

Democracy and Community: New Zealand at a Watershed

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New Zealand society has been transformed in the space of thirty years. A generation ago we were considered among the most egalitarian and progressive nations. Now we are one of the most unequal societies in the developed world, with the gap between rich and poor growing faster than any other advanced country.¹ Over 800,000 New Zealanders live in poverty, double the number of the early eighties.² Despite the clear failure of reforms initiated in the 1980s to deliver a more prosperous society for all, the ruling elite are unresponsive to calls for change. This is the result of a withering of our democracy. The best chance of reversing this trend and building a more just and equitable society lies in new forms of participatory democracy that embody principles of cooperation and self-management; forms which have their antecedents in the union movement and working-class organisation.

Central to the prevailing neoliberal philosophy is the belief that politics distorts the market and therefore has to be kept within strict bounds. Pursuant to this the reform process of the 1980s, carried out rapidly and with farcical consultation, cast a new State, which looked radically different from the post-War welfare-oriented model. Traditional public services, like housing, health and education, were hollowed out by funding cuts and restructuring. Restructuring ensured that the “distance between the public and the Public Service [was] widened” such that areas of policy-making of critical importance to general welfare were effectively taken out of public hands.³ The Reserve Bank Act 1989 is a key example: the Bank was given independence to design and implement monetary policy, with the Minister of Finance, who unlike the public servants at the Bank is actually elected by the public, only empowered to set inflationary targets.

During a parliamentary debate early in the reform process, Richard Prebble MP enunciated the spirit of the age:

The myth is that the democratic method is that institutional arrangement for arriving at political decisions which realises the common good by making the people decide for themselves. The reality is the process of arriving at decisions through a competitive struggle for the people’s vote. Party politicians are the response to the fact that the electoral mass is incapable of action other than a stampede.⁴

This idea that democracy is a threat which demands careful management is a recurrent theme in the history of New Zealand ruling-class thought. In 1867, conservatives challenged the efforts of some parliamentarians who were attempting to restrict the role of parliament’s upper chamber, the Legislative Council. One prominent conservative argued in a debate that “public feeling in the colony was apt to run rampant” if the Council had its oversight abrogated. “Universal suffrage and the [secret] ballot, with all the agitation and clap-trap which always accompanied them, were continually cropping up, and if a stop was not put to it, democracy would soon obtain the vantage-ground.”⁵

¹ OECD, *Society at a Glance 2011 – OECD Social Indicators*, 2011, <http://www.oecd.org/social/soc/societyataglance2011-oecd-social-indicators.htm> (accessed 26 May 2013).

² B. Perry, *Household Incomes in New Zealand: Trends in Indicators of Inequality and Hardship 1982 to 2011*, Ministry of Social Development, Wellington, August 2012, p. 105.

³ D. Bradshaw, ‘Professionalism in the Public Service’, *Public Sector*, Vol. 17, No. 1, pp. 13-14.

⁴ *New Zealand Parliamentary Debates*, Vol. 458, 1984, p. 1313.

⁵ *Ibid.*, Vol. 1, 1867, p. 536.

The powerful understood that if democracy were allowed to flourish, ordinary people would demand a more equitable society – and they weren't wrong. Working-class community organisation and the rise of union power played a crucial role in the swell of the democratic tide during the 20th century, which brought New Zealand to the revolutionary brink during the 1913 Great Strike⁶, and the Labour party to power for the first time in 1935.

Naturally the unions and working-class communities were the first targets of the neoliberals in the 1980s. The nadir was reached with the introduction of the Employment Contracts Act 1991 (ECA), which introduced voluntary unionism, individual employment contracts and restrictions on industrial action. The result is what Victoria University academics Sandra Grey and Charles Sedgwick term a “democratic deficit”, in their recent study of the attitudes of civil sector organisations towards government.⁷ They conclude that while these organisations “have in the past been a strong and necessary voice for the most marginalised of our society, since the 1980s their place in democratic conversations has come under challenge” from both Labour and National governments “almost to the point where for some groups the only option is to remain silent.”⁸

