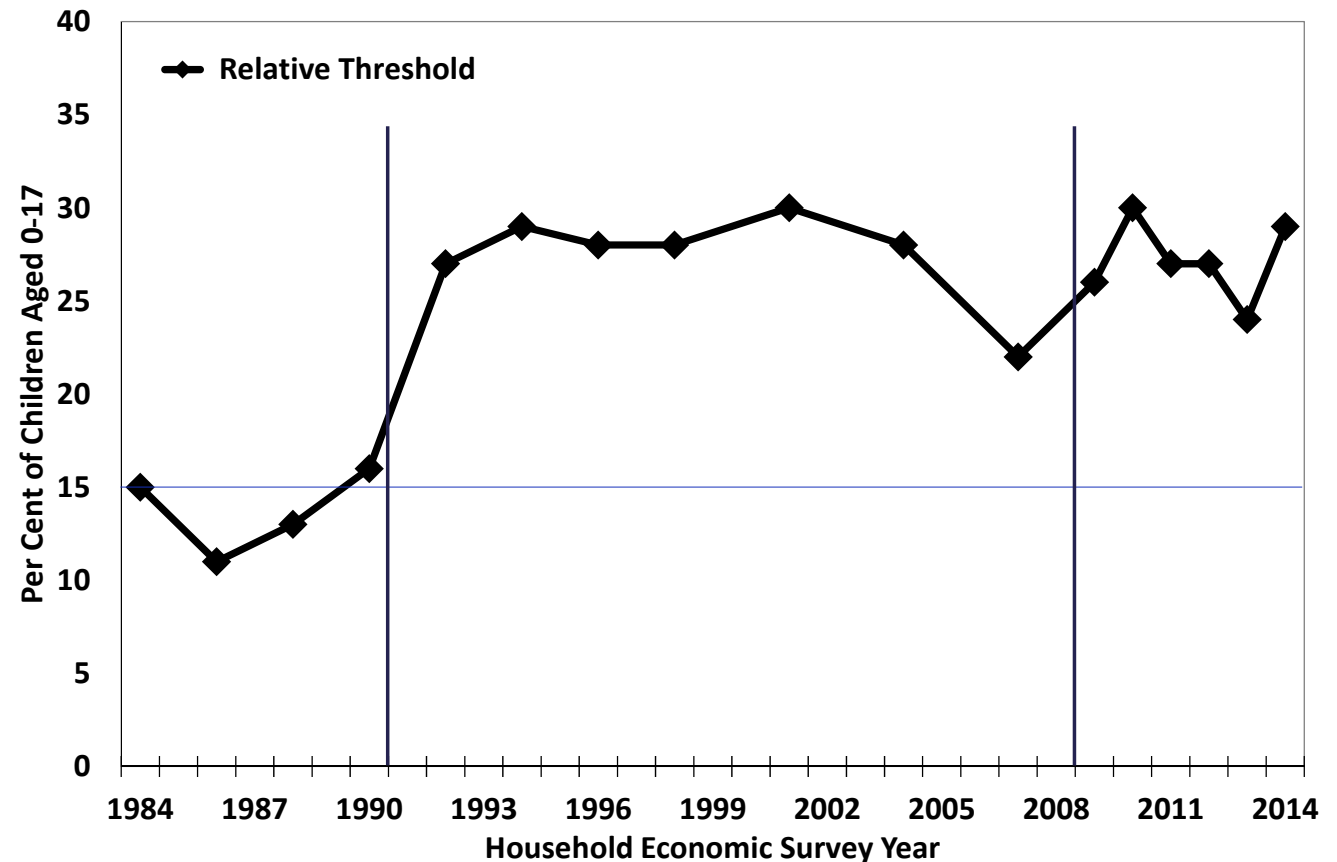
# Poverty Threshold Fixed in 1984

The *absolute measure* of child poverty was **no lower** in 2014 than in 1984, despite thirty years of economic growth.



# Poverty Threshold Adjusted for Income Growth

The *relative measure* of child poverty was **twice as high** in 2014 as in 1984, despite thirty years of economic growth.

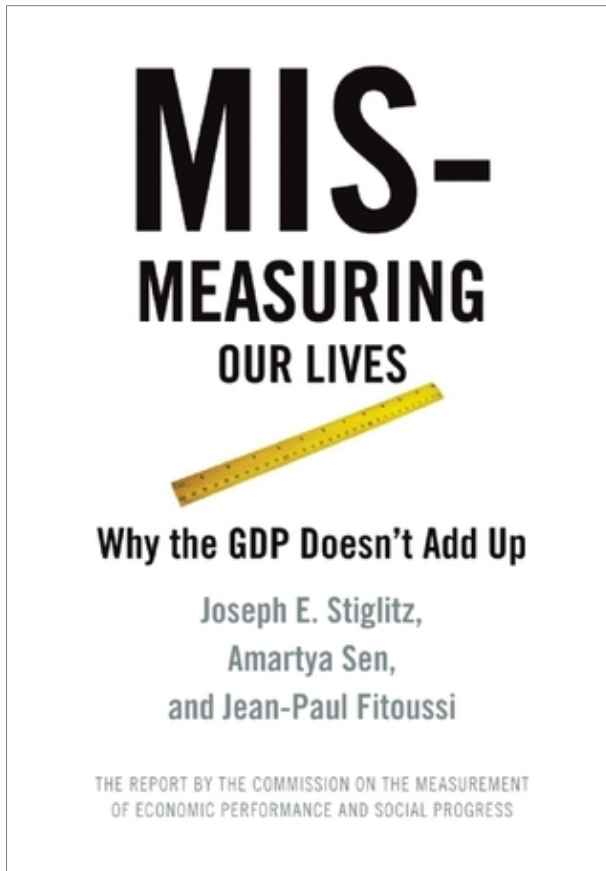




# The Stiglitz-Sen-Fitoussi Commission (2009)

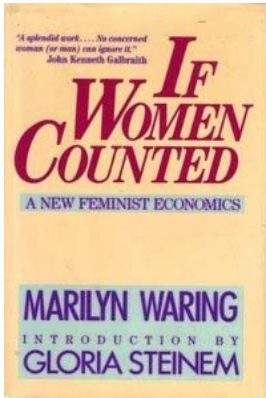
In 2008, French President Nicolas Sarkozy set up a Commission on Measures of Economic Performance and Social Progress, headed by three eminent economists.

