

Ten chairs: Income inequality in Aotearoa

Type of Activity: economic literacy, social justice, structural analysis tool

Length: The minimum time taken is half an hour, if you just want to show the data. To get the best out of the exercise, take it a bit slower and go for at least an hour.

Purpose/Objectives: This tool is designed to work with groups to unpack the following questions: What does rich and poor mean in Aotearoa? How do people become rich? How do people become poor? Who are the rich and who are the poor? What do we need to change? It can be usefully used to understand historical and current income distribution in NZ and to identify the different roles people play as a result; to recognise the key events and ideas that have led to this distribution; and to provide an opportunity to discuss some possible ideas for change.

Group: This exercise works best with at least ten people, one for each chair, but can be done with less if you are creative - I have used cushions and soft toys to represent people especially in the middle area where roles are less crucial. A street theatre version in the US is done with 100 people.

Facilitator knowledge and skills needed: The facilitator needs to be comfortable with statistics and how to make them relevant to people's everyday lives. Having some knowledge of historical changes in NZ is also helpful, particularly of the changes to neo-liberalism that took place in NZ in the 1980s and early 1990s, to have enough information to be able to lead discussion about "why". Some understanding of the impacts of colonisation.

Resources needed: Chairs with ten seating places. Chairs without arms work best as people have to move across several chairs. Having a sofa at the "top" end is quite good, or some cushions to make that end more comfortable.

Background handout on "Figures used for 10 chairs" - this explains where the data comes from so people know it's for real and some other facts and figures that can be used. These need to be kept up to date with current examples of pay rates.

The original 'share of income' data I have been using is quite old now - it comes from 1996, but inequality in NZ hasn't got any better so it is probably still ok. It would be great to get some recent figures though.

Instructions:

Preparation before the workshop: check for updates of key statistics used: minimum wage, highest wage earner, any new info on inequality in NZ.

Start: Line up five chairs. Ask for five volunteers to sit in the chairs.

Explain that they represent Maori in Aotearoa before 1750, and the chairs represent

the wealth they have.

Ask people "What is that wealth?" Land, fish, birds, culture, wairua etc. Some hapu may have more resources than others at any one time, but there is no concept of individual wealth.

Shift time to 1830. Add in two chairs, one at the top, one at the bottom, and two more people. These represent contact with Pakeha and new technology, increasing wealth - ships, sawmills, fur trade - many owned and developed by Maori. Some pakeha are resource rich and are starting to buy land, others aren't.

1840: Treaty of Waitangi is signed. What happens next?

Add in three more chairs at the top and three more people. Move Maori down to the bottom chairs - land is sold and confiscated, people die from sickness and war, forests are cut down, many new migrants arrive. Take people representing Maori off their chairs except for the last one and replace them with new settlers.

At this point we have one person in each chair - this represents the egalitarian ideal that NZ was supposed to be, but already we can see Maori are at the bottom and have lost much of their resources.

Explain that each chair represents 10% of the total market income earned in NZ over a year - all the money earned by wages, rent, investments, individual's business income - figures are as people estimate their income on the census. Does not include benefits/superannuation.

Each person represents 10% of the population over the age of 15.

Number people from 1 to 10, 10 is the highest income earner, 1 is the lowest.

If you don't have ten people, positions 6, 7, or 8 can be filled by giant teddies, cushions etc, but it is always preferable to use people. Explain the rule that you must be touching a chair at all time. This stops people walking away when things get too crowded -they need to be uncomfortable for this exercise.

*Move time forward to **1984**. What's happened?*

- Increase in oil prices led to Bill Birch's "Think Big" projects, which meant the Govt had to borrow huge amounts from overseas - paying back this debt took up a lot of tax income. Total loss \$7.4 Billion (Brian Gaynor, NZ Herald, 25/9/1999)*
- Britain started to look to Europe for products that NZ and other colonies had supplies - farmers had to be propped up with "Supplementary Minimum Price" guarantees*
- As a result, local unemployment rose, inflation rose, Govt imposed a wage freeze, followed by a shorter price freeze*
- NZ was heading into economic recession*

A new Labour Govt comes in with some tailor made solutions to provide wealth and prosperity for all.

