

**Keynote Speech - Philanthropy Australia Annual Meeting  
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**Nurturing Ideas**

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I'd like you to indulge me while I do a little thought experiment.

The date is 1 September 2010.

The place is Melbourne.

A group of people gather for the annual meeting of Philanthropy Australia.

There are only about 50 in attendance.

The audience is a bit shabby. Their clothes are well-worn and often mended.

The watches they wear are the only ones they've ever owned.

Almost no-one has a mobile phone.

Mobile phones and new watches are strictly for the wealthiest few in society.

The audience is also not particularly healthy.

Many suffer from fatigue and poor concentration, nausea and anaemia.

There's no-one over 64 because few survive that long.

Now, even allowing for a bit of artistic license, I'd like to suggest that this could be the world in which we live today.

So what terrible train of events could have led us to this point?

Actually, none. No disasters. No tragedies. Nothing that could be made into a blockbuster movie.

What could have led us to this point is the natural evolution of our society without a crucial ingredient.

Ideas.

We as a society tend to underestimate the role of ideas. We have a pragmatic culture that dislikes too much high-falutin' intellectualizing.

And this makes us unaware of what a crucial role ideas have in our society.

So what were the ideas that saved us from a present that is poorer and healthier than the one we're living in?

The first one is equality, or more accurately, the idea that every human being has the potential to improve their lot in life, irrespective of their race, gender, class or caste.

It seems to be a natural idea to us, but in many parts of the world it is not.

Indeed, in our own history this idea is quite recent.

Some 250 years ago, the entire social order of human societies was based on the concept of an hereditary hierarchy.

People needed to know their social place, a place they occupied from cradle to grave.

So when a young Swiss philosopher named Jean Jacques Rousseau wrote a treatise arguing that inequality was unnatural and stunting to all humans, the idea was somewhat disruptive.

As recently as the late 1950s, the idea of human potentiality left unchecked by social structures was given a further push along by thinkers such as Friedrich Hayek.

In many parts of the world we live in today it's an entirely new idea, and it's equally revolutionary.

The idea of human potentiality, unchecked by tradition or prejudice, threatens social orders and leads to some of the most inexplicable human behaviours.

But it also means that millions of people who a mere generation ago were locked by fatalism into traditional occupations and grinding poverty have been energized by the potential of their own self-improvement.

Here's how the Singaporean writer Kishore Mahbubani captures what's happening:

"Dharavi, Mumbai's notorious slum and the biggest in Asia, was once a marsh next to the Mithi River, and its first residents would catch fish and sell them to the Portuguese and later the British.

"As Bombay grew and industrialized, Dharavi became a 'human dumping ground' for dispossessed workers and penniless migrants seeking their fortune.

"Today Dharavi has a population of between six hundred thousand and a million – and its annual GDP is one billion US dollars ...

"Dharavi's residents still live in poverty and squalor, but they also have a sense of hope and ambition that has spread throughout India."

A similar sense of hope, dynamism and optimism has spread throughout southern and eastern China.

It means that the factories of southern China are able to produce consumer goods of a quality and cheapness that has completely reshaped the world economy.

Which brings me to the second idea that has shaped our world – globalisation.

The idea of allowing the free flow of goods and services across borders should come naturally but doesn't.

Governments have traditionally made money from the flow of trade.

They worry that trade may help potential enemies become stronger.

And the ability to control trade and financial flows has been seen as a way of protecting an economy and its jobs.

In the midst of such arguments came the idea that opening up national borders to trade flows enriches everyone.

If done consistently, and not exploited by structures of power and interest, the free flow of goods and services means that societies and people will concentrate on producing what they're best at producing.

Without money and restrictions being used to prop up industries that are more efficient elsewhere, people and companies are able to organize and access resources more effectively to achieve what they are capable of.

So if the idea of human potentiality has unleashed the energy and optimism of millions in a way that has reshaped the global economy; the idea of globalization has allowed them to produce and profit from what they're best at.

And it's allowed what they produce to affect how we live our lives.

Without the economic revolution that has occurred in Japan, South Korea, Taiwan, China, India, Vietnam and Indonesia we could not all share the standard of living we enjoy today.

Our ability to afford clothes of a uniformly high quality, to replace them regularly rather than repair them, and to tire of them as quickly as the fashions change, is delivered by the economic revolution in the developing world.

Our ability to afford new watches rather than having them repaired, to each own a mobile phone or two or three, is delivered by the economic revolution in the developing world.

The fact that we can all own the very latest advances in technology as soon as they're released, rather than watching enviously as only the very wealthiest acquire them, is delivered by the economic revolution in the developing world.

And this revolution could not have occurred without the idea of human potentiality unshackled by prejudice and convention.

Nor could it have worked without the idea that opening borders to free trade works to the benefit of all.

