Dealing with disparity

Demographic change/shift impacts on all areas of society. Here journalist and commentator COLIN JAMES looks ahead and considers what effects it may produce on national and local government politics.

The demographic age and ethnic imbalances projected for the next 30 years are likely to influence local and national politics by adding region-to-region socioeconomic disparities to the national socioeconomic disparities which have developed over the past 30 years. Disparities reduce social cohesion which is the bedrock of political stability.

This will play out at both local and national level. If imbalances in the age structure within a region or locality grow, that will likely affect local socioeconomic profiles and so local social cohesion. Region-to-region differences in socioeconomic profiles and/or differences between rural/provincial areas and major urban centres (especially Auckland) result in variations in material welfare. Such geographical variations would affect, and could undermine, national social cohesion.

At the local level, territorial authorities with higher proportions of post-working-age people and so a smaller working-age population tax base in relation to total population would likely have less capacity to invest in and maintain infrastructure and ensure the supply of some social and administrative services. At the national level, governments will face demands to balance the national interest in maximising the economic development potential in cities or regions with lower proportions of post-working-age people with action in, or with, those regions with higher proportions of post-working-age people to ensure disparities don't undermine that potential by threatening national cohesion.

The national background

National social cohesion has been reduced through the past 30 years by widening income and wealth differentials as the real incomes of a relative few have risen while the incomes of most have either fallen or risen only a little.

This has been driven by a combination of rapid technological change, which has eliminated many well-paid production and clerical jobs, policy changes which have reduced or eliminated protection for many well-paid jobs or reduced job protection through labour market flexibility and geo-economic change, including globalisation, which has shifted many jobs offshore to lower-wage economies. The result has been that many who pre-1985 would have had well-paying jobs have low-paid in-person service jobs. The higher-paid replacement jobs are mainly in larger urban centres and are likely to be located there for some time ahead.

The ethnic dimension

In addition to changes in age distribution there are also growing regional and local disparities in the racial or ethnic mix: the proportions of Māori, Pasifika and immigrant Asians. Ethnic differences in education, employment, business, income outcomes and social integration which have different effects on potential prosperity and social cohesion in different regions and localities will pose policy challenges at both the national and territorial authority level and if unresolved cause tensions within councils and between councils and the central government.

Addressing those challenges – coupled with possible inter-ethnic tensions – may need innovation in representation to ensure all voices are heard, including council seats or official consultative bodies or informal mechanisms.

The populist risk and core-party responses (or not)

If people in Dargaville or Gore or Palmerston North feel that Aucklanders are privileged or if they feel resentment or are under stress because in their locality or region earnings are lower or services and infrastructure are lacking or inadequate, they will be more likely to resent, and less likely to form common cause with, urban dwellers who they think are getting a better deal from the economy and/or the government.

Alienation, resentment and stress breed recruits for populist politicians. This has been the case across Europe in the wake of the global financial crisis and the subsequent slow economic growth or contraction in some countries. Support for the traditionally dominant parties of the centre-left and centre-right (the core parties) has fallen as voters have defected to fringe parties and turned those parties into significant actors.

Votes by stressed, resentful or alienated people for populist politicians and parties are less a case of votes for their specific programmes, at least initially, than votes against elites and parties they associate in some way with the origins of, or failure to counter, their stress.

In New Zealand greater – or different – stress in rural or provincial areas than in urban centres could erode support for core parties in those localities. Different age distributions could compound that. The National party found in the Northland by-election that retelling what it felt had been a strong national story in the general election in September 2014 and even breaking down the information (for example, job numbers) to specifics for the Northland electorate did not resonate even with many National supporters. Those receiving this message did not feel they were a local microcosm of a good national story. Auckland was Auckland and Northland was Northland.

The local reaction, the prosperity factor and opportunities

It is also conceivable parties could emerge representing specific areas or regions or generally representing "country" against "town" and either win electorate seats or clear the five percent party vote barrier. There could also be localised electoral responses, for example, the election of maverick councils which then behave in unpredictable ways and with results that may need the intervention of the national Parliament – for example, if they were to get unmanageably indebted.

New Zealand is probably too small for secessionist movements to develop critical momentum – if they do in fact emerge. But district councils could be captured by local movements that, once in office, act in a quasi-secessionist way, that is, with erratic programmes and policies at odds with central-government-determined national standards, frameworks and policies. Electorates and elected councils might also be more likely to resist attempts to promote amalgamation. Localness could become more important.