“Another key message, and unifying theme of the report, is that the time is ripe for our measurement system to shift emphasis from measuring economic production to measuring people’s well-being.”



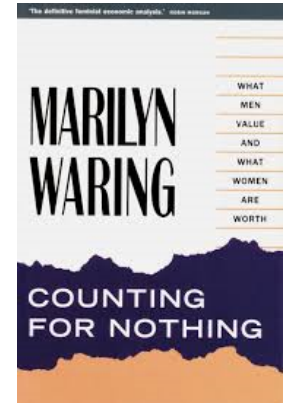


# Critiques of Gross Domestic Product (GDP)



A New Zealand economist, Marilyn Waring, is a pioneer critic of GDP.

In 1988, Waring published a book under two titles that helped launch the field of feminist economics.



It focused on two issues:

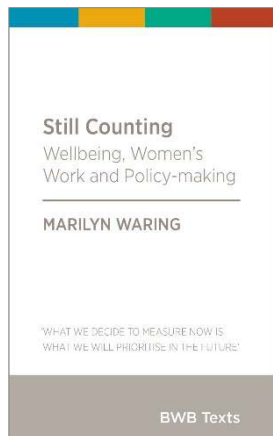
- Essential work for wellbeing within households, often by women, is generally excluded from GDP.
- Environmental damage from human economic activity is also generally excluded from GDP.

# Critiques of Gross Domestic Product (GDP)



Marilyn Waring is a Dame Companion of the New Zealand Order of Merit, awarded in 2020 for her services to women and economics.

(Photo: Auckland University of Technology)



Waring continues to criticise economics for not recognising all wellbeing work by women and for reducing the natural environment to a type of capital within the economy system.

# The COVID-19 Crisis



# COVID-19: The first month

<b>February 28</b>	<b>First COVID-19 case</b> reported in New Zealand.
<b>March 14</b>	<b>14 days self-isolation</b> when entering New Zealand, except from the Pacific.
<b>March 19</b>	<b>Borders closed</b> to all but NZ citizens and permanent residents. Gatherings restricted.
<b>March 21</b>	<b>Alert Level 2.</b>
<b>March 23</b>	<b>Alert Level 3.</b>
<b>March 25</b>	<b>Alert Level 4</b> , and the nation went into self-isolation until <b>April 27</b> .

# Public Policy Response

The public policy response to COVID-19 focused on two big threats to wellbeing:

- **Public Health Policy** focussed on how to keep people safe, using an elimination strategy.
- **Economic Policy** focussed on how to ensure people had income during the lock-downs.



#### Stay home if you're sick →

If you're feeling unwell, isolate wherever you are and call Healthline about a free COVID-19 test. By getting a test, you're helping keep your community safe.



#### Use the NZ COVID Tracer app →

Scan QR codes everywhere you go, and turn on Bluetooth tracing. The more we scan the safer we'll be.

