

Impacts of poverty

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Impacts of poverty

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“If the misery of the poor be caused not by the laws of nature but by our institutions, great is our sin.” Charles Darwin, 1836

Abstract

In Aotearoa New Zealand there is a strong link between poverty and certain impacts such as physical health problems, psychological wellbeing, housing, education, food insecurity and social status. These impacts are closely connected, one to the other. For example, the high cost of housing can result in less money for food. It may also result in people living in unhealthy accommodation such as garages and overcrowded houses. The impacts of policies to deal with the Covid-19 pandemic are a new phenomenon that is causing deep concern for those on low incomes.

Introduction

This paper is about the impacts on people experiencing poverty, with particular reference to Aotearoa New Zealand. It has been shown that poverty in this country is due to a number of factors, including:

- An inadequate level of income for many beneficiaries and people on low wages to meet their normal living requirements (Welfare Expert Advisory Group, 2019).
- The high cost of rents that sometimes reach 50% of household income (Ministry of Social Development, 2016).
- The resulting lack of discretionary income for emergencies such as

medical and dental treatment, family obligations such as tangi (Māori funeral) and the birth of babies (advocates of Auckland Action Against Poverty, personal communication with the author, 2019).

Stats NZ (2020a) provides data on child poverty, reporting on levels of child poverty as part of government monitoring under the Child Poverty Reduction Act (2018). Two important data sets are made public:

HOUSEHOLD INCOME: CHILDREN LIVING IN HOUSEHOLDS WITH LESS THAN 50% OF MEDIAN INCOME.

2018	253,800
2019	235,400
Decrease	18,400

MATERIAL HARDSHIP:* PERCENTAGE OF CHILDREN LIVING IN HOUSEHOLDS THAT EXPERIENCE MATERIAL HARDSHIP.

2018	147,600 (13.3%)
2019	151,700 (13.4%)
Increase	4,100 (0.1%)

* Material hardship is defined as not being able to pay power bills or eat fresh fruit/vegetables, putting off visiting a doctor.

The 2021 Budget has provided for increases in core benefits, and this, Treasury claims, will result in a reduction of 33,000 children living in poverty (New Zealand Government, 2021).

Two points of explanation are required. First, this paper is concerned with relative poverty, rather than absolute poverty experienced in low-income countries. Absolute poverty relates to households where the income is below a given level, making it impossible to provide adequate food, shelter, clean water and sanitation. Relative poverty might be defined where household incomes are 50 or 60% below the country's median and where families experience chronic hardships.

The second point relates to whether poverty causes the negative impacts or whether there is a correlation between the two. Correlation represents a relationship between social situations. For example, if poverty levels rise it is suggested there will a similar rise over time of negative impacts on, for example, housing, health and education. In considering such correlations, other factors must also be considered, such as access to affordable housing and supportive welfare services, as well as any extended family support.

Babones (2008) asserts, after detailed statistical analysis, that:

It can be concluded that there is a strong, consistent, statistically significant, non-artifactual correlation between national income inequality

and population health, but though there is some evidence that this relationship is causal, the relative stability of income inequality over time in most countries makes causality difficult to test. (p. 1)

Many studies cited in this paper show that poverty is an important factor in serious health issues facing many people. Poverty is also linked to the growing gap between rich and poor. Wilkinson and Pickett (2010), in *The Spirit Level*, show a number of negative impacts arising from inequality in rich countries including Aotearoa New Zealand. These impacts include:

- Life expectancy is longer in more equal countries (p. 6)
- Child wellbeing is better in more equal countries (p. 23)
- Health and social problems are worse in more unequal countries (p. 19)
- The prevalence of mental illness is higher in more unequal countries (p. 19)

Impacts on health

The health of New Zealanders has been steadily improving: for example, average life expectancy has risen over the years to 82.5 years in 2021 (Stats NZ, 2021). However, Skegg points out that compared to the health of many countries, New Zealand has slipped backwards. He compares the health of New Zealanders with that of Singaporeans, stating: “According to World Health Organization figures for 2012, a New Zealand girl is twice as likely to die before the age of fifteen as a girl in Singapore, while a New Zealand boy is three times more likely than his Singaporean counterpart to die before that age” (2019, p. 26).

