Summer is a great time to relax with friends and family, to take a vacation, to reflect on the year past – and to read.

During the year it can be hard to find spare time for reading. This is especially true for our elected leaders, who have less free time than most. So every December Grattan Institute releases a *Summer reading list for the Prime Minister*.

The list contains books and articles that we believe the Prime Minister – or indeed any Australian – will find stimulating over the break. They're all good reads that we think say something interesting about Australia and its future.

While we don't stand by every word in these books, they provide excellent food for thought. We enjoyed reading them, and we hope our leaders do too. Most importantly, we hope they have a refreshing break and return inspired to lead the country in 2012.

Speakers: **John Daley, CEO, Grattan Institute**
George Megalogenis, Author, Journalist and Columnist
Jane-Frances Kelly, Cities Program Director, Grattan Institute

AUDIO: This is a podcast from Grattan Institute, www.grattan.edu.au.

JOHN DALEY: I would like to welcome George Megalogenis to the stage. George is a noted journalist and columnist particularly for *The Australian*. He is the author of two important books about Australia's political and policy history, *Faultlines* and *The Longest Decade*, and is the author of another book which will be published very shortly. George has the very rare capability of combining two skills: the ability to actually go and get data from the Australian Bureau of Statistics and put it through a spreadsheet; and the ability to talk about what that means for ordinary individuals. And one of his pieces that I've always treasured was the piece literally the day after the Black Saturday bushfires talking about what are these places that many of us had never really heard of and what are they like and what are some of the implications of their demography for the reactions to the bushfire. And I think it was a great illustration of the way that combining those two skills can make an enormous difference. And then we have Jane-Frances Kelly. She is the Program Director for Cities at Grattan Institute, and indeed is one of the reasons we're here this evening, because in her past life she worked as an advisor in the Number 10 Strategy Unit in the United Kingdom, and part of her job was indeed working out what to put in the Prime Minister's suitcase for his summer holidays.

JANE-FRANCES: Well not just me, luckily.

JOHN DALEY: With a few others. But anyway, it was that idea that led to us being here this evening, because this is the third time that Grattan Institute has put out our recommendations for a summer reading list for the Prime Minister. Now I should stress that it's our recommendations, the Prime Minister may or may not accept them as indeed is the case with all Grattan Institute's works. And if she wished to read Spiderman comics all holidays, I for one will be the first to say that's a Prime Minister's prerogative and she should go for it. But, what we've done is put this list together and ask for those Prime Ministers or otherwise who are interested in our political life who've got a little bit more time than usual over the Christmas holidays and are looking, and want to use that time, to read some books, get some ideas. Not necessarily things you'll agree with but things that will get you thinking. Here's a list of books, hopefully not too long but hopefully also varied enough to provide a real spread of the issues that we all face in Australia.

So that's the idea and as we choose this list, what we do is fundamentally apply two criteria. Firstly we look for things that are well written, things that are a pleasure to read, interesting to

read, and secondly books that have something to say about the issues of our times. And so the first of the books clearly is one of those that talks to our times and that's Michael Wesley's *There Goes the Neighbourhood*. It's a book that asks what has happened to Australia and to Asia over the last 30 years, and where might it go next. George, as our guest, what did you take away from this?

GEORGE MEGALOGENIS: I need to know a lot more about foreign affairs. I mean I've got backgrounds in economics and in politics, but one of the things that Michael hits on in this book is that the world has been transformed in our very neighbourhood and it isn't just the income account of the gross domestic product and the national accounts that this thing has been felt. There is something otherworldly going on and there are a number of, or obviously two very obvious powers re-emerging, China and India. We're all aware of that. But he does go into some detail about Indonesia and Vietnam which I hadn't given, I must admit, professionally two thoughts to outside of the normal security issues and outside of the normal relationships. But there's a transformation going on in the region that's probably of a magnitude that we're probably not ready for, even if it is making us wealthy. And as I said, I'd probably want to take up foreign affairs now 'cause there's a lot I didn't know, and that's why I enjoyed the book: one of the principle reasons why I enjoyed the book.

JOHN DALEY: Jane-Frances.

JANE-FRANCES KELLY: I'll start with a full disclosure comment. I'm on the board of the John Button Foundation and this of course won the Button Prize for writing this year. But I wasn't involved in the judging. Look I loved it, I learned a great deal. He is an absolute master of his subject and so was a guide in the richest sense of the word, there was a lot of things I didn't know about. And it's so beautifully written, it's rare to find a book of this kind of scope that's as clear and engaging as this is. He talks in the introduction about how much he enjoyed writing the book and it comes through in every sentence. I was particularly struck by the sections of the book which dwell on the psychology of the changes that are taking place. You know, usually international relations as a discipline historically I think has not been very good at taking that into account. And so he talks about the economics but also about the kind of psychology of it. In fact, I think there's only one thing about this book that I would change which is the beginning of the blurb in the back where it says Michael Wesley, head of the Lowy Institute, Australia's most respected policy think tank. And I say to Michael their most respected foreign policy think tank.

JOHN DALEY: One of the ideas that I found really interesting was the idea that Australia's led a charmed life, that over the last 30 years lots of things were supposed to go wrong. We were supposed to be worried about a resurgence in Japanese militarism and we were supposed to be worried about Australia being shut out of Asian markets and we were supposed to be worried about having no impact on foreign affairs and we were supposed to be worried about, you know, and perhaps a resurgence in Asian conflict. And as it so happened, none of these things happened. Do you think that that's changed the popular psychology of Australia, that we've led this charmed life?

GEORGE MEGALOGENIS: Well charmed in so much as the region keeps dealing us a positive hand. But I would take issue with his description of us as this happy go lucky place that always stumbles on the next big thing. The last 30 years that he talks about, the first 20 of those 30 years involved a major rebuild of the country. Now, whilst the national mind may not know much about China or India or Vietnam or Indonesia, and may not understand quite at a political level yet, 'cause people just want to keep adding zeros to the baby bonus, that seems to be the only debate going on at the moment in Australia. Sure we've got a pretty ordinary set of politicians at the moment but this idea that Australia has been asleep for the last 30 years is not quite right and I don't think he means to create that impression. I think he does acknowledge the domestic reform story, he thinks that …

JOHN DALEY: Yeah, I think to be fair the charmed life is more a charmed international life.

