

**Parkroyal Hotel Dinner**

**From Welfare State to Civil Society**

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## FROM WELFARE STATE TO CIVIL SOCIETY

It is my very pleasant task to welcome you all here this evening, and especially to welcome our speaker, Dr David Green, and his wife Catherine.

Our topic tonight is the welfare state, and alternatives to it.

This is a subject that is vexing scholars, politicians and people of good will all around the world today.

In the last 10 years or so, books have appeared in the United States with titles like *Losing Ground* (by Charles Murray), *The Tragedy of American Compassion* (by Marvin Olasky) and *The Dream and the Nightmare* (by Myron Magnet). Even President Clinton has spoken of the need "to end welfare as we know it".

In Europe, the British Labour Party welfare spokesman Frank Field has written a book entitled *Making Welfare Work: Reconstructing Welfare for the Millennium*. Sweden is staggering under the burden of its welfare programmes; it is suffering from high unemployment and a mounting social crisis. Other European countries including Germany are facing similar problems.

In Asia, Lee Kuan Yew's standard message is that the only foreseeable threat to Asian progress is the development of western-style welfare systems.

Here in New Zealand, welfare dependency appears to be stubbornly entrenched despite the improvements in economic performance over the last decade. At present some 360,000 working-age people and their dependents are receiving income support, at a cost of around \$3.7 billion per year. A total of 255,000 children are growing up in benefit dependent households, and welfare dependency in some families is into its third generation. Current forecasts suggest that beneficiary numbers will only drop by 1.4 percent between now and the year 2000 even with solid economic and employment growth. Welfare dependency is to the nineties what economic problems were to the seventies and eighties.

Much the same is true of education, health and accident compensation. Dissatisfaction with these services has displaced the economy and unemployment as leading public concerns.

Why has the dream of earlier generations of social reformers turned into the nightmare that governments today are having to confront? After all, material progress has vastly improved the standards of health, education, physical security and economic opportunity in all advanced countries. The pioneers of the welfare state intended it to cater for a small proportion of the population who needed help, mainly on a temporary basis, during their lifetimes. They saw it as withering away as living standards continued to rise.

One thing is clear: the problem is not due to a lack of government spending. Over the last 60 years, spending on social programmes has grown enormously. Again, contrary to some beliefs, it has continued to grow strongly in New Zealand in the 1980s and 1990s. We are spending a significantly larger fraction of national income today on social welfare than we were in 1984.

Gradually it has come to dawn on many people that, despite its humane intentions, state welfare is not the solution to many social problems; indeed in many cases it is their very cause. Yet we still hear calls for more welfare spending.

I am told that one definition of madness is doing the same thing over and over again and hoping it produces a different result. Although the evidence is now clear that a lot of welfare as we know it does not work, we persist with failed policies.

Not only does welfare in its present form waste money; it wastes people, destroys families and blights hope. Government programmes are no substitute for personal involvement. So the main impetus behind welfare reform is not fiscal; it is moral.

That is the starting point of David Green's book: *From Welfare State to Civil Society: Towards Welfare that Works in New Zealand*. He challenges the moral basis of the welfare state, and presents a vision of welfare which relies far less on the state and far more on individual responsibility and a sense of 'community without politics'.

For the Business Roundtable, the preparation and publication of this book has been an important project. As the benefits of sounder economic policies have become undeniable, our efforts have turned increasingly to the implications of current social policies. A forthcoming study addresses the topic of crime. We have devoted a lot of attention to education, health, accident compensation and superannuation. There has been progress in all these areas, but nowhere near enough. If New Zealand could raise the performance of its education, health and welfare systems up to the level of the rest of the economy, we really would have the makings of a first class society. That is our vision as an organisation.

David Green is a graduate in politics and sociology and Director of the Health and Welfare Unit at the Institute of Economic Affairs in London. He was for five years a Labour councillor in Newcastle-upon-Tyne and has written eight books on health and welfare issues.

The book we are going to hear about tonight is the result of two years of research, two visits to New Zealand and discussion with many specialists in the field. We are delighted that many of you have been able to join us tonight. We are also indebted to Daphne Brasell Associates for a fine job of editing and publishing.

We think *From Welfare State to Civil Society* is an outstanding contribution to the debate about the proper foundation for welfare policies. It ranks with the titles on welfare that I mentioned earlier. Its treatment of the moral and cultural underpinnings of the good society, and of the intellectual errors that led many well-intentioned people astray in devising welfare policies these last hundred years, is compelling reading.

For us the book has the added advantage of a New Zealand setting, and a challenging application of the ideas involved in restoring to civil society many of the big social policy tasks which the country is grappling with. I believe it will be a landmark contribution to the New Zealand debate. No topic will be higher on the national agenda for at least the next 10 years.

For all these reasons it gives me great pleasure to be part of the launching of the book tonight, and to invite David Green to address us.