



## Q&A for Professor Jonathan Boston

	Question	Answer
1	Has Labour signalled a return to transfer taxes should they be able to govern alone following September?	Sorry, but I don't know the answer. Presumably, such matters will be covered in their manifesto in due course.
2	Shouldn't the focus be on inequality rather than poverty, because a poverty-focus only looks at the victims, whereas an inequality-focus looks at the whole system, including the perpetrators.	I answered this question during the webinar. Both poverty and inequality matter, but while poverty always matters, not all forms of inequality matter equally, if I can put it this way. Please see my chapter in Max Rashbrooke's edited book on 'Inequality'.
3	How would those who are not in the workforce (labour market) but are caring for children, and other dependents, receive any support in the Welfare System?	This raises big questions, first about whether to have a more individualized system of welfare benefits, and second about whether those undertaking caring responsibilities (i.e. for family members) should receive public financial support and, if so, how much and under what circumstances. I would need to write a lengthy paper to answer such questions properly ... sorry.
4	Does Mr Boston know that money is no problem, the RBNZ and Bank of England have told us they can create unlimited money by directly purchasing government bonds and rolling them over indefinitely or providing an overdraft facility to the government (as was done in NZ from 1936-c1987/8, and has now restarted - same in the UK) - this is effectively free money. If not, he should speak with Geoff Bertram (the previous PSA webinar guest), who knows all about this.  (By 'free money' it is money that is put into circulation and in aggregate never needs to be 'repaid' or taken out of circulation again.) (And no, it won't create inflation, that's been proven by IMF studies, among others.)	Central banks have considerable powers and autonomy, but they must also be mindful of the potentially inflationary consequences of massive boosts to the money supply – note the hyperinflations generated in Germany (1920s), Zimbabwe (more recently), etc. Monetary and fiscal measures taken to address large demand and supply shocks, such as the current global pandemic, cannot be applied on an ongoing basis in 'normal' times without the risk of significant asset price bubbles and price inflation.
5	Don't you think the tax system is unjust?  If companies paid more tax, instead of pursuing tax minimisation, that individual marginal tax rates would reduce. Therefore elevating poverty to a certain extent?	Yes, the current tax system in NZ contains many injustices. It is insufficiently progressive; some forms of capital gain are not properly taxed; there are inadequate taxes on environmental externalities; wealthy individuals have access to unregulated tax havens; family trusts are not taxed adequately; etc. etc.  I am not an expert on company tax, but reducing poverty to low levels will cost several billion dollars and I suspect that this would require measures that go beyond adjustments to the current company tax regime.



6	I agree that certain health issues are underfunded (i.e. dental and mental health). How do we solve this? Is social assurance the only answer?	<ol style="list-style-type: none"> <li>1. Social insurance is not required in either case. Both could be funded via taxes in the normal way, and both are already funded this way to some extent.</li> <li>2. My preference would be for dental treatment to be either fully publicly funded or very heavily subsidized. The main difficulty with either option is likely resistance from dentists. Technically, both options would be relatively easy to implement.</li> <li>3. The funding of mental health is more problematic than funding dental services because: a) our knowledge base (including the effectiveness of various therapies) is more limited; and b) there is the potential for almost unlimited demand.</li> </ol>
7	Does the current welfare system enable agency in people or in fact create greater dependency? To what degree would agree/disagree and why?	I think the current welfare system does a bit of both, but it needs to do more to empower and enable. We need more and better active labour market policies. For sole parents, the costs of childcare and coping with sick children can be a major cause of stress.
8	Poverty is the 'ambulance at the bottom of the cliff' - have to look 'upstream' to stop it happening in the first place.	Yes, prevention is generally better than cure. This means, among other things, that we need: a) better housing (to reduce ill-health); b) more investment in the early life-course of children (to help break cycles of poverty); etc etc.
9	Excess food is currently being redistributed from the primary industries to those in need through food distribution centres. Do you think that Food Banks are the right answer to solving the problem of food insecurity in NZ?	I attempted to answer this question during the webinar. Ideally, we should not need food banks. If first-tier benefits and Working for Families tax credits were more generous, there would be much less need for third-tier benefits and much less reliance on food banks.
10	Isn't poverty a consequence of inequality and lack of opportunities to improve your current fiscal and social state?	The relationship between poverty and income/wealth inequality is complex. There is a growing literature on the topic (for NZ see the work of Kristie Carter) ... Income inequality can increase without increasing poverty (this happened in Sweden in recent decades), as long as the incomes of those at the bottom end of the income distribution do not fall relative to the median.
11	Do you think we need to tackle issues around cheap debt - there is a growing group of people who believe this is driving issues of inequality and the housing market? I.e you can borrow a lot of money from minimal capital, many peoples lifestyles are built on this cheap debt. Poorer people have no capital so have benefited less from this over the last 10 years. Do you think this should be considered in future fiscal policy?	I think the key issue is 'problem debt' rather than 'cheap debt', although I understand the risk that 'cheap debt' might result in 'problem debt' (i.e. people not being able to service their debts and becoming ever more indebted). In the past problem debt has arisen partly as a result of poor people borrowing modest sums of money at exorbitant interest rates to address short-term problems (e.g. to fix their car, which they need for work), and then finding that the high interest rates rapidly compound their overall debt levels ... Programmes (such as those run by the Salvation Army) which enable disadvantaged



