

Into the Abyss – The Impending Disaster of New Zealand's Climate Change Policy!

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New Zealand faces the impossible task of developing reasonable and effective Climate Change policies within a sound overall policy framework, given its multi-decade record of policy incompetence. The evidence is clear! Ranked in the top 3 countries in the World in terms of living standards (GDP/capita is a good proxy) in 1960 it is now in the mid-thirties, below the OECD average and still falling, with many (more than 50) consequential serious social, economic and environmental problems*.

The policy incompetence reflects poor political leadership that lacked the requisite commitment and capability. It put personal reward ahead of Public Service - staying in power, pensions and free travel for life rather than implementing sound National Interest policies. Moreover, it deliberately weakened the professional arm of government - the Public Service, replacing its traditional obligation to give "Free and Frank" advice with "No Surprises" and replaced its long standing independence with a sycophantic subservience. As a result the quality and effectiveness of policy advice to the politicians deteriorated, as did the information available to voters to judge the merits of policies.

Policies to achieve critical National objectives - lifting productivity, prioritising tradable goods and developing a more competitive economy with a more competitive export sector, made only limited gains and New Zealand remains dependant on relatively low value simple products, high volume/low value tourism and increasing GDP by increasing input quantities (population growth based on excessive, low economic value immigration) rather than innovation and productivity.

The result is not only low incomes and living standards and many social and environmental problems but an economy that is overly vulnerable to Climate Change policies.

*For example low incomes, poverty, housing, mental health, low productivity, low savings, road accidents, polluted waterways, threatened species, vulnerable/weak infrastructure, too many citizens with low skills and high dependency on government support, a vulnerable external account - low value tourists and exports - and many more.

Policy Context

The current Government is no better given its list of failing policies and weak policy processes. So New Zealand starts getting serious on Climate change from an already weak and still deteriorating position, with many serious economic, social and environmental problems that are already beyond the its economic and policy capacity to resolve and a demonstrated inability to develop, implement and manage good policy.

Climate Change is not a unique, absolute policy objective It is one amongst many, including having a viable economy, social system and environment. There is no point in saving the planet if all the people starve and die. So it needs to be integrated and prioritised amongst a range of other economic, social and environmental objectives. Single issue extremists who reject this approach should be ignored - what happens to the passionate teenagers as the family income dries up as the economy shrinks, along with government capacity to apply more band aids?

A major barrier to implementing sound climate change policy has been the failure of governments to take such an integrated, balanced approach. There needs to be a major analytic effort to achieve this, so that the electorate can see and judge a whole policy package, without which as the economy shrinks the anti-reaction will become more decisive. (1)

Good Policy

Good policy has the greatest positive impact on New Zealand's capacity to improve the living standards of its citizens. It includes policies that have a positive social or environmental impact at least economic cost. There are clear guidelines on how this is done in practice.

It should be calculated on a Net Present Value basis, based on time periods of up to 20 or 50 years. Only gains to NZ citizens count - those to potential new borns, refugees, immigrants and foreigners do not count, except when current citizens choose to assign a value to them.

Population

The first test is the willingness to quickly implement a sound population policy. Population growth makes it like bailing a boat with no bung - it makes an already serious problem worse. More low economic value immigration is simply more lead in the saddlebags.

Population limits are also needed at the Global level. The most decisive step would be no more population growth and no migration so that nations have to deal with the consequences of their own policies, except where treaties provide other options. World leaders have to get real and not just pontificate on Climate change but focus on their own economic and social solutions, including stopping population growth until viable economic and social solutions are found!

The Way Ahead?

New Zealand's political capability and capacity to lead the development and implementation of sound National policy, which includes climate change, is not evident. Without it success is impossible. "More of the same" will mean the end of New Zealand as we know it. Preoccupation with climate change (the single issue approach) will lead to serious/unpalatable economic and social consequences and reactions.

"More of the Same" means a fall into the abyss.

In contrast "Nuclear Free" was an inadvertent policy cock-up that socialists embraced with enthusiasm, but which achieved nothing positive, demonstrated New Zealand's easy seduction by symbols and its deceitfulness and unreliability to its friends - which will be remembered for generations.

So how do we get from where we are now to where we need to be, with a viable policy package that the electorate supports?

- (1) The challenge is hard because the economic returns to labour in most developed and many developing economies declined from 54% in 1980 to 50% in 2014. In the US it fell from 63% in 2000 to 56% in 2016.

This reflects China's emergence, greater resource demand generally and higher profits, as well as the more intense use of capital and investment in new technology (*A New Look at the Declining Share of Income to Labour in the USA*, McKinsey, May 2019).

The task requires maintaining incomes at a viable level and undertaking major structural changes in the face of this significant global downward trend.