



NZIER
PUBLIC GOOD
PROGRAMME

THINKING ABOUT AOTEAROA NEW ZEALAND'S FUTURE

BusinessDesk.

2024 SUMMER READING LIST

for the Prime Minister.



ABOUT

This reading list is part of the NZIER Public Good Programme, which conducts economic research and analysis to enhance understanding of Aotearoa New Zealand's economic challenges.

This year's list emphasises creating constructive narratives to convey perspectives, concepts, and facts. We hope this list captures the interest of the Prime Minister, his Cabinet, Ministerial advisers, and anyone with an interest in economics and public policy.

We encourage New Zealanders to read and take time to reflect on our shared future—summer is an ideal time for that.

THE BOOKS

Inclusion in the list does not imply that the selection panel (or NZIER) endorses the content of any entry.

Each of these books encourages critical thinking - not by seeking faults, but by prompting reasoned responses to the plausibility of the stated facts and the coherence of the argument. These processes are crucial for applying economic theory to policy analysis and social discourse.

SELECTION PANEL



PATRICK SMELLIE

Founding Editor, BusinessDesk



JASON SHOEBRIDGE

Chief Executive, NZIER



SARAH HOGAN

Deputy Chief Executive (WLG) &
Principal Economist, NZIER



THOMAS HUGHES

Economist, NZIER



ADRIAN KATZ

Senior Economist, NZIER



DANIEL HAMILL

Senior Economist, NZIER

THE ANXIOUS GENERATION: HOW THE GREAT REWIRING OF CHILDHOOD IS CAUSING AN EPIDEMIC OF MENTAL ILLNESS

Jonathan Haidt

BusinessDesk.



RECOMMENDED BY
Sarah Hogan

In this instantly best-selling book, Haidt pulls together what is now a strongly compelling body of research pointing to significant harms done to children and young people, which he argues are either directly related to smartphone technology through the impacts of social media, gaming and porn addiction or indirectly related through the “experience blocking” effect – the opportunity cost, as economists would put it – of keeping children and adolescents from the experiences they need to develop healthy minds and bodies.

The Anxious Generation makes for grim reading at times because 15 years ago, while some concerns were raised about the risks, those concerns were largely silenced by arguments about lack of evidence or about the opportunity for positive impacts. The description of actions and decisions by tech companies and social media platforms reads like a story about big tobacco, with admissions of deliberately cultivating addiction in children from very young ages in a “race to the bottom of the brain stem”.

Haidt presents solutions for parents, schools, governments and tech companies. He also presents evidence of the impact of solutions that have been implemented and how children have been able to recapture their childhoods, with positive impacts on learning, friendships, independence, and confidence.

The book is not without its critics, many of whom suggest the analysis is overly simplistic. But this book provides some important generalisable lessons for New Zealand’s renewed focus on social investment: Most importantly that, we might want to think about broadening social investment from a focus on delivering services to small groups of people to protecting the environment in which children – our most vulnerable population – can grow and flourish. This requires a government that is not just aspirational about what services can deliver, or even just realistic about the evidence of impacts, but also cautious about the nature of risk in our constantly changing world and the cost of getting things wrong.

MAY CONTAIN LIES:

HOW STORIES, STATISTICS AND STUDIES EXPLOIT OUR BIASES - AND WHAT WE CAN DO ABOUT IT

Alex Edmans

BusinessDesk.



RECOMMENDED BY

Daniel Hamill

May contain lies is a topical read that is more relevant than ever and functions as an easy access guide for dealing with misinformation. This book highlights common pitfalls in how information can be used and misused. The information age is characterised by misinformation, and this book introduces the key concept of the 'ladder of misinference'. This is an analytical tool that shows how information can be misused, showing when a statement is not a fact, when a fact is not data, when data is not evidence, and when evidence is not proof.

Most importantly, this book provides simple checks and solutions that can be applied to analysis for economists and non-economists alike.

I've recommended this book for the PM summer reading list as misinformation is increasingly prevalent, and everyone can benefit from reading it. The public can use practical tools to analyse information and professionals and institutions can think about how messaging is put across. This book shines a light on our confirmation biases and black and white thinking.

One of the things I liked about this book is that it uses a broad range of impartial examples. It also contains short-form summaries at the end of each chapter that can quickly and easily be applied to information around us.

THE SPIRIT OF GREEN

William D. Nordhaus

BusinessDesk.



RECOMMENDED BY

Adrian Katz

In The Spirit of Green, William D. Nordhaus – a renowned economist and Nobel Prize winner – provides a comprehensive exploration of the green movement. The book offers a highly accessible introduction to key ideas in environmental economics – such as externalities and public goods – alongside broader concepts in financial, political, and ethical theory.

Nordhaus presents green thinking as intimately tied to economics rather than in opposition to it. He provides a pragmatic and balanced perspective, with an emphasis on carefully weighing costs and benefits. At the same time, he does not hesitate to point out the wide gap between current policies and efficient environmental management, highlighting the need for more ambitious action.