Some serious problems are present for key minority populations such as Māori and Pacific Island people. Skegg goes on to say, “In New Zealand ... there has been a widening gulf between the living conditions of rich and poor people. Unless that inequity can be dealt with, our overall level of health will continue to suffer” (2019, p. 28). This gulf is shown in the 2013 census of median incomes:

Year	National	Māori	%age	Pacific	%age
2006	24,400	20,900	85.7	20,500	84.0
2013	28,500	22,500	78.9	19,700	69.1

Source: Stats NZ, 2014, p. 24

Compared to the national median income, in seven years, Māori income has fallen 6.8% and Pacific Island income has fallen 14.9%. The gulf is even wider when Māori and Pacific Island incomes are compared to European, with an annual median income of \$30,900.

A New Zealand parliamentary report on child health (New Zealand

Parliament, 2014) notes the Dunedin Multidisciplinary Health Development study found “that children who grew up in socioeconomically deprived areas had poorer cardiovascular health, dental health, and were at a higher risk of alcohol and drug addictions in later life compared to those from least deprived socioeconomic areas” (p. 1).

The parliamentary report has three areas of concern:

1. Nutrition. Children aged from 2-14 years from deprived areas are less likely to have breakfast at home, and are more likely to eat fast foods and be obese than children from the least deprived areas.
2. There is a link between rheumatic fever and poverty, poor nutrition, overcrowding, inadequate housing and poor access to health services. It notes that the number of cases of rheumatic fever has risen since 1997.
3. Sudden unexpected death in infancy (SUDI) is a leading cause of death in babies aged from 28 days to one year. Babies from deprived areas are five times more likely to die from SUDI than babies in the least deprived areas.

A study by the Ministry of Social Development in the period 2012-2014 of life expectancies in years shows the impact of low incomes.

	<i>Female</i>	<i>Male</i>
Living in the most deprived areas	79.4	74.8
Living in the least deprived areas	85.5	82.3

This represents a difference of 7.5 years for men and 6.1 for women.

Ethnic life expectancies in the period 2012-2014 also show similar differences.

	<i>Female</i>	<i>Male</i>
Māori	77.1	73.0
Pacific Island	78.7	74.5
Non-Māori	83.9	80.3

Source: Ministry of Social Development, *The Social Report 2016. Te Pūrongo Oranga Tangata*.

The impact on health of people on low incomes was explained in a cultural sense by a general practitioner in South Auckland, Dr Matire Harwood, during a Radio New Zealand interview on October 19, 2019. She said, “When we refer a client to Middlemore Hospital, we think that Papakura is close to Middlemore Hospital, yet in their minds it is a huge distance, like having to travel to Australia. They have no car and have to organise child care, transport, spend hours at the emergency department and give up work and income” (RNZ, 2019).

Asher and St John (2016) also show the links between poverty and poor health in New Zealand, and note the high levels of bronchiolitis:

Childhood hospital admissions for bronchiolitis, which is a serious chest infection, is one of the commonest reasons for babies to be admitted. The rates of admission for bronchiolitis are higher than 'similar' countries, and are going up – the opposite of what you might expect in an affluent country. This disease is more likely where poverty and substandard housing are present. (p. 4)

Asher and St John note the danger of poverty to people's health. They state that "there is a triple jeopardy for poor health: poverty, unhealthy housing and inadequate basic health care." When combined, they argue, "poor mental or physical health is almost inevitable" (p. 3).

Chronic stress is an important factor in relation to poverty. Aber et al. (2012) look closely at the impact of stress caused by prolonged poverty:

Under repeated stressor exposure, which is more likely to occur in cash-strapped households and communities, the body "anticipates" the stressor by setting new set points in physiological systems (Sterling & Eyer, 1988). While preparing the body for the stressor in a number of ways (which is highly adaptive), these new set points also have long-term physiological costs (allostatic load; McEwen & Stellar, 1993) to physical and mental health outcomes. They do so through adverse changes to the cardiovascular system (with health implications), the immune system (with greater vulnerability to disease), and/or the neuroendocrine and cortical systems (with implications for learning and decision-making), in ways that are "toxic" (Blair & Raver, 2012; Shonkoff & Gardner, 2012). (p. 9)

Wilkinson and Pickett make the impact of prolonged stress on health clear, stating:

