

# INVESTING IN SOCIAL SCIENCES AND HUMANITIES IN AOTEAROA: WHAT WOULD WARREN BUFFETT SAY?

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## Abstract

New Zealand's recent cuts to social science and humanities (SSH) funding rest on a narrow, short-term reading of "productivity". Recasting that decision through Warren Buffett's investment principles—long time-horizons, portfolio diversification, and capability as the ultimate compounding asset—reveals the economic logic for *increasing* investment in rather than divesting from SSH. Evidence from Horizon Europe shows that SSH-led Cluster 2 projects are integral, not peripheral, to Pillar 2's technology missions, and New Zealand's own Kaupapa Māori research ethics and Te Pūnaha Matatini COVID-19 modelling already score at the upper Societal Readiness Levels that unlock EU collaboration. A 2025 Horizon topic on ecotourism illustrates how SSH expertise aligns with a NZ \$13.3 billion domestic industry. Treating SSH as high-yield long-term investments within the national knowledge portfolio therefore offers the strongest, compounding lift in long-run productivity.

**Keywords:** research policy; Warren Buffett; Horizon Europe; societal readiness; social sciences and humanities

## The Status Quo

Few countries invest in knowledge more carefully than Aotearoa New Zealand—yet in 2024 we swung an axe at half the tree. In late 2024, New Zealand’s funding landscape for the Social Sciences and Humanities (SSH) sustained two major blows. On 18 October 2024 the Royal Society Te Apārangi announced it would disestablish the Marsden Fund’s Social Sciences (SOC) and Humanities (HUM) panels, removing a crucial domestic source of competitive research funding for these fields.<sup>1</sup> A few weeks later the Ministry of Business, Innovation and Employment (MBIE) confirmed it would no longer provide the full “top-up” overhead contributions that had supported New Zealand researchers to take part in Horizon Europe Cluster 2: Culture, Creativity and Inclusive Society—one of the country’s few viable pathways into large international SSH consortia.<sup>2</sup>

The Government’s rationale was overtly economic: with limited public funds, priority should be given to fields that promise the *strongest lift in productivity*—defined by ministers as research that drives “high-tech, high-productivity, high-value businesses and jobs” and maximises the return on every taxpayer dollar.<sup>3</sup> The 2024 Budget Policy Statement reinforces this stance, pledging to “build a stronger, more productive economy” while keeping new

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<sup>1</sup> Royal Society Te Apārangi. (2024, October 18). “Changes to the Marsden Fund for 2025 funding round”. Retrieved from <https://www.royalsociety.org.nz/what-we-do/funds-and-opportunities/marsden/marsden-announcements/refocus-of-the-marsden-fund-for-2025-funding-round/>.

<sup>2</sup> Ministry of Business, Innovation and Employment. (2024, November 6). *MBIE Horizon Europe top-up funding scheme* [advisory note: From 1 February 2025 Cluster 2 – Culture, Creativity & Inclusive Society will be ineligible]. Retrieved from <https://www.mbie.govt.nz/science-and-technology/science-and-innovation/international-opportunities/horizon-europe-research-fund/mbie-horizon-europe-top-up-funding-scheme>.

<sup>3</sup> Ministry of Science, Innovation and Technology. (2024, December 4). *Marsden Fund Refocused for Science with a Purpose* [Press release]. Wellington. Retrieved from <https://www.beehive.govt.nz/release/marsden-fund-refocused-science-purpose>; Ministry of Science, Innovation and Technology. (2025, January 23). *Reforms to Boost Science Sector and Economy* [Press release]. Wellington. Retrieved from <https://www.beehive.govt.nz/release/reforms-boost-science-sector-and-economy>.

spending to “a limited number of high-priority commitments”.<sup>4</sup> In effect, the argument sets up a zero-sum contest in which investment in STEM must preclude investment in the social sciences and humanities (SSH). Such binary framing overlooks growing evidence that complex challenges—from climate adaptation to artificial-intelligence governance—are solved most effectively when technical expertise is integrated with historical, cultural and behavioural insight.