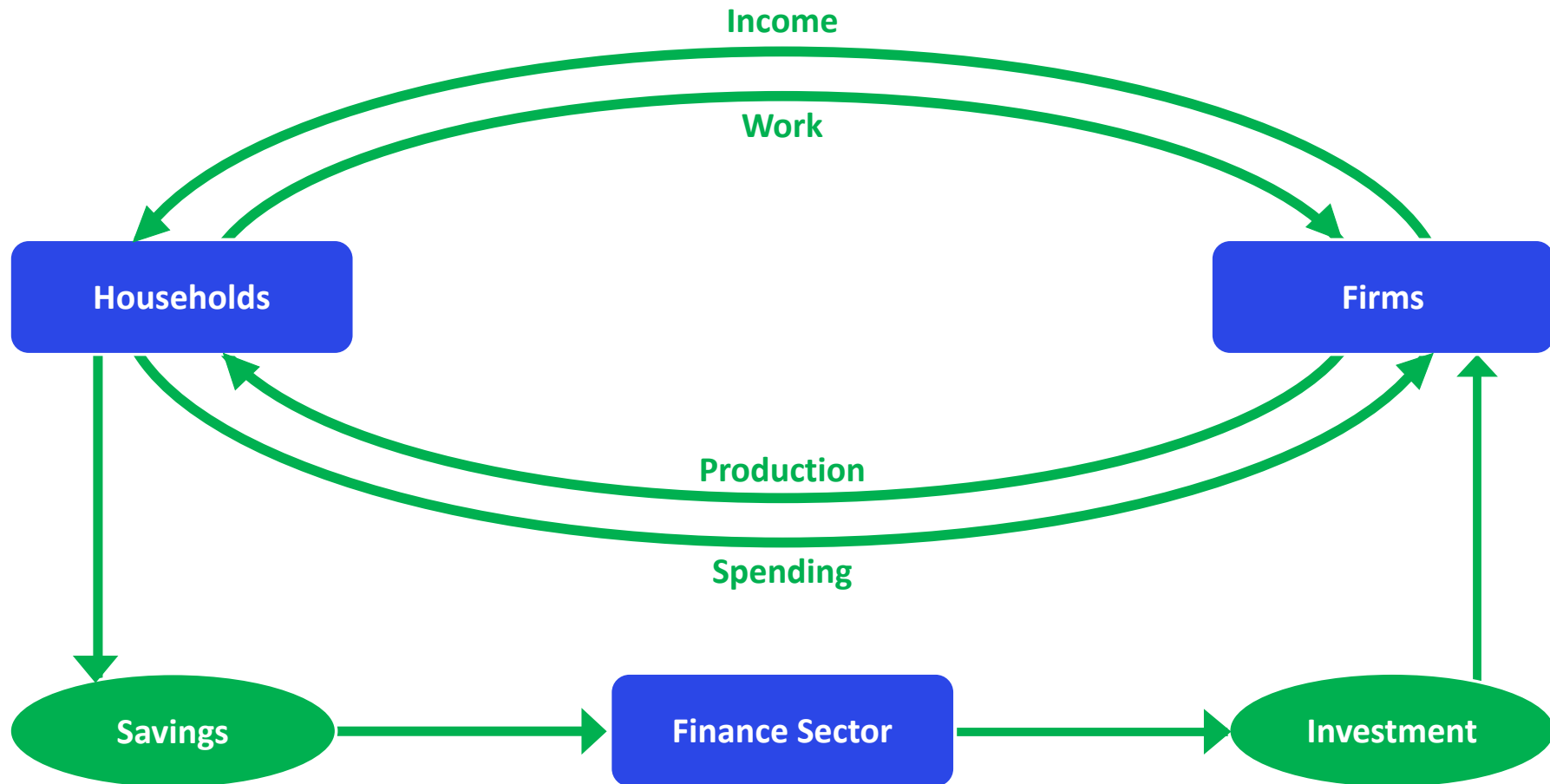


#### Wear a face covering →

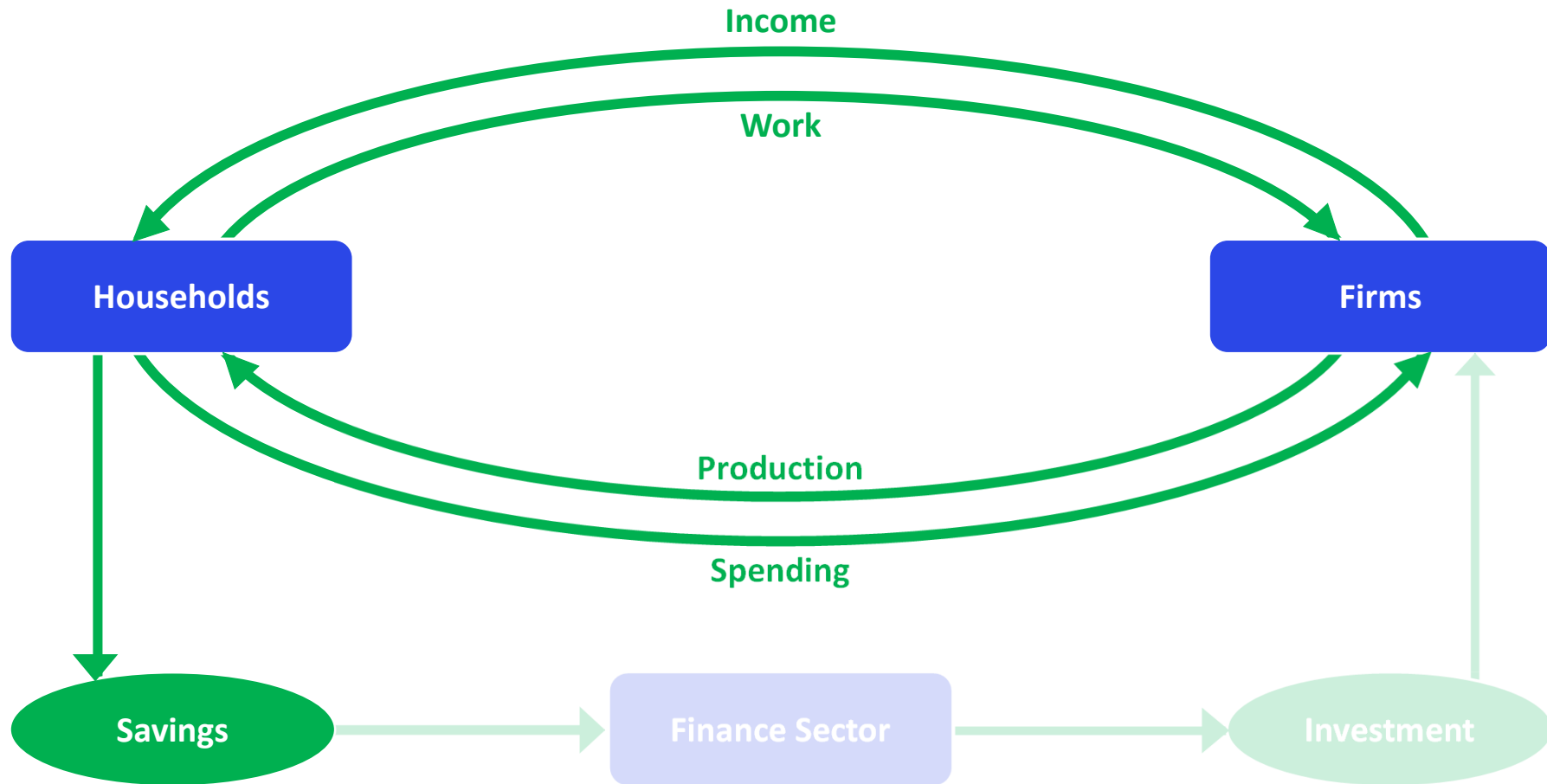
Wear face coverings on public transport, domestic flights and when you cannot maintain physical distance in crowded places.

The 2020 Wage Subsidy was available from 27 March 2020 to 9 June 2020. It was for employers and self-employed people who would otherwise have had to lay off staff or reduce their hours due to COVID-19.