"When the crisis hit in July 1984 it was Roger Douglas who, above all, had thought through the economic issues - so when the Cabinet needed to fall back on an economic philosophy, it was Douglas who had one." David Lange, NBR, 11 July 1986

Of course, Roger Douglas had the help of Treasury and their 1984 publication, Economic Management which followed much the same line, based on the work of Hayek and Milton Friedman of Chicago.

I've provided some ideas for the effect of each key component of the neo-liberal ideology - people will offer their own suggestions as well from their experiences.

1. *The first idea is the Rule of the Market.*

- people can freely choose what they buy and sell, such as wages, shoes, education, health services*
- prices will be set in the market according to demand and scarcity*
- "democratic" rule - one \$ = 1 vote: we make choices by choosing where to spend our money, e.g. for quality training or keeping our bodies healthy by buying good food and not smoking*

What is the effect of this on the distribution of wealth in Aotearoa now?

Get the person in Chair 10 to stretch themselves over 4 chairs - they are the richest 10% and have 40% of the income. Other people have to share chairs, but keep in their respective order. They are allowed to complain!!

You can include some group chanting - especially if using this as street theatre - "Rule of the market!!".

2. *The second idea is Cut Public Spending for Social Services*

- introduce user pays - fees for services. This helps people make rational choices as to where best to spend their money*
- cutback govt subsidies - e.g. increase rentals for state housing, hospital fees, tertiary fees*
- cut benefits - (1991) this will ensure people have an incentive to go out and find work*
- by cutting Govt spending we can cut tax rates for the highest income earners, so they can have more incentives to earn more*
- tax benefits - beneficiaries should pay their share.*

The person in chair 9 stretches over two chairs - they have 20% of the income.

3. *The third idea is Deregulation*

- cut the red tape - make it easier for overseas companies to buy NZ companies and land*
- make it easier to buy and sell shares - who needs lotto?*
- Let's get rid of the minimum wage - people need to be able to "price themselves into the labour market" (BRT) - this hasn't happened yet....*
- Why do we need all these expensive OSH rules? (Occupational Safety and Health)*

The person in chair 8 takes one and a half chairs - 15%.

4. The fourth idea is Privatisation

- *the Government doesn't need to own so much - the private sector can do it more efficiently*
- *sell BNZ, Rural bank, Postbank, Tranzrail, NZ Steel, forestry cutting rights, power generators, radio networks - ZB, Telecom, Air New Zealand, Tourist Hotel Corporation*
- *contract out the operation of prisons, local government services, social welfare benefit computer system etc etc. (resource list from Privatisation exercise).*
- *Sell off our assets, things we paid for as taxpayers. Profits go over seas, not back to us.*
- *some efficiency gains, but at what price?*

Person in chair 7 gets one chair - shares half with person 8 and half with person 6

5. the fifth idea is Eliminate the Concept of Public Good

- *We are all individuals - there is no such thing as society*
- *Let's not think about anyone else - we have to look after number one - Me.*
- *Just do it! (Nike);*

Person in chair 6 gets the remaining half a chair, shared with person 7.

The remaining five people should now be clustered around the last chair - make sure they are all touching it.. Two people can sit on the ground holding onto the legs - they are under the official poverty line.

Give people the figures for the income range in each of the positions (from handout) so they have a concrete idea of where income puts them. They can also think about their own real income and where they would be on this scale.

Ask people for the highest wages at the top end (see hand out for some examples)

Contrast with current minimum wage \$12.75 (March 2011).

People may ask about people who earn nothing, e.g. 15 to 18 yr olds at school, women looking after children. In this model they are in the bottom chair because to the market they are worth nothing.

Ask the group to think about who else may be in the bottom chair.

Ask people how they feel in their positions - what is life like for them?