To interrogate this logic I conduct a thought-experiment: I “consult the oracle” in an imagined dialogue with Warren Buffett, long-time chair of Berkshire Hathaway. What would the “Oracle of Omaha” make of a portfolio that eliminates an entire asset class—here, SSH—on the grounds that another class—STEM—promises higher headline returns? Viewing research funding through Buffett’s principles of diversification, intrinsic value and long-term compounding reveals the hidden opportunity cost of narrowing New Zealand’s knowledge base.

## **The value proposition of SSH within Horizon Europe**

Social sciences and humanities are woven into Horizon Europe rather than tacked on as an after-thought. At the programme’s heart, Pillar 2—Global Challenges and European Industrial Competitiveness—contains six thematic “clusters”; Cluster 2 (Culture, Creativity and Inclusive Society) is interdisciplinary like the other clusters, but is led from a SSH perspective and funds projects on democracy, cultural heritage, and social inclusion.<sup>5</sup> Beyond

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<sup>4</sup> New Zealand Treasury. (2024). *Budget Policy Statement 2024* (p. 2). Wellington. Retrieved from <https://www.treasury.govt.nz/sites/default/files/2024-03/bps24.pdf>.

<sup>5</sup> European Commission. (2025). *Horizon Europe Work Programme 2025: Culture, Creativity and Inclusive Society* (Part 5, p. 5). Brussels. Retrieved from [https://research-and-innovation.ec.europa.eu/document/download/4a0e522f-0293-45f7-bb95-226d6172ba8c\\_en](https://research-and-innovation.ec.europa.eu/document/download/4a0e522f-0293-45f7-bb95-226d6172ba8c_en).

that, every work programme (the collection of topics funded under each cluster) must show “meaningful integration of SSH” as a cross-cutting priority, recognising that climate adaptation, digital transformation and public-health resilience all depend on insights into culture, behaviour and governance.<sup>6</sup> This design makes Horizon Europe a working example of how interdisciplinary funding can amplify, rather than dilute, the economic and societal returns from investment in research.

This Horizon-Europe design reflects two longstanding tenets of *Wissenschaft*—the German conception of scholarship as a unified, self-critical search for knowledge. First, research is expected to be viable in the sense that it can be taken up, scaled and applied for public benefit: Wilhelm von Humboldt’s 1810 memorandum on the Berlin university called on scholars to “work on science in the deepest and broadest sense” so that knowledge, already refined, might serve society.<sup>7</sup> Second, inquiry must remain open to continuous methodological and ethical scrutiny: Jürgen Mittelstraß later characterised *Wissenschaft* as a “form of life” in which critique, transparency and responsibility are inseparable from discovery.<sup>8</sup> Horizon Europe operationalises both principles by requiring each project to spell out concrete pathways to impact and by weighting evaluation scores for gender balance, stakeholder engagement and responsible research and innovation. These same principles of viability and self-scrutiny underpin the investment maxims to which I turn below.

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<sup>6</sup> European Commission. (2022). *Integrating social sciences and humanities in Horizon Europe: Guidance for 2023–25 work programmes*. Brussels: Directorate-General for Research & Innovation. Retrieved from <https://op.europa.eu/en/publication-detail/-/publication/16b7df93-82b3-11ee-99ba-01aa75ed71a1>.

<sup>7</sup> Humboldt, W. v. (1810). *On the internal and external organisation of the higher scientific institutions in Berlin*. Berlin: Königliche Geheindruckerei.

<sup>8</sup> Mittelstraß, J. (1982). *Wissenschaft als Lebensform: Reden über philosophische Orientierungen in Wissenschaft und Universität*. Frankfurt am Main: Suhrkamp.

By withdrawing the Horizon-Europe top-up for Cluster 2 projects and its Cluster 2 National Contact Point, New Zealand distances itself from an international ecosystem that was purpose-built to foster precisely this combination of viability and reflexivity—qualities that underpin long-run economic as well as social resilience.

## The economics of investing in SSH

Far from being a drag on growth, social science and humanities expertise frequently supplies the missing leverage that turns a technical advance into a marketable, resilient solution.