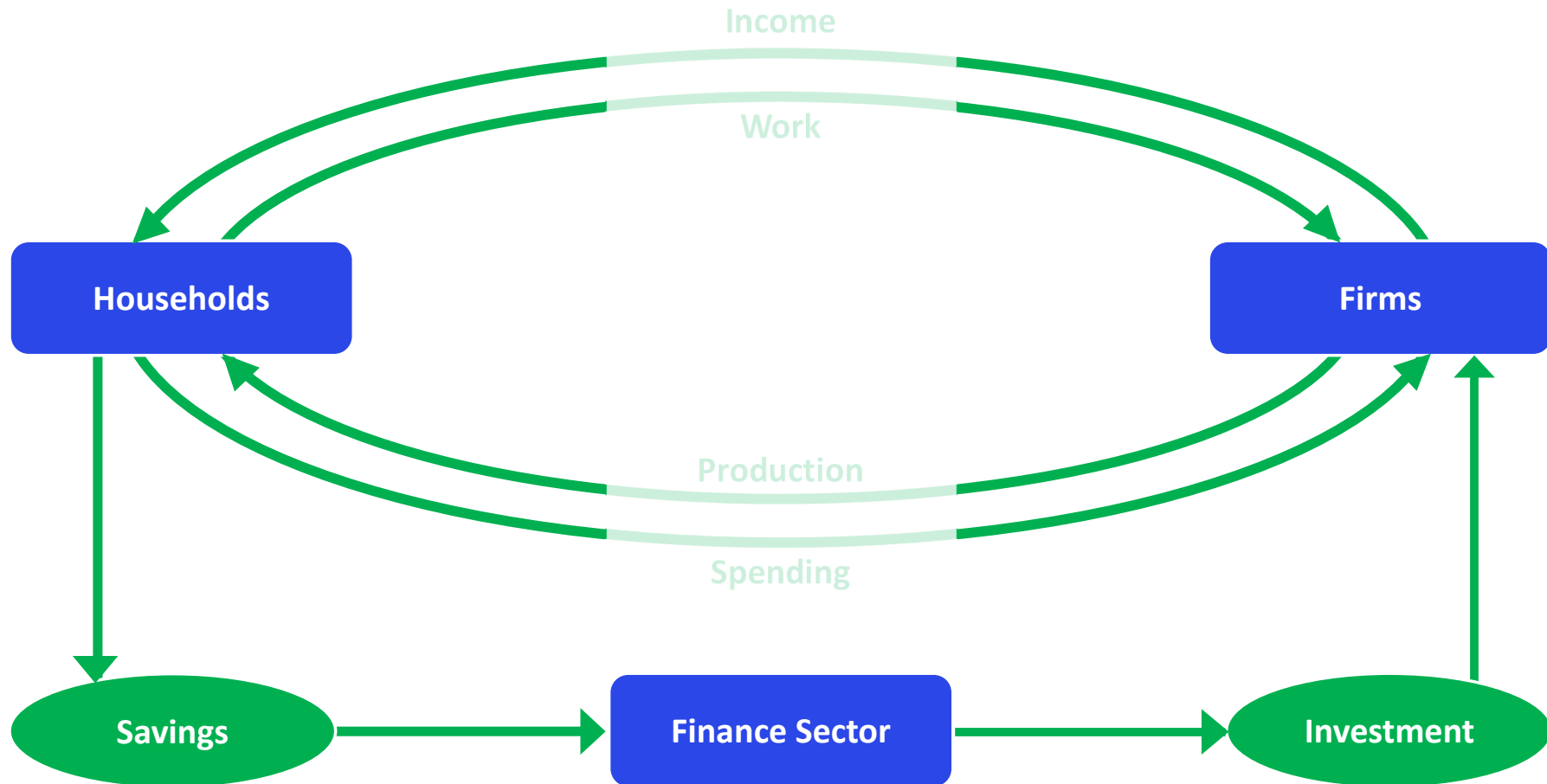
# The Circular Flow of Economic Activity



