

29 May 2020

Please see below for brief summaries and links to six selected articles that have been released by international thought leaders, and one paper by us.

Our paper this week is written by Rick Boven. It develops some implications of our thinking so far for New Zealand's strategy during and beyond the COVID-19 event.

Next week's release will bring together all our thinking on the crisis so far, its impact, and tools to help navigate these uncertain times.

You can find our previous briefing reports and research summaries, and a link to sign up to future updates, at <https://stakeholderstrategies.co.nz/covid-contact/>

As always, we welcome your feedback about what you find valuable by emailing Rick, Sarah, David, or James directly.

**Stakeholder Strategies: The implications of the COVID-19 crisis for New Zealand's strategy**

<http://stakeholderstrategies.co.nz/implications-for-nzs-future-strategy-2/>

*We propose priorities for New Zealand's social, environmental, and economic strategies for the next several years given likely scenarios and our aspiration to build a better "new normal" future*

- The forces unlocked by COVID-19 and New Zealand's relative success in managing the crisis offer an opportunity for transformational change on important issues like social equity, climate change and productivity
- To achieve success during and after the COVID-19 crisis, New Zealand needs social, environmental, and economic strategies which lead towards 'Vibrant Haven' or 'Green New World' futures
- A successful social strategy would support vulnerable people, build social cohesion, strengthen cultural wellbeing, and integrate the New Zealanders who are likely to return home due to New Zealand's relative success in containing the health and economic impacts of the virus
- New Zealand's environmental strategy should accelerate the clean energy transition, prioritise dematerialisation of consumption, and support community-driven ecological regeneration
- New Zealand's economic strategy should prioritise social and environmental wellbeing through; ensuring just transitions as less innovative firms fail and employees move into other work; shifting the focus from short term growth and efficiency to wellbeing and resilience; and ensuring young people, especially the younger Māori and Pasifika populations, remain engaged in education and other activities that prepare them for quality jobs in future industries.

**Boston Consulting Group: The Role of Trust in the COVID-19 Economic Recovery: Lessons from Asia**

<https://www.bcg.com/publications/2020/lessons-from-asia-economic-recovery-post-covid-19.aspx>

*BCG points to public trust as a key element for a successful transition out of lockdowns in response to COVID-19 and illustrates how trust has led to success in Asian countries.*

- Trust is essential for a swift economic recovery, as it gives employees and customers the confidence to return to businesses, and citizens the confidence in public institutions like public transport
- Four key drivers of trust are transparency, security/privacy, proximity/intimacy, and reliability/credibility
  - To improve transparency, governments should aim for real-time transparency about the spread of the virus and closely track the rebound, providing feedback to businesses and citizens so that they can plan for re-opening
  - To manage security and privacy when mass data collection is necessary to fight the virus, governments should dynamically adapt the balance between transparency and privacy, such as by increasing data collection for the purpose of contact-tracing short term, but returning ownership of data to citizens following the virus elimination
  - To improve proximity and intimacy, governments should nurture a sense of community, as rational individual action is harmful to the collective, and businesses should complement government actions
  - To develop reliability and credibility, governments should consistently communicate good and bad news, and not over-promise, and plan and stage the rebound.

#### **McKinsey & Co: How a post-pandemic stimulus can both create jobs and help the climate**

<https://www.mckinsey.com/business-functions/sustainability/our-insights/how-a-post-pandemic-stimulus-can-both-create-jobs-and-help-the-climate>

*McKinsey outlines how the global economic stimulus in response to the COVID-19 crisis could be used to help fight climate change*

- The COVID-19 recovery period could be make-or-break for tackling climate change. Emissions spiked following the GFC, but top economists believe a green recovery can create as much growth as measures that are detrimental to the environment
- A McKinsey study shows there is strong support for the prioritisation of climate change in the pandemic economic recovery, while it has been shown that spending on renewable technologies and energy efficiency creates nearly three times as many jobs as spending on fossil fuels dollar-for-dollar
- Policy makers should consider five elements when designing a green recovery: the socio-economic benefits, the climate benefits, the timeframe for economic stimulus to take effect, the timeframe in which carbon emissions are reduced, and the feasibility of implementation
- Twelve effective low-carbon stimulus measures are highlighted, including improvement of industrial energy efficiency, retrofitting houses for energy efficiency, reinforcing the electricity-distribution grids, and creating bus rapid transit and urban rail schemes.

#### **OECD: Reshaping Economic Strategy After COVID-19**

[http://www.oecd.org/naec/events/interconnectedness-of-global-economy/Reshaping\\_Economic\\_Strategy\\_After\\_COVID-19\\_\(May-2020\).pdf](http://www.oecd.org/naec/events/interconnectedness-of-global-economy/Reshaping_Economic_Strategy_After_COVID-19_(May-2020).pdf)

*Dani Rodrik, Professor of International Political Economy at Harvard's Kennedy School outlines the elements and limitations of possible economic stimulus in response to COVID-19*

- COVID-19 will reinforce economic trends away from globalisation and export-oriented industrialisation towards nationalism, a trend stemming from economic dualism and

inequality within nations. ‘Middle Income’ jobs are reducing in their overall job share, with both high and low-income jobs increasing in share and wage

- A successful strategy to remedy will increase the supply of ‘good’ jobs, intervene to redirect innovation in more labour-friendly directions, and follow a model of strategic collaboration, rather than a traditional arms-length principal-agent regulation model
- Policy should shift from the ‘welfare state’ model to the ‘productivist’ model
  - Policy can intervene at the pre-, during, or post-production phases, and target inequality at the top, middle, or bottom of the income distribution
  - The ‘welfare state’ model focuses spending on pre-production, i.e. education and training, and post-production, i.e. safety nets and tax credits mostly for those at the bottom end of the income distribution
  - Rodrik’s proposed ‘productivist’ or ‘good jobs’ model focuses on providing better jobs for middle-income earners through policies that consciously direct innovation in a more labour-friendly direction, improving industrial relations, and implementing sectoral wage boards.

**Tahu Kukutai, Helen Moewaka Barnes, Tim McCreanor, Tracey McIntosh: Recession hits Māori and Pasifika harder. They must be part of planning New Zealand’s COVID-19 recovery**

<https://theconversation.com/recession-hits-maori-and-pasifika-harder-they-must-be-part-of-planning-new-zeland-s-covid-19-recovery-137763>

*Four leading New Zealand academics argue the importance of better consultation with Maori and Pasifika in the next stages of pandemic recovery*

- Modelling shows Māori and Pasifika communities would be the most affected by a second, widespread outbreak of COVID-19, and Māori unemployment prior to the recession was nearly as high at 8.2% as the predicted national peak of 9.6%
- \$900m of the budget was set aside for Māori initiatives, including a \$200m Māori employment package, which will help alleviate short term unemployment
- Considering the disproportionate effects facing Māori and Pasifika, decisions should be made with and by Māori, using Māori knowledge as well as western science. Boosting development and resourcing of local solutions and community agency has shown benefits in the past, such as in the case of traditional woven bassinets to prevent Sudden Infant Death
- The pandemic has demonstrated the interconnectedness of individual, community, and environmental wellbeing. The holistic worldview of Te Ao Māori means Māori are well-placed for leadership in the development of a circular and inclusive economy