Sustained over long periods, stress is damaging to health. It interferes with many different physiological processes, including the immune and cardiovascular systems. When prolonged, its effects are similar to more rapid ageing: people become vulnerable to the effects of old age – including the risk of degenerative diseases and death – earlier than they otherwise would. (2018, p. 15)

New Zealand has a serious suicide problem. In a 2017 discussion document, the Chief Science Advisor to the Prime Minister explains that there were 238 youth suicides (12-24 years) between July 2014 and June 2016 and a Māori rate of 48 per 100,000, three times higher than the non-Māori rate of 17 per 100,000 (p. 2). The Chief Science Advisor explains that whilst there are many factors explaining the different prevalence of youth suicide, two key factors are:

- Living environments where low self-esteem within the peer group is common.
- Poverty, with inequality and social fragmentation. (p. 4)

It is useful to note these conclusions are similar to those of Durkheim in his study of suicide in France in the 19th century. Explaining Durkheim's position, Zeitlin (1968) states that, "Modern man kills himself primarily as a result of two conditions: the loss of cohesion in modern society and the absence of the appropriate moral norms by which to orientate himself" (p. 272). Durkheim (1968, quoted in Zeitlin, 1968) says, "economic crises have an aggravating effect on suicidal tendency" (p. 258).

While the position of Durkheim is a useful start in exploring the causes of suicide, Barbagli (2015) argues that Durkheim's classification of the causes of suicide is limited. In proposing that suicide was a result of the breakdown of society, he failed to consider other reasons such as culture and mental illness. Barbagli points out that "4.9% of schizophrenics commit suicide" (p. 10). He also suggests that one's culture affects one's emotions and how one deals with "sadness, anger, fear, shame, disgust and joy" (p. 8). For example, in a culture with a strong collective spirit, shame can so stress emotions that suicide may be considered.

Barnett and Bagshaw (2020) argue that the main culprit in damaging people's health (especially those experiencing poverty) has been governments' adopting a neoliberal agenda that includes "reducing expenditure on social service and infrastructure; and deregulation to enhance economic activity" (p. 76). This agenda, introduced by US President Ronald Reagan and UK Prime Minister Margaret Thatcher, also took sway in New Zealand in the 1980s. Neoliberalism mimics classical liberalism of the 19th century to the extent that both are based on a premise of "reliance on the market with minimum interference from the state, either by regulation or taxation. Government's role was to keep order, protect property and create a secure environment for the pursuit of commerce" (Barnett & Bagshaw, 2020, p. 76).

Barnett and Bagshaw go on to explain the impacts of neoliberalism on people's health. Three key factors are mentioned:

1. Creating social and economic inequities. Wilkinson and Pickett (2010) have shown the relationship between inequality and the rise of social and health problems in the population. Barnett and Bagshaw state: "Poor social conditions are not accidental, but result from neoliberal policies that affect not only mortality but also morbidities such as obesity, mental health and health risk behaviours" (p. 78).
2. Austerity policies have led to under-investment in health services. Barnett and Bagshaw point out: "Measures of [New Zealand] health expenditure for 2009-2018, adjusted for inflation and population change, based on Treasury models, indicated a cumulative decline" (p. 79).
3. Privatisation and corporatisation have resulted in unequal access to health services. As a result, private-sector services (e.g., private health insurance) became available only to those that could afford the high fees.

Barnett and Bagshaw are particularly concerned that the neoliberal agenda has pressed for personal responsibility for one's health. This has led to "stigmatisation of the most vulnerable, blaming individuals for their poverty, precarious employment and poor health" (2020, p. 81).

The 2021 report by the University of Otago, *The Economic and Social Costs of Type 2 Diabetes*, shows the growth of diabetes in Aotearoa New Zealand. Currently there are 228,000 people (4.7% of the population) with Type 2 diabetes. If no action is taken, these figures will rise by the year 2040 to 400,000 (7.4%). Costs of treatment will rise to \$3.5 billion per year (pp. 2-3). The report suggests the keys to prevention are diet and exercise. Without intervention, inequalities will rise, particularly for Māori and Pacific people. For example, the researchers estimate that 25% of all Pacific people will have the disease by 2040 (pp. 5-6). This is a disease that affects the poor, hence dealing with poverty is a key intervention for government.