# The Global Financial Crisis

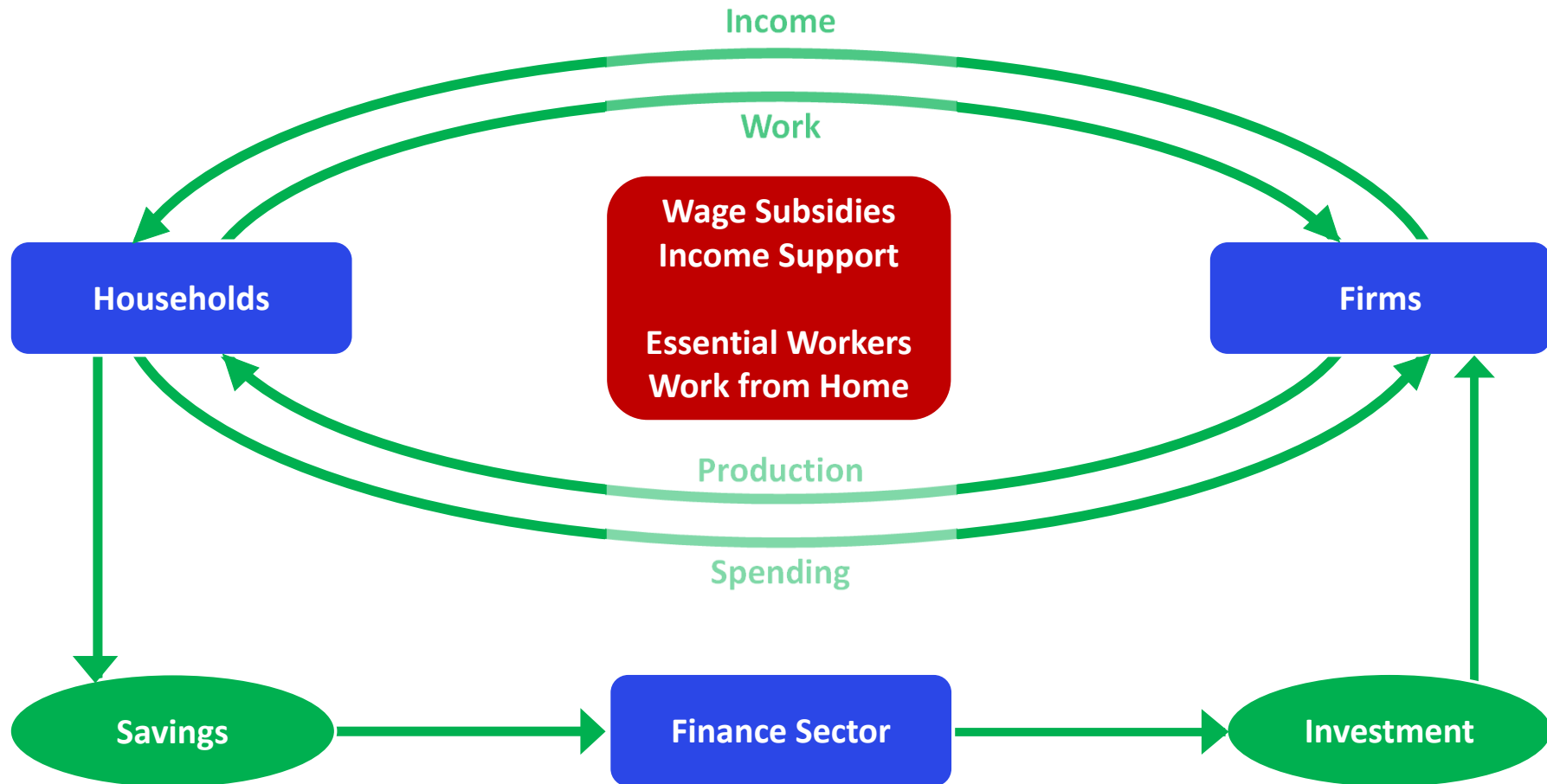


# The COVID-19 Crisis



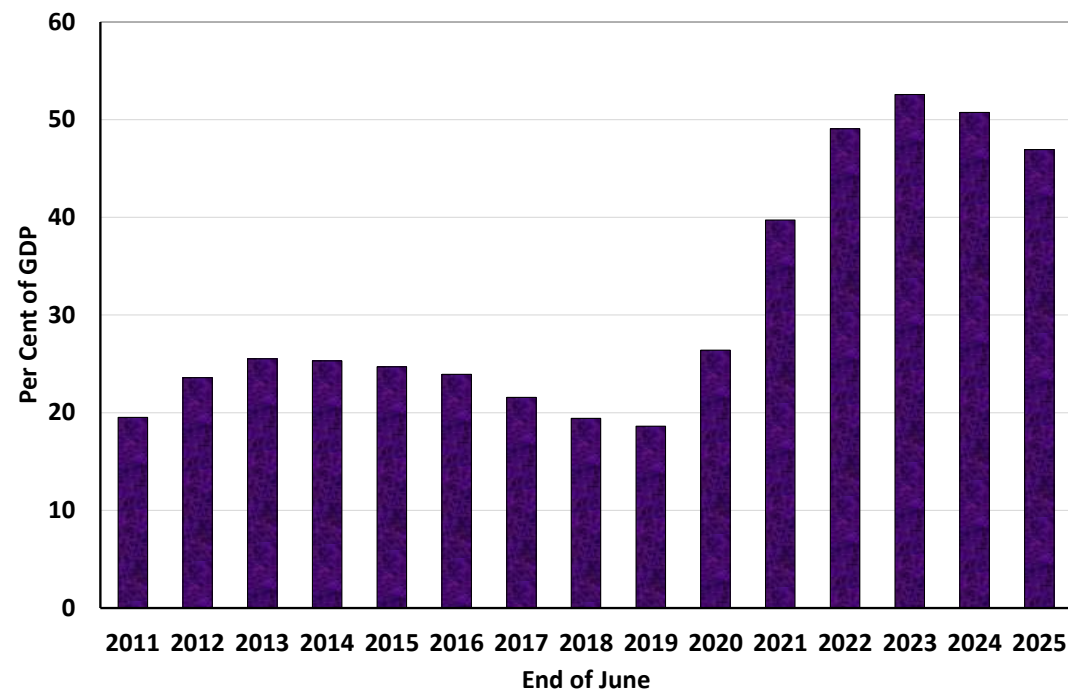


# The COVID-19 Crisis



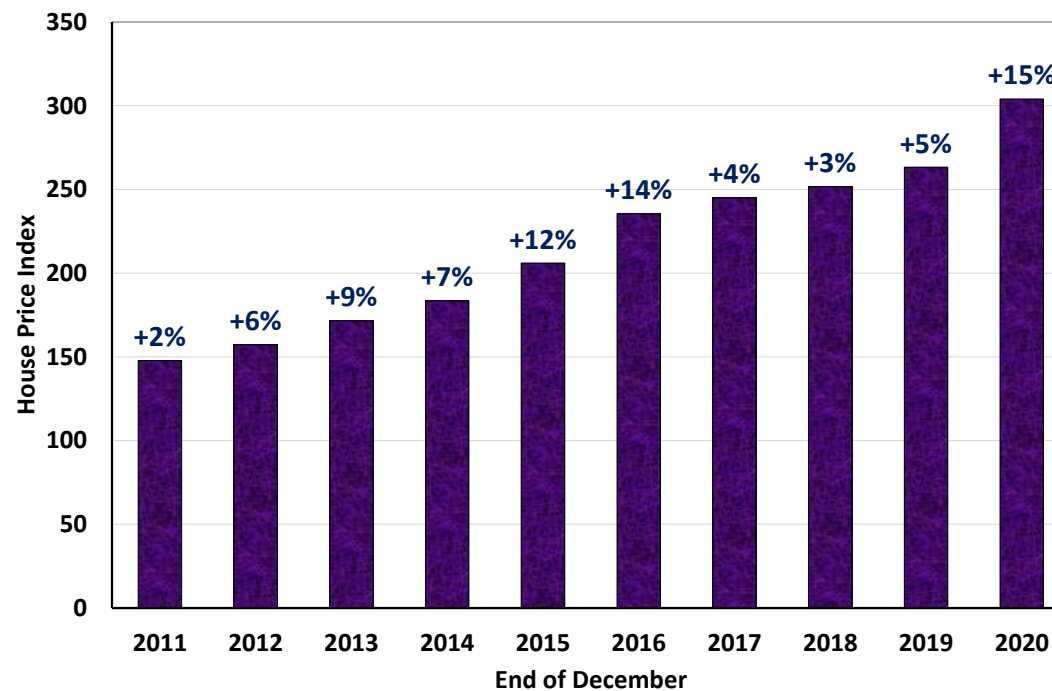
# Economic Consequences

The government's spending on the wage subsidies and other items is increasing its net core Crown debt.



# Economic Consequences

The government's injection of income into the economy (the wage subsidies) has spilled over into higher house prices.



## Summary



I think Grant Robertson (Minister of Finance) and the Treasury (led by CEO and Secretary, Caralee McLiesh) did some excellent work to design a sound economic policy response.



