

Covid-19 and beyond: Contextualising our decision making

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Thank you;

I want to focus on the challenging climate in which we collectively need to make decisions, not just over the next few months but perhaps over the next decade.

This country invests little in long-term strategic analysis. We tend to approach problems more often in a very reactive way rather than strategically, and that can be to our long-term disadvantage. Perhaps there are some early signs of change with the infrastructure and climate change commissions and the new Public Service Act.

In this context we established Koi Tū: The Centre for Informed Futures as a non-partisan transdisciplinary think tank to focus on longer-term issues. Major transformations are happening simultaneously that we must confront – some are global, some are domestic. The rapid pace of technological change, climate change and environmental degradation, geostrategic shifts, demographic change, persistent and growing inequality, the emergence of the misinformation age, and growing polarisation and threats to social cohesion, are all factors to consider.

Domestically we continue to accumulate issues in a too hard basket – transgenerational disadvantage, incomplete resolution of our bicultural and multiethnic nature, issues over water and land use, and a persistent complacency over our place in the world, our low productivity and a somewhat narrow view of our economic future.

And then Covid comes along.

We are lucky to be an island with the advantages it allows for border control. In early April, a critical, fast and correct decision was made to shift from an uncertain strategy of flattening the curve to one of elimination. But that decision inherently now leads to a set of strategic conundra – how do we prepare for the long haul? And while the economic safety net is being used liberally, the full social and economic impact of the local and global consequences on many people is yet to be exposed.

The virus has again beaten our defenses as was almost certainly inevitable. Complacency at many levels is likely to have contributed. We are only now shutting the proverbial stable door for effective quarantine and border control – sadly a reprise. We are very lucky, given what did not happen at the border, that as far as we know from testing, we are now only dealing with one cluster and perhaps one other isolated leak. But this singularity and the extensive community screening conducted in the last week does suggest that generally staff at managed isolation, quarantine and at the border are using good infection control procedures.

We still understand relatively little about the virus and why its impact is so variable. We know little about the nature of immunity that can be gained either from the infection or from a vaccine. We are unsure about the role of aerosols in spreading it. For some populations and in some contexts the morbidity and mortality can be very significant – this creates the complex scientific, ethical and political dilemmas for moving away from a ‘fortress NZ’ strategy.

There are more than 150 vaccines in development, but we are a long way from knowing how safe, how effective and, how targeted they can be. Realistically there is at least 18 months of uncertainty and viral risk ahead. So what is our strategy going forward? There is much uncertainty ahead of us so adaptive approaches will be needed.

What are the costs – social, health and economic – of staying on this path, and what are the costs of alternatives? Do we need to revert to Auckland-level lockdowns with every individual incursion or can we learn and find enhanced policy actions and promote greater community compliance to reduce the need for level 3 constraint?

The spillover costs to lives, to business, to mental health, and to the economy of each management option will be weighed differently by different people – these decisions are not trivial and would be better made away from the heat of an electoral season.

Even with continued tight border closure, the only publicly and epidemiologically acceptable short-term option, we will likely see occasional resurgences. In each case the decision on how to

handle them will be hard and become harder. Our psychological resilience, our mental health and our businesses will not tolerate yo-yoing in and out of lockdown – indeed many will have been sensitised by the first lockdown and the stress effects of a second or third lockdown for them will likely be more severe and long-lasting. The cumulative impact on many businesses will be real. Any plan needs to consider what criteria are really needed to go beyond level 2 constraint and whether with proper preparation and actions in place, higher levels of constraint can be made less likely to be needed.

The more effective and efficient that testing, contact tracing and community surveillance are, the less likely severe constraints will be needed. Other economies such as Taiwan are showing that provided there is high community surveillance, rapid contact tracing, public compliance and determined mask use, clusters can be managed at lower levels of constraint. But we are not using all the tools that are available and it is not clear we have used optimally the four months since our viral awareness rose. Even experts outside the inner group are unclear as to progress on option evaluation – more transparency would be desirable.

More rapid testing technologies exist. Contact tracing by QR code requires active rather than passive compliance. This is in contrast to say the CovidCard as a passive recorder which could have enormous added value over time if well adopted. Compliance with the QR code will inevitably fall over time because of complacency – other countries are moving towards developing policies and infrastructure for passive tracing which will likely be essential if we are to have zero tolerance to community spread.

The issues of border management compound our challenge given that we ultimately rely on our connectivity to the rest of the world. What can we learn from alternate approaches in other countries that are doing relatively well in managing the virus? Pre-arrival testing and on arrival rapid testing, automatically monitored self-isolation, risk assessment and triage on arrival are all solutions being used in such countries. At what point will New Zealand have to think about such alternate or supplementary approaches? If Australia fails in its declared elimination strategy, which is now more than a remote possibility, what are the implications for us?

Covid, in itself, does not substantively change the range of issues we must consider over the longer-term. However, the inflection point it creates provides an opportunity we must not squander.

There are pressures to return to a pre-Covid 'business as usual' mindset, but this is unrealistic for many. Instead this is the opportunity for significant reflection and for deep and inclusive conversation. Our Centre has produced a number of reports to initiate such discussion under the rubric, *The Future is Now* – they are all at www.informedfutures.org and available on the conference site and I will refer to some during this talk.