Alongside struggling to have their voices heard in parliament, working people in New Zealand laboured tirelessly to build an alternative society within their communities. As historian Stevan Eldred-Grigg observes, in the days before the welfare state, “Self-help was still the main resource of workers”. Unions and neighbourhoods were the point of convergence for working-class values. Waterfront workers in Lyttelton, for example, on their way to the pay office would pass buckets chalked with the names of “hard up” workers, while railway workers on the Wairoa line in 1923 paid a shilling per week to a fund providing free medical treatment for their families.⁹ Women in working-class districts around the country formed energetic networks of neighbourhood support through which money, food, and clothing were donated to those who in need. Societies were established to pay out sickness and death benefits; in 1890 their membership totalled 26,000. Unions established cooperative schemes to insure members against job loss, provide hospital comfort funds, and run credit unions. Around 1900, there were attempts to establish worker-owned and managed cooperative stores, butchers, grocers and even factories and mines. The unions were often the focal point for workers' social lives: debating, card evenings, dances, concerts, sports days and other events were held by many unions. The Lyttelton watersiders, for example, ran their own clubrooms, library, billiards and snooker parlours.¹⁰

At moments of industrial action, the resilience of working-class communities was impressive. During the 1951 waterfront lock-out, for example, watersiders' unions set up financial, hardship, publicity and action committees. Despite the draconian Emergency Regulations which prohibited “any payment or contribution for the benefit of any workers who are parties to a declared strike”, a nationwide network of distribution depots was established which provided food, wood, coal, clothing and shoes.¹¹ Relief committees procured a wide range of

⁶ E. Olssen, ‘The Lessons of 1913’, in *Revolution: The 1913 Great Strike in New Zealand*, M. Nolan (ed.), Canterbury University Press, Christchurch, 2006, p. 49.

⁷ S. Grey, C. Sedgwick, ‘Fears, constraints and contracts. The democratic reality for New Zealand's community and voluntary sector’, paper presented at the Community and Voluntary Sector Research Forum, Victoria University of Wellington, 26 March 2013, p. 30.

⁸ *Ibid.*, p. 2.

⁹ S. Eldred-Grigg, *New Zealand Working People 1890-1990*, Dunmore Press, Palmerston North, 1990, pp. 72-3.

¹⁰ *Ibid.*, p. 127

¹¹ K. Parsons, ‘The Women's Waterfront Auxiliary’, in *The Big Blue: Snapshots of the 1951 Waterfront Lockout*, D. Grant (ed.), Canterbury University Press, Christchurch, 2004, p. 56.

services from supporters, providing everything from dental technicians to fix false teeth through to cobblers to mend shoes.¹² Over £150,000 in financial donations (an estimated 15-35% of the wages lost through lock-out) was accumulated from sympathetic unions and individuals, which were used in part to provide aid for families falling behind on rent or mortgage repayments.¹³

In the last three decades, the working experience for most employees has changed dramatically, due to a combination of the reforms of the 1980s and advances in technology. With the manufacturing sector cut in half during this period (increasingly moving off-shore and shifting capital over to the financial markets), and 80% of the workforce now employed in the service sector, the communal workplaces in which social ties between workers were strong have dwindled in number, and with them much of the solidarity they once bred.¹⁴ Meanwhile, union membership has fallen from 70% of the workforce in 1980 to merely 20% in 1999.¹⁵ Notwithstanding the changes made to the ECA by the Clark government, restrictions on collective bargaining and industrial action remain stultifying.

While the ultimate goal for any movement serious about altering the distribution of power in our society should be ownership and management of the workplace by workers, the route to this may not follow the traditional road map. The structural change needed to address current inequities is not being achieved through elections. It may also no longer be feasible through the critically weakened union movement, at least in the immediate future. However, with the rise of a “precariat”¹⁶, and the correlated phenomena of stagnant low and middle incomes and soaring private debt¹⁷, community organisers have a potentially large body of people with shared grievances across the income spectrum from which to build a movement for systemic change. Social movements around the world are increasingly coming to the realisation that to rebuild the class consciousness required for the extension of democracy to the economic sphere, community-based democracy must now form the foundation.

