



Tell of their Wisdom: Altruism in a Time of Doubt

By David Gill

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***“The people will tell of their wisdom,
and the congregation will shew forth their praise.”***

Ecclesiasticus 44 v. 15

We are fortunate indeed that this College, thanks to its own longevity and focus on learning, can take a longer-term view and see a bigger picture than most contemporary institutions - for the benefit of Cambridge and the world beyond.

Let me make good this assertion by taking you on two contrasting journeys through how business values evolved over the past generation, first in the wider world and then here in Cambridge, where I have been Managing Director of the St John's Innovation Centre since 2008.

The Invisible Hand

In the wider world, optimism unleashed by the fall of the Berlin Wall was soon replaced by the anxiety of financial crisis and lingering recession. Predictions of an end of history were at best premature. The bliss of being alive at such a dawn, noted during an earlier revolution by Wordsworth – who lived just across First Court from here – did not last long.

How we went from bright morning to fearful evening was explained succinctly by another long-term thinker, the investor Warren Buffett. In an interview at the start of the financial crisis, Buffett was asked, “Should wise people have known better?”

Of course, they should have, Buffett replied, but there's a “natural progression” to how good new ideas go wrong.

“First come the *innovators*, who see opportunities that others don't. Then come the *imitators*, who copy what the innovators have done. And then come the *idiots*, whose avarice undoes the very innovations they are trying to use to get rich.”

I shall return to innovators shortly. Where wealth comes from has exercised the minds of many. Famously, Adam Smith identified the key role of the self-interest of producers in delivering benefits for others:

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner [*he wrote*], but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities, but of their advantages.

Smith seems to have been dissatisfied with self-interest alone as a sufficient basis for responsible behaviour. His *Theory of Moral Sentiments* begins:

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortunes of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it. The greatest ruffian, the most hardened violator of the laws of society, is not altogether without this sentiment.

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Smith revisited these themes numerous times, which suggests he had reservations about the answers provided. His anxieties were justified. Shortly after the financial crash, the former chairman of the Federal Reserve (who for years had relied on the principles of self-interest to make markets work) testified to a Congressional Committee:

I made a mistake [he said] in presuming that the self-interest of organisations, specifically banks, is such that they were best capable of protecting shareholders and equity in the firms. I discovered a flaw in the model that I perceived is the critical functioning structure that defines how the world works.

Most college tutors would have marvelled at this naïve understanding of human nature. It was an error with both chronic and acute consequences.

The Ultimatum Game

So far, our quest for firm foundations for values that can withstand the destructive avarice of what Warren Buffett called ‘the idiots’ is not going well. But for quite a while a particular application of **game theory** suggested empirical evidence for believing in a universal sense of fairness in mankind.

The **ultimatum game** has been used by those challenging the simplifying assumptions behind much conventional economics to show that people are not merely rational, profit-maximising entities.

It has simple rules. Two players remain anonymous to each other. The first is offered an amount of money – say £100 – and told to split the sum with the second player in any amount of her choosing. The second player can refuse the offer – but if that happens, both leave empty-handed.

Until recently, the apparent regularity with which players converged close to a 50-50 split was seen as an almost universal tendency to be fair to strangers and to punish those who behaved otherwise.

But more recently, in a challenging study, researchers from the University of British Columbia found that conclusions had been derived from the ultimatum game to an unrepresentative extent when it had been played by people who were Western, Educated, Industrialised, Rich and Democratic – or WEIRD, as they provocatively put it.

For instance, when the game was played with indigenous people of the Amazonian basin, offers from the first player were typically much lower than the 50-50 common in North America. And recipients – the second player – rarely refused even the lowest possible offer. They could not understand why anyone would reject *any* offer of free money.



Watched People are Nice People

What struck me most about the ultimatum game debate was the direction taken by one of its authors, who (it may be significant) originates from the Lebanon. He said:

I remember opening textbook after textbook and turning to the index and looking for the word 'religion'. Again and again the very word wouldn't be listed. This was shocking. How could psychology be the science of human behavior and have nothing to say about religion? Where I grew up you'd have to be in a coma not to notice the importance of religion on how people perceive themselves and the world around them.

He went on to investigate how the growth of religions with a morally-concerned deity – one who cares if people are good or bad – helps explain the conundrum of the growth of cities and nations beyond the scope normally envisaged by evolutionary biology.

Models based only on kinship and reciprocal altruism (or the exchange of mutual favours with strangers) break down as opportunities for freeloading increase and go unpunished. But in Abrahamic religions, for instance, the morally-concerned deity is also a watchful deity: 'As the saying goes, watched people are nice people.'

He concluded:

Religion, with its belief in watchful gods and extravagant rituals and practices [*I don't know if he had today specifically in mind*], has been a social glue for most of human history. But recently some societies have succeeded in sustaining cooperation with secular institutions such as courts. In some parts of the world, especially Scandinavia, these institutions have precipitated religion's decline. These societies have climbed religion's ladder and then kicked it away.