GEORGE MEGALOGENIS: And the point being that no-one's pointing a gun at us at the moment, and it doesn't look like they'll be pointing a gun at us any time soon. But he does make a very, very powerful point: India and China are in competition; Chinese and Vietnamese don't

get on; Indonesia is looking to assert itself at some point, and this isn't just about Australia choosing between the number one customer for our quarry and our great and powerful friend, the United States. We don't have to sit between just America and China, it's every other player in the region. And this is the thing that was an eye-opener for me because it's not the sort of thing in my day job I give much thought to, but I plead the same ignorance most people in politics today plead, which is we don't look that far.

JOHN DALEY: Well no, I guess his point is also that that creates enormous opportunities for us, an opportunity to kind of play with each of those countries, particularly bilaterally and I guess one of the points he makes is that historically our strategy for the last 30 years has been promote, very crudely, promote multinational institutions, everything form the World Trade Organisation to the Non-Proliferation Treaty, to APEC to G20, keep the tie lines for the United States and the kind of world will look after itself. And his point is given the way that Asia is growing as a series of multi-polar centres of power, life's going to be a lot more complicated.

GEORGE MEGALOGENIS: Yeah, and I think my fundamental take out on this book is that we need to get to know the region better, not on its terms, 'cause this isn't the old kowtow argument of we should be intimidated by the tigers, we're going to be the poor white trash of Asia, according to Lee Kuan Yew by calendar year 1980 I think it was, was his prediction, or thereabouts. We don't have that issue to worry about at the moment. But if you've got a number of giants and sort of mid-sized superpowers, in our context, 'cause we're still only 24 million people, we may have a quarry that's the envy of the world and not a bad immigration program and you know, a pretty balanced economy and banks that don't go bust in the middle of the night, but we do have some big players around us who are going to want to assert themselves. Now, one of the interesting things is the immaturity of the political cultures that he describes. The Chinese and the Indians, who have been behind the eight ball for a long time, are suddenly acquiring this capacity to bend the global economy almost to their will. But are they quite ready for the responsibilities that come with the power? And we have to make some educated choices based on predictions that we're not used to making about how they'll react to their newfound importance.

JOHN DALEY: Well I guess that's a call to worry more about something we haven't been worried about. The next book, or more accurately article, I'd turn to is one by Mueller and Stewart that suggests we should worry less about something that we've worried a lot about, and in particular national security and they've published a book by the same name. For those who want the very short version, they've also recently, one of the authors sent it to me, recently published the two page version in Playboy, so there is a new excuse. Although I actually think it says a lot that this is a fairly dry subject by any measure. And it's interesting that it's being read in a whole series of different contexts. Do we worry too much about national security, do you think? Jane-Frances?

JANE-FRANCES: I've only got one thing to say about this piece and I left his jury bailiwick and I was sort of slightly thrown and I really hope we're not going to get a subscription at Grattan to Playboy, is the sort of thing about these things when people are talking about kind of terrorist events and natural disasters where a lot of people die, you can kind of get a bit anxious that something that is as analytically focused and technical as this might not deal very well with sort of things which are tragedies, things which are beyond our quantitatively utilitarian concern. But I thought that that was actually quite well handled and you don't kind of think like that at the end of it.

JOHN DALEY: Do you think it gets the calculus right, George?

GEORGE MEGALOGENIS: I'm interested in the calculus. I'll just give you a flavour. Outside of September 11, so basically the question they pose is have the Americans spent too much on homeland security for the return they're getting, which is for the safety they're getting. And so roughly a trillion dollars has been spent since 9/11. And they make the point, and I'll read you the stat that jumped off the page for me. Number of people killed globally by Muslim extremists outside of warzones comes to some 200 to 300 per year. Now, as I say, it can get a bit icky but that is of course 200 to 300 too many, they make a point. Thank you. But it hardly suggests that the destructive capacities of the terrorists are monumental, which is something governments

need to consider. Now, for comparative purposes, during that same period more people, 320 per year drowned in bathtubs in the US alone. Now I don't know how that happens, but they could probably spend a little bit of that trillion to reduce that number. Or …

JANE-FRANCES KELLY: Bath tub safety.

GEORGE MEGALOGENIS: … there is another rather unpleasant comparison and this is the thing that did strike me. The increased delays and added costs at US airports due to new security procedures providing an incentive for people to drive from A to B rather than to fly. So basically this is the fair calculus. Now they estimate that there's about 500 or so road deaths a year because of this stuff. And once you start to do that calculation, of course then they completely ignore the finding, 'cause this is almost a footnote. They take it out, they actually take it out of their model, 'cause what they're actually modelling is whether there's an acceptable risk and whether you can actually monetise it and whether you can quantify it. But I didn't know any of that. And it's quite an interesting exercise from them. And just the act of provocation done fairly carefully but just that act of provocation, it's not a bad one to have after 10 years. Now they do note that Australia and Canada per capita aren't going to the extent that the Americans have gone, but I'd argue on the contrary that we have this thing about border protection which is a not dissimilar thing we're trying to indemnify the country from and we're probably spending over the odds, given the number of boats that arrive. Now that's obviously not on the reading list. But if I was a Prime Minister reading this thing I'd go, is that billion a year the best expense? I might think again. But that's … if that's all you're reading list has achieved it's probably not a bad outcome.

JOHN DALEY: I mean does it say something more generic about how governments react to risk in the sense that there is a real temptation for governments faced with risks that loom large in the public imagination to overreact to those risks, to spend money so that they can be seen to spend money. And that way at least no-one will complain if the risk eventuates. But then the danger is, well firstly you spend a lot of money that might have better uses, might leave us all better off if it was spent other ways, and then worst still, as you point out, might have these kind of secondary impacts for unintended consequences around …

GEORGE MEGALOGENIS: Kill more people.

JOHN DALEY: Killing more people.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: Do you think there's ways that governments can kind of resist that temptation, 'cause you can understand where it comes from, you can understand the political calculus that lies behind it, but then you could also see why often it just makes for plain bad policy.