This book offers answers to a broad range of questions, including: How can the government raise taxes while benefiting the economy? Does colonising Mars offer a way out of our environmental challenges? How can we take global action on climate change?

Nordhaus's insights are relevant to New Zealand, where major environmental changes are underway – such as the replacement of the Resource Management Act. He offers concrete policy solutions in areas such as pricing carbon, implementing efficient tax systems, and fostering international cooperation.

Overall, The Spirit of Green makes a compelling case that society does not need to choose between environmental protection and economic efficiency. Nordhaus demonstrates how thoughtful policies can achieve both, making this book essential reading for anyone interested in the future of environmental management in New Zealand.

INNOVATION FOR THE MASSES: HOW TO SHARE THE BENEFITS OF THE HIGH-TECH ECONOMY

Neil Lee

BusinessDesk.



RECOMMENDED BY

Thomas Hughes

Innovation for the Masses by Neil Lee is a fascinating read covering the dynamics of innovation and inequality. With this book, Lee challenges the Silicon Valley model of innovation, which is focused on tech giants and famed universities that see a concentration of the economic gains from innovation in an increasingly small proportion of people and companies. Using case studies of Switzerland, Austria, Taiwan, and Sweden, Lee demonstrates how policymakers can more accurately translate innovation to higher living standards.

The findings from this book are particularly relevant in New Zealand as stagnant productivity is a primary concern for policymakers. Each case study highlights practical tools that the government can use to develop a framework that supports generative and inclusive institutions. Closely linking higher learning services with the workforce, supporting market conditions that enable incremental growth for SMEs and building on existing business clusters are points emphasised by Lee that can reflect equitable innovation.

Neil Lee provides tangible examples of how economies can achieve inclusive innovation-led growth. This research is a hopeful alternative to much of the current narrative surrounding innovation and prosperity, and it is insightful and easy to read.

THE CRISIS OF DEMOCRATIC CAPITALISM

Martin Wolf

BusinessDesk.



RECOMMENDED BY

Patrick Smellie

To make this reading list, a book must answer the question, why would the Prime Minister read it?

Firstly, this book not only accepts but embraces capitalism and democracy as having gone hand in hand to create a better world.

For a National Party Prime Minister, there is no polemic here about why capitalism is wrong, and there is no implication that democracy has become a poor method for choosing governments.

But at a time when autocrats and authoritarians are demonstrably on the rise, globalisation is in retreat, and geopolitics is trumping (pardon the pun) trade and economics in international relations, a curious democratic capitalist is inevitably looking for two things.

One is a deeper explanation for how things got this way than what we already basically know, that:

- o Globalisation enriched elites at the expense of working people, who have begun to revolt.*
- o The pursuit of liberal values by those elites outran tolerance for fast-changing challenges to traditional social and moral codes.*

Wolf takes the argument much further, giving a historical sweep to the modern crisis of both market capitalism and liberal democracy. He offers unexpected, deep diagnoses and clues to the future.

Two examples:

1. What if the greatest spur to the economic productivity revolution of the last century was universal education rather than mechanisation, automation, digitisation or, in the future, artificial intelligence? There can be no "second wave" of literacy and numeracy to produce such a burst of new wealth again.

That single insight challenges political leaders to consider radically different ideas about the future of economic growth and the democratic satisfaction of society's demands.

2. The evidence is very clear, Wolf argues, that growing wealth disparity is fundamentally threatening both market capitalism and liberal democracy in frightening ways.

"When people reject those in charge, they put their trust not in nobody, but in anybody," Wolf writes.

The potential for policies that correct this societally corrosive disparity would surely be not only politically persuasive but also ideologically consistent with the traditions of the party our current Prime Minister leads.

A RADICALLY DIFFERENT WORLD: PREPARING FOR CLIMATE CHANGE

Jonathan Boston

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RECOMMENDED BY
Jason Shoebridge

As last year's weather events showed, adapting to New Zealand's changing climate is becoming a significant economic and policy issue.

Although adaptation measures may vary, almost certainly in New Zealand, they will need to involve what is called managed retreat in the media. In contrast, Jonathan uses a less emotive term, "planned relocation". Planned relocation not only has a large fiscal impact (Auckland Council will spend \$774m buying 700 properties classified as too risky to inhabit after last year's weather events), but it also has distributional impacts depending on who pays and societal impacts given the connection of people to place. In this short book, Jonathan Boston sets out the case for why relocations must be planned proactively, what principles should guide the development of legislation enabling planned relocations, what needs to be considered in developing criteria used to assess when risk is sufficiently high to justify relocation, the principles for determining who pays for the relocation and how high levels of property insurance can be maintained before and during the relocation. It provides a clear call to action and sets out the policy aspects the Government must consider in moving forward.

In reading this book, the logic of Jonathan's arguments shines through. Ultimately, if we don't proactively plan relocations, we will end up reactively undertaking them. This will mean having to address each of the policy issues Jonathan discusses in an ad-hoc way after the event, as Auckland Council had to do, which is almost certainly suboptimal.