Churches Supporting Business?

I will come back in a moment to whether we have kicked away the ladder.

But at this point, I suddenly saw in a completely different light the meaning of a question I had several times been asked while running the Innovation Centre.

Let me explain that because the St John's Innovation Centre was the first of its kind in Europe and is still – more than a quarter of a century later – one of the largest and most dynamic technology business incubators, hardly a week goes by without our hosting a delegation from overseas policy-makers looking to establish similar centres in locations as diverse as Brazil, Libya, Jordan, the Ukraine, Kazakhstan, India or China.

And the question I had been asked in a variety of ways was, **"Why are your churches so active in supporting new businesses?"** In using this puzzling formula, our visitors would go on to explain, "Well, the TRINITY Science Park, the ST JOHN'S Innovation Centre..."



The Cambridge Phenomenon

Rather than describe the Cambridge Collegiate system via an interpreter, my response had been to duck the question.

But I can now see that against the current, the College has indeed enabled a business environment with much more in common with the cooperation and creativity of a faith community than with the world of self-interest that concerned Adam Smith. The Innovation Centre is an integral part of – and has been instrumental in shaping - the ‘Cambridge Phenomenon’, the cluster of some 1,500 technology-based firms, a handful of which are valued at billions of dollars.

The most recent detailed survey of the Phenomenon commented as follows:

A particular feature is what people refer to as the ‘Cambridge spirit’, something they have not observed elsewhere. The Cambridge spirit is described as an attitude where people willingly help others without expecting anything in return. Newcomers in particular say they find it easy to meet people and create connections. The sense is that help freely given contributes to the overall success of the cluster, which is ultimately good for everyone.

That to me sounds less like the invisible hand and more like the new commandment: “Just as I have loved you, you also should love one another”

Origins of St John’s Innovation Centre

Is this parallel simply coincidence? Does history show us where such values came from?

Delving into the archives produces some delightful surprises. For instance, in discussing the planning and development of the St John’s Innovation Park, *The Eagle* tells us that:

The story seems naturally to fall into two parts: from the thirteenth century to 1984 and from 1984 onwards. The College succeeded to certain endowments of the Hospital of St John the Evangelist, dating from the mid thirteenth century, and in 1534 further land in these fields was bought from the Mordaunt family.

The story of few technology incubators would begin with the thirteenth century. However, as those of you who know the Centre will testify, its location is far from being a ‘heritage’ site. Again, I refer to *The Eagle*:

The site was not an immediately attractive one, with the Cambridge Sewage Works across the road and otherwise surrounded by the landfill site and by fields damaged by war-time activities.

But in this unpromising location grew a model of supporting businesses in one of the toughest undertakings - building new products (often developed out of academic research) in new markets, usually with the minimum of resources, but with the potential to change the way we live and work. Over time, alumni of the Innovation Centre developed enterprises of great financial as well as social value, in sectors vital to our collective future, from clean energy to healthcare and complex computing.

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The model was soon adopted elsewhere in Britain, where there are now over 100 business incubators. And it is still widely studied by developing countries.

One key lesson is the need to think more like a teacher or a farmer than a trader: it takes years to build a successful cluster, something which is easier for institutions with a sense of history and a calling rooted in the charitable purposes of the Foundress of this College - religion and education - which both provide wider public benefit.

And do not be worried that the College has expended its endowment for the benefit of others while neglecting its own needs. Let me cite *The Eagle* again:

The endowment considerations meant that a proper investment return in rent from the Innovation Centre should be obtained. It is no bad thing for academics becoming entrepreneurs to discover at the outset that all the inputs to a business, including space, have to be paid for in some form or another.

Indifferent farmland opposite the sewage works today commands a valuation equal to a (pre-crash) banker's bonus.

“I am with you always, even unto the end of the world.”

For a moment each evening as I leave the Innovation Centre, I have a sense of being a node on a network that reaches back in time to the Hospital of St John the Evangelist and outward in space to those other innovation centres around the world that followed St John's in providing a home for struggling, visionary businesses building the future.

It is a prospect far removed from the zero-sum ultimatum game, or the regulation of markets through greed and fear. Your gain is not my loss.

Something of the spirit of the Foundress and other College benefactors percolated through to the Innovation Centre.

Now, it could be that the emergence of this model for creative and responsible business was simply a happy coincidence. Or it could be that - even if it was inspired by faith principles - inspiration was indirect: it emerged from a society that had 'climbed religion's ladder then kicked it away'.

But whichever interpretation of history you adopt, where we can all unite is in celebrating the wisdom with which the College has deployed its benefaction, not just for its own gain but for the benefit of the wider world - in Cambridge and in those many 'territories and dominions overseas' who visit to learn how to build a business environment successful in human as well as financial terms.

**“The people will tell of their wisdom,
and the congregation will shew forth their praise.”**

AMEN.