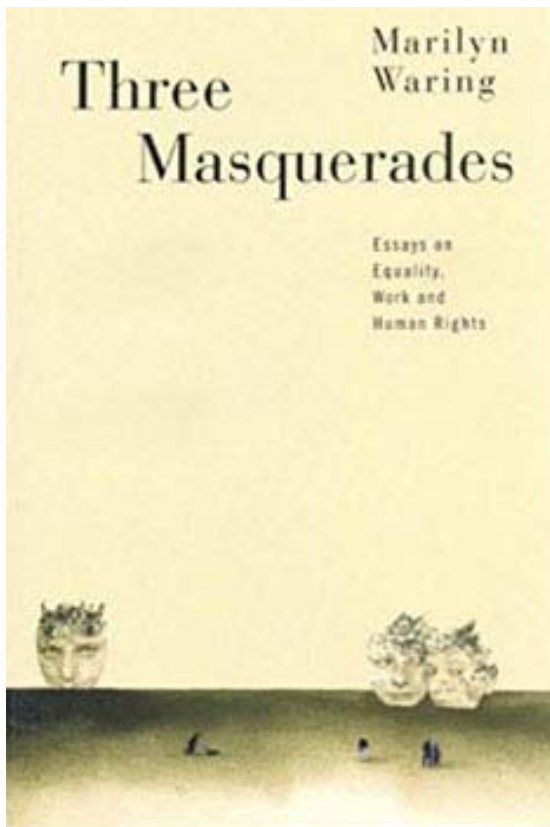
Nevertheless, every policy has a price.

The increase in public debt will constrain government spending in the next few years, and the rise in house prices has put further pressure on people who do not already own their own home.

# Work and Wellbeing Economics



## Work and Time Use



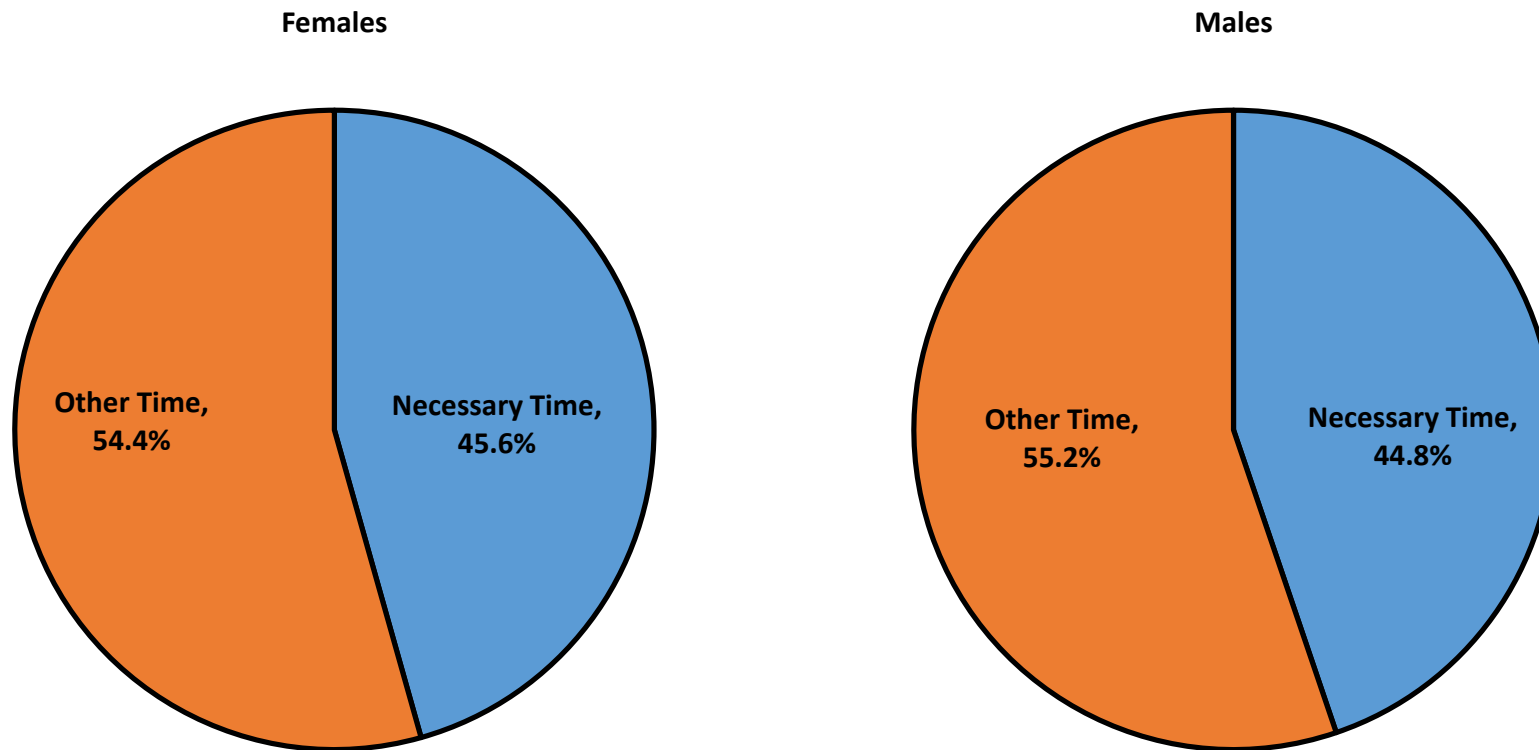
“Time is the one thing we all have. We do not all have market labour-force activities. We do not all have disposable cash. Many of us do not trade on the basis of money, we trade our time. Our economics is about how we use our time.”