GEORGE MEGALOGENIS: Well it makes for plain bad policy if the dollars spent by government is the answer to the problem. And I've seen this now often enough, both sides of politics do it, it's almost in the political DNA. Get a question on talkback radio, Prime Minister or the Opposition Leader thumbs through the cards, said oh yes, we have a policy that's going to spend $10m addressing that issue, you know, end of conversation which is usually the way they deal it at the retail political level. But obviously once you get to the position the Americans have got to where there are a couple of wars of choice and a couple of other things going on that's imperilled the very project in the US, this sort of discussion is quite important. But again, and you're right, I do understand why there isn't a cheque book fat enough to address this issue. You do not want to be the politician that said I cut this corner because I assessed the risk was next to zero, and then something happened. You wouldn't survive the shredding of the media cycle. Again, how would you address it? I'd make some big announcements and then park them all on the contingency reserve and do what defence does every year which is go back to the government at the end of each year and say oh by the way we didn't buy that aircraft this year, can you allocate that as funds for us again. And no harm is really done at that budget level. It's quite a cynical way to view it, but again, some people do think this way in government and it's probably not a bad …

JANE-FRANCES KELLY: I might try this with the Cities program budget.

JOHN DALEY: I'm very happy to have an enormous budget if it doesn't get spent. And I guess it plays into the work that Grattan Institute did earlier this year looking at actual grant spending on climate change programs.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: And showing that, you know, many of those programs, if they'd spent 10% of the money 10 years later, that was quite a good outcome, relatively speaking.

GEORGE MEGALOGENIS: Big announcement effect and …

JOHN DALEY: The fact that nothing happens just sort of gets swept under the carpet.

GEORGE MEGALOGENIS: Yeah, it's possible. It's possible but I'm not sure in the homeland security area that this is quite the way you want to do it. I think … you need to work out what it is you're trying to control and if it can be controlled then work out what the best way to do it. The thing that this article and the book has done, hopefully in the US, is not trivialised the issue because, you know, at the moment the capacity for harm to be caused by a small group of people is quite significant. Technology alone allows them to do it and they could basically plan and execute this thing almost unnoticed. And you wouldn't want to be in a position, as I said, to be the politician saying well, you know, I did add a zero to your baby bonus and I did get a sharp rise in my approval rating, what are you complaining about?

JOHN DALEY: And perhaps the trick here is to … is a challenge, I guess, to our political leaders to really think through what's the 10%, 20%, who knows how much it is, but that's making a real difference …

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: … and what of it is not making much of a difference? I guess that leads quite nicely to Judith Brett's piece on Fair Share. So this piece in the quarterly essay looked at our regional assistance programs. And I think particularly read it historically was the way I thought about it. And provided that kind of historical perspective on a current policy issue. Jane-Frances, I know that your real discipline is in archaeology.

JANE-FRANCES: That was some time ago. And it was Anglo-Saxon archaeology, which is not that useful here as it turns out.

JOHN DALEY: No, that's true, but do you think that this understanding of history can be more important? Do you think we underrate it in terms of policy analysis, in terms of understanding where we've come from?

JANE-FRANCES: Oh, absolutely. And well done for finding something about this I can talk about. Just as the Prime Minister is welcome not to read all of the books or indeed any of the books, this is the one that I haven't read in detail. And so the comment that I have about this is I love the bush.

JOHN DALEY: You love the bush. It's very good. George, is that the problem? Do we love the bush too much?

GEORGE MEGALOGENIS: We think we know the bush but I don't think we know it as well as … and in fact the last federal election tells you this, there were four rural independents and for the first couple of days I think people in the city were happy to watch them hold the balance of power and then I think they got frustrated by about day three and then by day 17 when Robert Oakeshott gave us his 800 minute dissertation on why he chose, and the winner is, people were starting to get a bit frustrated. But, I think that's quite an interesting community response to what was the population of Australia basically saying I can't really give a majority to either main party, I'm going to invest the balance of power whether you do these things consciously or whether it's

just an electoral fluke, in the regions, one from Queensland, a couple from New South Wales and effectively one from WA and one from Tasmania and then a Green from here. And so that's six of them all up but four of them essentially non-metropolitan. And they came at the public and they came at the press gallery with issues that most of the press gallery hadn't considered. And I would imagine there would have been something ticking over in Tony Abbott's head when they kept insisting on the NBN and he says well hang on a minute, the groups are telling me stop the boats, end the waste. Why would I commit to the NBN? And there's a very, very good economic reason to be sceptical about the benefits of the NBN. But in the bush, and this is really something that Judith Brett reminds us in the essay, it's always been assumed in the bush that whatever the equivalent service in the city is, somebody's going to have to pay to deliver it to the bush.

And this is one of these very interesting pressure points in 2010 where we were confronted with another reality, and that other reality may not have been articulated coherently by Bob Katter or Rob Oakeshott, but it's actually there and it's actually a part of Australian life. But, think this one through, the image of the bushman as a typical Australian is well and truly off the page now. That is not who we are. It hasn't been who we are for a long time. And of course when people saw Bob Katter claiming to be an everyday Australian, most people said well, I can relate. And especially with Rob Oakeshott. And then you have to start doing this other calculus. Well, a lot of his values are a lot more cosmopolitan than I would imagine are in the bush as well, So, you know, I think that this is a very important essay because there aren't the tools to deliver these cross-subsidies from city to country beyond the tariff wall. And there aren't the electoral tools to ensure that a country party or a regional based Labor Party from the coastal electorates are able to wield that sort of influence in the Parliament, other things being equal, you know, in nine elections out of 10. So the fact that this thing is still there and the expectation of the bush is that living standards to the best of one's ability are equalised, but you do not have the toolkit that you used to have, in a sense politics is institutionally just still responding to a retained memory which we may not have been aware of until we got reminded of this in this essay, but I'm not sure, and we might want to assess risk here and do cost benefit analysis, I'm not sure that just blundering through an NBN is quite the way to solve this problem, making a gesture so grand that apparently all problems of water security, food security, critical mass in some of these towns, the big draw of the mining boom which is taking a lot of the young men out of the place, I mean these issues are quite fundamental and they go to the social fabric and I'm not sure just laying out a cable is going to solve the problem.

