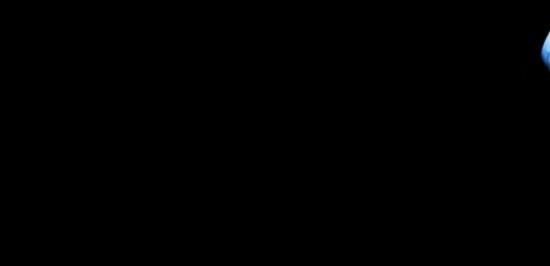
Regeneration trumps Recovery How the Covid pandemic will (hopefully) help us right systemic wrongs

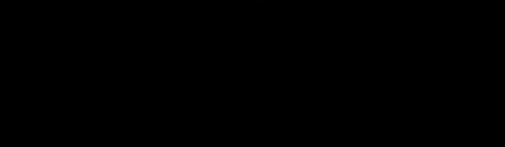
Rod.Oram@NZ2050.nz / +64 21 444 839 Blog - NZ2050.nz / Newsroom.co.nz Twitter @RodOramNZ

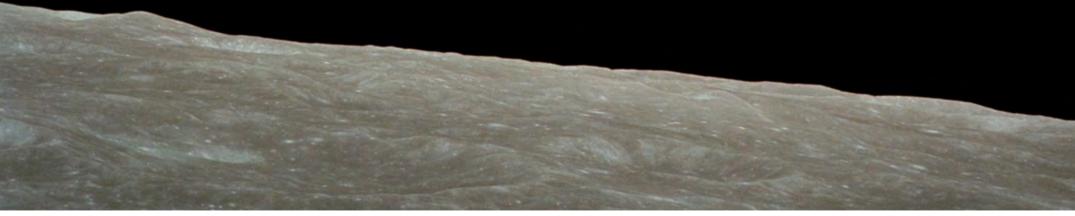
Rod Oram's presentation to the Green Party's Māpua Branch Māpua, August 11th, 2020