Arguably it is these two ideas that are driving the great convergence between societies' proportion of world population and their contribution to global GDP.

This is an epochal change, reversing the structure of the world we grew up with, in which a small proportion of the world's population produced the majority of its economic output.

And, less remarked on, the great convergence in the developing world is driving a convergence within our own society, making innovations and consumption patterns that were once the province of the wealthy and privileged accessible to nearly all.

And the likelihood of this great convergence continuing and even accelerating is increased by another idea – the concept of microfinance.

Microfinance is the result of innovations in credit arrangements that make financial services available to poor people with no assets.

Microfinance uses technology to solve the problem of transaction and administration costs in lending money. It frees poor people from the usurious rates of local money lenders.

Microfinance breaks social barriers by overwhelmingly channeling investment finance towards women.

It breaks expectations and stereotypes by showing a repayment delinquency rate among women of just 0.9%.

The idea of microfinance holds within it the seeds of a new wave of economic revolution in the developing world that will further unshackle human potential from the bonds of structural poverty and disadvantage, and will further reshape the world in which we live.

That all of us are reasonably healthy and can expect to live substantially longer than 64 years of age can be partially attributed to another big idea – the idea of sustainability.

This was the idea that the earth is not an infinite supply of resources we can use to enrich ourselves, nor an infinite receptacle for the harmful by-products of our way of life.

It was the argument of writers such as Rachel Carson that as long as each person or society got the most resources they could, and believed that their pollution was a minor contribution to pollution problems, the cumulative effects of their actions would be environmental catastrophe.

It is the spreading idea that the effects of resource use and pollution will have greater and greater impacts as time goes by, that makes drastic action to limit or modify these activities now so important.

And we are the beneficiaries of these ideas and their effects on behaviour.

The fatigue and poor concentration, nausea and anaemia that were in epidemic proportions in developed countries as recently as the 1950s and 1960s, caused by heavy metals poisoning, are now virtually unknown in our society.

The concept of sustainability has spread to become a question we ask about most realms of human activity; “how will what I do affect the circumstances of others, now and in the future?”

## II

Ideas are a vital component to the health of any society. They structure what is possible and what isn't.

But because they are intangible, because they're free and widely accessible, and because we tend to regard them as obvious once they've been influential, we tend to underestimate ideas.

That's why it's important to remind ourselves that a society without a vibrant intellectual life is a society bound for stagnation.

That's why it's important to remind ourselves that a society that's content to rely on other societies for its ideas is destined to become a satellite to the whims and preferences of others.

That's why it's important to remind ourselves that ideas can be dangerous and destructive; and that a society without a vigorous and critical intellectual life can be dragged towards folly and disaster.

So what has made these ideas so influential – and ultimately beneficial – to our society?

I think all good ideas have four things in common.

First, they are contrarian and courageous.

Ideas become influential because they disturb the intellectual ruts that human activity inevitably falls into.

In a busy life within a complex society, nothing is easier than to accept established ways of thinking about and doing things.

It's comfortable, it makes life predictable, it becomes the glue that can hold people together.

But the world has a way of undercutting established ways of thinking and acting.

And that's what makes the restless mind so important – the mind that is always inclined towards skepticism, that suspects the received wisdom to be wrong, that delights in nothing more than challenging and unsettling the complacent arrogance of the social consensus.

It was four such restless minds that walked into the lunch counter of the Woolworth's store in Greensboro, North Carolina on 1 February 1960, and sat down.

Theirs was a contrarian and courageous act because that lunch counter was segregated – and they were black.

What Ezell Blair, David Richmond, Joseph McNeill and Franklin McCain asserted was a deeply contrarian idea – the idea of racial equality.

In February 1960, their world was defined by racial hierarchy.

Their world was defined by racial segregation, disenfranchisement, economic exploitation and arbitrary violence, backed up by a whole edifice of belief that accepted implicitly that white peoples' power, success and culture was the natural result of racial superiority.

This belief system went far beyond Greensboro North Carolina; it structured the way the world worked – a world in which most non-white people still lived in colonies administered by white colonizers.

What Blair, Richmond, McNeill and McCain did that day was to assert an idea that spread with astonishing speed – including to here in Australia.

Second, the best ideas are simple.

They are based on a founding insight that is easy to grasp.

It is often an insight that has been obscured or buried by established ways of thinking and doing things.

Established wisdom is often like a jazz concert – it establishes a basic theme that is then embellished on with ever more elaborate variations.

But while resources and attention are captured by the elaborate embellishments, the underlying tune begins to get stale and out of touch.

A simple idea can reveal the absurdity of the previous beliefs and practices.

One such idea was effectively used by young protesters in Belarus in recent years.

Belarus is Europe's last dictatorship.

