

LOWY INSTITUTE
FOR INTERNATIONAL POLICY

Welcome to 2010

Michael Wesley

Speech at a reception at the Westin Hotel on Thursday 28 January 2010

Ladies and gentlemen, thank you for joining us this evening.

It seems a particularly apt time to be holding a welcome to 2010 function this week, given that in Australia, the year really starts after the 26th of January.

All of you are here this evening because you have made a contribution to the Lowy Institute and its success so far.

This evening we want to thank you for your interest and support and talk to you about what we have in mind for the next phase of the Institute's life.

We also want to invite you to think about what we do and how we do it.

We need your ideas as well as your material support in realising our ambition to be unquestionably the premier think tank in Australia on international affairs and issues of national importance, and a prominent voice internationally.

This will be an important year – there will be national elections in Australia, Britain and the United States.

There will be two G20 Leaders Summits.

There will be important global meetings to look at nuclear security and non-proliferation, global warming, the International Criminal Court, and the millennium development goals.

But 2010 is also important because it makes us think about the coming decade – though I am well aware that some of us are firmly of the view that the second decade of this century won't start until 2011.

Decades have become an important framework we use to think about the passage of time.

The 'fifties, the 'twenties, the 'nineties all conjure up images and stereotypes relating to fashions, music and tastes.

In the realm of international affairs, decades are no less important to how we see the world.

It seems that for each successive decade, some event comes to define the decade in the popular mind.

It can occur at the start of the decade – as 9/11 came to define last decade.

Or it can come at the end of the decade – as the fall of the Berlin Wall seemed to retrospectively define what the 1980s had been leading up to.

It defies our capacities to predict what will define the decade to come, but it is still important to think about the years ahead.

2010 will be an important year for the Lowy Institute.

In 2010, the Lowy Institute will enter a new phase of its development.

If the past seven years were the Lowy Institute's launch phase, the next seven will be its boost phase.

In a remarkably short period of time, the Lowy Institute has achieved a prominence and reputation that not many would have predicted over such a short time at its outset.

I can say that because I only arrived last June.

We may have achieved much, but we have much bigger ambitions.

We aim to be widely recognized as a thought-leader, producing research of the highest standards of objectivity and rigour, with recognizable and beneficial effects on policy making and decision making in Australia.

And our success has spawned serious, well-resourced competitors.

And so 2010 must be a year in which we start to sharpen our research agenda and our events to make them more strategic, reflecting our core business, and more attuned to the interests of our current and future supporters.

We want to do this while maintaining our quality and independence.

In five years, the Lowy Institute should be able to look back and list at least 10 cases in which its work has had a demonstrable and positive effect on the policy agendas and decisions of government and business.

The Lowy Institute should also be able to demonstrate that it pioneered new ways of understanding and analyzing important policy challenges.

In five years, the Lowy Institute brand should be broadly recognized by Australians, and that brand should bring with it strong connotations of quality, objectivity and rigour, a source of new and challenging perspectives and information.

In five years, we should be able to look back and identify at least five issues on which we have stimulated and led public debate and discussion in Australia and more broadly.

And to underwrite our work, in five years the Lowy Institute should have significantly diversified its funding base through government and corporate support, foundation grants, consultancy income and public subscriptions.

Each of these objectives depends on what we as an Institute do – and what we choose not to do.

In the years ahead, the Lowy Institute's research and events will focus more strongly on anticipating emerging international issues, and on stimulating and informing debates, and less on reacting to issues as they occur.

Our research agenda will be oriented towards thinking big and being provocative.

In the years ahead we will invest considerable effort and resources in using new formats and platforms to reach new audiences.

And beyond reaching new audiences, we will be trying to engage them with our research products to develop a broad following of people who seek and consume our research.

At the heart of the Lowy Institute's reason for being is a belief that people are growing more and more interested in international issues, as they become ever more aware that the international realm has a major effect on their lives

Our world is increasingly shaped not by a few big decisions taken in foreign ministries and summit meetings, but by billions of small decisions taken by ordinary people.

It was millions of small decisions that constructed the edifice of collateral debt options; and it was thousands of small decisions that brought it tumbling down – and almost took the global economy with it.