		individuals and families to borrow at modest or zero interest rates to address short-term problems need to be significantly expanded.
12	<p>Kainga Ora does a lot of good work with the poor and needy. The Govt is investing heavily in this area but there is “no magic wand”.</p> <p>To me working collaboratively is the key. That’s key to see Govt agencies working together and seeking LT outcomes for the poor and in poverty. How would you suggest this is best achieved?</p>	<p>Collaboration, partnerships, joined-up government, etc. are all good things (!), but often more difficult in practice than in theory. There are chapters of relevance to this topic in a book I co-edited with Derek Gill several years ago on the social investment approach (see Bridget Williams Books).</p>
13	<p>Jonathan - your very clear distinction between thinking about poverty and inequality is most helpful. Can you talk a little bit more about the tension between wanting to target to reduce poverty and the notion that welfare support systems that involve the middle class tend to have better societal support and are perhaps more secure. Is there actual evidence that assistance that incorporates the middle class are better protected?</p>	<p>Good question. Yes, there is an international literature which suggests that incorporating the middle class into welfare state arrangements via universal and/or very lightly targeted programmes increases public support for the welfare states, etc etc. See for instance Bo Rothstein’s book ‘Just Institutions Matter’.</p> <p>Note that we need to both tackle poverty and ensure that the middle class are not unduly excluded because of very tight targeting). Key issues include: 1) what services and forms of income support should be universal; 2) when targeting/means testing is applied, when should it be tight and when should it be loose?; and 3) how should we balance, in a tight fiscal environment, the imperative to reduce poverty and the desirability of maintaining middle class support for income redistribution etc.?</p>
14	<p>So what are the objective measures of wellbeing that 'matter most'?</p>	<p>This is a crucial question to which there is no simple or uncontroversial answer. I suggest you have a look at the OECD’s Better Life Index and all the indicators in this framework, and then ask yourself: which of these many indicators matters most?</p> <p>I guess my short answer is that meeting citizens’ basic needs (such as food, clothing, shelter, health care, etc.) should have priority over things like a better work-life balance ...</p>
15	<p>What does Prof Boston think of making the case for a developmental welfare state beyond a patronising state, which enables and empowers individual citizens and their representations (parliaments, civil society organizations, as well as trade unions and representations of the informal and care economies) to shape decisions. Thank you</p>	<p>I think the welfare state should be empowering, but it necessarily involves elements of paternalism (e.g. discouraging people from smoking, encouraging people to take exercise for their health, etc.). The aim should be to minimize the use of state coercion and, wherever possible, facilitate meaningful choices ...</p>
16	<p>What are your thoughts Jonathon on the creation of Public Credit to ween ourselves of neoliberal indebttness?</p>	<p>Not sure what this mean; sorry.</p>



17	<p>what are the challenges in the housing market for lower-income households and why is it necessarily bad that more and more people are renting?</p>	<p>There is a significant literature on the challenges facing low-income people in the NZ housing market. See the work of Alan Johnson, Philippa Howden-Chapman, Shamubeel Eaqub, etc. For the reasons for concern about 'generation rent', see Shamubeel's book on the topic. Note there various differences between social/community housing and private sector housing – and the implications of these differences for renters.</p> <p>As I indicated during the webinar, I have a philosophical preference for a property-owning democracy where most families have capital assets and also ready access to acquiring additional/new human capital in the face of rapid changes in technology.</p>
18	<p>Hi Jonathan, what's your view on renting vs owner occupied? There are pros and cons in both situations. Would building more affordable houses and increasing number of owner occupied help solve more of the social, wellbeing issues?</p>	<p>See my comments above and my points during the webinar. There are also important policy issues in relation to the regulation of private tenancies, security of tenure, etc.</p>
19	<p>All the considerations Prof Boston is currently making could tie in with the United Nations Sustainable Development Goals (SDGs)—and move on to transcend them, by bringing them under the umbrella of a rights-based developmental welfare state. What are his thoughts on this?</p>	<p>Philosophically, I would rather focus on 'rights' (and hence a rights-based approach) than focus on 'wellbeing'. But whatever analytical or philosophical framework is applied, many of the same policy questions and trade-offs arise ...</p>
20	<p>Home ownership in Auckland now beyond a great proportion of NZers? In Europe (Germany /France) over 80% don't own their house.</p>	<p>Home ownership rates in France are slightly higher than in NZ (according to the most recent data I have seen). They are lower in Germany (around 52%), but there are much greater protections for private renters in many European countries than in NZ, and there are proportionately larger social housing stocks.</p> <p>NZ will need several decades of massive public and private investment in affordable housing to enable home ownership rates to increase ...</p>