Recent Cluster 2 calls illustrate the point. A 2025 topic on ecotourism maps directly onto an industry that already generates \$13.3 billion—3.7% of GDP—for New Zealand, and it grew by nearly a third in a single year.<sup>9</sup> The screen sector—anchored by Wētā Workshop and the legacy of *The Lord of the Rings* productions—has at times exceeded NZ\$3 billion in annual revenue<sup>10</sup> and remains a magnet for high-spending film tourists. Studies of historical industrial transitions are immediately relevant to the pathways charted under the Climate Change Response (Zero Carbon) Amendment Act 2019, while research on four-day work-weeks builds on New Zealand trials that lifted revenue and cut absenteeism by a third.<sup>11</sup>

Likewise, Cluster 2 projects on post-COVID-19 gender gaps speak to international evidence

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<sup>9</sup> Stats NZ. (2023, December 18). *Tourism satellite account: Year ended March 2023 – key provisional estimates* (p. 3). Wellington. Retrieved from <https://www.mbie.govt.nz/immigration-and-tourism/tourism-research-and-data/tourism-data-releases/tourism-and-the-economy>.

<sup>10</sup> Ministry of Business, Innovation and Employment. (2024). *Economic trends in the New Zealand screen sector* (2nd ed., p. 1). Wellington: Retrieved from <https://www.mbie.govt.nz/dmsdocument/28030-economic-trends-in-the-new-zealand-screen-sector-february-2024-pdf>.

<sup>11</sup> 4 Day Week Global. (2024, June 7). *Unilever Australia & New Zealand expands four-day work-week trial following encouraging results*. Retrieved from <https://www.4dayweek.com/news-posts/unilever-australia-amp-new-zealand-expands-four-day-work-week-trial-following-encouraging-results>.

that narrowing participation gaps could add trillions to global GDP, with proportional gains available to small economies such as ours.<sup>12</sup>

New Zealand's international overtures—Horizon-Europe bids, co-production treaties, and other tie-ups—are important, not least because the creative arts, business, law and education (CABLE) sectors already generate substantial economic value at home. Their strong domestic performance signals both capacity and credibility, making them natural candidates for deeper global engagement. Telecommunications regulation informed by local legal scholars now underpins a retail market worth more than NZ\$5 billion a year, according to the Commerce Commission's 2023 monitoring report.<sup>13</sup> EdTech firms that grew out of university research studios export classroom-simulation and assessment tools across the Tasman; the latest EdTechNZ survey shows nearly one-fifth of companies earning offshore revenue, much of it from Australia.<sup>14</sup> Behavioural scientists, meanwhile, helped shape public-health settings that, together with fiscal supports, limited the pandemic's economic shock, as the Royal Commission notes.<sup>15</sup>

The economics also run in reverse: chronic under-investment in the knowledge, connections and ideas fostered by SSH can be counted in lost productivity. The former New

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<sup>12</sup> McKinsey Global Institute. (2015). *The power of parity: How advancing women's equality can add US\$12 trillion to global growth*. New York: McKinsey & Company. Retrieved from <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>.

<sup>13</sup> Commerce Commission. (2024). *2023 telecommunications monitoring report* (p. 9). Wellington: Author. Retrieved from [https://comcom.govt.nz/\\_data/assets/pdf\\_file/0033/361959/2023-Telecommunications-Monitoring-Report-15-August-2024.pdf](https://comcom.govt.nz/_data/assets/pdf_file/0033/361959/2023-Telecommunications-Monitoring-Report-15-August-2024.pdf).

<sup>14</sup> EdTechNZ. (2023). *EdTechNZ annual survey report 2023: Key findings and insights* (p. 9). Auckland. Retrieved from <https://edtechnz.org.nz/wp-content/uploads/sites/7/2023/10/EdTechNZ-Annual-Survey-Report-2023.pdf>.

<sup>15</sup> Te Tira Ārai Urutā. (2024). Aotearoa New Zealand Royal Commission of Inquiry into COVID-19 Lessons Learned, *Whitiki Aotearoa: Main Report – Phase One* (pp. 48–49). Wellington. <https://www.covid19lessons.royalcommission.nz/reports-lessons-learned/main-report/>.

Zealand Productivity Commission identified under-investment in “knowledge, innovation and ideas” as a core reason our output per worker lags the OECD frontier, warning that the gap represents tens of thousands of dollars in lost income per person each year.<sup>16</sup> Stepping back from Horizon Europe therefore risks not only foregoing immediate project funding but also compounding a structural drag on long-run growth.