Impacts on housing

It is argued that the shortage of housing for low-income households in Aotearoa New Zealand is a result of a failure to build new state houses and the sale of 1500 state houses by the previous National Government in their nine years of office (2008-2017). The present Labour-led Government is building around 1600 state houses each year. Journalist Kirsty Johnston refers to a statement by Housing Minister Megan Woods that says, "if National had built at the pace she was aiming for, there would be an additional 14,400 homes already – the entire waiting list gone" (Johnston, 2019, para. 26).

Poor-quality and unaffordable housing can be both a cause and consequence of poverty. For example, damp accommodation can result in ill health and high housing costs can result in poverty. Put in a more positive way, the Joseph Rowntree Foundation (2015) maintains that "access to decent, low-cost housing can increase disposable incomes, prevent material deprivation and improve work incentives" (p. 1). The recent *Household Income Report* (2019) published by the New Zealand Ministry of Social Development shows the impact of housing costs on poverty. The bottom income quintile (20%) had housing outgoings of more than 30% of income. Of this group, approximately 32% spent more than 40% of their income on housing costs and 25% spent more than 50% of their income on housing.

New Zealand's Child Poverty Action Group states quite clearly that:

Most New Zealand children in poverty live in unhealthy housing, partially because they are poor. Families with insufficient income for all essential needs may have to crowd in with other families to afford accommodation. State or private rental accommodation may be substandard (cold, damp, mouldy), and as a rule of thumb, the cheaper (or more affordable) the accommodation, the more likely this is. Families in poverty are unable to influence the landlord to improve it. (2015, para. 1)

That position is supported by recent information from the 2018 New Zealand census. Stats NZ (2020b) reveals that one in three Māori and Pacific people live in a damp house. It states that, "cold, damp and mouldy homes adversely impact whānau [family] health and wellbeing ... asthma, respiratory infections and rheumatic fever" (para. 6).

The Salvation Army press release on its report *The Housing Crisis Facing Pasifika People in Aotearoa* (2019) demonstrates the severe situation for Pacific people. Despite Pacific people making up only 8% of the total population, they made up 29% of those counted as homeless or living in severe housing deprivation.

The 2004 report (*The Health of People and Communities: A Way Forward*) to the Minister of Health by the Public Health Advisory Committee explains the importance of housing costs to the wellbeing of the population:

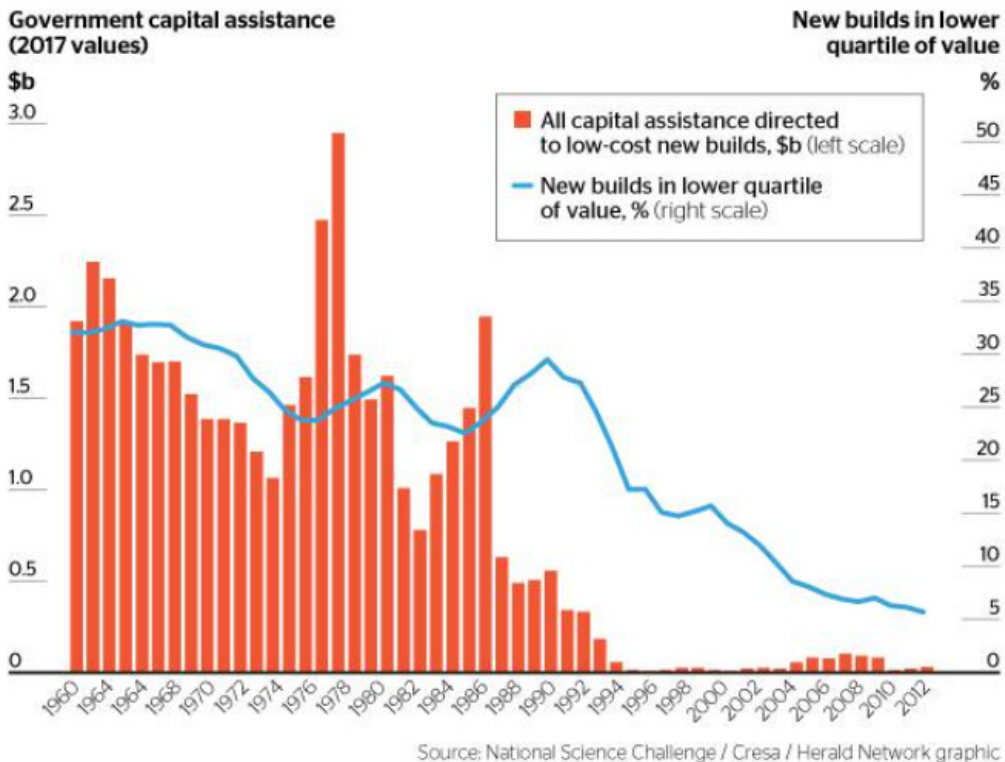
Housing costs are a key determinant of poverty, a factor that is strongly associated with poor health. Housing costs are people's budgeting priority so if the proportion of their income spent on housing is high, they have less to spend on other basic necessities of life. High rents affect the affordability of good food, fuel for the winter, and access to leisure pursuits. All of these have a flow-on effect on health. (p. 31)

