

Our pathway ahead

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I want to focus on the challenging climate in which we collectively need to make decisions – not just over the next few months, or even over the current electoral cycle, but perhaps over coming decades. Covid, in itself, has not substantively changed the range of issues, which include climate change, environmental degradation, demographic change, societal cohesion, intergenerational disadvantage, economic development and diversification, and living with rapidly evolving and often disruptive technology. But it has emphasised their interconnectedness and urgency.

Arguably, we are facing the biggest inflection point since our last major existential threat, the second World War. The question remains moot as to whether Covid will be a similar inflection point and if so what needs to be on the agenda, or whether we will waste the opportunity.

There is a danger that complex issues involving long-term change will be resolved by short-term thinking in the immediacy of the shortened policy cycle. The worst outcome will be if short term political advantage displaces the end for open and difficult but essential conversations about our futures. And New Zealand avoids rather than confronts hard discussion. Neither our politics nor our media support it well.

Indeed, this country invests little in long-term strategic analysis. There are some early signs of change with the Infrastructure and Climate Change Commissions and the new Public Service Act. But we need a genuine collective discussion on our future involving a broad range of stakeholders across generations, rather than a trivialised partisan discussion.

In this context we established Koi Tū: The Centre for Informed Futures. While based in the University of Auckland, it has members in the other Universities and has also engaged very distinguished international thinkers as affiliate members. It is futures-focused, evidence and systems-based, and uses transdisciplinary approaches. We focus only on the long-term and do not engage in partisan reactive commentary. Our primary role is to ask questions and prompt the conversation; it is for the community to engage in the answers. We are, of course, strongly evidence-

based and all our work involves extensive engagement with stakeholders. We rely on philanthropy and appropriate contracts – for example, we are currently producing a provocation on Auckland’s future at the request of Auckland Unlimited.

Given we were in lockdown within days of being launched, we focused much of last year on a series of papers under the rubric *The Future is Now*. The papers have covered many aspects of our future, from geostrategic to environmental, from economic to mental health.

We have also been considering aspects of governance, for example in our most recent report on risk assessment and management. This work has been picked up globally, and highlights the real challenge of perceptual biases and accountability avoidance that inhibits public sector risk management, and also has echoes in the private sector. These issues were manifest in the global resistance in recent years to warnings of an inevitable pandemic.

But turning to the virus: certainly vaccine development is a triumph of science, but how the pandemic has played out cannot be seen as a triumph of good policy making and cooperation globally.

I am President-Elect of the International Science Council, the global body encompassing national, social, data and health sciences. In that role I chair the Covid Scenarios Project which has been developed in partnership with UNDRR and WHO to understand the longer-term outcomes of the pandemic – perhaps over a 5-10 year horizon – and how policy decisions made now will impact on those outcomes.

It is useful to think about the evolution of the pandemic in terms of clocks.

The biological clock: how the arms race between vaccine and virus will play out. Covid spread so quickly because the world is globalised. It is unrealistic to imagine that we will not in time return to a fully connected world. But we have countries with high viral loads and exposure that are rich, others that are poor, countries like New Zealand with minimal viral loads that can afford vaccination and revaccination, and others with highly susceptible populations and challenged by the costs of vaccination and revaccination. We also have the reality that vaccine production is not unlimited. Indeed the longer it takes for the world to be vaccinated, the more likely new virulent variants will emerge. Indeed, that is already NZ’s challenge.

It could be 3-4 years from now until all global populations are vaccinated to a high level, and there are many challenges. Not everyone will get vaccinated, and already we are seeing immunised populations such as in the Seychelles becoming very vulnerable to new variants, with catastrophic consequences. Fortunately the mRNA vaccines are effective for the current range of variants. If

revaccination is needed and demanded by the global north, where will the vaccine supplies be for the global south? At some point in the future the virus will be brought under some sense of control, with the high morbidity and mortality reduced by vaccination and treatment advances. The most likely long-term outcome is the ongoing low-level presence of the virus with a need for recurrent vaccination, accepting that there will be a level of residual risk to those who do not get vaccinated.

There is a social clock. Globally many people have had their families shattered, jobs and businesses have been lost, and in some countries the challenge of long-Covid is real. Prior to Covid, youth were already showing high rates of mental morbidity – a matter I will return to – and the virus can only exacerbate matters. We still see the impact of the earthquake on mental health in Christchurch residents a decade on, and it will be no different globally with Covid. Covid has disrupted education in ways that will have echoes across their lives.