JOHN DALEY: Although I think what it does do as history is make it really clear where that's coming from. And she just sort of layers up the examples in terms of the national postal service, the telegraphic service, the telephone service. We forget that TAA was a government airline aimed fundamentally at providing, amongst other things, services, regional air services for the bush.

JANE-FRANCES: And that history was particularly interesting for me because of course I came to the country years ago and then I got my first Australian passport a couple of years ago and you know, before I came to Australia I was aware that it was one of the most urbanised countries in the world. In fact, if you take out essentially cheat countries for that statistic, like Singapore and so on, you know, possibly the most urbanised country in the world. And yet, you know, so it really struck me when I saw that my first Australian passport had 37 images in it, all of which were of flora and fauna, and bush related images. In fact there was only one that even had a building in it and that was clearly a country hotel.

GEORGE MEGALOGENIS: That is quite fascinating. I hadn't studied the passport that carefully, but these are all our national symbols.

JOHN DALEY: Well, and the same with the tourist campaigns that we run. You know, it's all about the wide open spaces, put another shrimp on the barbie kind of thing. And as you point out, George, the country's moved on.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: Twenty-five per cent of Australians weren't born here, another 25% have a parent who wasn't born here. If you wanted to be a typical Australian today it's probably a migrant's child who's got a university degree. That's average.

GEORGE MEGALOGENIS: Yeah. That's probably where you source your metal. And the ABC viewers of course they've just watched eight episodes of Northcote, rich, large, The Slap. And central premise of that book and the television series is there are a lot of people from different parts of the world living in the mortgage belt, not quite getting along even though we pretend we do get along.

JOHN DALEY: And I guess the challenge for this regional policy is that so many of the assumptions have been built on this and the assumptions are starting to be unpicked.

GEORGE MEGALOGENIS: Now bear in mind of course we had a version of this debate in the '90s but it was really about the sort of losers from deregulation which is what Hansonism caught for a little while there. But then I think by the time you get down to Melbourne, it's easy, and I would recommend that Melbournians not think this way, but it is easy for a Melbournian to dismiss this as a Queensland thing, which it might have been in a statistical sense more likely than not a Queensland thing, but it isn't. What it actually is, bits of Australia that don't feel like they're connected up anymore. And whilst government still tries to do it on the cross-subsidy, it's kind of not the way you want to do it now.

JOHN DALEY: One of the ways that we did it in the piece that Grattan Institute put out on regional policy earlier this year was to say one way of cutting up the patchwork is essentially we've got these big capital cities, got the areas just around them which are actually growing faster, we've got the coast. And then we've got essentially west of the Divide. Those cities more than 150 kilometres away from a capital city. And those places, the Dubbos, the Oranges, are growing much slower. If you want the real contrast in Australia, that's it. And I guess that's what Judith kind of talks about is where are they coming from, what's their history and why is our public policy looking like it does. So that's about the regional areas. Jane-Frances, Jan Gehl of course talks about cities.

JANE-FRANCES KELLY: Yeah.

JOHN DALEY: And in a very different way.

JANE-FRANCES KELLY: Yes. I was amazed. Jan Gehl came to Melbourne – he comes to Melbourne frequently and that's one of the nice things about this book is you know, it talks about a lot of different cities around the world, but there's lots of examples from Melbourne and Hobart and Adelaide and Brisbane and so on. But he came to Melbourne, oh about eight months or so ago and he spoke in the Town Hall and I went along and there were 1,200 people there. It was extraordinary, on a rainy winter Tuesday night, to come and see an urban designer speak. Extraordinary. So this book, I won't try and get it out at the bottom, but as a colleague said to me earlier today, you know, it's really good summery reading, you can learn something really interesting just by leafing through it. And it's got lots of pictures, which is great, 'cause it uses our visual sense and it's just refreshing in writing about policy. And it talks about what makes cities successful or not from the human perspective, which is kind of tragically rare, if you like. So the way that places are designed can either make them a delight to be in or a real trial to be in. It kind of asks are these places suited to humans, have we built this for humans? So he really concentrates on the human scale, human senses, the human pace, walking pace. And he illustrates it all with kind of photographs of places where this works and where it doesn't work. So when he asks the question, you know, are people prioritised in this street or are cars prioritised in this street? And the illustrations just make it incredibly stark. And it just really changes the way you begin to see the world and how these things are kind of laid out.

And he can be really rude about architects and particularly architects that build really kind of tall buildings and get very excited about the models in particular. And notes that in those kind of models of tall buildings, and I've seen a lot of them, you know, around in this last year and so on, and some of them are great, I mean don't get me wrong, but it says you know, it tells you very little of what it looks like at eye level. And he kind of says the battle for quality in our cities

in terms of our experience of how liveable they are, how connected we can be in them and so on, is on the really small, human scale, not on, I think he calls it bird-shit architecture that, you know, the architects just come along and kind of, you know, there's all these models that you look down on and so on.

JOHN DALEY: So does this mean that we should stop worrying about city scapes?

JANE-FRANCES KELLY: City scapes?

JOHN DALEY: Yeah.

JANE-FRANCES KELLY: You mean city structure or ..?

JOHN DALEY: No, no, city scapes. I mean that was kind of … the ideal is we worry about what the city looks like from 100 kilometres away.