When President Aleksandr Lukashenko was "re-elected" with a huge majority in 2006, he reiterated his government's harsh restrictions on public assembly, freedom of speech and criticism of the government.

Naturally, there are plenty of Belarussians who want democracy and liberty – these are hardly new ideas.

But how they promoted their cause was ingenious.

Police had arrested hundreds of people who had turned out to protest Lukashenko's rigged election victory in 2006.

So opponents adopted a different tack.

Suddenly, one afternoon, 50 young people turned up in Minsk's Oktyabrskaya Square eating ice cream.

They didn't chant slogans. They didn't talk or even look at each other.

The authorities were astounded. This was obviously a planned gathering but they were just eating ice cream.

Just to play it safe, they arrested several of the ice cream eaters – and the images of police arresting kids eating ice cream spread quickly on the net.

A few weeks later, hundreds gathered at another location in the center of Minsk, simultaneously opened the newspaper *Soviet Belarus* (the “official” newspaper of the regime), and began tearing it into pieces.

A week after this, another sudden gathering in Oktyabrskaya Square saw people blindfold themselves, and collectively turn away from the enormous television screen installed in the square to broadcast official state news.

After a series of these events, the authorities realised they were being organised by social networking technologies.

On the eve of April Fool's Day, 2006, information spread over the internet about a spontaneous gathering at Minsk's Dynamo stadium dressed as clowns and mustachioed skiers.

Security forces gathered at the stadium at the appointed time, but no one else turned up.

The same day, photographs circulated on the web documenting this “unapproved gathering” of law enforcement officials in Minsk's Dynamo Stadium.

Third, the best ideas are practical.

They offer clear prescriptions for action.

And the best of these ideas have practical implications for both individuals and entire societies.

The most influential ideas are like the most influential technologies.

When I was growing up, we used to have big arguments in the school yard about whether we were living in the space age or the nuclear age.

Turned out we were all wrong – I think we live in the age of the transistor and the contraceptive pill.

Unlike space or nuclear technologies, which needed the vast resources of the state to be developed and then only affected ordinary peoples' lives at an intellectual level, the personal computer and the pill were put into effect individual by individual.

They made immediate, startling differences to the people who began using them.

And as more people used them, the more powerful and revolutionary they became.

The spread of the personal computer enabled a whole new infrastructure of human connectivity; the spread of the contraceptive pill brought about a revolution in women's ability to work and control their own destinies.

The best ideas are like this.

They allow individuals to suddenly see, advocate and act on new possibilities.

And as more and more individuals do this, they cause a profound change to how society works.

Finally, the best ideas are acutely conscious of their possible consequences.

They are aware of their potential power to do good and to cause destruction.

That's why the best ideas emerge in the open, subject to objection, critique and deconstruction from all comers.

The best ideas are those that emerge strengthened from a rigorous process of testing.

They endure as good ideas because they are constantly subjected to the same skeptical, irreverent critique towards established wisdom that they emerged from in the first place.

Arguably, the idea of nuclear fission was just such an idea.

Otto Hahn and Fritz Strassmann first split uranium in December 1939, a threshold that led directly to the invention of the atomic bomb in July 1945.

But those who were midwives to this idea were profoundly disturbed and concerned about what they had made possible.

J. Robert Oppenheimer, the "father of the bomb", famously quoted from the Bhagavad Gita after the first test: "Now I am become Death, the destroyer of worlds".

Three of the leading theoretical physicists working on the Manhattan Project, Niels Bohr, James Franck and Leo Szilard, had already voiced strong concerns about what an atomic weapon would mean for the fate of humanity.

Oppenheimer himself was a leading player in the development of a proposal to put under international control "dangerous" nuclear facilities.

Klaus Fuchs was so concerned about nuclear weapons being the monopoly of one country that he gave the secrets of the technology to the Soviet Union.

Out of the activities of these scientists arose a strong movement of concern about nuclear weapons, a taboo against the use of nuclear weapons, and a rigorous framework of deterrence to prevent their use.

Yes, Oppenheimer, Bohr, Franck, Szilard and Fuchs helped create this terrible technology, but they didn't then shirk their responsibility to help create a system of social control that has seen nuclear weapons never used after August 1945.

### III

You can see from these examples that ideas arise from a passionate interest in society, in all of its complexity, and from a concern with what is missing, what can be done better, what is being neglected.

Ideas are also the means by which we navigate and construct our future.

Here in Australia we face arguably the most disruptive and dangerous future than anything we've faced for over a generation.

It is almost certain that our comfortable, prosperous, and even bucolic world is going to come to an end.

The forces that will bring it to an end lie beyond our shores.

We can see the tsunami now – all the water has been sucked off the beach.

It's up to us whether we stand still and be swamped by the tsunami or whether we ready ourselves to ride this wave to a new position of strength and security.