Home





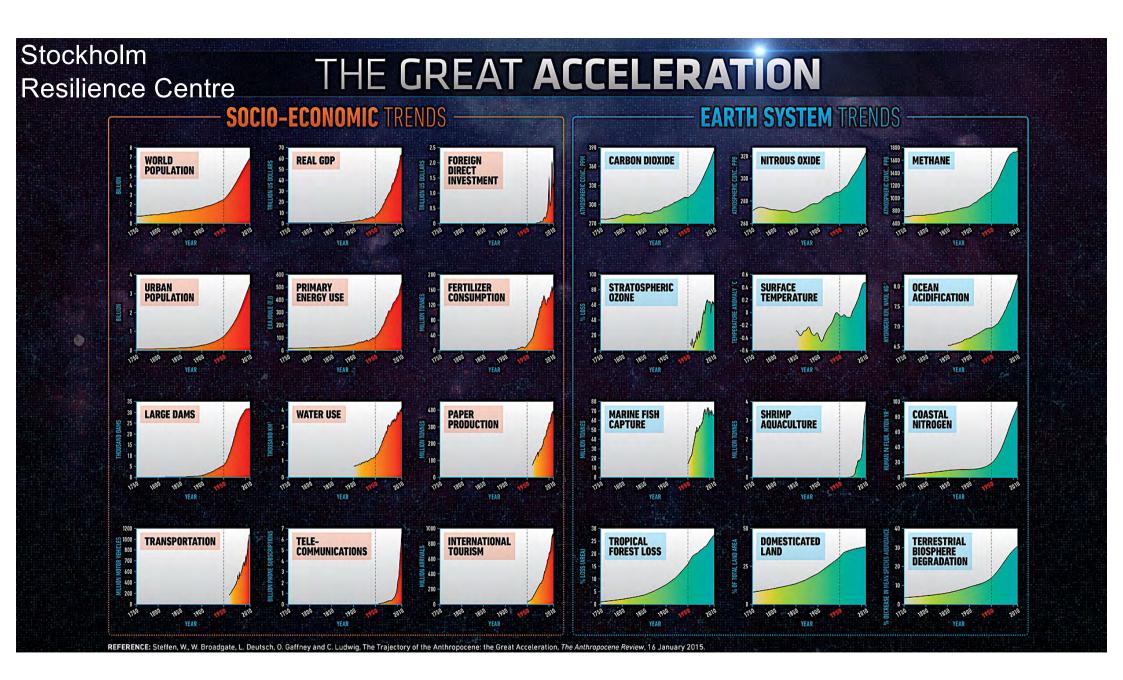


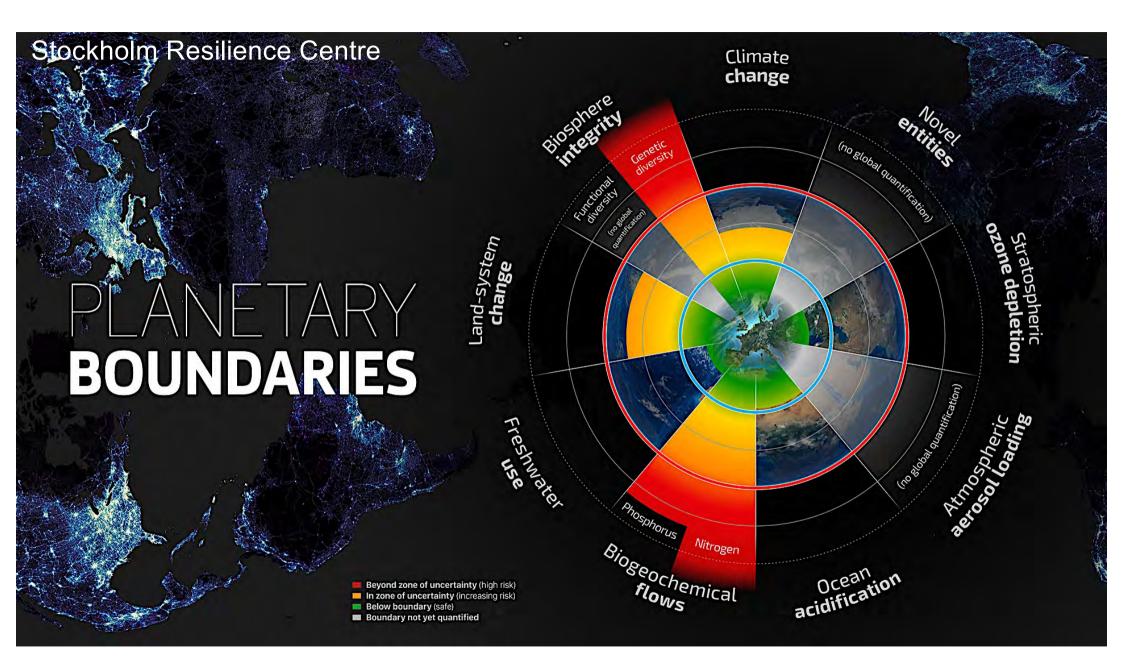


500km – depth of total atmosphere

10 km – depth of almost all air

37 bn tonnes – amount of CO_2 we pumped into the air last year





Little Celeste... big Franz Josef glacier - 1998/Big Celeste... little Franz Josef - 2019



Our greatest challenge... ...is our greatest opportunity

• Environment Aotearoa 2019



5. Our changing climate

8. New Zealand has

high greenhouse

Climate change intensifies the

gas emissions

per person.

9. Climate change

Aotearoa New Zealand.

is already affecting

Agenda

- Virus
- Economy
- Justice

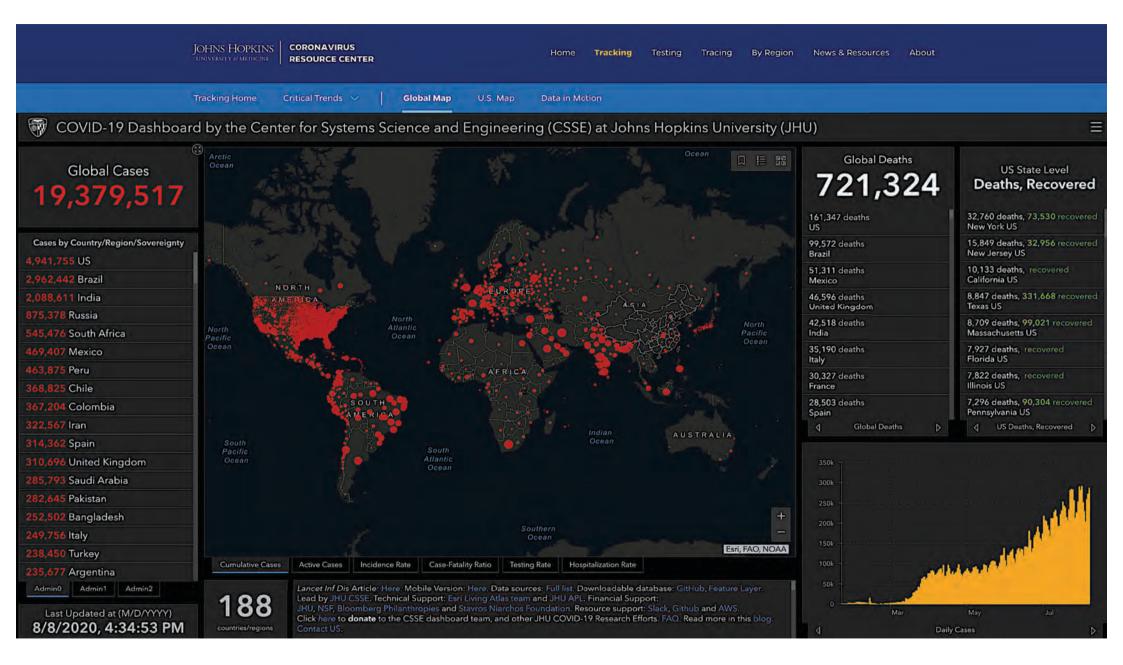
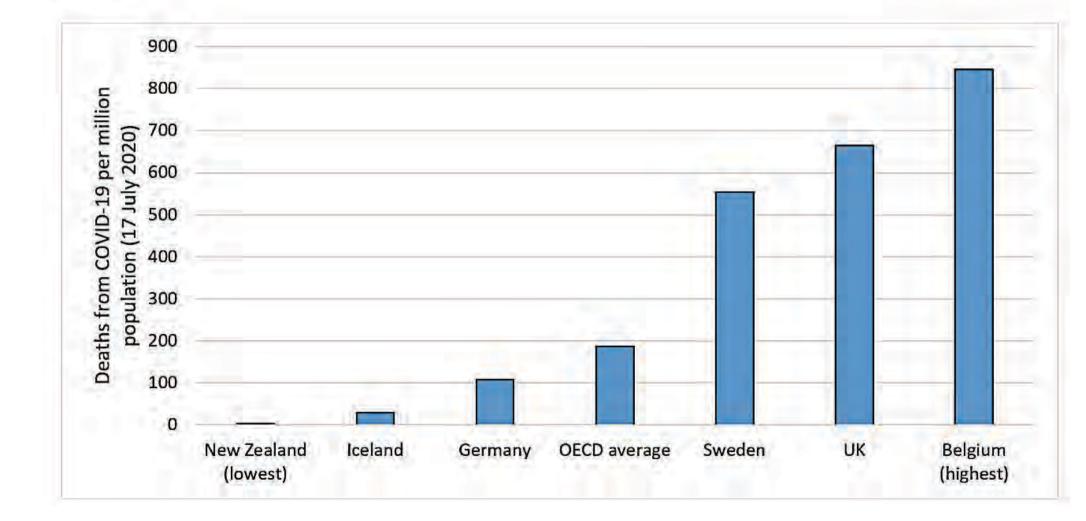


Figure 1: Death rate from COVID-19 (per million population) in selected OECD countries.