Ask the audience where they would like to be on the chairs and where?

Where are Maori in this? Why?

Where would a refugee go on the chairs? A disabled person?

Ask people if they think this is a good distribution or not - why? Who benefits by it? Who doesn't?

You can finish at this point: make sure you finish by derolling: get everyone back into individual chairs and allow them to be themselves again - this is important or else the person at the top can get stuck in role!! It's also important for people who are on low incomes - this exercise can be

painful and it is important to emphasise that it doesn't have to be like this, and by understanding the current distribution we can start to think what we would like to change and why.

You can also continue looking at how inequality can be changed, and discussion often goes this way. Don't let people go for magical solutions! However, it can be hard to get a full discussion on alternatives in the chair layout. It is often better to stop and derole at this point and then move on to another exercise to look at what needs to change or what's a more positive vision of our society and economy.

Variations:

You can add a number of other things to this exercise.

Variation One. Combating the official story: Developing community indicators.

This is a useful extension when working with a particular community which you can weave in to the chairs exercise. The idea comes from *Claiming What is ours: An Economics Experience Workbook*, prepared by Wendy Luttrell for Highlander Research and Education Center, Tennessee

- What are the most important signs of wealth in this community? Farms, size of house, car, or what?
- How much of the population in our community have each of these?
- What are the most important signs of poverty? Unemployment, no land, housing, no electricity etc?
- How much of the population deals with these problems? e.g. social welfare, police.. community organisations?
- Ask people if they want to change it? Why? How? Strategies for change: benefits, wage increases, taxation. Limits on greed: moral; maximum pay ratios
- What is the goal? Change who is at the bottom or top or fairer distribution?

Variation 2. Effect of benefits.

Benefits allow for some distribution and it can help to show how benefits make at least a small improvement to the distribution: Top 10 gets 3.5 chairs; 9 gets 1.5 chairs, 8, 7, 6 - 1 chair each, 5 and 4 share 1 chair, 3,2,1 have 1 chair.

Variation 3. Other recent Kotare version have included dialogue based on the following questions:

- Who is most likely to be in the bottom chairs?
- Who is more likely to be in the top?
- How do you feel in these positions?
- What changes do you want to see?
 - Describe, sculpt, rearrange - could be such things as employment, community development, Tiriti justice, higher wages, progressive taxation, limit on earnings, UBI, valuing things other than income, corporate code of responsibility ...
- How do we get there?
 - Educate
 - media
 - campaign
 - actions
 - build power – unions, community, green party etc
 - CED alternatives
- Remove the pillars that keep inequality in place:
 - media

- change government
- role of business...

Variation 4. Other information to add:

- USA distribution: Top person has 7 chairs, remaining people all on 3 chairs (figures from United For a Fair Economy, www.ufe.org). Get the group to think about why the US would be like this.
- World distribution: This is always a good one to finish on but can detract from the NZ focus. Top person has 8 and a half chairs, everyone else has 1 and a half. Who's in the top chair, who's not? Why?

Some statistics: The richest 50million people have the same income as 2.7 billion poor.
 Top 1% have same wealth as bottom 57% . (Larry Elliott, "A cure worse than the disease", The Guardian 21/1/2002, www.guardian.co.uk)

Facilitation tips: Encourage people to play their role throughout - usually they get into it without the facilitator having to do anything to start them off. The facilitator has the role of conductor - direct people when to move, get people to chant back the key ideas of neo-liberal ideology as they are announced and act as the police force to keep people from getting out of chairs when they are not meant to!

I've provided a basic outline of key ideas that can be used in the exercise, but the aim is not to lecture - use these as short prompts to keep people focussed. They can also help you with the questions people might ask. Let most of the content come from what people know.

Acknowledgements: Developed by Karen Davis at Kotare Research and Education for Social Change from the original version created by United for a Fair Economy in Boston in *The Activist's Cookbook*.