So – what is this tsunami?

It's what we at the Lowy Institute call the Great Convergence – a concept so simple you can draw it on a chart.

The Great Convergence is a reversal of the Great Divergence – a period of a few hundred years when about a fifth of the world's population produced over half of all global production.

We're watching a steady trend that is returning us to a world in which a society's share of global wealth is approximately the same as its share of global population.

I can see some of you are thinking: "*That's your big idea?*"

To which my answer is yes – it's one of our big ideas – and before you downgrade it, let's just think through some of the consequences.

First, the great convergence will see a momentous shift in the distribution of power in world affairs.

The great convergence will give countries that are not western or western-aligned real power to determine the rules of the game for everyone else.

In fact, when you add demographics to the picture, it becomes even more dramatic.

The world we are entering will see most of today's rich countries in demographic decline, and most probably facing an economic and social future similar to Japan's last two decades.

It will see most of our world's very poorest countries beset by explosive population growth, further adding to their problems of violence, lawlessness and poverty.

Between the new first world and the new third world will be the dynamic engines of world history: the big, demographically and economically dynamic societies: China, India, Indonesia, Brazil.

It's not that these dynamic giants have different histories and cultures.

When China becomes the world's largest economy in the 2020s, its per capita wealth will still only be around that of Egypt or El Salvador today.

In other words, these will be the poorest great powers in history.

All of this means that the new powers will have very different perspectives on what's important, what needs to be changed and what needs to be preserved.

But the great convergence won't only be in wealth and power.

As the giants rise they will consume more and pollute more.

We, who individually consume five times the amount of energy as the average Chinese and eleven times that of the average Indian, and who pollute almost four times more than the average Chinese and fourteen times more than the average Indian, will need to dramatically reduce our resource and pollution footprints.

And it's not just a matter of when or how – if ever – we agree on an ETS.

The great convergence means that the luxury of being able to choose, or not choose, may no longer be ours.

#### IV

This is the Tsunami that's coming.

Whether we'll be a casualty or a beneficiary depends not on our natural resources, our military might, our scientific inventiveness, our sporting prowess or even the integrity of our political institutions.

It will depend on the quality of our ideas – our ability to comprehend and respond to the great conceptual and moral challenges posed by the great convergence to a modest but prosperous society inhabiting a vast and richly endowed continent to itself.

It should be clear by now that when I talk about ideas I don't mean knowledge or technology.

Knowledge and technology advance through incremental steps, building slowly on an internal logic, comprehensible only to those with specialist training.

Ideas come from engagement with the big and urgent questions facing society.

Big ideas don't come from government, a realm dominated by risk-aversity, short political cycles and low horizons.

Big ideas seldom come from universities, which are more and more attentive to academic reputation and internally-focused academic debates.

Big ideas are the bread and butter of think tanks.

Think tanks occupy that space in which the contentious, the startling, the challenging, the new, the debate-starting, will always trump the conventional and the careful.

But this is not a natural or accepted space in Australia.

Traditionally, we have thought of ideas as the preserve of governments and universities – and that's where we've invested in ideas.

But our ability to navigate our future confidently and creatively depends on our willingness as a society to invest in the think tank sector.

Other countries have been for many years.

Australia's collection of 28 think tanks is meager compared to America's 1777, Britain's 283, Germany's 186, France's 165, India's 121, Japan's 105, Canada's 94 and China's 74.

Ideas are currently at the same place in the Australian public mind that the arts were in the early 1970s – seen as luxuries, basically non-essential distractions.

A generation later we've realized how central the arts are to a vibrant, healthy, creative and integrated society.

We've realized how important the arts are to our sense of who we are and what we stand for in the world, and to others perceptions of us.

I would argue that ideas are just as central to the life of a vibrant, confident, enterprising society as it enters an era of great change.

We're currently at a great disadvantage to the societies I've just listed, that clearly think investing in ideas is important.

Australia needs to learn to value ideas for their own sake.

We would be selling ourselves short were we not to construct and promote ourselves as a thinking nation with a vigorous life of the mind.

Wouldn't it be good if we became known for our creativity and ingenuity rather than our wildlife and beaches?

## V

We in the think tank sector have much more in common with the philanthropic sector than just our not-for-profit status.

We all have a role in placing issues and perspectives on the public agenda that disturb the complacency of governments, businesses and people.

Think tanks and philanthropic organizations need more than support from those with no interest in controlling their activities; they need a broader culture that is comfortable with and accepting of their restless and contrarian role.

And bigger and more vibrant our philanthropic sector, the more think tanks there are, the greater the society's intellectual life, and the more widespread the tendency to critique, question and rethink the way society works.

Because it is only with a restless, questioning intellectual life and a relentless public spirited private life that a society such as ours can grapple with the complex future we face.