



## Do Justice!!

“Do Justice, Love Kindness and Walk Humbly With Your God” Micah 6:8

### A Newsletter on Social Justice Issues

Welcome to the December 2016 edition of Do Justice. This newsletter, prepared by Auckland Diocesan Social Justice Group, looks at various Social Justice Issues.

#### **Brexit and Trump.**

The year 2016 could well go down in history as the year of the fightback by the marginalised. But is it all an illusion?. The reaction to the election by the electoral college in the USA of Donald Trump as President – he lost the popular vote on 8 November, together with the majority of those voting in the EU Referendum in the UK to leave the EU on 23 June has been interesting.

Many commentators have commented on the large majorities of white middle and lower class men who voted for Trump or Brexit. Many commentators have concluded that these votes were against immigrants. What is clear is that the so called “rust belts” in both the USA and the UK voted very heavily in favour of Trump and Brexit, cities and districts traditionally strong supporters of the Labour Party in the UK and the Democrats in the USA.

For many years, the Social Justice Group and the previous Social Justice Council, have been raising concerns about the increasing inequality in New Zealand society. This is, of course, not just a New Zealand issue. Virtually all the advanced democratic countries around the world have experienced similar growing inequality. The “rust belts” are but one sign of the impact of inequality.

Back in 2010 Richard Wilkinson and Kate Picket detailed the impact of inequality on societies and health, in *The Spirit Level, Why Equality is better for Everyone*.<sup>1</sup> The Occupy movement in 2011 raised similar issues<sup>2</sup>. Thomas Piketty, the French economist, in *Capital in the 21<sup>st</sup> Century* (2014)<sup>3</sup>, explored the distribution of wealth over the last three centuries and what could happen when wealth distribution became highly distorted.

The slow, but consistent, closing of the inequality gap from World War One through to the 1970s was dramatically reversed in the 1980s when both Ronald Regan in the USA and Margaret Thatcher in the UK embraced the so called

“free market” economics of Milton Freidman and the Chicago School. Rogernomics was, of course, the New Zealand version.

With Brexit and Trump we are now seeing the long expected reaction to policies that caused the “rust belts” of the USA and UK. But what is interesting is that it has been two basically right wing driven campaigns that have exploited this reaction. And increasing immigration has been a major plank in both campaigns. However, neither campaign has focused on the underlying reason – inequality. In fact, it is more than likely that leaving the EU for the UK and four years of Trump for the US will lead to even more inequality. Regretably the leaders of the reaction to free market economics, the Brexiters and the Trumpites, have no proposals that will address the real issues.

In Trump’s case, in one of the few policies he has articulated, his tax policy, the tax rates for the very rich and for corporations will be significantly reduced, with only very minor changes for the rest of the population. Hardly a recipe to address inequality and provide for the rust belters. Trump’s promise to put a 45% duty on all Chinese imports would have sounded very attractive to those living without regular work in the American Rust Belt. The steel mills and factories would all start up again and there would be plenty of well-paying jobs again. But technology will not let Trump turn the clock back this easily. Yes, globalisation, a key part of the “free market” ideology of Friedman, has been a major contributor to the decline of the old industries in countries such as the US and the UK. But globalisation cannot be reversed by just putting a 45% duty on the exports of one country.

Taxation, globalisations, welfare, health, housing and education all need to be addressed if inequality is to be reversed. The simplistic proposals of the Brexiters and the Trumpites will not be the answer but at least they have opened up the issues. The danger is that they may have also have opened up the possibility of increasing restrictions on democracy and the possibility of the nineteen thirties nationalism and protectionism, coming back to haunt the world again.

<sup>1</sup> <https://www.equalitytrust.org.uk/resources/the-spirit-level>

<sup>2</sup> [https://en.wikipedia.org/wiki/Occupy\\_movement](https://en.wikipedia.org/wiki/Occupy_movement)

<sup>3</sup> <http://piketty.pse.ens.fr/en/capital21c2>

One of the frustrations, for at least some of us who are concerned about growing inequality, is what to do. We cannot just turn the clock back to the 1970s or even the 1960s. Too much has happened for that it be a possible road to equality. But some things are clear, there needs to be some restrictions on excessive wealth and there needs to be a safety net for the needy.

Piketty identifies the ability of the wealthy to be collectors of "rents". They don't have to work for their incomes but just invest and collect the rent. This comes from those with high incomes having "spare" funds to invest something the low paid cannot do. The easy answer is to impose very high taxes on those with very large incomes plus inheritance taxes. Certainly, there is plenty of room to increase income tax for those earning say \$200,000 plus a year but if income tax becomes punitive then there will be some very negative reactions. Linking income tax rates to multiples of the Living Wage could well be worth looking at.