This exercise was originally a street theatre piece from United For a Fair Economy in Boston. See this link for how they use it as a workshop:
http://www.faireconomy.org/files/GD_10_Chairs_and_Charts.pdf

UFE has a large resource section on teaching about inequality in the US at:
http://www.faireconomy.org/issues/growing_divide

The original 100 musical chairs is from ***The Activist Cookbook: Creative Actions for a Fair Economy***. 1997, ISBN 0-9659249-0-4 available from the Kotare library or
http://www.dollarsandsense.org/bookstore_ufe.html#bookstorelink

A good example of workshop use is in a *Rethinking Schools* article vol. 12, no 3 1998
www.rethinkingschools.org/Archives/12_03/wealth.htm.

The NZ figures for this exercise are hard to find and the most recent set is from the 1996 census. If you are going to use this exercise regularly, it is good to keep a file of income statistics of various kinds, so that you have some idea of the highest wages, who's wages increase the most, and how we value different jobs - contact Kotare as I usually have a file on this.

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Further Reading:

Since we developed this exercise, UK researchers have published *The Spirit Level*, which shows the impact of inequality. See their website at: <http://www.equalitytrust.org.uk/>

Joint Methodist Presbyterian Public Questions Committee and The New Zealand Council of Christian Social Services, 1998, *Myths About Poverty in New Zealand*

A study kit refuting eight common myths about poverty with concise statements and clear statistics. Available on: www.socialissues.godzone.net.nz/mythsaboutpoverty

See also the more recent information sheet on welfare reform by the Methodist Mission (2011): <http://www.mmsi.org.nz/images/stories/pdfs/welfare4pager72.pdf>

Tim Hazledine, 1998, *Taking New Zealand Seriously*, Harper Collins, Auckland

A readable critique of neo-liberal economics, as well as a strong advocate for more equitable distribution of income.

Jane Kelsey, 1995, *The New Zealand Experiment*, Auckland University Press/Bridget Williams books, Auckland.

Has the whole story of how the change happened.

Peter Crampton, Clare Salmond, Russell Kirkpatrick with Robyn Scarborough, Chris Skelly, 2000, *Degrees of Deprivation in New Zealand: an atlas of socioeconomic difference*, David Bateman, Auckland

Maps of rich and poor locales in NZ using 1996 census data. Shows clearly the concentration of poverty in urban areas and some rural areas. This has been updated in 2004, with 2001 data, but the distribution has not changed a great deal.

Ten chairs: Data Used

INCOME FROM THE MARKET

Shares of Personal Market Income Received by Each Personal
Market Income Decile, 1982-1996

Market income decile	1982	1986	1991	1996
	<i>Percent</i>			
1	0	0	0	0
2	0	0	0	0
3	1	1	0	1
4	2	3	1	2
5	5	6	4	4
6	9	10	8	8
7	13	12	12	11
8	16	16	16	15
9	20	20	21	20
10	34	33	38	39

Source: Statistics New Zealand, Household Economic Surveys

How to distribute people across the chairs:

Market Income Decile
(1 is lowest, 10 is highest)

Market Income Decile	person	share of income
	chair	
1	0	first five people share one chair
2	0	first five people share one chair
3	1	first five people share one chair
4	2	first five people share one chair
5	4	first five people share one chair
6	8	half a chair (artistic licence)
7	11	1 chair
8	15	1 and a half chairs
9	20	2 chairs
10	39	4 chairs

Each chair is 10% of the total income earned in NZ in 1996. There was around \$74Billion total market income in 1996, so about \$7.4 billion per chair. Each person is 10% of the working age population, 15 and over.

Figures from 2003 - update to current amounts when used. This gives you an idea of stats to use.

- Minimum wage: \$9.50 an hour, \$7.60 an hour for 16-17 year olds.
- Top wage: Theresa Gattung, CEO of Telecom: \$2.8million. This is \$53,846 a week; \$1,346 an hour. What do people in the group get per hour?
- Median wage (50% of people get above this, 50% below): Males: \$24,900 Females: \$14,500
- 3 out of 4 part time workers are women.