Donna Biddle (2020), in the *Sunday News*, states the dangers of fire in overcrowded areas of South Auckland. She writes: "In her 14 months as a fire risk officer, Emma Goldsworthy has never seen a garage that's been used to store a car." Garages are being used to house others who would otherwise be homeless or suffer severe housing deprivation. Biddle states that between 2015 and 2019 there were 2366 house fires in South Auckland, mostly in Manurewa, a high-deprivation district. Goldsworthy goes on to explain what occurs. She says, "The more people living in a home, the more the risk of a fire. There's lots of people cooking, lots of people to get out of the house if there was a fire" (p. 15).

The New Zealand housing situation has become so severe that United Nations special rapporteur Leilani Farha reported in a press conference that the housing crisis is human-rights crisis. She was shocked at the number of people living without dignity in New Zealand and blamed successive governments for the "gutting of social housing and a speculative housing market" (RNZ, 2020, para. 4). She went on to say, "What the government has done over successive years and successive governments is they have entrusted this fundamental human right in large part to private property owners and real estate investors. That's pretty dangerous" (para. 5).

Support for Farha's position comes from the analysis conducted by housing researcher Kay Saville-Smith, who demonstrates that government capital assistance directed to low-cost builds fell dramatically in the 1990s. Her graph, below, shows the level of capital investment in low-cost housing build (Wilson, 2020).

Estimated Government capital assistance to low-cost new builds and proportion of all new builds delivered as affordable housing 1960-2012



Reporting on the work by Saville-Smith, journalist Simon Wilson, in the *New Zealand Herald*, states: "Instead of state investment that would give people a leg up into society, helping them to gain an asset and the security that goes with it, people were to be given 'choice'. Instead of programmes that grew the home construction sector and ensured it would build houses society needed, the 'market' would be allowed to rule" (2020, para. 4).

Food poverty and insecurity

The Ministry of Health (2019) explains that in 2015-2016 there were 917,000 children aged 0-14 years in New Zealand. One in five (19%) of those children lived in households experiencing moderate to severe food insecurity.

"Compared to children in food-secure households they fare worse in terms of health, development and access to health services. Their parents are more likely to report psychological distress and, more specifically, stress related to parenting" (p. iii).

The Ministry report goes on to explain the concept of food insecurity: "food insecurity occurs when adults or children do not have reliable access to adequate food, when caregivers feel stressed and anxious about providing food or are forced to rely on charity or emergency assistance programmes" (p. x).

It goes on to explain in more detail:

Based on data from 2014/15 and 2015/16 combined, compared to children in food-secure households, children in food-insecure households were significantly more likely to:

- experience barriers to accessing health care
- not meet fruit and vegetable consumption guidelines
- eat breakfast at home for fewer than five days per week
- eat fast food and drink fizzy drinks three or more times a week
- be obese or overweight, and less likely to be a healthy weight
- have a fair or poor parent-rated health status
- have a primary caregiver who rated their own health as fair or poor
- have medicated asthma or eczema
- have a caregiver indicating concerns with development on the Parents' Evaluation of Developmental Status questionnaire
- have a caregiver indicating social, emotional and behavioural concerns on the Strengths and Difficulties Questionnaire
- have a primary caregiver indicating stresses related to raising their child, not having someone to turn to for support or more general psychological distress
- have a primary caregiver who is a current smoker as well as live in a house where someone smoked inside (p. x)

Further indicators of food insecurity come from food banks and the number of hardship grants from the Ministry of Social Development. The Ministry of Social Development (March 2019 quarter) granted 212,871 food grants. This more than doubled the number provided in March 2014 (91,301). The Auckland City Mission (ACM), in a 2019 report on food insecurity, stated that in 2008-2009, 7.3% of the population was food insecure. Ten years later the ACM estimated that this had risen to 10% (500,000) (Lawrence, 2019).

