

WHY NOT NEW ZEALAND?

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Creating a talent-based economy will be hard work; it requires a shift from a 20th-century focus on jobs to a 21st-century focus on talent. This does not mean swapping the political rhetoric from jobs to talent; instead, as indicated by the contributions above, it will require a much deeper discussion about how we want to live our lives and the legacy we want to leave for future generations.

Not only will it be important to differentiate between jobs and talent, it will be crucial that talent is not defined too broadly; for example, both dairy farmers and software engineers could be described as having talent. However, if we want to move toward a talent-based economy we will need to focus on the people who are going to take us to the next frontier, such as those making new (or adapting old) technologies for niche markets internationally.

Furthermore, if New Zealand wishes to move towards a talent-based economy, there are many components in the current system that would need to be put under the microscope, so that they are understood both in terms of processes and the catalysts that drive those processes. Parts 2 and 3 cover a number of key components: cities, youth, invention and immigration. Below we briefly discuss two such components, in order to demonstrate how an integrated approach might bring about change.

Empowering Cities

There is clearly a renaissance occurring, with some considering cities to be new nation-states. In his TED Talk entitled *Why mayors should rule the world*, political theorist Benjamin Barber considers prime ministers and mayors to be sitting at different ends of the political spectrum. Local government is about getting things done; it is indifferent to borders and sovereignty, embraces diversity and participation, acts to resolve long-term issues, invites creativity, and tends to be pragmatic. In contrast, Barber believes that prime ministers tend to focus on short election cycles, ideologies and party politics. On this basis, he suggests that cities are where the action is.

The role of central government is likely to change. Trends suggest that delegating powers and funds from central to local government will be necessary to bring about change. The UK model is a case in point; in 2011 the government created a Minister of Cities and established a Cities Policy Unit. The new *City Deals* initiative negotiates agreements between government and a particular city, conferring greater powers on the city in regards to decisions that affect its area. In exchange, the city also has greater responsibility to stimulate and support economic growth. However, this may not be enough; Boris Johnson, London's mayor, has called for even greater independence and more powers to raise and retain taxes. Johnson has been quoted in *The Guardian* stating, 'That London's government is joining

with England's largest cities to call for change is an historic and significant move. It's a partial but positive and practical answer to the conundrum of English devolution, and I believe it is good not just for the cities involved but for the country at large.' In contrast to most other countries, New Zealand has centralised its government expenditure. According to the *OECD Factbook 2013*, 90% of our total government spending is controlled by central government, compared to the OECD average of 46%. This raises questions whether New Zealand may be better off delegating more responsibility and funds to cities. See how the current estimates are allocated overleaf.

