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Ground Game versus Government Game

Golden Rules for Reformers

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When the British people voted to leave the European Union despite official fear mongering that the economy would collapse, the New York Times astutely observed that “The lasting damage may be to old ways of thinking”.

Greece has been through the mill suffering all manner of government and policy failure, but the most significant obstacle to transformation is old ways of thinking.

The scandal of high unemployment rates, particularly in talented young people, the scourge of debt incurred in a vain attempt to preserve a failed status quo, and the daily pre-occupation with survival whether it be at the personal or government level is the burning platform.

Game changing action of consequence is called for.

The wrong-headed view is that only the government can change the game.

That is the old way of thinking – the life blood of economic growth and prosperity will come primarily from the ground game, not the government game.

The new way of thinking is that the forces of ideas, innovation and initiative will spring from the ground and determine the success of the economy.

There is a new dynamic unleashed that empowers individuals from anywhere to make the ground.

Take Skype which is used worldwide to connect grandparents with their grandchildren, students with their parents and all of us to communicate on the cheap.

Skype software was pioneered by three Estonians and illustrates perfectly the respective roles of the State to steer and the individuals to row.

The newly liberated government of Estonia in the early nineties made two critical policy choices; to create a competitive environment with low taxes, de-regulation and privatisation, and to power up the digital infra-structure rolling out nation-wide broadband.

E-government has created lean and open government, but the high tech environment transformed the DNA of their people and their sense of enterprise possibilities.

This is the new way of thinking that I urge for Greece.

What is called for is a paradigm shift in economic architecture from state and bureaucratic dominance to market dominance.

This involves radical changes to traditional economic and social orders.

Of course public policy matters, and no country makes a successful transition to the new economic dynamism without instituting high quality public policy. Estonia, Poland, Sweden, even Germany all had their shock treatment to transform their prospects. That too was our experience in New Zealand in the mid-eighties and early nineties. Our proud record now of strong growth, high employment, low debt and sustained social investment is a function of bold and pioneering reforms. Being ranked as one of the freest and most competitive economies in the world didn't happen by chance – it happened by the choice to take our future in our own hands at every level.

The leading infant formula manufacturer in the world, the famous Lord of the Rings movie prowess, a tourist destination to die for – that could be the choice that Greece makes too.

While country circumstances differ, there are a number of golden rules that are universal.

Nobody puts it better than a colleague of mine who runs a firm called Independent Strategy. In a piece entitled 'Freewheeling up Hills' in 2012 he captures the new way of thinking with these five required features for transforming living standards:

- 1) A society of free and creative souls – an education system that nurtures them and a legal and political system that allows them to be so.
- 2) To let the market sort out resource allocation because central planning can no longer master the information flow to do the job
- 3) A financial system that directs savings to productive investments and can price risk, instead of one that acts as an instrument of government
- 4) Free trade to promote competition and choice
- 5) Liberalisation of exchange rates.

Yes, this would involve a substantial disruption from the status quo, but your everyday life must surely tell you how discredited this has become.

Greek courage, heroism and valour is legendary. Time to put those admirable qualities to work to make a bold break for the better from the ground up.