So far, so good (as of July 21st data)

• Elimination, 28+ days with no community transmission cases

• NZ the only country (102 days so far); Iceland a close second

- Deaths
 - 22 : NZ deaths actual
 - 990 : NZ deaths if at same rate as OECD average
 - 4,200 : NZ deaths if at same rate as Belgium (worst OECD)

Deaths per 1m population

- 4 : NZ
- 428 : US / 666 : UK / 845 : Belgium

Reported cases per 1m population:

• 310 : NZ cases – actual (3rd lowest in OECD)

Testing per 1m

• 87,700: NZ tests – 10th in OECD; #1 Luxembourg 520,048



NZ's "Team of 5 million" has achieved the lowest COVID-19 death rate in the OECD – but there are still gaps in our pandemic response

Posted on July 22, 2020 by tedla55p

Like 221 people like this. Be the first of your friends

Prof Nick Wilson, Dr Tim Chambers, Dr Amanda Kvalsvig, Dr Anja Mizdrak, Dr Nhung Nghiem, Dr Jennifer Summers, Prof Michael Baker

NZ has now achieved the lowest death rate from the COVID-19 pandemic out of 37 OECD countries and appears to be the only one to succeed with elimination at a national level. But despite the success of the "team of 5 million" – there are still a number of gaps in our defences. In particular, there is a need to upgrade: (i) border controls; (ii) the Alert Level system; (iii) the use of digital technologies to support contact tracing; (iv) testing & surveillance for early outbreak detection; (v) the kinds of policies, institutions and laws needed to sustain our world-class response.

https://blogs.otago.ac.nz/pubhealthexpert/ 2020/07/22/nzs-team-of-5-million-hasachieved-the-lowest-covid-19-death-ratein-the-oecd-but-there-are-still-gaps-in-ourpandemic-response/

Lots still to do

• Further strengthen border controls and quarantine

- E.g. Confine to room until 1st negative test
- Upgrade Alert Level system
 - E.g. mask-wearing mandatory at Level 2
- Upgrade digital technologies to support contact tracing
 - E.g. improve app; test bluetooth card
- Continue to optimise methods for Covid-19 surveillance
 - E.g. testing for virus at sewage treatment plants
- Review our response, plan for the next year
 - E.g. Official Inquiry; make policy more transparent to public
- PLUS: Big push from business and others:
 - Significantly increase quarantine capacity; use private sector...then allow many more entries by those willing to pay, e.g. in business and education



Factors in success...include

- Relatively early border restrictions
- Most stringent border restrictions among high income countries
- Frequency and quality of PM and DG of Health's communications
- Political leadership's use of scientific modelling and advice
- Rapid, decisive and cohesive gov't actions on lockdown
 - ...may have contributed to increased social cohesion and trust in politicians
 - Public's high adherence to movement restrictions



Women leaders do it better

- Female political leaders outperform their male counterparts
- "Our findings show that Covid-outcomes are systematically better in countries led by women...
- "....to some extent, this may be explained by proactive and co-ordinated policy responses adopted by them.
- "We use insights from behavioural studies and leadership studies to speculate on the sources of there differences, as well as their implications."

<u>https://cepr.org/file/9111/download?token=bZKSlyvA</u>



Agenda

- Virus
- Economy
- Justice

Covid's economic impact so far

- Thus far in modern human history, we have designed and run economies as perpetual motion machines
 - ...even modest slowdowns are destabilising and destructive
- In the second quarter, NZ economic activity likely fell by some 15%
 - During the Great Depression, our economy fell 17%...
 - ... but that was over two and a half years, not three months
- UK economy contracted by 19% in three months to May
- Eurozone 2nd quarter minus 12% from the first quarter
- US minus 9.5% in 2nd quarter = 33% at an annual rate

The global economic impact so far

A deeper recession

3.3

Jan. 2020

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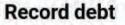
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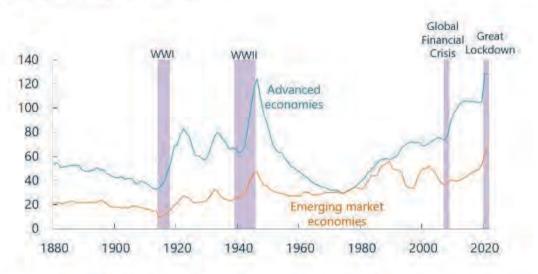
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The Great Lockdown has triggered the worst recession since the Great Depression.

(global real GDP growth, 2020, year-on-year percent change)



Global public debt is expected to exceed the post-World War II peak. (global public debt, percent of GDP)



Sources: Historical Public Debt Database; IMF, World Economic Outlook; Maddison Database Project; and IMF staff calculations.

Source: IMF, World Economic Outlook.