A handful of small decisions to fly jets into the World Trade Centre provoked – intentionally – a response that cost thousands of lives and defined the first decade of the twenty-first century.

Billions of small decisions are behind the astonishing economic development of China, India, Vietnam and Indonesia – developments which will shape the world in the coming decades.

Individuals' interests and decisions no longer fit into the neat representational boxes that have defined global order for the past 500 years.

International affairs is no longer the preserve of specialist diplomats, academics and commentators, a realm understood, managed and interpreted by the few, for the few, with their own agendas, terminology, and frameworks of what's important and what isn't.

Arguably, leaders and diplomats no longer shape the global agenda – they respond to a global agenda set by others.

As never before in history, individuals are directly affected by trends, pressures, and opportunities beyond their own country's borders.

Their perspectives, hopes, fears and tastes are more heavily influenced than ever before by other societies and cultures.

Twenty-first century people can communicate effortlessly, seamlessly, spontaneously with people in other societies.

They can find communities of belief, taste and opinion that are unencumbered by tyrannies of distance.

Or they can join an attack on another state's cyber systems to mollify nationalist anger.

Twenty-first century people – whether they live in democracies, dictatorships or sheikhdoms – increasingly expect their views to count in ways that are changing how governments work and think.

There is a spreading belief in the sovereignty of opinion, the catalytic role of choice, the banishing of the fatalism of background and circumstance that is spurred by talkback radio, reality TV and blogging.

And this is not just in democracies. When it first went to air, the Chinese version of *American Idol* – intriguingly titled *Mongolian Cow Sour Yoghurt Super Girl Concert* – garnered 32.5 million SMS viewer votes for the eventual winner, 21 year old Li Yuchun.

In the twenty-first century, ordinary people have more at stake in world affairs, they have more information about international issues, and they have rising expectations that their views should count.

This is our audience-not just other foreign affairs specialists.

The challenge for the Lowy Institute is reaching this broad audience, speaking to it in a language that is accessible, and telling it about international issues that it wants to know about and should know about.

That's why we spent considerable time at the end of last year thinking about our research and events agenda.

Our objective is to put important issues on the national and international agenda, to stimulate discussion and debate, and to challenge accepted wisdoms.

In 2010, expect to hear from the Lowy Institute on the subject of Asia's emerging great powers: China, India, Indonesia.

We need to think about what these great powers will look like – because it won't be like the rise of other great powers.

Today China's GDP per capita puts it in the same league as Egypt or Ecuador.

In 2027, by which time Goldman Sachs predicts China's economy will surpass America's in absolute size, China's per capita GDP will be in the range of Malaysia's or Libya's today.

My point is that Asia's great powers will be the poorest great powers in history.

And we can already see the effects, as they flex their muscles on free trade, climate change, and access to resources.

In 2010, expect to hear from us on the geopolitics and geoeconomics of resources – minerals, energy, food and water.

We're living in a world in which resources are at a premium and in which the consequences of their use are more and more apparent.

Australia is among the top five of producers and reserve holders of an astounding range of commodities in demand: bauxite, coal, gold, iron ore, manganese, nickel, niobium, uranium, vanadium, natural gas, cereals, wheat, sugar, bovine meat, ovine meat, and dairy products.

Its proximity to booming Asia and its political stability place Australia as a premium supplier.

But Australia's resource sector reflects a deep commitment to the operation of private companies within free markets, while global resources are increasingly becoming dominated by huge, state-owned companies.

The territory we inhabit thus throws up a range of questions faced by few other countries.

How should we handle the tidal wave of investment in our resources sector that's coming our way?

What can we learn from the experience of other countries and regions?

What are our responsibilities in relation to what we have and what we export?

Should we not be accelerating our exports of our uranium – the largest recoverable deposits in the world – at a time when global energy demand soars and concerns about global warming mount?

What sort of geoeconomic influence do we have? What sort of geopolitical vulnerabilities?

In 2010, expect to hear from the Lowy Institute on the crisis in the global development agenda.