JANE-FRANCES KELLY: Yeah. No, I don't think it says stop worrying about that, it says it's also incredibly relevant to worry about what it looks like inside there. But city scapes are kind of … I remember going up to Brisbane and now that particular types of, I don't believe it's neon anymore, whatever that stuff is that they light things up at night with, I don't quite mean electricity, I mean the signs, if you know what I mean. And clearly the blue and the red and so on are kind of cheaper 'cause there's a lot of blue and red things at the top of buildings these days. So I was looking at the city scape of Brisbane and I was like I couldn't figure out what it was about it that I was noticing. There was something kind of intangible. I was talking to the then Mayor of Brisbane and he said oh it's because we ban logos and words on the top of buildings, you can't advertise on the top of … so if you look at the city scape of Melbourne it says things like Mercer, Price Waterhouse Coopers and all the rest, whereas in Brisbane there's just kind of colours and so on. And I just thought it was so interesting, you know, there's more of a civic sense of what that city scape is. Whereas down here we're being advertised by it. So that's completely beside the point, but it was just kind of interesting 'cause we talk about city scapes. But I mean Jan Gehl, he really makes the point that the kind of the detail of design is actually really important, and to really kind of think about what works for … what will make people want to walk, what will make people want to gather. And he says, you know, this is something that Melbourne, the inner Melbourne does really quite well. But he says, you know, for all of the new neighbourhoods that we're building as the population grows, we have to take this stuff into account. It's really important, I mean it's just like … 'cause once you build it, it is there for a long time.

JOHN DALEY: Yeah, I mean one of the ways I think the … that struck me, this is kind of … this is the policy of small things. It's about your park benches being on the edge of the space and angled so that the benches face each other rather than kind of plonked in the middle, because people don't actually like sitting in the middle. It's actually very human to want to have something behind you because that makes you feel safe and it also generally means you're out of the wind. And it's all of those little things that we need to worry about.

JANE-FRANCES KELLY: Yeah. And the reason the City Square didn't work as a gathering place, but then Federation Square worked pretty much straight away, and all of those …

JOHN DALEY: 'Cause it had lots of edges. George, what did you ..?

GEORGE MEGALOGENIS: One of the most interesting things about Cities is as a policy issue and I think the Prime Minister might even go to this one first, other things being equal, probably the Wesley book first, but this one pretty close to first. The thing that keeps senior policy advisors awake at night is, and this is not a pro-Melbourne thought at all, but it is the dysfunction of Sydney. That actually keeps a lot of people awake at night. And if you're worried about what the systems risk is to the grand miracle of 20 years of uninterrupted growth, it's the tipping point where Sydney no longer functions and it starts to affect the rest of the country. And Mark Textor says a very interesting thing, and he's made this point publicly a couple of times, he says most people, most politicians today don't know how to read the focus groups, but that's his living and he says, city design is the big issue for the next 10 years in public policy. And

most politicians are aware of it, but a big jurisdictional issue isn't there. Does Canberra, you know, start to appoint half a dozen Mussolini-like planning ministers to redesign the rest of the country in its own image, in their own images, or is there an issue of, you know, hierarchy in state Cabinets? Is your state Treasurer more important than your planning minister? I suspect your planning minister might be more important than your state Treasurer and your health minister and education minister. So this is obviously a big debate and I know it's your area, but don't be surprised if some of the federal commentary starts to figure this stuff out.

JOHN DALEY: Well and I guess it's a point also that Matt Ridley makes, we'll come to him in a moment, but the importance of cities economically if they can genuinely support agglomerations of a large number of people in the same place at the same time. And if your city's not doing that, and if it's not a nice place to be, then it ceases to have that ultimately economic impact as well as of course a social impact. And then you've got a problem. And I guess it's one of those things governments can make a difference to. I guess that takes us to Frank Moorhouse who has a heroine who's done lots of exciting international things at the League of Nations and exciting things, things she's coming back to do more exciting international things and immediately gets stuck doing planning, in Canberra.

JANE-FRANCES KELLY: Well do you know, it's funny, I was promised planning in this novel, and there was less planning than you might think in it. There's lots of other stuff in it as you can see by the thickness of it. I think the thing to say about this is, I mean I really like the attempt in this novel, the kind of, you know, the doing of it. When I was a teenager I was a huge fan of CP Snow's *Strangers and Brothers* sequels, so those novels that were set in the corridors of power in the middle decades of last century in the UK. And there was really nothing comparable, there is nothing comparable in Australian literature. And Frank Moorhouse has said that Australian authors have always regarded the worlds of business and government as ciphers too foul for their art. But you know, writing by journalists, no matter how good, academics and policy wonks can't tell everything that needs to be told about those worlds and so it's kind of really trailblazing into areas of Australian life that no-one else has.

The other thing is, I mean it's set in Canberra and Andrew Hagan, who's a Scottish novelist, once said that when you walk around Paris, you're aware not only of your experience of Paris but also of Balzac's and all of the other authors and poets who've written set in Paris and so next time I go to Canberra I'll also be in Edith Berry's Canberra and that's a good thing. So it's set in Canberra from just after the war, between just after the war and the early '70s. So it's against a really fascinating historical backdrop. And there's this lovely juxtaposition between the huge events of the world, the Cold War, that it kind of talks about the Cold War Khrushchev's secret speech admitting to the horrors or Stalinism, international negotiations about the regulation of uranium and nuclear weapons, all against the backdrop of this sleepy capitol, starting like 20 years after it was founded when there wasn't even a lake, and so on. And another reason it's a great attempt is that it's about the long and substantial career of a woman when few women had careers, and about her searching for satisfaction in her work when she couldn't work for the public service because she was married, which disqualified her. Extraordinary to think of, but you know, that went on until the early '70s. And I found the final pages where she looks back over her life and her choices, you know, when she's in her 60s were kind of particularly moving.

JOHN DALEY: I mean I guess it does ask a question that presumably, in a way, all politicians wind up asking, which is what does success look like in political life? What is a political life well led?

JANE-FRANCES KELLY: And a life well led, in fact, beyond the political agenda.

GEORGE MEGALOGENIS: You don't know it when you're in the middle of it. There's a lot of the former Prime Ministers that I've been dealing with for the last year or so for … without plugging the next book, they spend more time out of office fighting legacy wars amongst themselves than they do, and this isn't just about Keating and Hawke by the way, they all do it, and they've been doing it for quite a while. In fact Gough is the past master at it, he started it. He was the martyr and he'd spent the 30 years explaining why he shouldn't have been dismissed.

JOHN DALEY: I think that's unfair. I mean Alfred Deakin spent a lot of time writing about it too.

GEORGE MEGALOGENIS: Yeah, no, I know, I know, but dealing with contemporary memory here. The other thing about Canberra, by the way, as subject matter is up until this point it's just satire, isn't it.