INTERNATIONAL MONETARY FUND

-3.0

Apr. 2020

-4.9

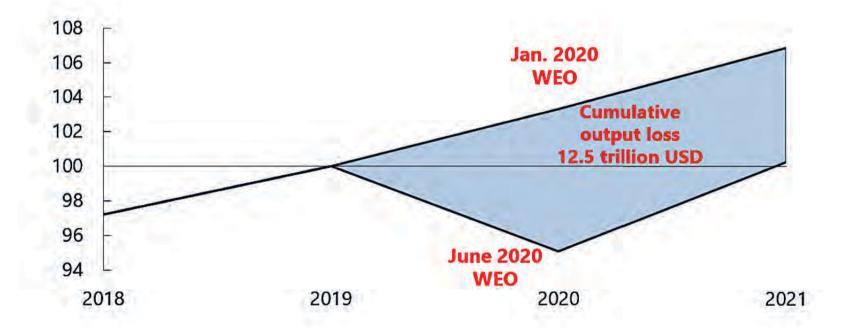
June 2020

INTERNATIONAL MONETARY FUND

Output losses

The cumulative output loss to the global economy across 2020 and 2021 from the pandemic crisis will be over \$12 trillion.

(global real GDP level, index)



Sources: IMF, World Economic Outlook; and IMF staff calculations.

Covid creates new opportunities

- "Covid-19 has already triggered major shifts in individual behaviours, social practices, beliefs, the role of the government in the economy, and relationships between nations and international institutions.
- "These shifts have occurred on remarkably rapid timescales"
- Smith School of Enterprise and the Environment at Oxford University
- <u>https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper</u> <u>20-02.pdf</u>



Will COVID-19 fiscal recovery packages accelerate or retard progress on climate change?

Cameron Hepburn, Brian O'Callaghan, Nicholas Stern, Joseph Stiglitz and Dimitri Zenghelis

Forthcoming in the Oxford Review of Economic Policy 36(S1)

4 May 2020

Oxford Smith School of Enterprise and the Environment | Working Paper No. 20-02 ISSN 2732-4214 (Online)



The Great Reset - World Economic Forum

WORLD ECONOMIC FORUM

Overview Articles Latest updates About

THE GREAT > RESET

There is an urgent need for global stakeholders to cooperate in simultaneously managing the direct consequences of the COVID-19 crisis. To improve the state of the world, the **World Economic Forum** is starting The Great Reset initiative.

• https://www.weforum.org/great-reset

FINANCIAL TIMES

Wolf on reforming rigged capitalism

<u>https://www.ft.com/content/4cf2d6ee-14f5-11ea-8d73-6303645ac406?emailId=5de978e38f4128000401</u>2b67

US COMPANIES TECH MARKETS GRAPHICS OPINION WORK & CAREERS LIFE & ARTS HOW TO SPEND IT

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Greed Is Dead — the problematic rise of the individual

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Global business chiefs roll ou sustainable development roa Premium

Opinion Capitalism

How to reform today's rigged capitalism

We must address weakened competition, feeble productivity growth, high inequality and degraded democracy

MARTIN WOLF (+ A

+ Add to myFT



401

Martin Wolf DECEMBER 4 2019

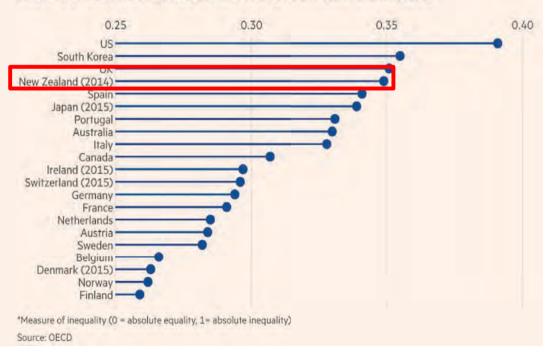
Wolf on reforming rigged capitalism

"It is clear then that . . . those states in which the middle element is large, and stronger if possible than the other two [wealthy and poor] together, or at any rate stronger than either of them alone, have every chance of having a well-run constitution." Thus did Aristotle summarise his analysis of the Greek city states. The stability of what we would now call "constitutional democracy" depended on the size of its middle class. It is no accident that the US and UK, long-stable democracies today succumbing to demagogy, are the most unequal of the western high-income countries. Aristotle, we are learning, was right. (See charts.)

My September analysis of "rigged capitalism" concluded that "we need a dynamic capitalist economy that gives everybody a justified belief that they can share in the benefits. What we increasingly seem to have instead is an unstable rentier capitalism, weakened competition, feeble productivity growth, high inequality and, not coincidentally, an increasingly degraded democracy." So what is to be done?

The US and UK are league leaders in inequality

Inequality of household disposable incomes after taxes and cash transfers (2016)*





AMERICANS SAY JUST COMPANIES SHOULD FOCUS ON ISSUES RELATING TO:

Communities



Environment

Shareholders

Tackling inequality and climate

• <u>https://www.ft.com/video/c28e5efb-a8f4-45ed-b26b-18e87a38c94c</u>

≡ Q

0:02 / 18:57

FINANCIAL TIMES

HOME WORLD US COMPANIES TECH MARKETS GRAPHICS OPINION WORK & CAREERS LIFE & ARTS HOW TO SPEND IT



Video description Transcript

Analysis Coronavirus pandemic

Christiana Figueres on tackling Covid-19, the climate crisis and inequality

mv-

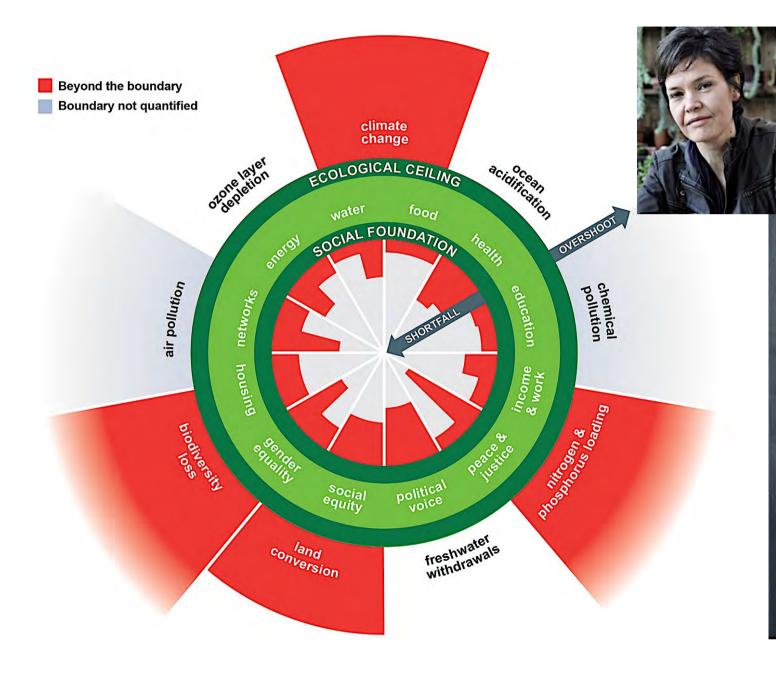
Portfolio Settings & Account

Christiana Figueres, the former head of the UN climate secretariat, speaks to the FT's Vanessa Kortekaas about the need to tackle Covid-19 and the climate crisis simultaneously, why the pandemic is an opportunity to build low-carbon economies and how the 2020 US election will affect climate policy

9 f in Save to myFT

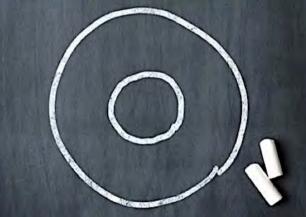
July 28 2020 Produced and edited by Vanessa Kortekaas. Filmed by Rod Fitzgerald. Still images by Reuters and Getty.





DOUGHNUT ECONOMICS Seven Ways to Think Like a

21st-Century Economist

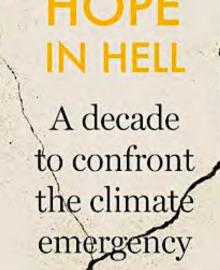


KATE RAWORTH

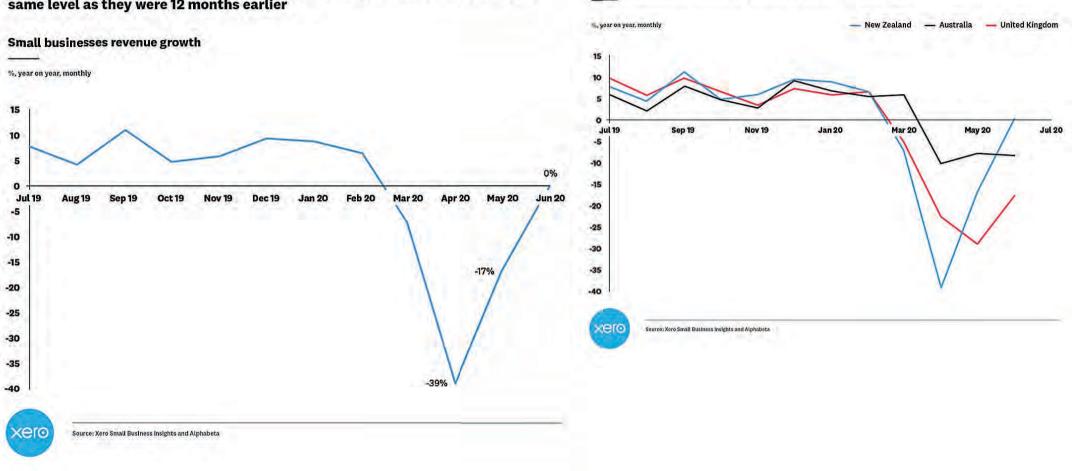
'I read this book with the excitement that the people of his day must have read John Maynard Keynes's *General Theory*. It is brilliant, thrilling and revolutionary' George Monbiot

Hope in Hell by Jonathon Porritt

- "This is literally the last decade in which authentic, grounded hope will be available to anchor everything we can do to serve our families, friends and future generations.
- "We have no alternative but to commit to more radical political action. To get as many people as possible involved in campaigning activities just as often as possible.
- "To bring such pressure to bear on our political systems, while we still have time, to shift from today's wholly inadequate incrementalism to fill-on emergency response.
- "The case for civil disobedience is now overwhelming."
- Join the online discussion with Jonathon, August 27th, 6pm-7pm
 - Hosted by the Sustainable Business Network and Newsroom
- <u>https://sustainable.org.nz/sustainable-business-events/hope-in-hell-a-decade-to-confront-the-climate-emergency/</u>