Then there is the economic clock. At the microeconomic level, the K-shaped nature of the economy is evident. There is a heightened reliance on welfare, which will need to be replaced by economic growth strategies; yet this is all in the context of growing use of technologies and a most uncertain world where the neoliberal economic model has been challenged. The long-term consequences of the debt mountain have yet to play out. But what is increasingly clear is that the debt burden for low-income countries that could not quantitatively ease will have devastating consequences if it is not relieved. But will geostrategic decisions influence what debt is forgiven or not, and at what price?

And there is a political clock. In nearly every democracy, issues of fairness and equity are being given greater emphasis. How these are addressed could either strengthen or undermine social cohesion. Democratic governments have enjoyed relative autocracy that the viral emergency has given them and there is growing concern in many countries that such power is addictive. Add to this the growing confusion of disinformation and geostrategic instability, and the next decade looks even more uncertain for democratic governance.

Geostrategic issues were apparent at the start of the pandemic and influenced how the WHO responded. They have re-emerged in the face of vaccine nationalism. Our multipolar world feels less certain than it was. There is no true commitment across power blocks to the obvious conclusion that it is in everyone's self-interest to work collectively on the big issues of the global commons. And of course climate change looms large in this context. Covid has demonstrated the sad state of multilateral institutions.

We are lucky to be an island with a giant moat and all the advantages it allowed for border control. The rapid and correct decision was made to shift from an uncertain strategy to one of elimination. But that decision inherently leads to a much harder decision: how do we exit from tightly shut

borders with a susceptible population? We cannot live in a Covid-free bubble forever, and at some point the combination of vaccine and acceptance of a low rate of infection is inevitable. Indeed reengaging with the world is much harder than isolating ourselves from it. A number of technologies such as rapid testing can help. But in the end, there will be very tough decisions over what level of vaccination is enough to allow some risk of viral entry and endemic spread. The costs and the logistics of a global elimination strategy are beyond credibility. We will never get 100% vaccine coverage, and in many countries such as France and Japan the likely rates of vaccine coverage will be much lower.

However we exit the current situation, there are pressures to return to a 'business as usual' mindset, but this is unrealistic. Instead this is an opportunity for significant reflection and for deep and inclusive conversation. Climate change, demographic change and technological development will have major impacts on our economy as the century evolves.

We are but a decade away from 2030, which is the year that the Sustainable Development Goals were meant to be achieved. But they are barely part of our conversation. We need much greater public discourse and commitment. We can expect greater multilateral and political focus on them as the decade proceeds, given disappointing progress to date. We are just 19 years from the bicentenary of the signing of Te Tiriti o Waitangi, and this should force deeper reflection on how far we have yet to go.

Well prior to the pandemic, Koi Tū was leading a global exploration of why social cohesion has been compromised in many liberal democracies. We were engaged in a detailed exploration of what factors undermine social cohesion. But first let me define it. Social cohesion has two dimensions that are interdependent and is much more complex than simply looking at it as a matter of extremes or at religious or ethnic diversity. There is a vertical dimension: the level of reciprocal trust between those who are governed and those who govern. We have done well for decades in this dimension and it served us well in Covid. Generally, there is declining trust and increasing skepticism about the quality of public governance. Social media and the misinformation pandemic further fuel social discord. While we are much better placed than other countries, having shown outstanding collective action and leadership in recent years, we should not be complacent.

But there is a critical horizontal dimension. Every society has people with diverse attitudes, worldviews and values, and to be cohesive there must be sufficient trust between these sectionalities for them to cooperate constructively for the collective good. This is much more vulnerable especially in times of rapid change. Just before the lockdown, we gathered in London some of the world's leading experts across a broad range of domains from religious studies to economics and identified many factors that could undermine social cohesion. But they are interdependent and have different priorities among different groups within our society. We need

not to look at average responses but rather at these differences and commonalities across groups if we are to manage a cohesive society through the challenges ahead.

The stark reality is that about 30% of young people in NZ do not have optimal mental wellbeing and this has doubled in less than a decade. Why? No society can function with a third of its population less than optimally well, yet this is where we are heading. This is not a matter for traditional mental health services and their narrow thinking. Instead, we need to think about this in the way we think about building a house in Christchurch: if the foundations are strong then it can withstand shake, but if the foundations are weak it will be easily damaged and the repair will never be perfect. So is it with youth mental health. The foundations are in emotional resilience and executive function skills that develop in the five years from conception, and this is the underbelly of our educational system. Children with weak executive function have learning and emotional problems in school, and by adolescence are even more vulnerable given the inevitable stresses of this life period. Over the last 30 years, our foundations of child development have regressed and yet the stresses of adolescence have increased. The digital milieu is part of it, though by no means all. And the digital divides in our society that were exposed by Covid cannot be ignored. Many children and university students were faced with limited or no ability to engage properly in online learning.