JANE-FRANCES KELLY: It is.

GEORGE MEGALOGENIS: You know, it is, you know, the Hollow Man, a bit of Frontline, it's Max Gillies.

JANE-FRANCES KELLY: And actually it's not just Canberra, it's about political life as well. I mean we tend to take the piss out of it and …

GEORGE MEGALOGENIS: We spend a lot of time making no-one want to apply for these jobs because you know, as soon as they get there, somebody's going to be taking the voice off, somebody's going to be taking the mannerism off, the cartoonist is going to be making much more incisive commentary than anything I could ever do, and then why would you get into it?

JOHN DALEY: I mean is that a real problem? We actually need a lot more novels like this that talk about the reality of political life and about the kind of emotional and internal kind of feelings and experiences of it. And maybe that helps us to deal in a more mature way, with some of the policy problems we've been talking about, about why it makes sense to run risks for longer or whatever it might be.

GEORGE MEGALOGENIS: Possible, possible. Although isn't one of the system flaws at the moment that the crew that we're observing now basically know no other life. They went straight into it, and that was it. Didn't know what they were in for because they've done nothing but try to defend, in a sense, a digital turf every day in the media cycle. And we do two things, we don't allow them to make mistakes 'cause we're punted as soon as they make their first mistake. And because they are only allowed to make the one mistake and then they disappear, they never get to learn on the job. So you never get the good ones. We haven't a good one for a while. We're talking leaders now. It's a pretty interesting thing if you can change the frame a bit to make it a worthy, you know, like a … not a … it's not a hobby obviously, it's public service, all power to the novelist who can pull it off.

JOHN DALEY: Well, let's go then to the last book on the list which asks about the very big picture about … from Matt Ridley, who of course goes 10,000 years ago, almost to start.

GEORGE MEGALOGENIS: He goes everywhere.

JANE-FRANCES KELLY: Some great sentences in it. It's like and then the Hittites came and went.

JOHN DALEY: There goes a thousand years of human history.

GEORGE MEGALOGENIS: And then he imagines, and at one point he imagines, well, the first bit of exchange barter looked like. Of course I could be totally wrong, I'm just speculating, but you can see how something like this might work.

JOHN DALEY: That's actually the big idea of the book isn't it?

GEORGE MEGALOGENIS: Yeah, yeah.

JOHN DALEY: And I think he does do a lovely job of asking that question about what is different between chimpanzees and humans? It's a question that anthropologists and so on have asked for a long time. And his thesis is people exchange things. And on an immediate basis I will give you two apples if you give me three oranges, because I've got lots of apples and you've got lots of oranges and that's how we both wind up better off.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: And I guess one of the things I loved about that is it's a kind of, on its surface it's a very simple idea, it's so commonplace that we've stopped thinking about it. And his point is that so much of who we are and what we are and the progress we've achieved is a consequence of it. So I mean is that right? Is that what really underlies our prosperity?

GEORGE MEGALOGENIS: He looks to the future with much more optimism than most people in the sort of public affairs game today, because he draws a much longer timeframe and he says have a look at this, like that. The last couple of years may be a little bit of a jagged edge up the top, but in terms of the accumulation of knowledge and wealth and the spread of the wealth and the problem solving that the human being is capable of, mostly because a lot of these disaster scenarios at some point inspires some smart person to figure it out. And then they exchange that information with somebody else who knows a little bit of something else and before you know it, you're innovating. So he is quite confident that most of the things people worry about today are going to be not the things we should be worried about in the long run because they'll be dealt with. He's got an interesting take on climate change. He sort of hedges his bets. He wants to say I wouldn't worry about this, it'll be fixed, whatever it is. He says oh by the way, if you wanted to do something about it, why don't you whack a carbon tax on it anyway. The thought was the way that he maybe wanted to keep the book-buying public that may be more likely than not to worry about climate change, maybe wanted to keep them …

JOHN DALEY: Well to be fair, I mean I think he is a little consistent about that 'cause he does argue that he's responding to people who for hundreds of years have said such and such is a finite resource.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: We're going to run out of it. And then, you know, it's all going to go to custard.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: And his point is time and time again, as we run up against those limits, particularly as we price them, then we innovate our way out of trouble.

GEORGE MEGALOGENIS: Yeah. And in fact he's got a pretty good background because he also lived in the bubble, what was Northern Rock.

JANE-FRANCES KELLY: Yeah. Children of the Northern …

GEORGE MEGALOGENIS: Yeah, so he knows what Margas look like when they go crazy. But he has almost a total faith in the market for goods and services. So basically the things that people exchange between each other. He doesn't want the government anywhere near any of those transactions and I'd say hooray for that. But he does have a rather healthy scepticism for the bubble, asset prices and especially financial transactions. Now if you think about what works about the Australian model, in fact somebody should drag him down here and get him to have a look at why we did relatively better than everyone else in the GFC, and that is that our banks weren't that badly regulated. We didn't let them run amok. I mean one of the reasons we didn't let them run amok because we had done this in the late '80s and early '90s. So I'm quite persuaded by that side of it, you know, the place for government is to make sure that the financial transactions don't get out of hand. But I don't want government anywhere near what people do. Like the physical things that people do.

JOHN DALEY: Do you think he's right about the role of government, Jane-Frances? Is that a fair cop?

JANE-FRANCES KELLY: Well, he's really not into government and I wonder what he said about the fact that government had to then come and save his bank. And in fact he …

GEORGE MEGALOGENIS: So you have to save his bank.

JANE-FRANCES KELLY: … doesn't … not saying anything about that right now because it's all under legal stuff, which must be convenient. I mean, on the upside, he really likes cities, it's where people come to trade and where specialisation is possible, so that's a tick obviously from me. But I really think he overstates the degree to which government is a bad thing. You know, is kind of fine to say that government overregulates markets for goods and services and all of that kind of stuff. And particularly given that he's trying to correct an unbalanced view that everything is a disaster and it's going to be a disaster, but I don't think it's good to try and replace an unbalanced view with another unbalanced view. I mean it's just full of sentences like merchants and craftsmen make prosperity, chiefs, witches, you know, is the government, priests and thieves fritter away and it's just full of this and it's just like, oh. But he's very …

GEORGE MEGALOGENIS: He does back it up though.