Jonathon Porritt

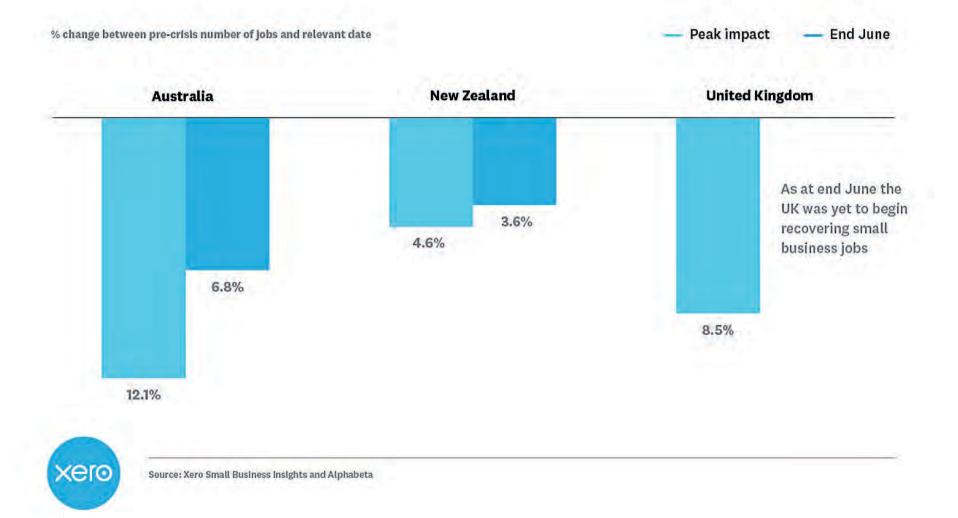


Small business revenue impact and recovery, June 2020

The small business recovery continued in June, with revenues now around the same level as they were 12 months earlier

<u>https://www.weforum.org/great-reset</u>

Small Business Employment impact and recovery, June 2020



Some observations...and worries

- Generally businesses are back to similar levels of activity as pre-lockdown
 - e.g. truck traffic, online traffic electronic payments, electricity use etc.
- But not those sectors knocked out by Covid, e.g tourism and international education
- Huge unknowns...e.g.:
 - How the virus will track here
 - Hidden weaknesses in businesses and our economy
 - State of the global economy

Our response – big themes

- Companies...what they're doing
- Acting with foresight
- Making rapid, iterative decisions
- Maintaining a future-focus
- Society...what we need
- Relish complexity
- Revel in Ambition
- Act with Confidence

Recovery vs Regenerate

- Recovery
- At best we would only get back to where we were pre-pandemic...
 - Deep unsustainability, deep inequalities, deep economic fragility for all

Regenerate

• Create anew...right wrongs...live better with each other...and this living planet

NZ's Paris Accord emissions reduction pledge: "Highly insufficient"

120

100

80

60

40

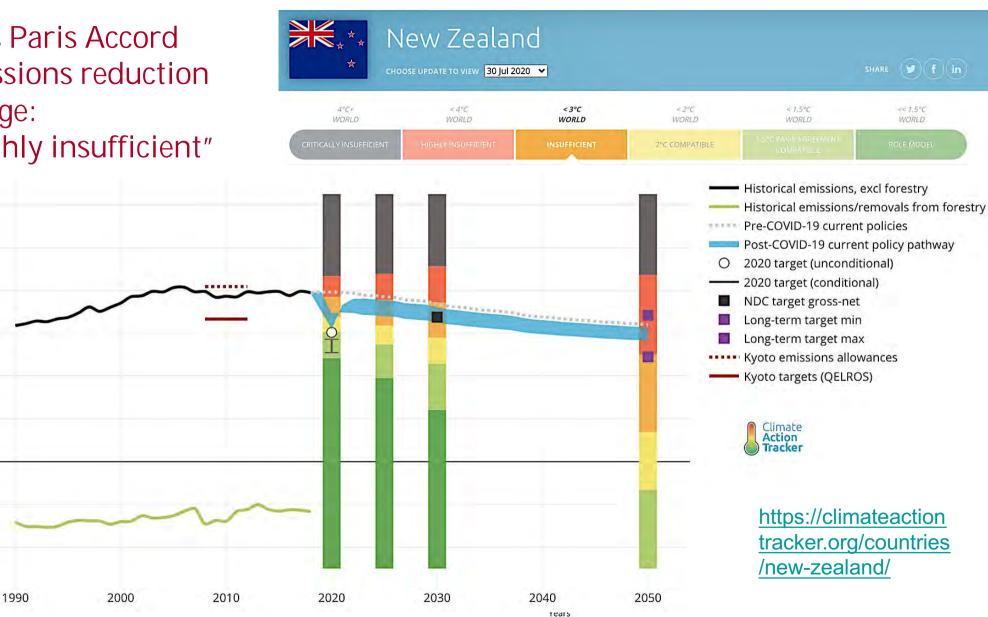
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EMISSIONS [MtCO₂e/a]



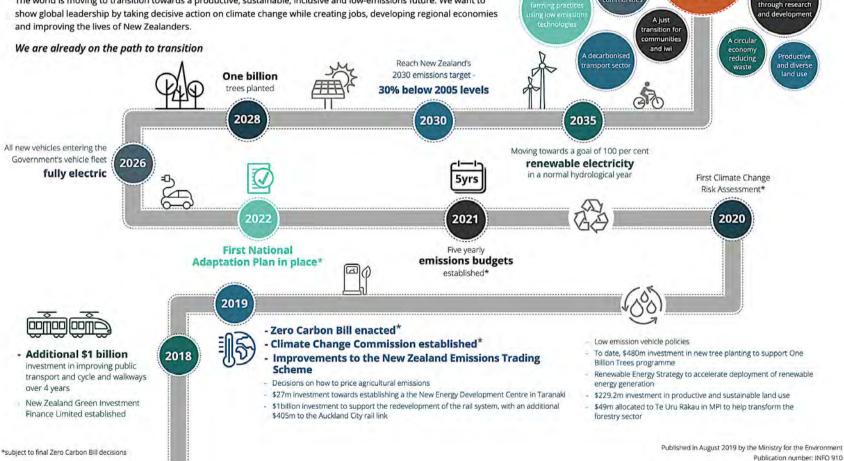


- So far gov't has only delivered high level (but crucial) legislation e.g Zero Carbon Act and **FTS**
- We still urgently need policies and programmes to accelerate the decarbonisation of the economy

New Zealand Government

Pathway to a low-emissions future in New Zealand

The world is moving to transition towards a productive, sustainable, inclusive and low-emissions future. We want to show global leadership by taking decisive action on climate change while creating jobs, developing regional economies and improving the lives of New Zealanders.