The basic safety net for all could be provided by the implementation of a Universal Basic Wage. This is not as farfetched as it may at first appear – we already have one but you must be at least 65 years old to qualify. One approach could be to steadily lower the starting age for National Superannuation and change the name!! The present National Super is set at about the level that would be needed for a successful Universal Basic Wage. A level that provides for basic needs whilst still encouraging people to get jobs and more income. One proviso, housing costs will need to be addressed and allowed for.

One of the arguments for the UBW is that as more and more work can be taken over by computers and robots and there will be increasingly less jobs for the people, even those with university degrees. If we don't start to address these issues now, then it will only lead to even greater inequality as the rich with their surplus funds invest in more and more robots that make more and more money for them, at the same time putting more and more people out of work.

Whilst inequality is a vital issue for the future there is an even more vital and immediate issue that has started to be addressed but could stop dead because of Trump's rise to power and that is Global Warming. Trump has publicly said the "Global Warming and Climate Change" is a Chinese conspiracy<sup>4</sup> and has said that he will withdraw the USA from the 2015 Paris Agreements. Such words are sweet to the oil producers of the Middle East, the coal mining states in the USA and the fossil fuel industry in general. Trump will also have support for his position from the right wing of the Republican Party and, in particular, the Tea Party. But the implications for the world will be disastrous.

Here are some reactions to this possible policy of Trump:

*"But if Mr. Trump makes good on his campaign promises, experts in climate change policy warn, that legacy would unravel quickly. The world, then, may have no way to avoid the most devastating consequences of global warming, including rising sea levels, extreme droughts and food shortages, and more powerful floods and storms."<sup>5</sup>*

*"If Trump steps back from that, it makes it much less likely that the world will ever meet that target, and essentially ensures we will head into the danger zone," said Michael Oppenheimer, a professor of geosciences and international affairs at Princeton University and a member of the Intergovernmental Panel on Climate Change, which produces global reports on the state of climate science..... Pessimism appears to be warranted. Mr. Oppenheimer and other climate policy experts said all major emitters needed to take action in the near term to stave off the 3.6-degree increase."<sup>6</sup>*

Global Warming and Inequality are closely linked. Since the rise of the free marketers in the 1980s the cumulative effect of burning so much fossil fuel has increased alarmingly. The Paris Agreement is the last chance for the world to slow and then stop the steady increase in temperatures worldwide. Without the active support and cooperation of the USA, the world's second largest polluter after China, temperatures will continue to increase and could well reach a point of no return.

From this very brief analysis of the possible policies of Donald Trump based on his campaign speeches and tweets it can be seen than his rhetoric and his proposed policies to tackle the perceived issues he speaks off, do not add up. He will not be the saviour of the rust belters, just as leaving the EU will not suddenly bring prosperity to the rust belts of the UK. Quite the contrary, the rich are very likely to get richer, and the poor, poorer. How can we seriously expect a man who so loudly proclaims that he is very rich, a wonderful business man, even if he has been declared bankrupt a number of times, and a very clear man, is going to actually bring relief to the poor homeless family in West Virginia or Ohio.

What is very worrying is that many of the people that he will bring to Washington will be the same ones who served under George Bush in the 2000s. Most are convinced free marketers determined to advance the cause of American corporations. Naomi Klein in her book *The Shock Doctrine*<sup>7</sup> goes into this issue in detail, the chapters about how the Bush people actually managed to privatise the war and occupation of Iraq is particularly revealing.

The one ray of hope with the Trump Presidency is that the TPPA is dead. At least our government in New Zealand, is unlikely to be sued by USA Corporations, if we actually do something about climate change.

<sup>4</sup> <http://www.politifact.com/truth-o-meter/statements/2016/jun/03/hillary-clinton/yes-donald-trump-did-call-climate-change-chinese-h/>

<sup>5</sup> <http://www.nytimes.com/2016/11/11/us/politics/donald-trump-climate-change.html? r=0>

<sup>6</sup> <http://www.nytimes.com/2016/11/11/us/politics/donald-trump-climate-change.html? r=0>

<sup>7</sup> Naomi Klein. *The Shock doctrine, The Rise of Disaster Capitalism..* Penguin Books 2007. Available at he Auckalnd Public Libraries.