The Office of the Minister of Social Development 2019 report to Cabinet dismisses the need for budgeting advice. It states: "Anecdotal frontline experience since 2010 was that few people who were required to undertake budgeting activities derived any value from them" (para. 8). Although not stated, the implication is that people in need of food grants do not need budgeting advice, rather they do not have enough income to meet basic needs of their families. This situation has been exacerbated by the impact of Covid-19. As the first 2020 lockdown went into its fourth week, there was a rapid increase in people asking for food parcels. A Salvation Army spokesperson (TV1, April 24, 2020) said that many of those seeking help were ashamed to ask for food assistance.

Poverty and education

An international study of inequality and education found that New Zealand is in the bottom third of 38 countries for each of the three indicators. The table below shows results for the key indicators.

<i>School</i>	<i>Position</i>	<i>Indicator</i>
Pre-school	30	% Students enrolled
Primary	28	Reading scores
Secondary	33	Reading scores
Bullying	38	% Reporting bullying on a weekly and monthly basis (Grade 4)

(Source: Unicef, 2018)

It is recognised that poverty affects educational achievements. A New Zealand Ministry of Education report says, "Poverty during the early years of childhood can be particularly detrimental, with negative educational effects persisting at least into middle years of schooling, even when family incomes improve" (n.d., para. 4). It also says, "Parental income has a direct impact on whether a family can afford fees, transport costs, and other significant costs that may be associated with education services" (para. 3).

Thrupp has taken a broader look at inequality in the education system. He looks at the school zoning system and quotes researchers Gordon and Pearce, who have shown, "many schools in Christchurch have been drawing up their zones in convoluted ways to 'bypass more deprived but closer areas in favour of further but wealthier suburbs'" (2007, p. 7). He also notes: "Teachers tend to move to higher socio-economic schools in the first few years of their teaching lives" (p. 12).

Poverty and status

Some of the key impacts are related to low status, stigma and poverty. Marmot (2004) explains that status is related to two fundamental human needs: to have control over your own life, and to be a full social participant. He shows that the higher the social status the better one's health, with the reverse being true. He states: "The way to stress an animal, of the human or non-human variety, is to remove control" (2004, p. 153). For example, people having to queue in order to apply for a hardship grant suffer both stress and shame (Auckland Action Against Poverty, personal communication with the author, March 2019). The level of stress is compounded amongst those with little or no social support.

In their acclaimed book *The Spirit Level*, Wilkinson and Pickett show that

income inequality leads to chronic stress and, from that, poor health. They explain: “when we go on worrying for weeks and months and stress becomes chronic, then our bodies are in a constant state of anticipation of some challenge or threat, and all those fight-or-flight responses become damaging” (2010, p. 85). This point is picked up by Anthony (2018):

[I]nequality creates greater social competition and division, which in turn foster increased social anxiety and higher stress, and thus greater incidence of mental illness, dissatisfaction and resentment. (2018, para. 9)

Wilkinson and Pickett point out the long-term physical dangers of chronic stress. “Children stressed in early life, or whose mothers were stressed during pregnancy, are more likely to suffer in middle and old age from a number of stress-related diseases – including heart disease, diabetes and stroke” (2010, p. 212).

Inequality can arise as a result of a number of social conditions, such as low income, disability and gender differences. Hence, inequality does not always include poverty, but poverty is always associated with aspects of inequality. This may be due to poor opportunity, prejudice and the lack of physical or human resources.

The United Nations Department of Economic and Social Affairs, in a 2020 report on equality, stresses the importance of reducing income inequality. It notes the 2030 Agenda for Sustainable Development with its motto of ‘Leave no one behind.’ The UN report states:

Highly unequal societies are less effective at reducing poverty than those with low levels of inequality Disparities in health and education make it challenging for people to break out of the cycle of poverty, leading to the transmission of disadvantage from one generation to the next. (p. 4)

A key proposal from the UN is that policymaking should incorporate an equality lens.