A productive, sustainable

and climate-resilient

economy

2050

1.5 degrees

Creative and

novative solutio

generation

Building

low-emissions investment

Some progress...e.g. Our Land and Water



National

ABOUT OUR SCIENCE GET INVOLVED NEWS + EVENTS RESOURCES CONTACT

a

NCENTIVES FOR CHANGE

What Do We Know About Regenerative Agriculture in New Zealand?

New Zealand is thirsty for knowledge about regenerative agriculture, and investment to grow uptake among farmers has been proposed as an economic stimulus following the Covid-19 lockdown. A new Our Land and Water project is developing a framework for building a scientific evidence base specific to regenerative agriculture in New Zealand

PHOTO: Dr Nina Koele measuring water infiltration rate (photo credit; Jason Nolan)

- Regen Ag resources page
- https://ourlandandwater.nz/news/what-do-we-know-about-regenerative-agriculture-in-new-zealand/

Some thinking about Aotearoa's future...

- The Aotearoa Circle's Fenwick Forum https://www.theaotearoacircle.nz/news/fenwick-forum-2020
- Koi Tū: The Centre for Informed Futures https://informedfutures.org/
- Better Futures Forum https://bff.org.nz/
- Visionweek <u>https://www.visionweek.co.nz/</u>
- A new New Zealand https://www.anew.nz/
- The 2020 Vision Project https://www.the2020vision.co.nz/
- Commission for a Post-Covid Future https://canterbury.ac.nz/arts/research/ssanse/pop-up-think-tank/
- ActionStation Actearoa https://actionstation.org.nz/
- Generation Zero https://www.generationzero.org/

Agenda

- Virus
- Economy
- Justice

Covid is changing politics and economics

- Branko Milanovic, the economist known for his work on global inequality:
 - "It is utterly wrong to believe that history does not matter and that the social and political changes wrought by the pandemic can be ignored"
 - The political forces Covid has set in motion "will fundamentally affect how economies behave in the future"
- E.g. In this Covid world governments are easing taxes on business to help them surive, and encouraging startups and growth
- But if taxes on labour are cut, taxes on capital will have to rise...
 - ...to help fund recovery, create opportunities, to help reduce inequality

The great divide

- When societies divide economically, they fall apart socially and culturally
- Lockdown causes more pain for those already suffering from low pay and job insecurity, because it preponderantly affects manual jobs that require physical presence
 - In the UK, one-third of the lowest-paid quintile have lost work, against 15 per cent of the top quintile, according to the Resolution Foundation
 - In the US, African-Americans have suffered income losses at higher rates than other groups
- Many people see the economy as a system to which they do not belong, rigged to benefit others

Wealth taxes

- A fundamental principle of fairness that the greatest burden of taxation should be placed on the broadest shoulders
- Until the early 1990s, 12 OECD countries imposed recurrent taxes on net wealth
- Today, only 4 countries do: Norway, Spain, Switzerland and Belgium, which introduced a limited version (on securities holdings) in 2019
 - A "perfectly adequate" tax, a "good system"
 - Heinz Tännler, finance director of the Swiss canton of Zug
- US: Senator Elizabeth Warren proposes:
 - 2% annual tax on the net wealth of those owning more than US\$50m, and an additional annual 1% on fortunes above US\$1bn
 - 61% of registered US voters supported it including 50% of Republicans with only 20% against: Politico/Morning Consult poll, February 2020

Why a wealth tax?

- Two strands of argument same goal, different motivations
- 1. Inherited or accumulated wealth causes unfairness and power inequality
 - Thomas Piketty, Capital in the 21st Century; Capital and Ideology
 - Emanuel Saez and Gabriel Zucman, UC Berkeley
 - The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay
- 2. Inherited or accumulated wealth is inefficient and unfair
 - Fatih Guvenen and colleagues
- ...a tax of about 3% is optimal, both groups find from their analysis

Guevenen et al

- Optimal wealth tax rate is about 3%
 - Allows for cutting labour taxes from current levels, to 14.5%
 - Prosperity increases by allocating capital better
 - ...and by encouraging people to work more
 - Consumption higher in aggregate and more equally distributed than with today's tax system

the NATIONAL BUREAU of ECONOMIC RESEARCH

log in Search t

Use It or Lose It: Efficiency Gains from Wealth Taxation

Fatih Guvenen, Gueorgui Kambourov, Burhanettin Kuruscu, Sergio Ocampo-Diaz Daphne Chen

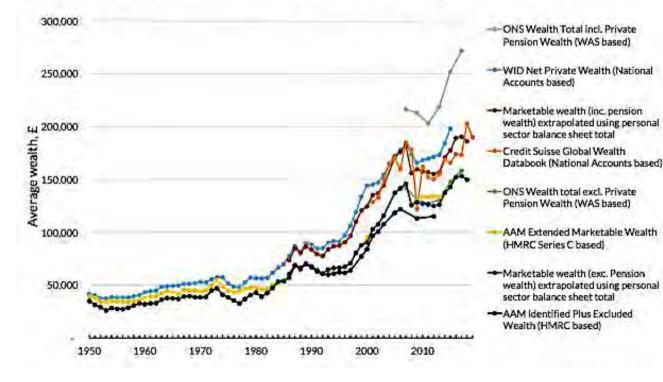
NBER Working Paper No. 26284 Issued in September 2019 NBER Program(s):Asset Pricing, Corporate Finance, Economic Fluctuations and Growth, Law and Economics, Labor Studies, Monetary Economics, Public Economics