The alternative possibility is that workable policy responses are developed at national level and between the national government and local councils, which settle or ameliorate urban-provincial prosperity differentials and improve national social cohesion. This was the case in many countries, including

New Zealand, in the wake of the 1930s depression.

There may also be opportunities for territorial authorities to build on elements of prosperity which are strong in their areas to offset weaker elements and thereby reduce the impact on stability of the projected demographic disparities. Some may develop specialist tourism. Some areas, such as Golden Bay, are very popular retirement destinations for better-off people who may add to the prosperity of the region or locality, including income-generating capacity. Golden Bay illustrates the attraction of parts of New Zealand to immigrants seeking a particular living environment who can add value and add to overall prosperity. And at a time when small-scale enterprises can challenge dominant ones and when some see 'local' and/or 'small' as more trustworthy than 'big' and/or 'out-there', prosperity may develop from bottom-up activity, either self-driven or fostered by territorial authorities or the central government.

Territorial authorities' role and revenue

One issue likely to grow in importance, at least as seen through local eyes, is the constitutional role of territorial authorities and their spheres of responsibility, action and power. At the moment councils are the creation of Parliament, which also arbitrarily devolves responsibilities onto and imposes constraints on councils in ways that complicate councils' ability to respond to their constituents. Some more formal recognition, with clear boundaries and delineation of spheres of activity and responsibility, will be needed if councils are to respond well to constituents at a time of growing regional and sub-regional disparities of prosperity and social cohesion. The core parties so far have refused to consider formalising the relationship.

A second issue is related to the first: revenue sources for local government. The core parties in the central Parliament so far have refused to countenance significant new sources. One complication: if more sources of revenue are agreed by some future Parliament, the politics of regional disparity suggest there will be demands for local control of new revenue sources, not central allocation with strings.

Changing democracy

Another issue likely to grow in importance is demands for better representation. That is, not just of identifiable groups as noted above but of the population at large. This is a national issue as well as a local one but the politics of regional disparity may give it more traction at local level, both within large urban council areas and – possibly more acutely – in smaller provincial and rural council areas.

There is a trend to supplement the liberal democratic practice of delegating to elected representatives (and their parties) full authority to act on behalf of those who elected them, subject only to endorsement or rejection at the next election.

This is recognised implicitly by the representatives themselves through increasing consultation on national legislation and local projects, either formally through committee processes or the likes of interactive websites. Parliament-originated referendums on constitutional, quasi-constitutional and electoral matters are now conventional.

There is a wide range of other mechanisms, including citizens' assemblies

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and juries, deliberative polling and consensus conferences. They are as applicable at local level as at national level.

Supplementation of representative democracy is also developing from the bottom up – lumpily, unevenly and sporadically. There have always been interest groups, pressure groups, ad hoc movements and mass petitions (and occasional riots) and some have recruited or persuaded the wider public to endorse them. But their aim has necessarily been to present a case to elected representatives and pressure or persuade them to act accordingly. In the case of the modern bottom-up movements, there is reason to think the organisers and adherents see them as supplementary to the role of elected representatives. If anything, this tendency will gather strength. And, if that happens, it could readily be applied to local issues.

That is in part because society is more diverse and more segmented (and more globally connected) than in the classic twentieth-century period of core-party dominance of legislatures. It is also in part because trust in elected representatives has been eroding for some decades and that erosion shows no sign, yet, of a reversal. That erosion of trust suggests there will either be more such bottom-up activity or recourse to populist parties/movements as noted above.

Devolution of services

Another potential localising tendency comes through the rise of not-for-profits in number, range and funds over the past decade or so and an emergent willingness in the current government to explore the possibility of devolving more provision of services, with greater contractual flexibility, to not-for-profits. In return, social services policy might benefit from not-for-profits' on-the-ground knowledge – and presence as part of their communities – and their potential to innovate and to tailor services more tightly to individual and local needs. Coupled with a growing government willingness to move to "client-directed services" (with safeguards), this might potentially have a localising influence, which in turn might result in more regional and local self-determination and consequently reduce perceived disparities.

The full version of Colin James' article can be found at http://www.colinjames.co.nz/2015/05/19/some-thoughts-on-the-political-implications-of-regional-demographic-shifts-and-imbalances/ ■