JANE-FRANCES KELLY: Yeah, yeah.

JOHN DALEY: He's big on the Phoenicians, 'cause they are traders …

JANE-FRANCES KELLY: Oh, I was just about to read that out. I mean he's really charming company. I mean here's a sentence, but in truth was there ever a more admirable people than the Phoenicians? It's really lovely.

JOHN DALEY: They're traders, you know, not much in the way of artefacts left behind, not much in the way of laws, not …

JANE-FRANCES KELLY: They made lots of moolah.

JOHN DALEY: For a while anyway.

JANE-FRANCES KELLY: My point is that, you know, wealth creation is not the only objective that society has.

JOHN DALEY: Yeah.

JANE-FRANCES KELLY: It's a very important one, but not the only one.

JOHN DALEY: Yeah. I mean one is … I'll confess that my personal predilection is I would have loved to put Fukuyama's *The Origins of Political Order* on the list, although I'd have to confess having waded through about the first 50 pages that the idea of anyone, let alone a Prime Minister reading it on a beach just struck me as somewhat implausible.

JANE-FRANCES KELLY: Yeah. Does not pass the readability test.

JOHN DALEY: But for those who are interested in kind of a counterpoint about what's the historical origins of order via government in a good way growing up to increase prosperity, that's kind of a book that tries to look at it from that angle rather than from the angle of how does trade wind up increasing prosperity.

GEORGE MEGALOGENIS: If you're telling even by the choice of this book, even if we find a couple of the thoughts in there a little unusual, you're telling a Prime Minister to trust the people, which is not a bad thing to tell a Prime Minister, especially a Prime Minister who replaced a colleague who was her best friend until he was no longer her best friend and now he's still after her, wants to get rid of her, who wanted to make three announcements a week and wanted to govern, essentially, wanted to measure time by announcements and never wanted to come back to the announcement he'd made two days ago because oh, that was yesterday, or that was the day before. So, if her take on reading this thing is to trust your public a bit more, and that's not in the ask them what they want and then I'll repeat the message back to them through the focus groups, but actually trust in the ingenuity of your populous, it's probably not a bad message to give the Prime Minister over summer, any Prime Minister.

JOHN DALEY: Yes. And also I think that real belief in human progress. And I think one of the most powerful images of the book is taking a family in 1750 and just, you know, that's actually not that long ago.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: And saying well what was it like? And saying well look, chances are half of them would die before they reached child bearing age, on average, they probably didn't eat fresh vegetables for several months of the year. And the other month they probably ate something that was pretty unappetising. If they could read, which is unlikely, they read by firelight because they couldn't afford candles. Most of the family have probably never travelled more than 20 kilometres from … or miles I suppose, 20 miles from where they were living. If one of them had gone to a substantial centre, that would probably cost the better part of a week's wages to get there and back, you know. You just kind of … it is good at providing that kind of perspective about where have we come from in 300 years and …

GEORGE MEGALOGENIS: And basically how well do people on the bottom of the income ladder live today compared to just a couple of hundred years ago.

JOHN DALEY: Yeah.

GEORGE MEGALOGENIS: You know, if you were a king with about 400 people tending to your every needs and, you know, having a choice of anything that you would want in the known world, even the 20 best chefs in the world are going to give you more salmonella than not, other things being equal, and you probably die a very unhappy monarch.

JOHN DALEY: Yeah. Well that's a lovely …

GEORGE MEGALOGENIS: Prematurely.

JOHN DALEY: That's a lovely image he has of this enormous feast put on for Louis XIV I think it was.

GEORGE MEGALOGENIS: Yeah.

JOHN DALEY: With an enormous choice of dishes and pointing out actually most of us have that choice every night.

GEORGE MEGALOGENIS: Every night, yeah.

JOHN DALEY: You can go and eat at any restaurant in Melbourne and you have a greater choice than Louis the 14th did. You put it in perspective like that. We've talked a bit and we've I guess talked about some of the books that we've put up. And I wondered if, this evening, if your audience would just like to think very briefly, what book would you have put on to the list? If you could have one, what would you add on that we haven't got there, and why? What is it that the Prime Minister might read that would cause them to think differently about Australia over the next year or so? And maybe not the Prime Minister we have but the Prime Minister we could have, whoever that might be 'cause we very much said this is a list that we hope will be of interest for anyone interested in Australian politics and political life. So that's the challenge, and anyone want to have a go? Please, someone. Please, thank you.

AUDIENCE: It's pretty obvious. A pretty obvious one I would have thought would have been Paul Keating's *Afterwards*.

JOHN DALEY: And why?

AUDIENCE: Mainly because it gets to the issue that Julia's struggling with herself at the moment which is how do you craft a story that, over a long period of time, has credibility and can appeal to people and actually work to define your political identity over time.

JOHN DALEY: Thank you.

JOHN DALEY: You've written about that, George. Are we having trouble finding the new grand narrative?

GEORGE MEGALOGENIS: Yes. One of the reasons we're having trouble finding the new grand narrative is that the generation of politicians we're observing all arrived after Paul Keating's recession we had to have, and they've really been sweating the small stuff of prosperity, not problem solving. And they've almost come into the business with too much information and of the wrong kind of information too. They have, and this is something the Gillard government's tried to do a big reset on, but one thing I've observed on both sides for the last eight or 10 years or so, there are very few, you know, policy advisors with good economic brain power at the head of the advising queue within a Prime Minister or even a Treasurer's office. There's a lot of pollsters, a lot of political operative, a lot of media advisors. And the last federal election you'd be stunned at how little of genuine, you know, one side and the other side of the budget have to add up thinking was actually going on on either side of politics. And one of the reasons why you'd be stunned is most of them in those offices were thinking differently, they were thinking West Wing, they were thinking the game, they were thinking the interesting thing about the Keating voice is that it's quite a confident voice and has been quite a confident voice for a long time. What people forget about Keating is he had close to the … one of the best offices and he worked for a Prime Minister who could buy him permission to do hard policy work. So the idea of him … big fan professionally, but the idea that the one guy can catch it is probably a bit misleading 'cause Keating couldn't exist without Hawke, Keating the Treasurer certainly couldn't have reformed without Hawke, and if you look back at that Cabinet, there are half a dozen of them in that first and second Hawke Cabinet would make a much better Prime Minister than anyone today, and anyone we've got going around today. So I'll just add that to the Keating thought.