The Indignados in Spain and the global Occupy movements, to name but two, are major experiments in community-based participatory democracy. These movements are not simply demanding the accountability of politicians, but rather challenging the very basis of the political system itself by attempting to create autonomous zones and forms of organisation that are effectively leaderless and operate by consensus.¹⁸ They formed largely as a response to systemic problems similar to those New Zealand is facing today – non-responsiveness of

¹² *Ibid.*, M. Nolan, ‘Shattering Dreams About Women in the Lockout’, p. 60.

¹³ *Ibid.*, p. 66.

¹⁴ Eldred-Grigg, *op. cit.* p. 146.

¹⁵ OECD, ‘OECD StatExtracts – Trade Union Density’, <http://stats.oecd.org/Index.aspx?QueryId=20167#> (accessed 31 March 2013).

¹⁶ The precariat is social class composed of people who lack employment predictability and security. In the last 30 years “precarity” has expanded rapidly with the weakening of labour market regulation, and now includes a large minority of the global workforce. See G. Standing, *The Rise of the Precariat: The New Dangerous Class*, Bloomsbury, London, 2011.

¹⁷ O. A. Aziz, et. al., ‘Fiscal Incidence of Government Expenditure and Taxation on Household Income, 1988 to 2010’, paper presented at the 53rd New Zealand Association of Economists Annual Conference, Palmerston North, 27-29 June 2012, p. 7; Reserve Bank of New Zealand, ‘Key Graphs – household debt’, <http://www.rbnz.govt.nz/keygraphs/fig5.html> (accessed 11 December 2012).

¹⁸ D. Graeber, *The Democracy Project: A History, A Crisis, A Movement*, Allen Lane, London, 2013, p. 127.

Consensus here is not meant in the literal sense but rather as a process – negotiating in an open-minded and solidaric towards a workable solution that is amenable to as many parties as possible. From this perspective simple majority rule would be criticised as, at best, a somewhat arbitrary decision-making approach, and at worst, as dangerously divisive.

political elites to the needs of their constituency, with attendant massive inequalities in wealth and power. They made the commons their focal point, occupying city squares, parks, public buildings and so on. In those areas they created democratic assemblies in which issues were discussed and solutions proposed. Many developed sophisticated infrastructure, including libraries, kitchens, medical stations, and alternative currencies.¹⁹ While these movements are only in the stages of early development, they are striking a chord with many people.

Occupations sprung up in New Zealand and around the world following the occupation of Zuccotti Park in New York. Pursuing a similar model, the occupations of squares and parks in both the North and South Island established general assemblies. Although the Occupy movement in this country failed to garner wide support, it set a precedent for future actions. If (or perhaps when) the movement re-emerges and gains the support of the wider community, the occupations could spread out from the city nodes into neighbourhoods. In pursuit of an integrated participatory system, these assemblies could then be federated by suburb, district, region, and ultimately nationwide, in a decentralised fashion through the election of recallable delegates²⁰ to a tiered system of councils. Participants in assemblies would have influence only over those decisions which affect them, and to the degree that they are affected, ensuring that no group dominates decision-making. If, as the movement expanded, it were able to retain its democratic and cooperative ethos, standing out as a clear alternative to electoral politics, it could have the capacity to draw in enough participants to reach the critical mass necessary to take control of the workplace. Reaching this point is the end goal and would mean that, in effect, the extant structure had been superseded. Harsh opposition from the ruling elite would be expected, but even if the movement were unable to surmount all the obstacles, major concessions would certainly be attained.

The rich history of New Zealand working people demonstrates that participatory democracy is possible and is a natural solution to the “democracy deficit”. A shared belief in cooperation, self-management and equity that once was the life-blood of communities and workplaces along the length of this country still flows strong awaiting the moment to pulse to the surface. It is precisely this fact that unnerves the ruling elite. It is time for the people of this country to assert their natural right to control directly the future of their society and their place within it.

¹⁹ *Ibid.*, pp. 240-41.

²⁰ Delegates are distinguishable from politicians by the process of recall. Instead of being elected for a fixed term during which they have essentially free-reign to make decisions as they see fit, they may be at any time subject to referenda from their constituencies by which they can be immediately replaced. This ensures they are much truer representatives of the people than career politicians. Ideally delegates would remain integrated with the community or workplace from which they were elected.