— Marilyn Waring (1996, p. 88)

# Statistics New Zealand Time Use Survey, 2009/10

<b>Necessary time</b>	Personal care (including sleep)
<b>Contracted time (Paid Work)</b>	Labour force activity
	Education and training
<b>Committed time (Unpaid Work)</b>	Household work
	Caregiving for household members
	Purchasing goods and services for own household
	Unpaid work outside the home
<b>Free time (Leisure)</b>	Religious, cultural and civic participation
	Social entertainment
	Sports and hobbies
	Mass media and free time activities

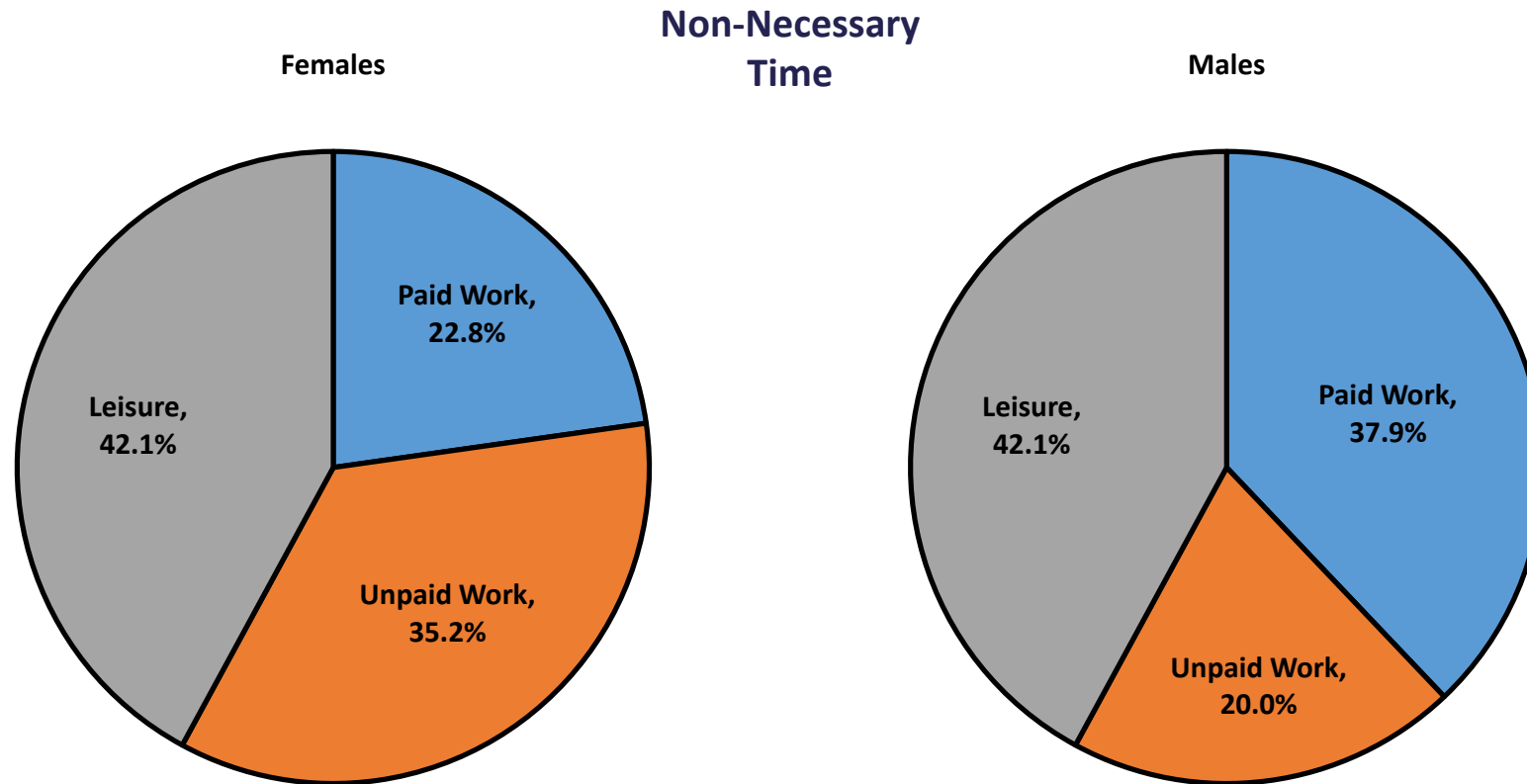
# Statistics New Zealand Time Use Survey, 2009/10



All persons aged 12 years and over.