Haigh (2019) shows how the language of poverty stigmatises poor people:

One can also recognise other expressions that stigmatise people such as dole bludgers and beneficiaries, rather than people in receipt of a benefit. The former tends to define the character of the person in one word. The modern language of poverty is full of metaphors and inuendos such as ‘the work-shy’, ‘a culture of worklessness.’ (p. 72)

Galbraith (1977) provides this description of social stigma, an important aspect of poverty:

People are poverty-stricken when their income, even if adequate for survival, falls radically behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent. They are degraded for, in the literal sense, they live outside the grades or categories which the community regards as acceptable. (p. 245)

Psychological impacts

There is evidence of a link between poverty and negative psychological impacts. The American Psychology Association (2009) notes the following risks:

- Children living in poverty are at greater risk of behavioral and emotional problems.
- Some behavioral problems may include impulsiveness, difficulty getting along with peers, aggression, attention-deficit/hyperactivity disorder (ADHD) and conduct disorder.
- Some emotional problems may include feelings of anxiety, depression and low self-esteem.

Young (2019), in the *British Psychological Society Research Digest*, goes further, and indicates changes to the brain's prefrontal cortex in children growing up in poverty. She states:

The psychological effects on children of growing up poor do make for grim reading. A 2009 study published in the *Journal of Cognitive Neuroscience*, of 9- and 10-year-olds who differed only in their socioeconomic status, found striking differences in activity in the prefrontal cortex, which is critical for complex cognition. The PFC response of many of the poor children in response to various tests resembled that of some stroke victims. (para. 3)

This is supported by Dobrin in the journal *Psychology Today*:

But the mounting evidence is that the relationship between atrophied brains and stress is more than a correlation – it is causal. As a study at Boston Children's Hospital concludes, severe psychological and physical neglect produces measurable changes in children's brains. (2012, para. 6)

Chronic stress, which is experienced by many poor children, can be devastating since the hippocampus regulates emotional responses, is critical in the formation of memory and spatial awareness. (2012, para. 8)

McGarvey (2018), a man who lived his childhood and much of his adult life in poverty, has this to say:

Poverty is not only about a lack of employment, but about having no margin for error while living with constant stress and unpredictability. And for children growing up in this chaos, the experience can leave them emotionally disfigured, at odds with everything around them. (p. 96)

He goes on to conclude: "It all begins with a child living in social deprivation. When it comes to child abuse, poverty is the factory floor" (p. 97).

Impacts of Covid-19

There are stories and anecdotes about the stress on poor families as a result of unemployment caused by the Covid-19 pandemic, but little research.

Murray Edridge of Wellington City Mission says, "In a week where we would on average distribute 80 food bags, since lockdown the last 7 days has seen us distribute 329 food bags to people and families, with 80% being delivered by staff straight to people's doorsteps" (2020, para. 2).

Prior to the pandemic striking New Zealand, the unemployment rate was 4% of the workforce. By April 2020, 100,000 people were not working and were receiving a wage subsidy from the government, paid through their employer. The government's hope was that after 12 weeks businesses would be operating again and the subsidy would no longer be necessary. The wage subsidy amounts to \$585.80 per week for a full-time worker.

At the beginning of the 2020 lockdown, media reports were of people stockpiling food, hand sanitiser and toilet paper. People on benefits do not have spare cash to stockpile and were left facing empty supermarket shelves. Covid-19 has had a major impact on people who lost their jobs and households unable to pay their rent. Like other charities, the Salvation Army has seen an escalation in demand for food parcels. The Salvation Army delivered 5895 food parcels in two weeks of lockdown, a 346% rise from two weeks earlier (The Salvation Army New Zealand, 2020). The Auckland City Mission raised a new social issue: when lockdown ends, what to do with the homeless who have been provided with accommodation during the lockdown. The City Missioner suggests that many will want to stay in their new accommodation permanently (Farrelly, 2020).

RNZ journalist Rowan Quinn (2020, May 25) highlighted an alert to doctors and hospitals from the Wellington Public Health Service concerning an increase in the number of children with rheumatic fever, which is a disease that can seriously damage the heart. Rheumatic fever is largely unknown in other developed countries. Tests for strep throat are urgently needed.