New Zealand’s social science and humanities community already punches above its weight on the world stage. Scholarship grounded in Kaupapa Māori methodology has become an international touchstone for participatory research ethics, frequently cited in European debates about “co-creation” and “just transitions.”<sup>17</sup> Te Pūnaha Matatini’s COVID-19 modelling—winner of the 2020 Prime Minister’s Science Prize—demonstrated how culturally attuned, transdisciplinary science can move at speed while retaining public trust.<sup>18</sup> The European Commission’s Directorate-General for Research and Innovation now labels this achievement “societal readiness,” and adopts a Societal Readiness Level (SRL) scale that gauges how prepared research outputs are for uptake by communities, markets, and policy-makers.<sup>19</sup> Māori-led governance models were singled out as templates for Horizon Europe’s SRL pilot, which asks applicants to chart concrete adoption pathways alongside the familiar

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<sup>16</sup> New Zealand Productivity Commission. (2014). *Why New Zealand has low productivity—and how it could close the gap* (infographic, p. 1). Wellington. Retrieved from <https://www.productivity.govt.nz/assets/Documents/an-international-perspective-on-the-nz-productivity-paradox/9edc141d17/Why-New-Zealand-has-low-productivity.pdf>.

<sup>17</sup> Smith, L. T. (2021). *Decolonizing methodologies: Research and Indigenous peoples* (3rd ed.). London: Zed Books.

<sup>18</sup> Prime Minister’s Science Prizes. (2020). *2020 Prime Minister’s Science Prize winner: Te Pūnaha Matatini*. Wellington. Retrieved from <https://pmscienceprizes.org.nz/2020-prime-ministers-science-prize-winner/>.

<sup>19</sup> Thinking Tool consortium. (n.d.). *Societal readiness level self-assessment tool*. Retrieved from <https://thinkingtool.eu/>; Innovation Fund Denmark. (2019). *Societal readiness levels (SRL)*. Copenhagen: Author. Retrieved from [https://innovationsfonden.dk/sites/default/files/2019-03/societal\\_readiness\\_levels\\_-\\_srl.pdf](https://innovationsfonden.dk/sites/default/files/2019-03/societal_readiness_levels_-_srl.pdf).

Technology Readiness Levels. In meetings with Cluster 2 programme managers at twelve European universities, I found they were actively seeking partners who could weave that reflexive practice into technical work packages.

Horizon Europe treats these demonstrated strengths—Kaupapa Māori-grounded ethics, trusted COVID-19 modelling, and other markers of societal readiness—not as incidental spill-overs but as proof that a project has already climbed the upper Societal Readiness Levels (“fitness for purpose, impact, scalability”) that unlock long-run returns. In stepping back from a framework designed to translate cultural capital into durable economic value, the opportunity cost to New Zealand is two-fold: fewer funded projects in the short term and a slower climb up the global value chain when societal readiness becomes, as Brussels now signals, a default test for international research investment.

## **What Would Warren Buffett Say?**

If we were to ask Warren Buffett whether it is wise to divest from social science and humanities research, his answer would almost certainly begin with time horizon. Three decades ago, Buffett said, “Someone is sitting in the shade today because someone planted a tree a long time ago”, urging shareholders to value long-run cash-flows over momentary savings.<sup>20</sup>

Next he would invoke diversification: putting all your eggs in one basket is safe only when the basket itself is broadly diversified, he writes, warning that concentration courts disaster when conditions change.<sup>21</sup> A research system weighted almost exclusively toward

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<sup>20</sup> Kilpatrick, A. (2007). *Of Permanent Value: The Story of Warren Buffett* (3rd ed., p. 189). Little Rock. [Quoting Warren Buffett, statement of January 1991].

<sup>21</sup> Buffett, W. E. (1996, rev. 2014). *Berkshire Hathaway Owner’s Manual* (p. 2). Omaha. Retrieved from <https://www.berkshirehathaway.com/ownman.pdf>.



STEM carries the same fragility. What Buffett ultimately looks for are strong fundamentals, and in a national knowledge portfolio those fundamentals include the analytical frameworks, historical perspective, and community insight produced by the social sciences and humanities—precisely the capabilities that turn technical breakthroughs into durable innovations and policies into widely trusted practice.