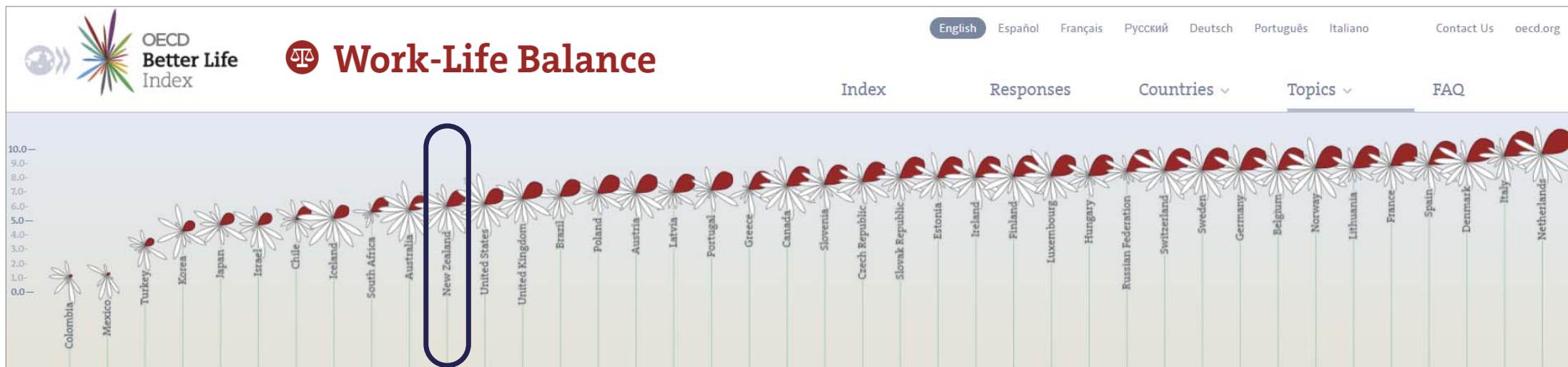


# Statistics New Zealand Time Use Survey, 2009/10



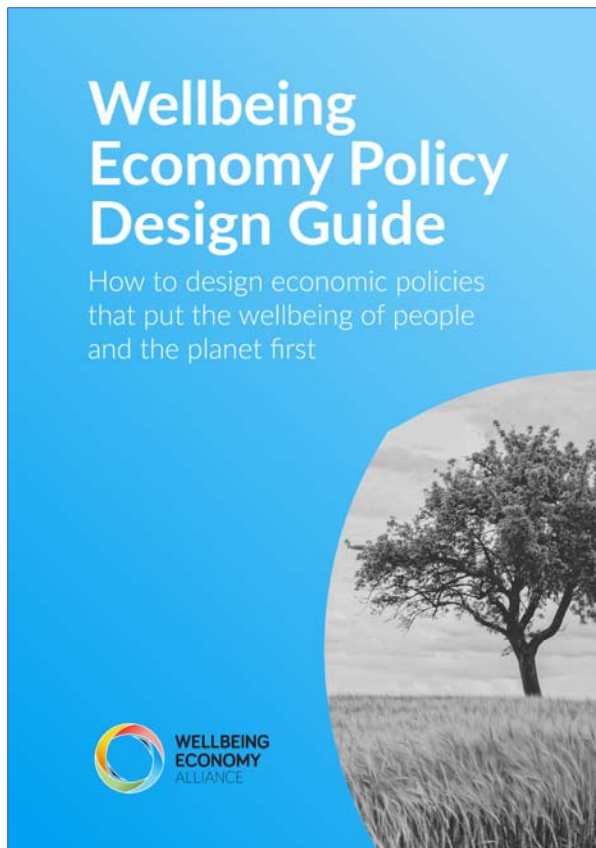
All persons aged 12 years and over.

# New Zealanders work long hours



The OECD places New Zealand at 30 out of 40 countries on work-life balance.

# The Wellbeing Economy Alliance



- I belong to an international Wellbeing Economy Alliance (WEAll).
- It has recently published a *Wellbeing Economy Policy Design Guide*.
- The *Economic Policy Guide* proposes a “broad definition of the economy” to include all work activities important for wellbeing.

“... we have an intuitive understanding of the economic activities that are most important for maintaining collective wellbeing. The challenge is to expand our time horizon and consider the activities that are most important for future wellbeing as well, and to co-create strategies to foster and promote these economic activities in a way that promotes social justice on a healthy planet.”

## Paid Work and Unpaid Work

Wellbeing economics recognises that *paid work and unpaid work* make essential contributions to wellbeing. This includes the wellbeing of the workers themselves, as well as of the persons and communities who benefit from the workers' contracted and committed time.

# **Paid Work and Unpaid Work During COVID-19**

- During the lockdowns, anyone who could worked from home.
- This profoundly changes the traditional separation between workplace activities and family activities, ...
- ... as well as the sharp distinction between paid work and unpaid work, ...
- ... reinforcing a trend that has been long present, with positive and negative consequences.

# Some Examples of Recent Trends and Changes

Family-friendly workplaces

Paid parental leave

Domestic violence leave

Living wage employers

Childcare subsidies

Family businesses and family farms

Iwi, hapū and whānau enterprises

# Conclusion

- I think New Zealand is doing some amazing work to promote wellbeing in this country...
- ... but there are also obvious challenges to wellbeing where we are struggling as a country to make progress.
- A big challenge concerns how to organise different types of paid work and unpaid work in sustaining future wellbeing.
- Family life and business practices are changing in ways that were unimaginable when I left school more than 40 years ago.



Kua mutu tāku korero mo tēnei rā.

That finishes my talk for today.

Tēnā koutou. Tēnā koutou. Kia ora tātou katoa.

That is you. That is you.

May you and I, all of us together, enjoy well-being.



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TE WHARE WĀNAKA O AORAKI