We need to explore how a digital society should operate. We have been extremely slow to address matters such as digital governance, ethics and oversight. We have focused largely on the productivity side, but we should not be passive as the digital age is impacting on our individual and societal wellbeing in multiple ways. The information age is now the misinformation age and this risks all our futures.

Regulation of rapidly changing technologies is difficult. The power of the huge platform companies now creates a new form of risk. Libel laws have become almost meaningless. Education needs to change radically for our young people. The digital age will require very fundamental rethinking about what education is and how it is provided at every age and stage, from early childhood to mature learning and reskilling. Artificial intelligence and what follows that will create yet more challenges. And yet, while these are clearly in our immediate future, we do not address them strategically.

Some of our highest traditional income earning businesses face long-term challenges. A global shift against the consumption of carbon-intensive goods and services will heavily impact both tourism and ruminant-based agriculture over the next 30 years. It is better that we make necessary changes now, rather than to have the changes effectively imposed on us through a sudden loss of markets in environmentally conscious trading blocs and partners.

Around the world, the call for a post-Covid reset must include discussion of the green economy, climate change and environmental degradation. While the primary sector is again the dominant component of our economy, it needs to evolve to be environmentally much more sensitive and conscious of future market trends. Land use choices need to be more deliberate. Increasingly technology will play a role, be it sensors, big data, robotics, changed food production goals or new breeding technologies such as gene editing. While a precautionary approach to genetic technologies made sense 20 years ago, the inability to even explore how these technologies might advance our primary sector while reducing our environmental footprint is handicapping and will eventually destroy our ability to compete. Will climate change undermine our ruminant-based export market in favour of plant-based foods? How will market preferences shift? Do we really believe that thirty years from now most milk consumed in our global markets will still come from cows or from much lower environmental footprints of the laboratory and fermentation? I suspect the latter scenario is closer than many think. Aquaculture and marine farming, including seaweeds for greenhouse gas sequestration, offer other opportunities.

Given the need to reduce the impact of extractive industries and a realistic appreciation of our geographical location, our most important economic asset will be knowledge and the weightless economy. Yet building this asset urgently requires new strategies and much more than the rather limited efforts made by successive governments.

Many of our businesses are already pushing the frontiers of new ideas and processes. The innovation sector is growing fast from a small base and scale-up is much harder. We have yet to reach the critical mass of labour and capital in these sectors to catalyse further entrepreneurship and the capacity to market globally and at scale. And our boards still are dominated by the narrow disciplines of law and finance, in marked contrast to those in countries that are much more innovative.

Multinational corporations account for the vast majority of private research and development globally and are core to innovation systems. Yet, we have the lowest density of these in the OECD. Other small advanced economies have done well by attracting MNC investments in order to leverage their domestic talents and resources. Most of our large companies are in reality branch offices; what could we do to shift that? We have failed to learn well from examples in Singapore, Israel, Finland and Denmark of the critical importance of strategic transnational innovation partnerships. These are the most dynamic of the small advanced economies, but our representation is largely from a distance.

Cities are the hubs of innovation and the shift towards cities is central to the modern economy. This requires a change in the way that we view and understand how countries compete in global markets. In order for New Zealand to retain and attract people and capital, Auckland must be able

to compete with the likes of Melbourne, Sydney and Singapore. The policy changes needed will in turn have spill-over benefits to other cities and regions.

Universities play a central role in the knowledge economy, both in the creation of new ideas and processes, and in creating the next-generation workforce for next-generation companies. World ranked universities act as magnets for talent and private industry. Our top-ranked University is only the seventh highest ranked university in Australasia. Current policy settings promote competition between our universities and government laboratories and rely on outdated incentives. Settings are needed that promote collaboration and coordination between our universities and science agencies in order to compete with the rest of the world.

Covid-19 has created an inflection point that provides an incentive to rethink our path ahead – how can we sustain and transform our economy in ways that allow our social and environmental futures to flourish? Any shift will take time and needs a coordinated strategy agreed across many sectors of government, business and society.

I have dealt superficially with several matters and there are others I have not discussed. We need to discuss the complex issues in ways that allow an appreciation of the trade-offs involved. But because the journey will be long, it is important that a national consensus is reached. New ways of exploring that consensus exist and Koi Tu is examining a number of these. Partisan politics is part of that, but discussion over the shape of New Zealand's future demands a more consensual and collective approach.