Reputation completes the logic. Buffett warns that “it takes twenty years to build a reputation and five minutes to ruin it”.<sup>22</sup> New Zealand’s standing as a partner in Indigenous studies, participatory governance and creative-industry policy is one such reputational asset. Withdrawing from Horizon Europe and shuttering domestic SSH panels risks signalling that the country no longer values the very competencies its partners seek.

Dramatic funding shifts in Buffett’s own backyard illustrate the risk of imbalance. In 2022, the *CHIPS and Science Act* authorised a near-doubling of the National Science Foundation’s budget over five years—US\$81 billion if fully appropriated<sup>23</sup>—while appropriations for the National Endowment for the Humanities have remained essentially flat at roughly US \$200 million a year; and in 2025 emergency rescissions cancelled more than 1,200 NEH grants.<sup>24</sup> The result is a widening gulf between STEM expansion and humanities retrenchment. By contrast, Horizon Europe’s model funds engineering breakthroughs *and* the societal-readiness research that smooths their adoption. New Zealand’s decision to exit

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<sup>22</sup> Connors, R. J. (2010). *Warren Buffett on Business: Principles from the Sage of Omaha* (p. 5). Hoboken: John Wiley & Sons.

<sup>23</sup> U.S. National Science Foundation. (2024). *Celebrating 2 years of the CHIPS and Science Act* [fact sheet]. Alexandria, VA: Author. Retrieved from [https://nsf.gov-resources.nsf.gov/files/CHIPS\\_and\\_Science\\_2\\_year\\_fact\\_sheet.pdf?VersionId=5xBODwtAPnUeVLBSbzWAtuORXUgcj9Et](https://nsf.gov-resources.nsf.gov/files/CHIPS_and_Science_2_year_fact_sheet.pdf?VersionId=5xBODwtAPnUeVLBSbzWAtuORXUgcj9Et).

<sup>24</sup> McGlone, P. (2025, April 7). At least 1,200 grants canceled as NEH cuts target humanities across U.S. *Washington Post*. [washingtonpost.com/style/2025/04/07/neh-grants-canceled-cuts/](https://www.washingtonpost.com/style/2025/04/07/neh-grants-canceled-cuts/).

Cluster 2 therefore risks reproducing the very asymmetry now destabilising the intellectual ecosystem of Buffett's home country.

Buffett extends that logic beyond balance-sheets, insisting, "Invest in as much of yourself as you can; you are your own biggest asset by far", a view that, like Humboldt's, treats capability—skills, judgement, curiosity—as the ultimate compounding asset.<sup>25</sup> Read through the lens of *Wissenschaft*, that dictum resonates with the Humboldtian insistence on cultivating knowledge that can be taken up and applied for the common good; and with Jürgen Mittelstraß's reminder that rigorous self-scrutiny is a pre-condition for lasting value.<sup>26</sup> In both frameworks, reinvesting in people and ideas is the prerequisite for compound gains; a research portfolio must be given time to mature, diversify, and prove its worth against society's evolving needs.

Buffett's philosophy therefore reinforces a fundamental truth about research strategy: economies prosper when they nurture a broad, forward-looking knowledge base rather than chase short-term savings. Cutting social science and humanities funding is not a shrewd hedge; it is a decision to forgo the multiplier effects that arise when technical invention is paired with historical insight, cultural competence and behavioural understanding. A wise investor would see that selling an asset with powerful, long-run cash-flows to plug a momentary gap is value-destructive. New Zealand must decide whether to think like a long-term investor—or liquidate its intellectual capital at a discount.

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<sup>25</sup> Winfield, C. (2015). *This Is Warren Buffett's Best Investment Advice* (para. 8). New York: TIME. Retrieved from <https://time.com/3968806/warren-buffett-investment-advice/>.

<sup>26</sup> Mittelstraß, J. (1982), pp. 6-7.

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She is a former Humboldt Fellow (2010–12), and has received three Marsden Fund grants from the Royal Society Te Apārangi. A leading voice in the global movement to reframe classical music history through participatory and inclusive lenses, she also contributes to research-policy debates in Aotearoa New Zealand, especially regarding the long-term value of the social sciences and humanities. Her recent publications include *Opera in the Viennese Home from Mozart to Rossini* (Cambridge University Press, 2024) and the forthcoming volume *Haydn Studies 2*, also with Cambridge University Press.