

**Lunar Society 13<sup>th</sup> September 2017**

***Will Hutton (Big Innovation Centre)***

**“Recapturing what drives Innovation – time for a 21<sup>st</sup> century Lunar Society”**

So what are the questions of innovation for the present and the future? Says Jacqui Smith

“The Enlightened Economy” – why did the Industrial Revolution happen when it did and with the vigour it did? Invention is driven by the interplay between thinkers and makers and being an open society all over Europe. Also that there were institutions which were created to incubate this process – eg Royal Society, coffee houses, and Lunar Society is mentioned. <https://www.amazon.co.uk/Enlightened-Economy-Economic-History-1700-1850/dp/0300189516>

SO

Unless the enlightenment spark is rekindled the country is in desperate trouble. The political system is broken, economy is weak and society is under intense pressure.

Reconstruction will be founded on enlightenment values. The EU will a pivot on which that turns – Brexit an intensification of decline.

**BUT – what about the emergence of the libertarian capture of media and global business? And Business Schools in the US?**

Enlightenment values under siege

Eg Kant, Hume, Montesquieu, Voltaire, Rousseau, Smith - values on evidence, debate and discussion, objectivity and impartiality, independence of the rule of law, scepticism about religion and ritual, democratic legitimate government.

All in peril

- Beliefs more important than evidence
- We have had enough of experts
- Weaponise the media
- Absolutist religious faith
- Distrusted strangers
- Weak government
- Blood, tribe and nation are only compasses and social glue
- Overt manipulation of discussion to privatise public realm.

**Return of the PUBLIC GOOD versus the PFI model?**

SO – we have anti-enlightenment

- Mistrust of collective action and belief in markets
- Globalisation promotes inequality within countries
- Democracies fare worse than autocracies. Easy populism
- “post-truth”

## The power of MONEY? The new religion for what?

### General Purpose Technologies (GPC)

- 9000bc/1400ad – pants and animals domestication, wheel, smelting, writing, use of bronze, iron & steel, water wheel
- 1400/1750 – 3 masted ships, printing
- 1750/1900 – steam engine, factory system, railway, iron ships, communications
- 1900/2000 – combustion engine, electricity, motor vehicle, airplane, mass production, computer, lean production, internet, biotechnology
- 21<sup>st</sup> century – mobile phone, nanotechnologies, fusion energy, advanced materials, carbon sequestration, space, nitrogen cycle, water, health informatics, customised medicine, etc

### Digitalisation as a meta GPC

Intangible assets is now much bigger than tangibles assets

### Challenge 2 – de-purposed enterprise

- Great companies have a “north star” of purpose to promote human betterment
- But instead today’s corporations need to please a myopic market with distorted view of shareholder primacy.
- Most acute in UK “ownerless corporations” – fragmented ownership
- Hostile to innovation

### Challenge 3 – China

- Growth model needs wholesale reform
- Leninist corporatism no longer possible
- Excessive debt
- Extreme precariousness of banking system
- **What does this mean for Birmingham and its love affair with Chinese capital?**
- Will’s view is that China will crash in next 5 years

### Challenge 4 – Brexit and Europe!

- Ait was an anti-enlightenment shock
- The manner in which the case was made – “anti-expert” etc

### Challenge 5 – USA and Trump

- America First lives
- Insist on HIS “facts”
- Method in his “madness” – **BUT – libertarianism??**

### Challenge 6 – Inequality

- Income and spatial inequality in UK

- Wealth inequality is stunning due to global asset price boom – and ease of money movement.
- Artificial intelligence and impact on work
- Welfare states under pressure
- Decline of “craft” and disappearance of career?
- **SO – what form of global tax regimes?**

Is the issue one of human betterment for all? Is this the 21<sup>st</sup> century enlightenment?

#### Challenge 7 – Intellectual

- Ayn Rand
- Too much faith in neo liberal model
- BUT
- Restore the heart of Keynesian economics – radical uncertainty and differential speed of financial market and real economy adjustment
- Markets need trusted architectures and trust
- Society needs social contracts – its a 2 way flow – contribution principle is key – the Beveridge contract
- Workers need to know there are prospects of flourishing
- Well designed taxation to finance public betterment (spending) – not as a burden

What should a 21<sup>st</sup> Century Lunar Society do?

- Reboot the idea of “publicness”
- Embrace open innovation and the new
- Enlightenment capitalism – reframe the company
- Recasting the regulatory, financial and ownership systems
- Workers as members of organisations with voice
- Similarly for social contract, public institutions and democracy, digital/AI revolution

Open Innovation as driver of “deep change” – “open” universities?

The purposeful (enlightenment) company

*Prospects?*

- We could experience serious recession in 2018/19? Then decades of below trend growth?
- Brexit will cause traumatic transition
- House prices are far too high
- How much will this prompt intellectual awareness? **But will our libertarian media allow it?**
- Spillovers into music, film, social media, literature,?
- Experimentation with new companies, new unions, new forms of finance, new forms of mutuality
- New civic institutions

## **Do we need a “Diamond Commission” on wealth and inequality?**

Role of social media? *It is both a silo but also a “movement” – and encourage enlightenment*

Will it require a cataclysm impact to change? *Austerity will it end? If hard Brexit then we will crash. There will be a crisis. Impact on the UK banking system capital base. So it could be a provocation to rethink our constitutional situation – law, finance, governance*

How do we transition companies into a post-Brexit world? *The optimistic position I 2035 – could be most populous country in UK, most innovative, scale of company formation, but it is going to hard Brexit and will toxify the Tory party. A new kind of politics will emerge and will be rebuilt around 21<sup>st</sup> century principles I outlined.*