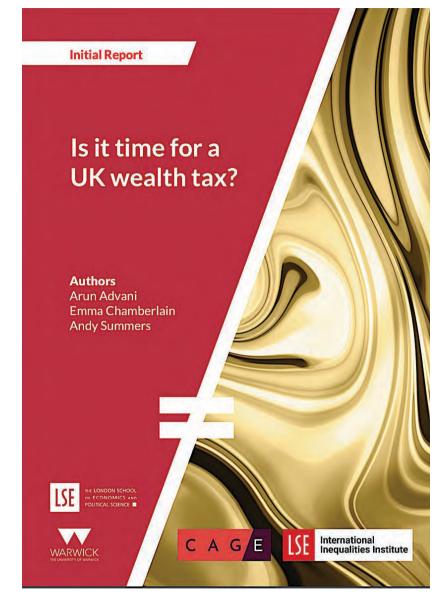
- "Wealth taxation can increase efficiency, grow the economy, and reduce inequality all at once"
- Such a tax more likely to hit those who have held their wealth longer (heirs or older entrepreneurs, who are likely to be or have become less productive) and help those who have yet to make their fortune (productive young entrepreneurs)
- https://www.nber.org/papers/w26284

Gaining ground in the UK

- July 2020: UK economists set up wealth tax group
 - <u>https://www.ukwealth.tax/</u>
 <u>First report</u>
- Since 1980, average wealth per adult has quadrupled (in constant pounds)

FIGURE 1: TOTAL UK WEALTH PER ADULT (18+) AT CONSTANT 2015 PRICES

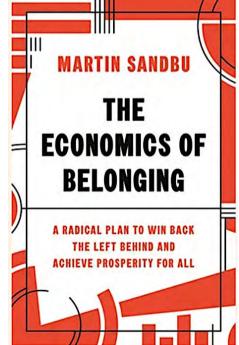




The Economics of Belonging

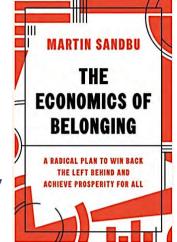
- By Martin Sandbu
 - An economics columnist at the Financial Times
- Economic insecurity always triggers angst about culture and suspicion of outsiders
- Fixing the economy will heal cultural divides...Roosevelt vs Hitler
- First, ditch business models based on using low-productivity, low-paid labour, and harness automation rather than resisting it
- Second, shift more labour-market risk from employees to employers and the welfare system
 - ...by e.g. higher minimum wages, a small universal basic income (or a negative income tax), generous government funding for education and labour-market mobility, and strict enforcement of labour standards
- Third, reform taxes to counteract economic divergence instead of intensifying it...via e.g. net wealth tax while cutting tax on work; or carbon tax and dividend





...the everyone economy

- Fourth, macroeconomic and financial sector policy can be reformed in favour of the left behind e.g. Governments and central banks must stimulate demand strongly for a long time after the lockdowns end, with debts restructured so they do not hold back investment
- Fifth, work to reverse the divergence between the centre and the periphery. E.g. greater policy efforts to give regions, where possible, a critical mass of knowledge jobs so they can connect with the leading economic activity in national centres
- The everyone economy: how to make capitalism work for all, FT, July 3, 2020 https://www.ft.com/content/a22d4215-0619-4ad2-9054-3a0765f64620
- And Sandu's 2019 series on wealth tax:
- Feb 6 <u>https://www.ft.com/content/1f917b6e-29f6-11e9-a5ab-ff8ef2b976c7</u>
- Feb 11 https://www.ft.com/content/87ccaf2e-2ddd-11e9-8744-e7016697f225
- Feb 13 <u>https://www.ft.com/content/01e3e348-2ebc-11e9-ba00-0251022932c8</u>
- June 16 https://www.ft.com/content/f9036af0-4009-11e9-9499-290979c9807a



Think ahead. Act now.

Our green vision for Aotearoa.

Healthy nature

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Wealth tax: a NZ response

- Kiwis fail to save enough to fund the economy
- Wealth tax makes that worse
- A 2% tax would :
- Increase tax revenue by 2%
- Household spending rise slightly
- Business environment weakens
- ...so would demand for labour
- GDP falls 1%, settles 1.5% lower
- Analysis by John McDermott
 - Former chief economist of the Reserve Bank, now at Motu Public Policy & Research
- Article in National Business Review
- <u>https://www.nbr.co.nz/node/226915</u>

Wealth tax: what could go wrong?

Economically Speaking: John McDermott runs the Greens' idea through a virtual economy.

John McDermott (/autho

By John McDermott (/author/john-mcdermott) Tue, 21 Jul 2020

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Climate strike...Auckland, September 20th, 2019

- In NZ, 170,000 people marched
 Our 2nd largest public protest
- = 3.7% of NZ's population
- 3.5% is threshold at which protests successfully trigger big social and political changes which transform societies
- ...study by Professor Erica Chenoweth of Harvard
- ...based on her analysis of 323 mass actions in countries around the world 1900 – 2006
- <u>https://www.ericachenoweth.com/research/wcrw</u>
- TEDx: https://www.youtube.com/watch?v=YJSehRIU34w



"The human race is challenged more than ever before to demonstrate our mastery, not over nature but of ourselves"

Rachel Carson