Discussion

This paper has focused on the key impacts of poverty on the population: health, housing, food insecurity, education, status, psychological impacts and the effects of Covid-19 on vulnerable people during lockdown. Relative poverty has, over time, a detrimental effect on people experiencing it. Health and housing impacts are well documented by health professionals who are trained in seeking out relevant evidence of impacts. It is important to note the interconnections between impacts and causes of poverty. The impacts of poverty can eventually lead to causes. For example, poverty may affect health, which in turn exacerbates poverty due to a fall in income. Similarly, the special link between low income and high housing costs is particularly relevant. Housing costs must be met somehow, in order to provide stability for the family. But these costs result in shortages in other areas such as

food, participation in social life and meeting unexpected bills. Low income affects all other activities, whether expected or not, e.g., health costs, family emergencies and school activities such as camps, sport and cultural events.

These impacts may affect every poor person or family at particular stages and one impact may result in another. The links might be as follows:

Low-income → high housing costs → inadequate family income for basic essentials.

Low-income → unhealthy housing → health problems → costs associated with sickness.

Low-income → material hardship → chronic stress → health and family problems.

Poverty and unemployment are also linked. While the level of unemployment is presently low, at around 4.5% of the workforce, this figure hides Māori youth unemployment, along with levels of under-employment. Stats NZ (2020b) shows that Māori youth unemployment is 20% of the workforce. In addition, the underutilisation rate is 12.2% of the workforce. This figure represents people wanting work and those working fewer than 30 hours per week and wishing to increase their hours at work. Gaining employment may lead to improved levels of wellbeing. However, this is not guaranteed, especially where wages are so low that poverty ensues.

Poverty is exacerbated by the economic system of neoliberalism, which requires a particular mindset. Neoliberalism comes with a belief in the capitalist market above all other values. Renowned economist John Kenneth Galbraith (1992) explains this as follows: “you must have faith in God, you must have faith in the system; to some extent the two are identical” (p. 82). Such a belief sets off a number of automatic triggers such as small government and reduced regulation, as well as privatisation and commodification of labour, public property, public services and infrastructure. Reduced taxation for those on higher income levels is argued on the basis of the trickle-down theory, whereby resources will be used to create economic activity at a lower level. Galbraith dismissed the trickle-down theory in his saying, “if one feeds the horse enough oats, some will pass through to the road for the sparrows.”

These neoliberal beliefs result in what Galbraith explains is a culture of contentment for the well off. This is where Galbraith closes the gap between the economic system and religious belief. The contentment is based on three premises:

- The contented majority receives their just deserts and nothing should be done to impair this.
- Short-term action or inaction is preferred to long-term protective strategies. He refers to this preference for “short run serenity as opposed to longer run concern” (p. 145).
- The comfortable believe it is essential “to get the government off the backs of the people” (p. 18).

The end result is what he coined as private affluence and public squalor.

Picking up this same point, the celebrated French economist Thomas Piketty, in *Capital and Ideology* (2020), explores *the* ideology behind the neoliberal agenda. This book follows his classic, *Capital in the Twenty-first Century*, in which he argues that inequality is baked into capitalism, particularly the extreme form associated with neoliberalism. Low taxes on wealth and high income have resulted in inequality, the friend of poverty. This 'natural' state of affairs, he argues, is based on a prevailing belief, in the same way that slavery was considered normal in the 18th century. Apart from increased taxation on wealth (e.g., property, shares and high art) and high income, Piketty offers little new. But what he has done is shown how the world has reached this dismal social situation.

Conclusion

This paper has reviewed the impacts of poverty on the wellbeing of individuals and families. It has shown that the impacts include health, housing, food security, education and social status. Pre-Covid-19, the visible symbols of poverty in Auckland were the rough sleepers and people begging. While these are issues requiring political action, they hide a huge number of people experiencing poverty and the consequential impacts stated in this paper. Two key factors seem to be paramount in perpetual poverty: low incomes from benefits and wages, and the high costs of rents in Auckland. To some extent the first can be reduced by a major injection of cash into benefits to reach pre-1990s levels. In addition, greater effort by government to build even more state houses is required. To some extent, the 2021 Budget has seen a rise in core benefits in line with recommendations from the Welfare Expert Advisory Group. Government should build on these benefit increases in subsequent budgets. Without these and other shifts in policy, we can foresee ongoing poverty among a substantial number of individuals and families.

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