In thinking ahead we need to think about externalities. Climate change and technological development will both 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. We can expect greater multilateral and political focus on them as the decade proceeds, given disappointing progress to date. We are just 20 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. 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.

The emergence of chronic stress, anger and mental vulnerability over the coming years should not be underestimated. New cohorts of people previously employed have been made extremely vulnerable. Mental health needs especially for young people, which were poorly met before the pandemic, have been greatly increased. Experts, NGOs and iwi are concerned that there will be a return to a highly controlling centralised model rather than what we have seen working well during the pandemic – effective community empowerment in a trusted devolved model.

The digital divides within our society cannot be ignored. Many children and university students were faced with limited or no ability to engage properly in online learning. Our research with Ngāti Whātua Ōrakei showed nearly 50% of rangatahi did not have access to adequate devices and connectivity. Many others are more isolated from using digital means effectively.

We need to explore how a digital society should operate. We have been 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 – the digital age is impacting on our individual and societal

wellbeing in multiple ways. The information age is now the misinformation age – this risks all our futures. Misinformation has been rife in the pandemic – conspiracy theories abound and these arise especially when trust is low. Some conspiracy theories have had geostrategic consequences, hyperbolic claims have been made based on nonsensical claims of novel treatments and we have had our local examples of fueled misinformation. Misinformation is not new, but it is supercharged by the internet and social media, such that it can undermine the concept of a factually informed democracy. We are heading to a much more vulgar democracy where the public is asked to make choices based on manipulated and targeted misinformation.

The genie is now out of the lamp and regulation seems 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 there are other issues which stay in the ‘too hard’ basket. Transgenerational disadvantage and addressing the incomplete journey to a bicultural and post-colonial society with multiethnic diversity must be at the top of the list. Poverty is not just about economic deprivation – it has material, educational, emotional, spiritual and identity dimensions too. And when this crosses generations the issues are compounded for both biological and developmental reasons. Between 1980 and now, the percentage of children born into economic poverty in New Zealand has more than doubled. We know the added risks such individuals face and the growing costs to society. We need to explore aggressively how to break these cycles of disadvantage. But we undertake little policy relevant research using the social sciences.

Around the world, the call for a post-Covid reset has generally focused on green economy, climate change and environmental degradation. There is no doubt that New Zealand will follow this path. While the primary sector is again the dominant component of our economy, given the collapse of external tourism and of export education, 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, changed food production goals or new breeding technologies such as gene editing in some form or another. Our primary sector must move from a commodity and hedonic market-focus to a market that seeks to enhance health. Precision nutrition will evolve and here in New Zealand this could have enormous opportunities. Will climate change undermine our ruminant-based export market in

favour of plant-based foods? How will market preferences shift? Aquaculture and marine farming offer other opportunities. Our current profile internationally is high for the right reasons. If we add our commitment to sustainability, social cohesion and the distinctive New Zealand bicultural story, we can create a unique brand strategy. But claiming a low environmental footprint is not enough, it needs to be demonstrated and accredited.

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 crimp our ability to compete.

Some of our highest traditional income earners 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. 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.

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 will require new strategies and much more than the rather limited efforts made by successive governments. The opportunities returning New Zealanders could bring must be exploited.

Many of our businesses are already pushing the frontiers of new ideas and processes; the innovation sector is growing fast but 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.

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.

We need to get beyond attitudinal impediments and work hard to take advantage of our reputational positioning to attract serious entrepreneurial activity to New Zealand while there is a window of opportunity. This requires investing in knowledge ecosystems. We must revisit prohibitions on foreign investment in property to allow entrepreneurs that locate new business and research efforts in New Zealand to put down roots here.

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, Singapore and London. The policy changes needed will in turn have spillover benefits to other cities and regions.

Regional development is clearly desirable for a range of reasons, but to compete in a technologically progressive world and to retain advantage in New Zealand, the need to have an innovation strategy that deliberately fosters knowledge intensive urban hubs requires urgent attention.

Silicon Valley would not exist without Stanford University. 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. Efforts must be made to have one or more globally high ranked university achieving at least the level of the leading Australian universities, which is where the comparison should be made. Our top ranked University of Auckland 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. Such a lack of strategic analysis is reflected in the reality that of all the sectors that have received support from the taxpayer in the immediate post-Covid period, the university sector has not and it has had to absorb large income losses. They will almost certainly be downsizing at the very time investment is essential to the nation's future and student demand is likely to grow.

It is accepted by every other advanced country that public sector investment in research and development is core to economic growth. Our public funding of research and development lags badly. Public expenditure on research and development remains at about 0.6% of GDP, while Singapore, Denmark, Switzerland and Korea all invest nearly double that amount of public funds in research and development. Private sector investment will not grow until there is substantive upstream public sector investment.

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 and society.

I have dealt superficially with a number of matters and there are others I have not discussed. We need to find ways to discuss the complex issues in ways that allow an appreciation of the tradeoffs involved. But because the journey will be long, it is important that a national consensus

is reached. Partisan politics is part of that but discussion over the shape of New Zealand's future demands a more consensual and collective approach.