We need to face up to an uncomfortable fact: that the billions we and other rich countries have spent over the years on development aid has brought few results, while China and India, which have steadfastly ignored all of our advice and intellectual fads, have lifted hundreds of millions out of poverty in the space of decades.

It should come as no surprise that with this track record, China has become very attractive as an alternative aid provider – including in our own region.

Decades of Australian aid to our own region have produced few results. Is there any prospect that even more money will achieve results?

Then there's our relationship with our northern neighbour, PNG, a country that we've developed a benign, patronizing relationship towards.

But the exploitation of the huge natural gas reserves in PNG's highlands, and the building of a gas pipeline to Australia will change all that.

On the one hand, it raises to question of how PNG manages the revenues from the gas.

On the other, it raises the prospect of a PNG no longer so dependent on Australian largesse, and an Australian energy grid that is partially dependent on Port Moresby's good will.

This year, you will hear from us about how technological change is shaping our world.

For 250 years, the world economy has been shaped and reshaped by technological change with a cycle of roughly 50 years.

Each new technology has reshaped society, politics and security.

The latest technology revolution – the information and communications revolution – started in the early 1970s with the spread of the personal computer.

That means that if the cycle theory works, we're closing in on the next technology revolution, the beginnings of which should start to appear in the 2020s.

Past experience shows that the technologies that reshape the world don't suddenly appear – they exist for decades before encountering the right combination of circumstances that lead to their utilization.

In the meantime, we're living through the maturing of the information and communications revolution.

We're witnessing what has been called Moore's law – the exponential increase in computer performance and communications connectivity and the progressive reduction of cost.

Research by the International Telecommunications Union shows that it is the mobile phone that has taken the information revolution further and faster than any other technology.

In 2007, 64 per cent of all mobile phone subscribers were in the developing world.

We are only just starting to understand how these new forms of connectivity are changing our world.

Our societies have become progressively more dependant on information systems, and as a result ever more vulnerable to their failure or disruption.

The rapid transmission of information and opinion, and the proliferation of media outlets, introduces a new dynamic of popular emotion into the confrontations between nations and societies.

The internationalization of economic processes means that localized economic disruptions can rapidly become regional and global crises.

Ladies and gentlemen, this is just a taste of what we've got in store this year.

It's an ambitious agenda.

The fact that we have come this far is a measure of your support, in so many different ways.

Thanks to Frank Lowy's vision and generosity, we were able to transform the Australian international policy landscape in a very short period of time.

But no organization will live beyond its start up phase by relying on one or few benefactors.

I know of no private, independent think tank which has not progressively broadened its financial base and networks to build its sustainability which will give future donors the confidence that the Institute represents a solid and worthwhile investment.

We can only do this is if we grow and we can only grow if we broaden the investments, ownership and engagement.

Standing still is not an option-or we will simply be overtaken by others.

It's still a big ask in Australia to look for material support for good ideas. But we are in a new world in so many ways, some of which I spoke about today.

Governments are no longer expected to support all our national needs.

We value our strong relationship with the Australian government, but we value even more our independence, which is based on our overwhelmingly private sector funding.

We see the fate of the Lowy Institute as one in which all of us share a vital interest.

We want to provide the opportunity for current and future generations of creative policy minds to hone their skills and to think creatively about the world and Australia's place in it.

Some of those minds you see at work on a weekly basis through our Wednesday Lowy Lunch Club lectures and seminars.

I want to thank in particular those inaugural Wednesday Lowy Lunch Club members who have supported this program through their subscription.

This evening you can take a punt by throwing in your business card for a free 6 month sample of the Wednesday Lowy Lunch Club which starts again on 3 February.

Or you can take the more secure route of signing up or renewing your membership now.

We are looking forward to working with you and hearing from you-and being challenged by you-about how you think we can broaden our appeal and support to ensure our sustainable future.

Thank you for joining us this evening, thank you for your support.

The Lowy team looks forward to intensifying our joint work in making the Lowy Institute an indispensable and permanent part of the Australian landscape.

And now, while we've still got your attention, I'd like to invite our founder and Chairman to come and draw the winner of our subscription to the Wednesday Lowy Lunch Club.