JOHN DALEY: Thank you. We had a suggestion down here at the front. No? One over here, yes please. Thank you. And any others, just so we can kind of organise the mic and then we'll be going up the back, and then we'll come back down the front here. Thank you.

AUDIENCE: Hi. This choice might be a little bit technical and could use some translating, but I really think Amartya Sen's *The Idea of Justice* work has really started to give us a new way of looking at particularly what Jane-Frances was talking about in terms of how do we make those decisions between not reducing everything in terms of one dimension of prosperity.

JOHN DALEY: Thank you. I think that's terrific, and as someone who's only expertise is in political philosophy, you know, anything that convinces the Prime Minister to read political philosophy is a lovely idea.

JANE-FRANCES KELLY: It nearly made it last year but it … as you say, it didn't pass the readability test actually. I mean it wasn't badly written, it was just, yeah, it's like too … it's summer holidays.

JOHN DALEY: Thank you. Someone up the back, thank you. Yeah.

AUDIENCE: The suggestion I'd make is *Franklin and Eleanor*, a book by the late Hazel Rowley, for I think three reasons. The first is that Hazel Rowley was an Australian, Victorian based academic who went and looked at all the archives relating to the Roosevelts and came to a kind of an appreciation of their relationship and life that might not have been possible for a native American. The second reason is that the story she tells is of a couple who supported each other but in a political time where there was lots of change going on and also through the Great Depression, and yet they stayed on mission. And the third reason I think is because that particular era of American politics was one where reforms were embraced and had to be embraced and that's an issue which seems to be hard for us to kind of get our minds around at the moment in Australia.

JOHN DALEY: Thank you very much. We had one up the front here and then we'll go immediately behind.

AUDIENCE: I would suggest Michael Lewis' *Boomerang*, and in fact I would suggest any book by Michael Lewis 'cause if we talk about readability, he's right up there up the top. It really basically is a lot of the articles that people might have read of his in Vanity Fair. But it probably does highlight the danger of the grand narrative, to tell you the truth, because those countries like Iceland and Ireland, and perhaps less so Greece, they all had a grand narrative. The trouble is that it was a loopy grand narrative, and they all got themselves into terrible trouble. So it's a terrific book and of course very readable. He tends to use personalities, he's got a sort of great description of the Irish Prime Minister looking like someone who's always had too much to drink, you know, so …

JANE-FRANCES KELLY: No stereotyping there.

AUDIENCE: I think it was the case in this one. So, yeah. But any book by Michael Lewis.

JOHN DALEY: Thank you. And just behind you there. Thank you.

AUDIENCE: Well I was thinking that for the Prime Minister of a resource endowed nation, Daniel Yergin's *The Quest* makes for some quite fascinating reading, given his sort of pre-eminent perspectives on what probably one of the more significant strategic challenges going forward and the advantages that accrue to nations that can leverage their comparative advantage in that sphere. And the other one is, it's an oldie but a goodie, and perhaps particularly relevant, Doris Kern's *Team of Rivals*, on Lincoln.

JOHN DALEY: Thank you very much. Well, ladies and gentlemen, time is marching on. And we need to wrap up for this evening. So let me just conclude with a few remarks if I might. This is the final event for Grattan Institute this year. It's been a big year for us. We have released some 10 or 11 reports, over 10,000 mentions in the press, some 16,000 people have attended our events one way or another. Just in the last six months our program directors have given over 70-odd speeches. So there's a lot that we've been up to and we'd like to think that at least some of the time it's at least nudged Australian public policy in the right direction. I'd like to thank our guests this evening, particularly George and Jane-Frances for their thoughts and lively thoughts about some of these ideas in the list. And hopefully it's been an inspiration for a number of you, our audience, both here physically and online, to, if nothing else, figure out what to buy for the policy wonk in your life whom I know can be very difficult to buy presents for.

I'd like to thank, particularly as I said, this is our last event, I'd like to thank the various institutions that one way or another support the Grattan Institute because obviously doing this kind of work doesn't happen for free. In particular, the founding members of Grattan Institute, so the Commonwealth and Victorian governments and BHP who contributed to the endowment that pays for a chunk of what we do, the University of Melbourne which provides the buildings, computers and other facilities that we use, the Myer Foundation that is supporting our higher education program, senior institutional affiliates including the National Australia Bank, Stocklands, very recently added and very excited about having Google added to our senior affiliates, and also Wesfarmers, and then our institutional affiliates, particularly Arup, Urbus and the Scanlon Foundation. So our enormous thanks to all of them without whom we couldn't do this.

And then finally my personal thanks to all of the staff of Grattan Institute. It's only 20 or so people but they have an enormous output. Every one of them has an enormous dedication to making Australia a better place and perhaps a little like these books, you may not agree with everything that they say or everything that is put out under Grattan Institute, but hopefully it all gives Australia a little more to think about and pushes people towards seeing how could we improve our public policy. So my personal thanks to all of the members of Grattan Institute. A particular thanks this evening to Ben Weideman who has put all of the work into coming up with this list and presenting it so nicely. For those who are here physically and haven't got one already, there's a physical copy out the back. And for those who are here virtually, you can get it off the Grattan website.

And finally, thank you to everyone who's here tonight. It's been great having the pleasure of your company and we look forward to your presence at many events in 2012 for Grattan Institute. In the meantime, there is a drink available outside. The staff will direct you through the various winding staircases that are necessary to get you to a glass and something to eat, and we hope that you'll be able to join us in a few moments time for that. So thank you all very much and best of luck for a very happy summer and hopefully there'll be a little bit of time for you to read some of the books we've talked about this evening. Good night.

AUDIO: This has been a podcast from Grattan Institute. Want to hear more? Check out our website, www.grattan.edu.au.

End of recording