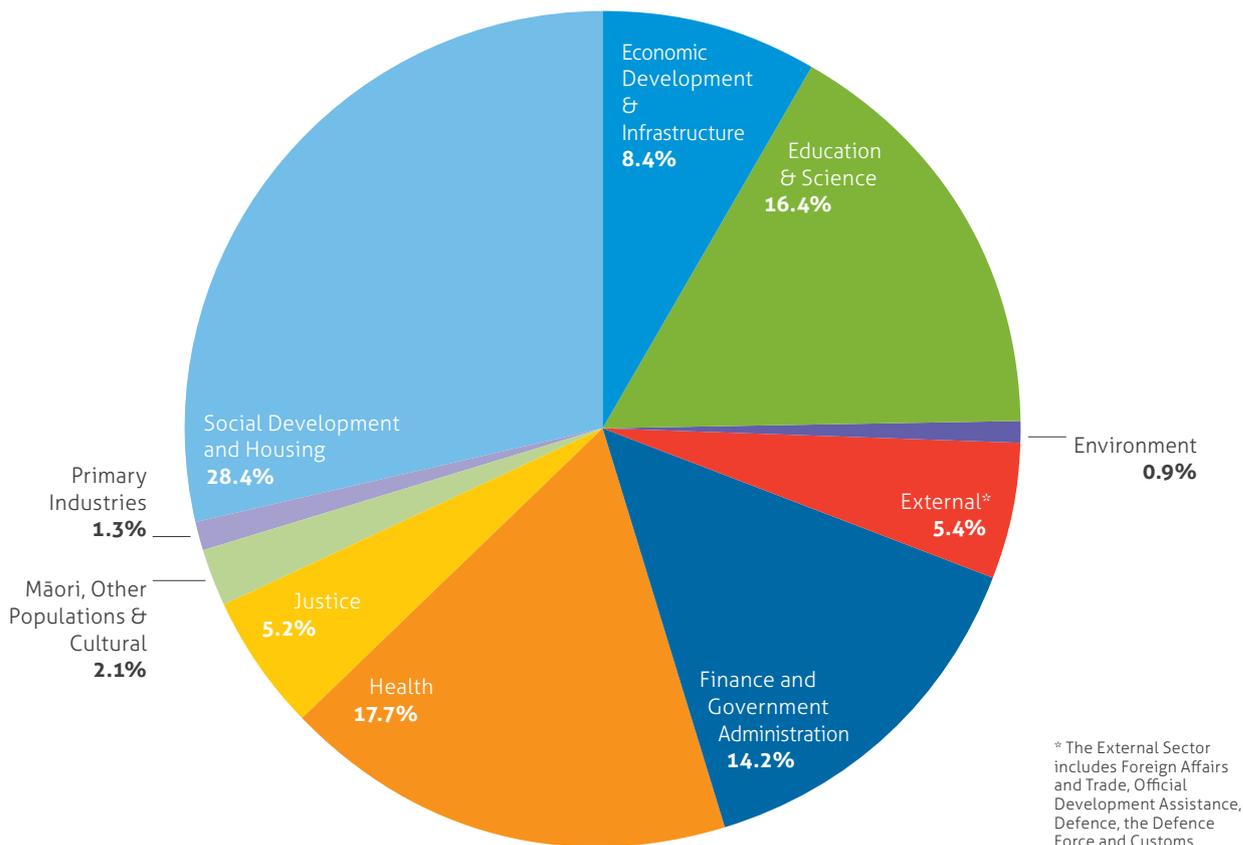
Empowering Youth

Earlier this year, the book *Inequality: A New Zealand in Crisis* was published. It contains a number of interesting viewpoints on inequality, in particular Ganesh Nana's discussion (in Chapter 4) on the long-term effects that inequality has on society. Nana discusses inequality in terms of the inter-relationships between income, wealth and opportunity – see diagram below. I was struck by his choice of the word opportunities, which he describes as 'more subjective, but should at least, include the ability to participate in and contribute to society's activities, including economic activities.' He sees the system as not being optimised when (i) resources are being underutilised (fewer children from poor families are likely to reach their full potential) and (ii) resources are being diverted away from wealth and income

Appropriation Estimates for New Zealand 2013/14

Sources: Treasury (2013). Introduction. *The estimates of appropriations for the government of New Zealand for the year ending 30 June 2014*, pp. 15–16. Retrieved September 20, 2013 from: <http://www.treasury.govt.nz/budget/2013/estimates>

Treasury (2013). Summary tables. *The estimates of appropriations for the government of New Zealand for the year ending 30 June 2014*, pp. 28–29. Retrieved September 20, 2013 from: <http://www.treasury.govt.nz/budget/2013/estimates>



creating activities towards ‘the ambulances at the bottom of the cliff’. As Nana explains ‘opportunity, in and of itself, may open doors to wealth, from which income can be generated’. Hence focusing on creating equality in terms of opportunity can be a game changer. This means we should not only be talking about making opportunities equal for youth, but creating more opportunities for *all* youth. If New Zealand can become a place where young people have the opportunity to fulfil their potential, this will take us one step closer toward creating a talent-based economy.

Potential Synergies

Given what we now know about talent, cities and youth, it has become clear that real synergies exist. The challenge is how to understand the processes, and most importantly the catalysts likely to bring about change. What Sir Paul

Callaghan and Jane Jacobs (see page 91) had in common was what Jacobs called ‘habits of thought’. She defined the necessary habits to understand cities as (i) to think about processes, (ii) to work inductively (reasoning from the particular to the general) and (iii) to seek out clues that the system is not working or working well. This is not unlike the approach Sir Paul undertook when writing his book *Wool to Weta*. If we are serious about making New Zealand a *place where talent wants to live*, we need to be analytical and evidence-based, we need to be observant and we need look for examples of what does work and what does not.

In order to understand the complex but ordered system that cities and economies represent, it seems critical to explore the analytics and in particular the processes that exist between

wealth, income and opportunities. If this could be done by city, age, ethnicities and industry sector we might start learning not only to understand how the current systems works, but gain the necessary knowledge to be able to identify the ‘out of the ordinary’, seeking out the clues that something is working here and not working there. By understanding the processes and the catalysts that drive our cities and engage youth, it may be possible to develop a common strategy that empowers both cities and youth. A national conversation on how to grow, retain, attract and connect talent may be just the instrument we need to think and act in the long-term. This will not happen overnight; it will require a concerted effort to create a coherent strategy for this country that delivers the future we want. This will not be easy, but as Sir Paul would say – why not New Zealand?